

Corporate Social Responsibility Report

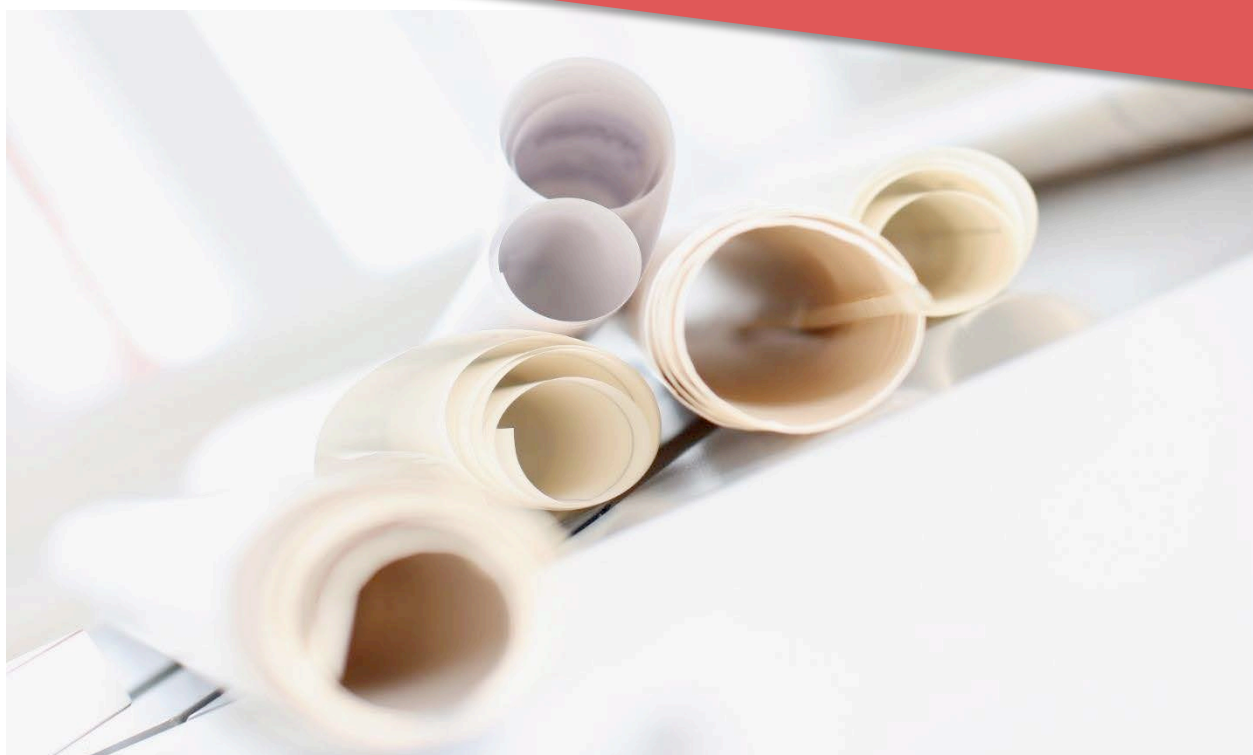
We build houses with people in mind



Neinor
HOMES

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Interview with the CEO

Conversation with Juan Velayos, Chief Executive Officer of Neinor Homes

“We have led the transformation of the sector and now we are working on consolidating the change”

- *How would you summarise 2016 for Neinor Homes?*
- *What role does Neinor Homes play in the transformation of the sector?*
- *What are the main developments facing the sector right now and in the long term?*
- *Regarding the Neinor Homes Strategic Plan, what do you consider to be its main aims?*
- *What is the value added of the Neinor Homes brand?*
- *What role is the Neinor corporate governance team going to play in leading the sector?*
- *What is the Neinor Homes commitment to sustainability and what are the basic pillars supporting it?*

Neinor Homes

We have the resources, human talent, motivation and enthusiasm to lead the industrial transformation of the sector

Neinor Homes was created in May 2015 with the aim of leading the transformation of the real estate sector in Spain, thanks to the more than 30 years' experience of an earlier stage in which Neinor was the old real estate subsidiary of Kutxabank.

