



**2020 REPORT ON ACTIVITIES OF THE  
BOARD OF DIRECTORS AND BOARD  
COMMITTEES OF NEINOR HOMES S.A.**

Prepared by	Reviewed by	Approved by
GRC Management (Governance, Risk and Compliance)	Secretary of the Board	Board of Directors



**Neinor**  
HOMES

## CONTENTS

<b>1. General .....</b>	<b>3</b>
<b>2. Purpose and Scope .....</b>	<b>6</b>
<b>3. Board of Directors .....</b>	<b>7</b>
3.1. Functioning .....	7
3.2. Membership .....	7
3.3. Meetings held and attendance .....	9
3.4. Activity .....	9
<b>4. Audit and Control Committee (ACC) .....</b>	<b>13</b>
4.1. Functioning .....	13
4.2. Membership .....	13
4.3. Meetings held and attendance .....	14
4.4. Activity .....	15
<b>5. Appointments and Remuneration Committee (ARC) .....</b>	<b>18</b>
5.1. Functioning .....	18
5.2. Membership .....	18
5.3. Meetings held and attendance .....	19
5.4. Activity .....	20
<b>6. Land Investment Committee (LIC) .....</b>	<b>22</b>
6.1. Functioning .....	22
6.2. Membership .....	22
6.3. Meetings held and attendance .....	23
6.4. Activity .....	24

---

## 1. General

---

Neinor Homes S.A. (hereinafter “Neinor Homes” or the “Company”) is firmly committed to the orientation of its corporate governance practices to achieve the highest standards, align strategy and apply the relevant legislation and best practices in its day-to-day management and operations.

Following recommendation 6 of the Code of Good Governance for listed companies approved by the Spanish National Securities Market Commission (hereinafter “CNMV”) in February 2015, Neinor Homes will prepare a report on the functioning of the Audit and Appointments and Remuneration Committees, which it will publish online sufficiently in advance of the Annual General Meeting.

This Activity Report describes the activities not only of the aforementioned Committees, but also of the other Board Committees existing in the Company (Land Investment Committee) and of the Board of Directors itself.

The reporting period considered herein is the calendar year. This decision was adopted in order to ensure the greatest possible visibility and objectivity with regard to compliance with Corporate Good Governance recommendations. Accordingly, the reporting period runs from January to December 2020. This will be the period used by the Company in the future, so as to align reporting with the accounting and “Corporate Governance” year and to ensure that the up-to-date Activity Report is available in time for the Annual General Meeting each year.

The Board and its delegated Committees discharge their supervisory and control functions with ongoing support from the:

- Chief Executive Officer.
- Secretary of the Board.
- GRC Department and Assurance (Corporate Governance, Internal Audit, Compliance, Risks, Corporate Social Responsibility and Quality).
- General Management.

These departments are at the disposal of Neinor Homes’ governing bodies whenever needed, working tirelessly to ensure the proper discharge of their duties and compliance with all of the obligations established by applicable legislation and best practices and in the area of good governance. They also provide directors with any information needed on a timely basis to allow between 6 and 12 days for review and analysis before meetings are held. They also channel

the questions that Board and Committee members may raise and supply the relevant supporting and other documentation to ensure understanding of the issues.

Key activities undertaken by Neinor in the reporting period were as follows:

- Supervision and preparation of the Ordinary General Shareholders' Meeting, held on 1<sup>st</sup> April 2020, covering aspects such as
  - Examination and approval of the Company's financial statements and the management of its affairs, and reappointment of the auditor.
  - Examination and approval of the proposed application of the individual income corresponding to the year ended 31 December 2019.
  - Approval, and delegation of powers to the Board of Directors, of the distribution of dividends charged to the share premium reserve or other distributable reserves.
  - Re-election and ratification of Ms. Anna M. Birulés Bertran, Mr. Ricardo Martí Fluxá, Mr. Felipe Morenés Botín-Sanz de Sautuola, Mr. Alfonso Rodés Vilà, Mr. Francisco de Borja Garcia-Egocheaga Vergara, Mr. Aref H. Lahham and Mr. Van J. Stults to continue occupying the same position, for the statutory term of three years. (\*)
  - Examination and approval of the management and activity of the Board of Directors in the year ended on 31 December 2019
  - Approval the granting of shares of the Company to the executive directors for the purposes of the new Long Term Incentive Plan of the Company.
  - Approval of the Director's Remuneration Policy, applicable to financial years 2020, 2021 and 2022. (\*)
  - Authorization to the Board of Directors, for the derivative acquisition of treasury shares, directly or through group companies, and to redeem such shares.
  - Delegation of powers to formalize and execute all the resolutions adopted by the General Shareholders Meeting, for their notarization as a public document and their interpretation, correction, complementation, development and registration.
  - Consultative vote on the annual report on the remuneration of directors for the financial year ended 31 December 2019.