In May 2015, the US risk capital fund Lone Star acquired Neinor Homes for 930 million euros to convert the company into the leading developer in the Spanish market. Lone Star's participation in Neinor Homes guarantees its solvency and provides financial muscle and liquidity to the financial and economic situation of Neinor Homes.

The achievements to date and the rapid growth of Neinor Homes in recent years is due to the way the Neinor Homes strategy has been executed and to the significant investment in technology and talent to convert it into a leading company. The Neinor Homes vision is of a new more professional business model, of higher quality, client-based, rigorous, ethical, transparent and clearly pro-industrialisation. This policy involves the professionalization of the Spanish residential real estate sector through the three strategic pillars of the company's business model: **institutionalisation, the product and the client**.

Institutionalisation, based on the application of the highest professional standards, means incorporating talent in the form of highly professionalised human capital and creating a systematised chain of continuous improvement processes, governed by strict efficiency, rigour, transparency and control criteria and incorporating innovation and technology in its management. In this connection, the teamwork of our professionals is the fundamental pillar of the model we intend to consolidate based on a matrix organisational structure requiring work that is methodological and in continuous interaction with the various areas of the company.

For Neinor Homes, product and client are profoundly connected, since every new project starts with a careful listening process and market research. Thanks to this, Neinor Homes is able to detect the needs and preferences of its clients and offer them a real quality product adapted to their requirements.

Although up to now the **client** did not occupy a central position in decision-making in the developer sector, Neinor Homes is now placing it at the heart of its business. All the work of Neinor Homes is designed to satisfy its clients. Thus, this commitment to the client goes beyond the **product** and extends to the service offered throughout the entire process from reservation of the home to its delivery and subsequent follow-up.

A constant search for innovation forms part of the company's DNA, the key to making efficient and sustainable homes with the quality the client demands. This focus on **innovation** is reinforced by Neinor Lab, a work platform for implementing an on-going culture of innovation in all areas of the business involving everyone belonging to it.



Neinor
WE BUILD HOUSES
WITH PEOPLE IN MIND

Neinor's intention is to lead the transformation of the residential homes sector in Spain to a new more professional model, with higher quality and wholly oriented towards the client's needs. The impetus of new technologies, ethics, sustainability and the highest quality standards form the basis of our conviction that we will become *the* developer of the 21st century.

This intention requires the professionalization of the residential real estate sector through the company's three strategic pillars: institutionalisation, the product and the client.

MISSION

Neinor Homes is shouldering the responsibility of leading the transformation of the residential development sector in Spain to a new more professional model, with higher quality and based on the client, rigour, ethics and transparency, with clear transformative intentions.

VISION

To lead the sector's transformation, ensuring that the company is a byword for sustainability and contributing to its credibility and good reputation thanks to Neinor Homes brand recognition.

VALUES

EFFICIENCY
AND RIGOUR

ETHICS AND
TRANSPARENCY

QUALITY

INNOVATION

SUSTAINABILITY

STRATEGIC PILLARS



Client

Creation of new homes with the real needs of people in mind. Clients are at the heart of the company's decision-making



Product

Efficient and sustainable homes, where innovation is part of the essence of Neinor Homes



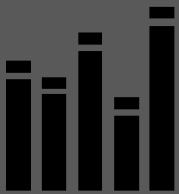
Institutionalisation

A business model based on the highest professional standards and the creation of a systematised chain of processes



Our financial performance

Assets



1016 million

The company's **total assets** on the 2016 balance sheet were **1016 million euros book value**

Sales Arranged in 2016



329 million

In terms of the launch of developments, we have more than **3000 homes in progress**. Of these, the figure for sales arranged is 329 million euros.