- Neinor Homes made its third assessment of the quality and efficiency of the functioning and performance of the Board of Directors and its committees. This year, for the first time, it was supported by an external advisor, PwC, which ensured:
  - An even more objective view of the governing bodies, their performance and compliance with the regulations (internal and external) that govern them.
  - A broader analysis and a more concise comparison of the Good Governance practices of national and international companies comparable to Neinor Homes.
  - A validation of the results obtained in the evaluations carried out by internal audit in the two previous years.

In accordance with Article 529 nonies of the Spanish Companies Law and Recommendation 36 of the Code of Good Governance, Neinor Homes plans to carry out an external assessment of the functioning of the Board and its respective Committees, taking into consideration the recommendations contained in CNMV Technical Guide 3/2017 on Audit Committees. This assessment will be carried out annually and 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.

This assessment will be linked to action plans for improvements.

In addition, Neinor Homes has defined a training plan for the Board of Directors and the Board Committees, offering a refresher programme to update the directors' knowledge and expertise in certain areas. The following subjects were addressed in 2020:

- Governance areas and risks of Non-Financial Information under the umbrella of the relevance of ESG for the governance of companies.
- Change of the "Relevant Facts" for "Communications of Inside Information" and "Other Relevant Information".
- Updating of rules with respect to changes in market abuse regulations with implications for the internal rules of conduct and the management of privileged information.
- Anti-money laundering and Counter-Terrorism Financing.
- Evolution, macroeconomic situation, demand / prices, forecasts in the real estate sector.
- Corporate governance and regulatory changes.
- The situation of the rental market in Spain.

- Risks in the real estate sector, residential market situation and responsibilities and obligations of directors.
- Cybersecurity.

This Activity Report was presented to and approved by each of the Board Committees with regard to the matters falling within their respective remits, and it was approved in its entirety by the Board of Directors on 27 January 2021. This Activity Report will be made available to the Company's shareholders on the corporate website before the Annual General Shareholders' Meeting.

---

## **2. Purpose and Scope**

---

This document details the functioning and membership of the Board of Directors and of its three committees, the Audit and Control Committee, the Appointments and Remuneration Committee and the Land Investment Committee, describing the main activities and actions of each body during the reporting period (January–December 2020).

---

### 3. Board of Directors

---

Neinor Homes' Board of Directors is duly empowered to manage, direct, administer and represent the Company in accordance with applicable laws and best corporate governance practice. As a general rule, the Board delegates ordinary management tasks to its Committees and to the management team, establishing the content, limits and type of powers granted, so as to concentrate on its supervisory functions and on the consideration of all matters of particular importance to the Company. The principles for action of the Board of Directors, as well as the basic rules governing its organization and functioning, and the rules governing the conduct of its members are set out in the Regulations of the Board of Directors, which is published on the corporate website:

[https://www.neinorhomes.com/uploads/documentos\\_corporativos/25/documento/20170417\\_Regulations\\_BoD\\_ENG.pdf](https://www.neinorhomes.com/uploads/documentos_corporativos/25/documento/20170417_Regulations_BoD_ENG.pdf)

#### 3.1. Functioning

In accordance with Article 16 of the Regulations of the Board of Directors, the Board shall meet *"at least, quarterly"* or *"at the initiative of the Chairman, as many times as the Chairman deems appropriate for the smooth running of the Company"* and also, in accordance with Article 9 of the Regulations, *"when so requested by at least one-third of the directors"*.

Notice of meetings of the Board of Directors shall be given by the Secretary *"at least seventy-two hours before the day of the meeting."*

Meanwhile, the Board of Directors shall be duly convened *"when one-half plus one of the full number of directors decided upon by the General Shareholders' Meeting is present in person or by proxy"*.

Resolutions shall be adopted by absolute majority of the directors present at the meeting.

The Secretary shall draw up the minutes of meetings, listing the persons attending and describing the matters debated and the resolutions agreed.