EBITDA



19 million euros*
*adjusted EBITDA

Servicing/Development/Settlement

No. homes/No. developments



2015

Launch/Construction/Total

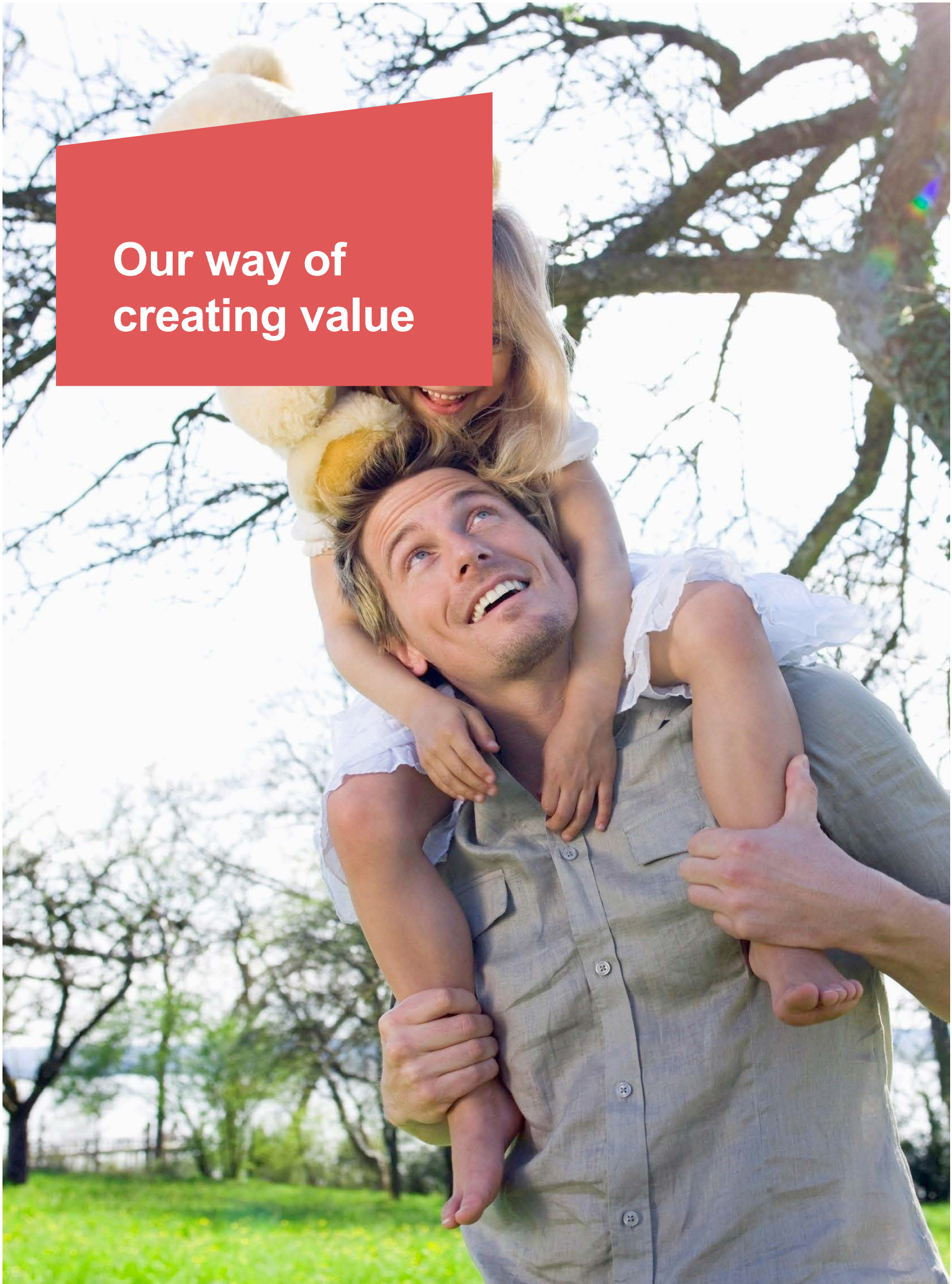


2016

Next launches/Launches/Construction/Total



**Our way of
creating value**



Our way of creating value

By using our assets in the right way, Neinor Homes is able to generate and spread environmental, social and economic wealth

■ Economic value

Neinor Homes is one of the most significant driving forces for economic progress in the real estate sector in Spain, contributing 329 million euros in sales arranged in 2016 to the national GDP and with around 1016 million euros in assets.

The main way that Neinor Homes creates value is by its involvement in the transformation of the sector in Spain. Our objective is to be a point of reference and gain the trust of the client, the shareholder and society through a new concept of the industry based on quality, service to the client, specialist advice, personalisation of the product and sustainability.

The Neinor Homes business model is designed to maximise value creation throughout the value chain and to contribute to the economic wellbeing of the society in which we operate.

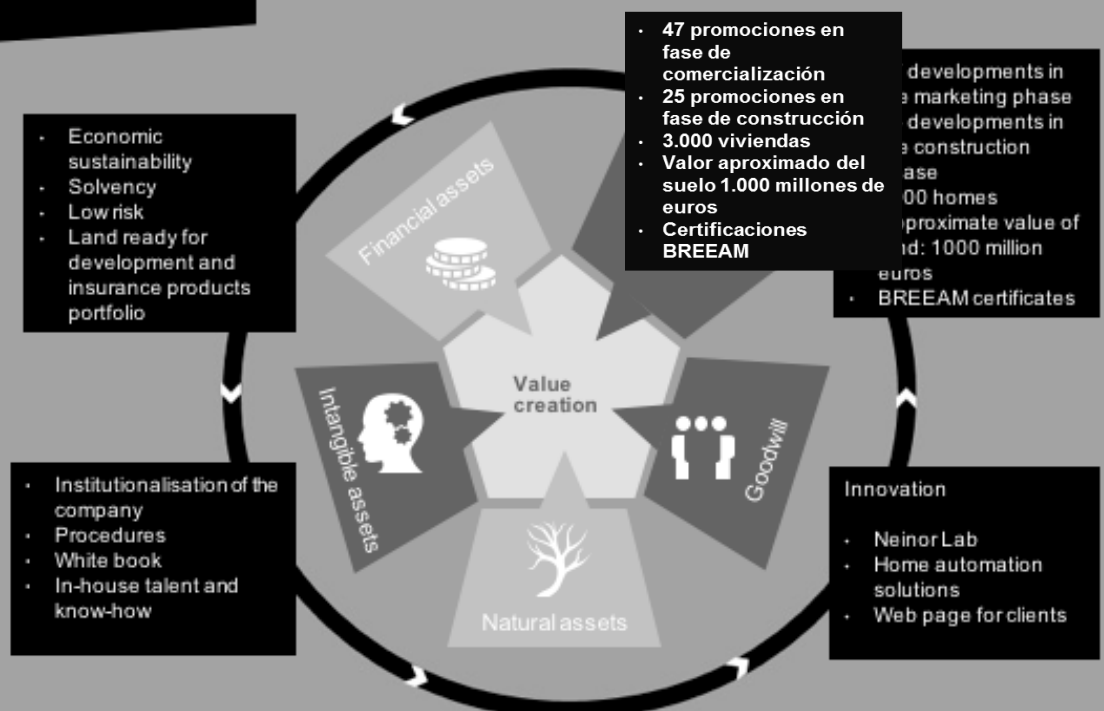
■ Social value

As well as making a radical contribution to the transformation, professionalization and recovery of the residential sector in Spain, the policy of Neinor Homes is to sell homes that meet the needs of its clients, very directly contributing to the social and economic development of the places in which its developments are located.