#### 3.2. Membership

In accordance with Article 7 of the Regulations of the Board of Directors of Neinor Homes, *"The Board of Directors shall be made up of no fewer than five and no more than 15 members, the exact number to be determined by the General Shareholders' Meeting."* At that date of this report, the maximum number of Board members is set at 9, in accordance with the resolution adopted by the shareholders at their Annual General Meeting in 2018.

The Regulations of the Board further stipules that the Company shall ensure that “as far as possible, on the composition of the body, proprietary and independent directors represent a majority of the Board of Directors, attempting that the number of independent directors represent at least one third of the members of the Board of Directors.” The Chairman of the Board “shall be elected from among its members”.

The composition of the Board as of December 31, 2020 was as follows:

Name	Position	Category
Ricardo Martí Fluxá	Chairman	Independent Director
Anna M. Birulés Bertran	Director	Independent Director
Alfonso Rodés Vilà	Director	Independent Director
Andreas Segal	Director	Independent Director
Felipe Morenés Botín-Sanz de Sautuola	Director	External Director
Jorge Pepa	Director	Executive Director
Van J. Stults	Director	Proprietary Director
Aref H. Lahham	Director	Proprietary Director
Borja Garcia-Egocheaga	CEO	Executive Director

The Board has a Secretary, Mrs Silvia López Jiménez, who is not a member of the Board of Directors and therefore cannot vote.

In light of the above, Neinor Homes complies with the requirements established and mentioned above, as it has 9 directors, of which 4 are independent, 2 are executive, 2 are proprietary and 1 is external.

The professional résumé of each director can be found on the corporate website: <https://www.neinorhomes.com/corporate-governance-and-sustainability/board-of-directors/composition-and-commissions>



### 3.3. Meetings held and attendance

The Board of Directors met a total of 8 times in the reporting period. The meetings of the Board of Directors were held on the following dates:

- 29 January 2020 (Madrid)
- 26 February 2020 (Madrid).
- 06 May 2020 (multilateral videoconference (Microsoft Teams)). \*
- 23 June 2020 (multilateral videoconference (Microsoft Teams)). \*
- 29 July 2020 (multilateral videoconference (Microsoft Teams)). \*
- 16 September 2020 (multilateral videoconference (Microsoft Teams)). \*
- 28 October 2020 (multilateral videoconference (Microsoft Teams)). \*
- 09 December 2020 (multilateral videoconference (Microsoft Teams)). \*

\* According to Royal Decree-Law 8/2020, dated March 17<sup>th</sup>, of urgent and extraordinary measures to address the economic and social impact of COVID-19; until December 31, 2020, the sessions of the governing and administrative bodies may be held by videoconference or by multiple telephone conference.

The percentage of attendance in person and proxies carried out with specific instructions, out of the total number of votes and possible attendance was 100% during the year. In addition, other members have participated, as detailed in the table below:

Other attendees	29/01/2020	26/02/2020	06/05/2020	23/06/2020	29/07/2020	16/09/2020	28/10/2020	09/12/2020
Dirección General Financiera	✓	✓	✓	✓	✓	✓	✓	✓
Dirección General Relación Inversores		✓	✓	✓				
Dirección de Auditoría Interna y Cumplimiento		✓						
Dirección General Inmobiliaria	✓					✓		
Dirección General de Negocio	✓					✓		

### 3.4. Activity

The Board of Directors uses the diagnoses of supervisory activities, reports, policies and other obligatory activities of the Board, which is prepared by the GRC Department based on external laws and regulations (Spanish Companies Law, Securities Market Law and New Audit Law) and on the self-imposed undertakings made in the internal procedures and rules applicable to

the Board and its Committees, as a tool to organize and plan its work, and to distribute and schedule the actions required to be taken over the course of the year.

The Corporate Governance scorecard is then used to track and control the work plans prepared by the Board and its Committees, and to establish activities and agenda items for the various Board and Committee meetings.

Finally, the Board also issues instructions to the GRC Department annually to carry out the following tasks on an ongoing basis:

- Make a diagnosis and report on compliance with the recommendations set out in the Code of Good Governance.
- Review compliance with technical, legal and information specifications regarding the mandatory content of the corporate website as stipulated in Circular 3/2015 of 23 June, of the Spanish National Securities Market Commission.