It is noteworthy that Neinor Homes invests in a socially responsible way, investing in land ready for development, which contributes to the improvement of practices in the sector and the search for formulae for the creation and strengthening of local business networks.

Neinor Homes is also a very significant driving force for the creation of direct and indirect employment. In 2016 the team of people at Neinor Homes has increased by 41%, offering quality employment through the development of the talent of the workforce and ongoing training, protection and maintenance of the know-how of its employees, and innovative people management.

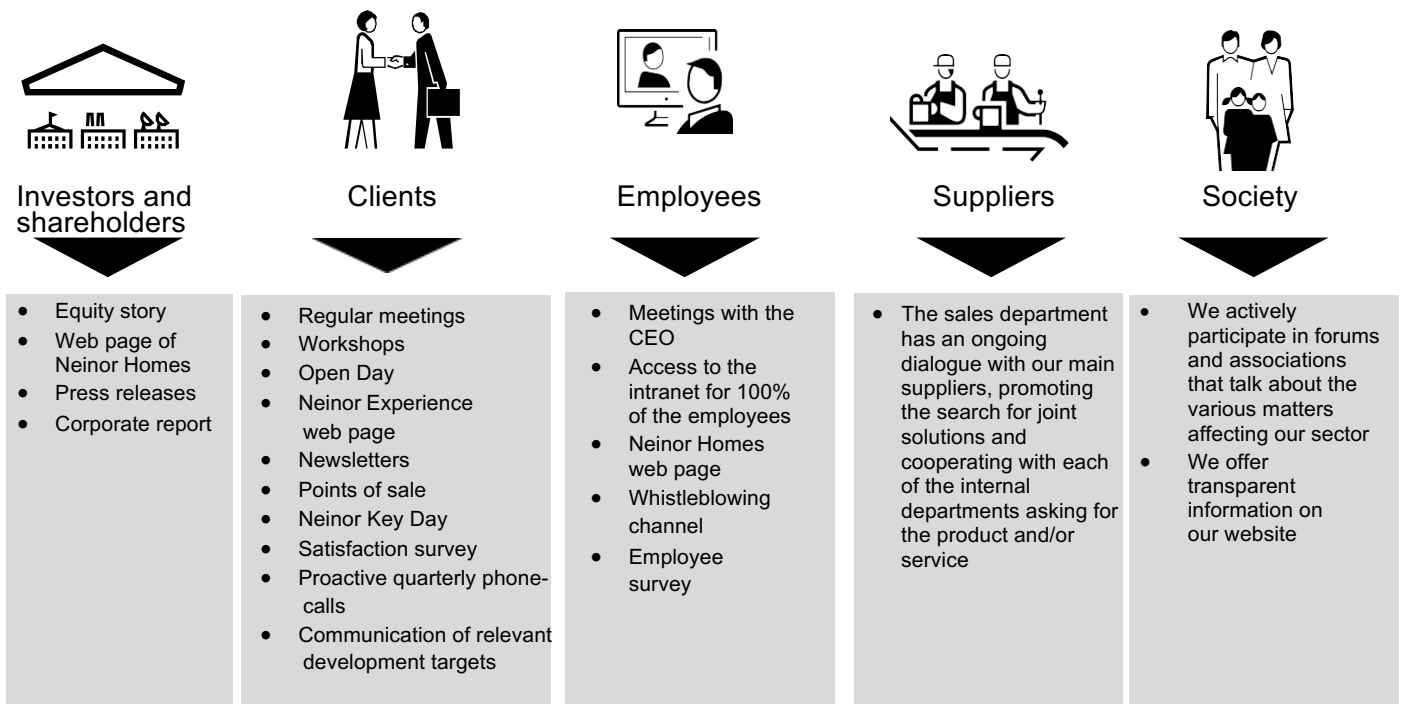
Value creation



A holistic vision of stakeholders is a top priority in Neinor Homes management, and this plays out in numerous social, economic, cultural and environmental initiatives on an ongoing basis. This translates into both a notable improvement in business results and a significant upswing in client appreciation and loyalty.

The conduct of business of Neinor Homes involves relations with a large number of stakeholders. Communication with them and management of their expectations are key to achieving the targets of Neinor Homes and the minimising of reputational risks to the company.

Our stakeholders map includes identification of internal and external collectives with specific interests in the management model. For each of them Neinor Homes has created a framework for a durable relationship and has established the necessary bilateral communication mechanisms to offer the information they require and to manage their expectations.



Environmental value

Neinor Homes sets demanding targets for working in a more sustainable way and for finding solutions to reduce environmental impact, not only for our homes, but also for our corporate activity.

Our environmental commitment is not only reflected in our contribution to help our clients to comply with their energy use reduction targets, but also in Neinor Homes we demonstrate our preoccupation with and commitment to the environment by working with respect for our surroundings and trying to reduce the environmental footprint of homes, the bulk of our dwellings being certified with the prestigious BREEAM sustainability certificate.

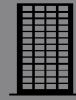
In 2016 Neinor Homes approved an Environmental and Quality Policy covering all the company’s commitments in this area. In addition, wherever possible, we work digitally, endeavouring to reduce printing to a minimum. To reduce our paper consumption, we are carrying out educational campaigns by preparing posters and other forms of communication to inform the Neinor Homes team of the importance of paper use savings. In addition, a paper-free office policy was recently approved, thus reducing the environmental footprint of Neinor Homes, given that up to that point 1576 packets of paper were used in all the offices of Neinor Homes; this figure has now fallen by 5%.

Neinor Homes is likewise committed to improving the energy consumption of its offices, reducing its use by 5%.

Economic Performance



Headquarters:
Bilbao



Offices:
4



329 million euros
Figure for sales arranged in
2016



1016 million euros
Company's total assets



Land bank with an
approximate value of
1100 million euros
with an approximate
buildable area of 1036 km²



56 developments launched, **27** of
them in the construction phase,
meaning a total of **3000** homes

The firm operates in
**Madrid, Catalonia, the
Basque Country,
Balearics & Andalusia**



CENTRE, Madrid
12 developments*
969 homes

**NORTH, Basque
Country, 18 develop-
ments*, 775 homes**

EAST, Catalonia
16 developments*
1108 homes



SOUTH, Andalusia,
10 developments*
834 homes



* Data at 31 December 2016

Social performance



Launch of the **Neinor Experience** website, the first exclusive website for our clients



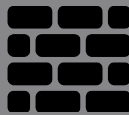
198 employees



Creation of **Neinor Lab**



1307 clients



65% of suppliers working with Neinor Homes are local



Clients in the satisfaction survey state they are mostly satisfied or very satisfied



100% of agreements with suppliers of the developments include clauses with ESG requirements



Approval of the **Corporate Social Responsibility (CSR) Master Plan: Vision 2020**



Potential to generate **25,000** direct and indirect jobs in the works



Approval of the **CSR policy**

Environmental performance



Most of our homes are **BREEAM** certified



Quality Assurance Stamp in recently launched developments



Neinor has obtained the **ISO9001, ISO 14001 and UNE 166002 and OHSAS** certification



With **BREEAM**, homes are **50% more efficient**



Degree of **energy efficiency** measures implementation higher than the sector average



Approval of the **Quality and Environment policy**



Implementation of a **zero paper policy** in the company

The background of the slide is a blurred photograph of a desk. In the foreground, there are several rolls of paper, some of which are unrolled, showing their edges. A red pen is visible in the upper right quadrant, and a white calculator is partially visible in the lower right. The overall scene suggests a professional or academic setting.

Our business model

Our environment

The crisis that has plagued the housing market for seven years has begun to dissipate in some areas of Spain, and the first signs of real estate activity reveal a very different picture to that of the last years of the previous cycle. There has been a change in demand - more solvent and informed – in the attitude of financial institutions - more prudent when it comes to financing - and, above all, in the real estate development business.