### **Activity and items debated at meetings of the Board of Directors**

The principal matters examined and dealt with at the various meetings of the Board of Directors are summarized below based on the functions and powers delegated. This summary is supplemented by the specific actions undertaken by each of the Committees, which are described herein in the sections titled "Activity". (Activities marked with an asterisk (\*) are "*Matters brought before the Board for approval and/or ratification*".)

Meanwhile, the Chairs of the various Committees track the items discussed at all Committee meetings in order to improve communication and ensure that all members are fully involved in the deliberation of all agenda items.

*The main aspects discussed and analysed at the meetings of the Board during the 2020 financial year were:*

- Review and approval the proposal to call the 2020 General Shareholders' Meeting.
- Review and approval of the Annual Corporate Governance Report corresponding to the financial year ending on 31 December 2019.
- Review and approval of the Annual Report on Directors' Remuneration corresponding to the financial year ending on 31 December 2019. (\*)
- Drafting of the individual annual accounts and the individual management report of the Company for the financial year ended on 31 December 2019.

*"Paper copies may not be the latest version. Check online documentation"*

- Drafting of the consolidated annual accounts and the consolidated management report for the financial year ended on 31 December 2019.
- Proposal for the application of the results of the financial year ended on 31 December 2019.
- Review and approval of the Annual Financial Report corresponding to the financial year ending on 31 December 2019.
- Review and approval of the summarized financial statements corresponding to the twelve months of the financial year ending on 31 December 2019.
- Review and approval of the report on the activities of the Board of Directors and its committees.
- Review and approval of the business plan, including: Budget 2020 and forecast 2021-2024.
- Report on the press release and presentation regarding the annual results of the Company.
- Approval of the reports justifying the proposals for the re-election and ratification of the directors Ms. Anna M. Birulés Bertran, Mr. Ricardo Martí Fluxá, Mr. Felipe Morenés Botín-Sanz de Sautuola, Mr. Alfonso Rodés Vilà, Mr. Francisco de Borja Garcia-Egocheaga Vergara, Mr. Aref H. Lahham and Mr. Van J. Stults, for the statutory period of three years.
- Review and approval of Q1, Q2 and Q3 financial information and the presentation provided to markets.
- Re-election of Mr. Francisco de Borja García-Egocheaga Vergara as CEO, ratification of the services agreement executed with the Company and delegation of powers.
- Analysis of the ESMA recommendation in connection with the Covid- 19 crisis: risks, information to be included in the H1 financial statements and market communication.
- Review and approval of the new Communications Policy.
- Update of the impact of the Covid-19 crisis in the Company.
- Land acquisition strategy overview.

- Review and approval of the acquisition of the operating company in connection with the rental business.
- Update and analysis of corporate operations opportunities.
- Update and analysis of public-private collaboration opportunities.
- Approval of the Corporate Social Responsibility memo-report.
- Acknowledgement of the report on the activities of the Internal Audit Department corresponding to the financial year ended on 31 December 2019.
- Acknowledgement of the report issued by the Audit and Control Committee and by the Appointments and Remunerations Committee on the functioning of the Audit and Control Committee and on the functioning of the Appointments and Remunerations Committee.
- Acknowledgement of the report regarding the independence of the auditors and on the delivery of services different from the audit services.
- Acknowledgement of the report on related transactions and conflict of interest.
- Acknowledgement of the information submitted by the Chief Financial Officer on treasury shares transactions in compliance with article 7.8 of the Internal Code of Conduct in Securities Markets
- Proposal to the General Shareholders' Meeting regarding the re-election of the auditor of the Company, as well as its group, for the financial year ending 31 December 2020.
- Review and approval of the Director's Remuneration Policy and new remunerations systems.
- Cancellation of the Company's treasury shares policy.
- Review and approval of the calendar of meetings of the Board and its Committees for 2020.
- Report on the leaks of information published by the media.
- Analysis and approval of transactions with related parties or with conflicts of interest

---

## 4. Audit and Control Committee (ACC)

---

Neinor Homes' Audit and Control Committee (ACC) was created by the Board of Directors on 14 May 2015 as a reporting and consultative body without executive functions but vested with powers to report, advise, and make proposals within its remit, as determined in the Committee Regulations published on the corporate website:

[https://www.neinorhomes.com/uploads/documentos\\_corporativos/28/documento/20170417\\_Audit\\_and\\_Control\\_Committee\\_Charter\\_ENG.pdf](https://www.neinorhomes.com/uploads/documentos_corporativos/28/documento/20170417_Audit_and_Control_Committee_Charter_ENG.pdf)

### 4.1. Functioning

In accordance with Article 4 of the ACC Regulations, the Committee shall meet *“at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required,”* and also *“at the request of any of its members, of the external audit lead partner, or the head of internal audit, as well as when called by its chairman. Furthermore, the chairman is to call the meeting whenever the Board of Directors or its chairman requests the issuance of a report or adoption of proposals and, in any event, whenever it is appropriate to the proper exercise of its authority.”*

Meetings shall be convened by the Committee Secretary, who notifies each member at least three business days in advance of the date set for each meeting.