In 2016, Neinor Homes significantly exceeded the figures for sales arranged in 2015, reaching more than 700 million euros (including servicing sales). The growth of Neinor Homes is as a result of making the most of specific macroeconomic circumstances in the real estate market:

- Constant growth of Spanish GDP since mid-2015
- Decreasing unemployment rate since the fourth quarter of 2013
- Expectation that consumer expenditure will increase by 3% in the next 3 years
- Good performance of market value of REITs (SOCIMIS) on the stock market
- The House Price Index (IPV) in Spain is rising 4% year-on-year
- Accessibility of housing has improved in recent years, returning to 2003 levels
- Support of the Spanish mortgage market

One of the clearest symptoms of this change is the sophistication of real estate developers, now obliged to focus exclusively on obtaining their profits from the construction and sale of homes in an environment of scarce financing, instead of purchase with high levels of leverage, as happened in the last years of the real estate boom.

The new developer paradigm is based on purchasing land with own resources and contributing the maximum value added to the development process itself. In other words, focussing on the real needs of buyers, building for them the best housing and controlling deadlines and costs of the process to the utmost to obtain a reasonable profit.

How can we take advantage of the circumstances?

The new era of residential development is going to be very different from that of the twentieth century and, of course, that of the real estate boom. This is our challenge and our goal

Taking advantage of the opportunities of the environment in which we operate, we can lead and transform the sector. Neinor Homes plans to do so by changing the paradigm. For many different reasons, the real estate sector has not been an optimized and transparent sector.

New technologies, sustainability and the highest quality standards are part of our commitment to become *the* twenty-first century developer.

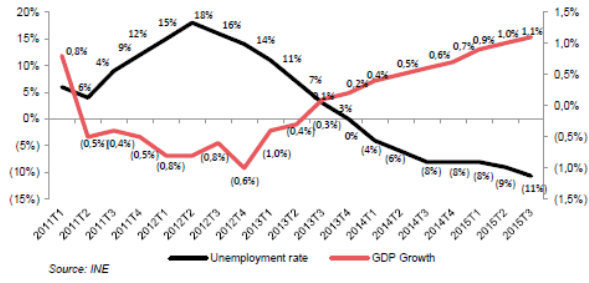
Translation of table: see below

	<p>Cliente</p> <p><i>Creación de vivienda nueva pensando en las necesidades reales de las personas. Los clientes forman parte del núcleo de trabajo</i></p>
	<p>Calidad</p> <p><i>Pioneros en la estandarización de calidad y diseño en el sector residencial</i></p>
	<p>Eficiencia y sostenibilidad</p> <p><i>Viviendas de obra nueva eficientes y sostenibles, donde la innovación forma parte de su ADN</i></p>
	<p>Modelo industrial</p> <p><i>Modelo de negocio industrial, basado en la sistematización de procesos, el rigor y la transparencia</i></p>

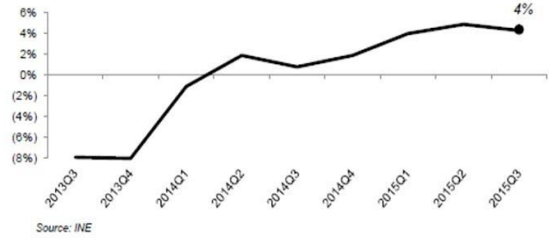
Table above:

<p>Client</p> <p><i>New home creation with peoples' real needs in mind. Clients form part of the work nucleus</i></p>
<p>Quality</p> <p><i>Pioneers in design and quality standardisation in the residential sector</i></p>
<p>Efficiency and sustainability</p> <p><i>Efficient and sustainable new-build homes, where innovation forms part of their DNA</i></p>
<p>Industrial model</p> <p><i>Industrial business model, based on process systematisation, rigour and transparency</i></p>