Committee meetings are deemed quorate whenever attended, either in person or by proxy, by half plus one of their members. Resolutions are adopted by absolute majority vote of members present.

The Secretary is responsible for drawing up the minutes to each meeting, which must include a list of attendees, the matters debated and the resolutions adopted.

### 4.2. Membership

In accordance with Article 14 of the Regulations of the Board of Directors of Neinor Homes, the ACC *“shall be made up of no fewer than three and no more than five directors, appointed by the Board of Directors itself, all of whom must be non-executive directors. A majority of the Audit and Control Committee members shall be independent [directors].”* Moreover, *“The Chairman of the Audit and Control Committee [shall be appointed] from among the independent directors that are members of that Committee.”*

The composition of the ACC as of December 31, 2020 was as follows:

Name	Position	Category
Anna M. Birulés Bertran	Chairwoman	Independent Director
Ricardo Martí Fluxá	Member	Independent Director
Alfonso Rodés Vilà	Member	Independent Director
Felipe Morenés Botín-Sanz de Sautuola	Member	External Director
Van J. Stults	Member	Proprietary Director

The Secretary to the Committee is Ms Silvia López Jiménez, who is not a member of any Committee or of the Board of Directors and therefore cannot vote.

It is seen that the Company meets the requirements established, having formed an ACC with 5 members, 3 of whom, including the Committee's chair, are Independent Directors.

The professional résumé of each ACC member is available on the corporate website:

<https://www.neinorhomes.com/corporate-governance-and-sustainability/board-of-directors/composition-and-commissions>.

#### **4.3. Meetings held and attendance**

The Audit and Control Committee met on 7 occasions in the reporting period, and the meetings were held on the following dates:

- 29 January 2020 (Madrid)
- 26 February 2020 (Madrid).
- 06 May 2020 (multilateral videoconference (Microsoft Teams)). \*
- 23 June 2020 (multilateral videoconference (Microsoft Teams)). \*
- 29 July 2020 (multilateral videoconference (Microsoft Teams)). \*
- 28 October 2020 (multilateral videoconference (Microsoft Teams)). \*
- 02 December 2020 (multilateral videoconference (Microsoft Teams)). \*

*\* According to Royal Decree-Law 8/2020, dated March 17<sup>th</sup>, of urgent and extraordinary measures to address the economic and social impact of COVID-19; until December 31, 2020, the sessions of the governing and administrative bodies may be held by videoconference or by multiple telephone conference.*

At all the meetings, 100% of the directors and the Secretary of the Committee were present or were given proxies to vote. In addition, apart from other directors, other members attended, as detailed in the following table:

Other attendees	29/01/2020	26/02/2020	06/05/2020	23/06/2020	29/07/2020	28/10/2020	02/12/2020
Dirección General Financiera	✓	✓	✓	✓	✓	✓	
Dirección General Relación Inversores		✓					
Dirección de Auditoría Interna y Cumplimiento		✓	✓	✓		✓	✓
Auditor externo							✓

#### 4.4. Activity

The Internal Audit Department, at the Committee's request, in order to update the rules and good practices, has prepared a series of analyses and tasks in order to maintain absolute compliance with the aspects related to Good Governance and Compliance, among which we can highlight

- Changes implemented by the regulator in connection with the communication of inside information and change of some recommendations of the Good Governance Code.
- Analysis of the ESMA recommendation in connection with the Covid-19 crisis: risks, information to be included in the H1 financial statements and market communication.
- Risks in the real estate sector, residential market situation and responsibilities and obligations of directors.
- The situation of the rental market in Spain
- Evolution, macroeconomic situation, demand / prices and forecasts in the real estate sector.
- Governance areas and risks of Non-Financial Information under the umbrella of the relevance of ESG for the governance of companies

In addition, in the exercise of the functions attributed to the ACC, the main activities reviewed and analysed by this Committee during its seven meetings are detailed below:

(\*) *Activities submitted to the Board for approval and/or ratification*

- Review of the annual financial information as of 31 December 2019 including the proposed Annual Financial Report and the annual accounts corresponding to the

financial year ended on 31 December 2019. (\*) Presentation on the conclusions regarding the audit carried out by Deloitte, S.L.

- Review of the proposed summarized financial statements and the individual and consolidated management report for the 2019 financial year. (\*)
- Approval of the press release and presentation regarding the annual results of the Company. (\*)
- Review of the negotiation of treasury shares by the Company. (\*)
- Cancellation of the Company's treasury shares policy (\*)
- Approval of the re-election of the auditors (\*)
- Approval of the information on the SCIIF to be included in the 2019 Annual Corporate Governance Report. Supervision and review of the external auditor's verification report and of the executive summary of the internal auditor on the SCIIF.
- Review and approval of the report on the activities of the Internal Audit function for the year 2019 and its annual work plan (\*)
- Approval of the Corporate Social Responsibility memo-report and the external audit report (\*)
- Review and approval of the annual report on the functioning of the Audit and Control Committee (\*)
- Review and approval of the report on the auditor's independence and on the delivery of services different from the audit services (\*)
- Review and approval of the report on related transactions and conflicts of interest (\*)
- Review and approval of the report on the measures taken to ensure compliance with the provisions of the Company's Internal Code of Conduct
- Review of the Annual Corporate Governance Report for 2019. (\*)
- Approval of the quarterly financial results Q1, Q2 and Q3 (\*)
- Approval of the presentation of results and of the press release on the quarterly financial results (\*)



- Update and review of the company's risk map due to the Covid-19 crisis (Escipión).
- Presentation of the audit report on the Prevention of Money Laundering and Financing of Terrorism.
- Review of the new Communications Policy. (\*)
- Report on the effectiveness of external audit process in the audit of the accounts.
- Quarterly monitoring of the internal control system, risks and compliance structure, presenting the activities carried out and the main conclusions identified in the internal audit process.
- Presentation of the annual report on compliance activities for 2019.
- Presentation by the external auditor of the main results and recommendations of the audit of the financial statements H1
- Forecast closing 2020.
- Update of the asset valuation
- Update of the Corporate Social Responsibility status.
- Update of Environmental strategy, Digital and BIM strategy and R&D strategy.
- Information of the new ESG project
- Risk compliance assessment plan of Renta Garantizada

It should be noted that the meeting held on December 2 by the ACC was for a training session, and that on that day there was a private meeting between the external and internal auditors to discuss the incidents detected during the year.

---

## 5. Appointments and Remuneration Committee (ARC)

---

Neinor Homes' Appointments and Remuneration Committee (ARC) was set up by the Company's Board of Directors on 14 May 2015 as an internal informative and consultative body without executive functions duties, but vested with reporting, advisory and proposal-making powers within its remit, as determined in the Committee Regulations published on the corporate website:

[https://www.neinorhomes.com/uploads/documentos\\_corporativos/27/documento/20170417\\_Remuneration\\_Committee\\_charter\\_ENG.pdf](https://www.neinorhomes.com/uploads/documentos_corporativos/27/documento/20170417_Remuneration_Committee_charter_ENG.pdf)

### 5.1. Functioning

In accordance with article 4 of the ARC Regulations, *"The Committee shall meet every three months or, at least, four times per year,"* or *"... when any of its members requests it or when duly called by the Chairman of the Committee. The Chairman is to call the meeting whenever the Board of Directors or its Chairman requests the issuance of a report or adoption of proposals and, in any event, whenever it is appropriate to the proper exercise of its authority."*

Meetings of the ARC are convened by the Committee Secretary, who sends prior notice of the meeting to each member and any other persons required to attend reasonably in advance of the date on which it is to be held.

A valid quorum will be reached when half plus one of the directors holding seats on the Committee are present in person or by proxy. Resolutions must be adopted by majority vote of the Committee members attending.

The Secretary shall draw up the minutes of meetings, listing the persons attending and describing the matters debated and the resolutions agreed.

### 5.2. Membership

In accordance with Article 15 of the Regulations of the Board of Directors of Neinor Homes, the ARC *"shall be made up of no fewer than three and no more than five directors, appointed by the Board of Directors itself, all of whom shall be non-executive directors. The majority of the members of the Appointments and Remuneration Committee shall be independent directors."* The Board of Directors shall appoint the Committee's Chair *"from among the independent directors holding seats on the same"*.

The composition of the ARC as of December 31, 2020 was as follows:

Name	Position	Category
Ricardo Martí Fluxá	Chairman	Independent Director
Felipe Morenés Botín-Sanz de Sautuola	Member	External Director
Alfonso Rodés Vilà	Member	Independent Director
Anna M. Birulés Bertran	Member	Independent Director
Van J. Stults	Member	Proprietary Director

In addition, the Committee has a Secretary, Silvia López Jiménez, who is not a member of any Committee or of the Board of Directors and therefore cannot vote.

In this connection, Neinor Homes complies with the established requirements since it has 5 directors in its ARC, 60% of whom are independent, including its Chair.

The professional résumé of each ARC member is available on the corporate website: <https://www.neinorhomes.com/corporate-governance-and-sustainability/board-of-directors/composition-and-commissions>.

### 5.3. Meetings held and attendance

The Appointments and Remuneration Committee held 6 meetings in the reporting period, on the following dates:

- 29 January 2020 (Madrid)
- 26 February 2020 (Madrid).
- 06 May 2020 (multilateral videoconference (Microsoft Teams)). \*
- 23 June 2020 (multilateral videoconference (Microsoft Teams)). \*
- 28 October 2020 (multilateral videoconference (Microsoft Teams)). \*

*\* According to Royal Decree-Law 8/2020, dated March 17<sup>th</sup>, of urgent and extraordinary measures to address the economic and social impact of COVID-19; until December 31, 2020, the sessions of the governing and administrative bodies may be held by videoconference or by multiple telephone conference.*

All members of the ARC and the Committee's Secretary have attended the meetings held by the Committee. In addition, apart from other directors, the following members attended:

Other attendees	29/01/2020	26/02/2020	06/05/2020	23/06/2020	28/10/2020
Dirección General Financiera	v	v	v	v	v

#### 5.4. Activity

In accordance with the functions assigned to the ARC, the main issues discussed at the meetings held during the year are listed below:

*(\*) Matters brought before the Board for approval and/or ratification*

- Performance analysis of the targets of the MIP of the CEO and management team, LTIP and bonus of the CEO, management team and rest of employees for 2019 and, if applicable, approval of incentives payable
- Setting the remunerations and incentives applicable to the CEO, management team and rest of employees for 2020
- Approval of the annual report on the functioning of the Appointments and Remunerations Committee (\*)
- Review of the Annual Corporate Governance Report (IAGC) for the financial year ended on 31 December 2019 (\*)
- Review of the Annual Report on Directors' Remuneration (IAR) for the financial year ended on 31 December 2019 (\*)
- Discussion and approval of the new Management Incentive Plan (MIP) for certain senior managers and the executive directors (\*)
- Review of the external assessment of the Board carried out by Willis Towers Watson
- Approval of the corresponding appointment proposal of directors for the statutory period of three years: (\*)
  - Ms. Anna M. Birulés Bertran, Mr. Ricardo Martí Fluxá, Mr. Felipe Morenés Botín-Sanz de Sautuola, Mr. Alfonso Rodés Vilà, Mr. Francisco de Borja Garcia-Egocheaga Vergara, Mr. Aref H. Lahham and Mr. Van J. Stults

were all ratified and re-elected to continue occupying the same position during this period.

- Review of the new Directors' Remunerations Policy (\*)
- Periodic update of the status of the impact of the Covid-19 situation in the workforce and in the company.
- Proposals for external Board and Committees performance assessment and working schedule.
- Review of the dedication of the non-executive directors
- Update of the external Board and Committees performance assessment
- Plan for the adaptation of the Company to the new regulations on gender equality, remuneration transparency and teleworking

---

## 6. Land Investment Committee (LIC)

---

Neinor Homes' Land Investment Committee (LIC) was set up by the Company's Board of Directors on 14 May 2015 as a body with reporting, supervisory and advisory functions within its remit, as specified in the Regulations thereof.

### 6.1. Functioning

In accordance with Article 4 of the LIC Regulations, the Committee is required to meet *"at least, four times per year,"* as well as *"... when any of its members requests it or when duly called by the chairman of the Committee. The chairman is to call the meeting whenever the Board of Directors or its chairman requests the issuance of a report or adoption of proposals and, in any event, whenever it is appropriate to the proper exercise of its authority."*

The meetings of the LIC are convened by the Committee secretary, who forwards notice of each meeting *"to each member of the Committee, any other person required to attend and all other non-executive directors, no later than three (3) working days before the date of the meeting"*.

The LIC adopts resolutions by simple majority vote.

The Secretary is responsible for drawing up the minutes, which include a summary of deliberations and decisions, the names of the persons attending and details of the votes cast.

### 6.2. Membership

Article 1 of the Neinor Homes Land Investment Committee Regulations establishes the membership of the LIC, which *"shall be made up of at least three and a maximum of seven members"*, who shall be *"appointed by the Board of Directors of the Company"*, and the *"majority of the members of the Commission shall be non-executive directors"*. Also, *"The Board shall appoint the Committee Chairman."*

The composition of the LIC as of December 31, 2020 was as follows:

Name	Position	Category
Aref H. Lahham	Chairman	Proprietary Director
Borja Garcia-Egocheaga	Member	Executive Director
Ricardo Martí Fluxá	Member	Independent Director
Felipe Morenés Botín-Sanz de Sautuola	Member	External Director
Van J. Stults	Member	Proprietary Director
Andreas Segal	Member	Independent Director
Jorge Pepa	Member	Executive Director

In addition, the Committee has a Secretary, Mrs Silvia López Jiménez, who is not a member of any Committee or of the Board of Directors and therefore cannot vote.

Neinor Homes complies with the established requirements since it has 7 members in its LIC, 72% of whom are non-executive directors (29% independent, 29% proprietary and 14% external).

The professional profile of each LIC member is available on the corporate website: <https://www.neinorhomes.com/corporate-governance-and-sustainability/board-of-directors/composition-and-commissions>.

### **6.3. Meetings held and attendance**

The Land Investment Committee has held 5 meetings in the reporting period, which took place on the following dates:

- 26 February 2020 (Madrid).
- 06 May 2020 (multilateral videoconference (Microsoft Teams)). \*
- 23 June 2020 (multilateral videoconference (Microsoft Teams)). \*
- 29 July 2020 (multilateral videoconference (Microsoft Teams)). \*
- 28 October 2020 (multilateral videoconference (Microsoft Teams)). \*

\* According to Royal Decree-Law 8/2020, dated March 17<sup>th</sup>, of urgent and extraordinary measures to address the economic and social impact of COVID-19; until December 31, 2020, the sessions of the governing and administrative bodies may be held by videoconference or by multiple telephone conference.

The meetings were attended by all members of the LIC and the Committee Secretary. In addition to other directors, other members attended, as detailed in the following table:

Other attendees	26/02/2020	06/05/2020	23/06/2020	29/07/2020	28/10/2020
Dirección General Financiera	v	v	v	v	v
Dirección General Inmobiliaria	v	v	v	v	v
Dirección General de Operaciones	v	v	v	v	v
Dirección General de Negocio	v	v	v	v	v

#### 6.4. Activity

The main matters examined and dealt with by the committee within its remit were as follows:

*(\*) Matters brought before the Board for approval and/or ratification*

- Review of 2021-2024 Business Plan. (\*)
- Update on the status of acquisitions and launches in the financial year 2020.
- Review of the land acquisition program and launch of promotions for 2020. Land requirements, Business plan.
- Overview of a potential issuance of bonds. Authorization to the CFO to engage advisors to analyse the current situation of the market
- Periodic overview of the development activity
- Update of the list of main shareholders and equity story
- Update of the short-term contingency plan
- Focus on the Spanish construction sector. Update of the status of Neinor Works (construction management company)
- Status of the Kutxabank servicing contract renewal
- Cash flow forecast FY 2020
- Rental I & II Portfolio status overview and update
- Periodic marketing and construction start approvals
- Review of corporate operations opportunities.

It is noteworthy that the approval of land acquisition transactions, and the launch of developments that cannot be delayed until the earliest date of an LIC meeting, is done by its members by e-mail, after emailing the documentation relating to such investment (basically

*"Paper copies may not be the latest version. Check online documentation"*



ICM (Investment Committee Memorandum) and 2<sup>nd</sup> GO VS or Viability Study) to the Committee members for analysis and approval. Accordingly, these approvals are also given by the Committee without the need to hold a physical meeting.