GDP growth and unemployment rate



Housing Price Index



Our business model

The diligent management of our business and the adequate use of our resources allows us to attain our goals effectively, contributing positively to environmental, social and economic development in communities where we conduct our business

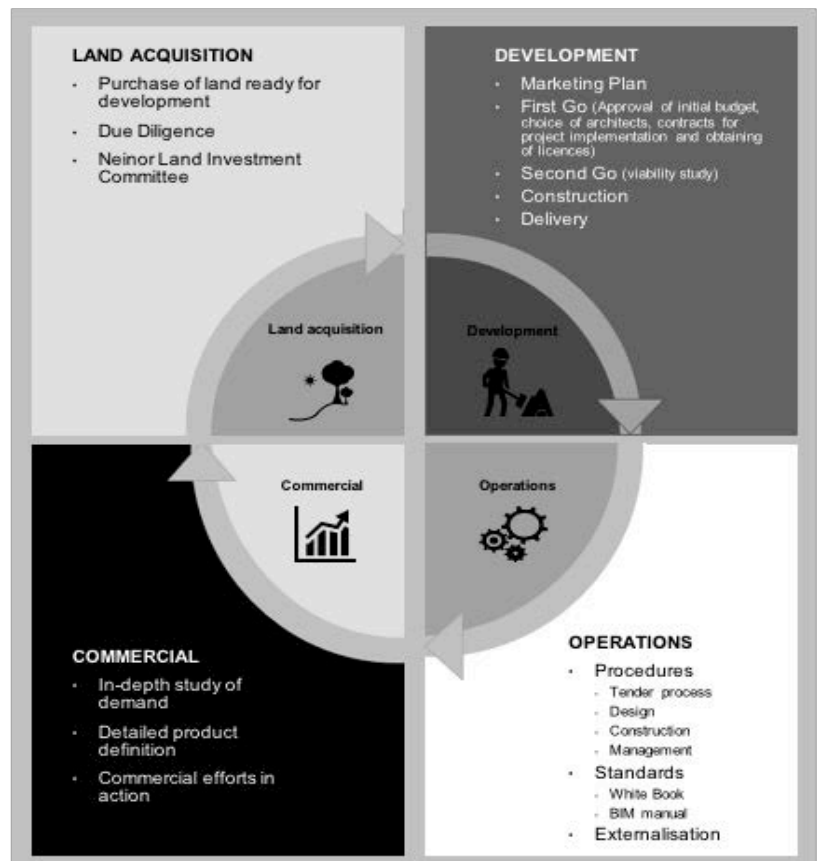
The main characteristic of our business model is the industrialisation of processes, based on systematising them and the whole company knowing the objectives and strategy of the Neinor Homes business.

The Neinor Homes business model is different from others in the sector, because we purchase land ready for development, at market prices. Therefore, our profit margin comes from transforming land into homes. Currently, the total assets on our balance sheet have an approximate market value of 1120 million euros, which means it is the largest collection of quality land ready for development in Spain. The fact of basing our business in the purchase of land ready for development requires us to have a **highly optimised and industrialised value chain** applying rigour, financial vision in decision-making, technology and process control.

Together with the acquisition of land, another fundamental component of our value chain is the launch of residential developments. Up to December 2016 we have launched more than 50 developments, equivalent to more than 3000 homes.

But the most important element of our business model is placing the client at the heart of our activity. Our greatest challenge is creating a brand in the real estate sector which stands out because of its trustworthiness, commitment and safeguarding of the client's interests.

Our value chain



**Committed to
sustainability**



Committed to sustainability

In 2016 Neinor Homes is issuing its first Corporate Social Responsibility Report as a response both to the commitment to disseminate information about its activities and to the intention to report to its stakeholders and to society in general.

This Report is for the 2016 tax year, which covers the period from 1 January 2016 to 31 December 2016.

The purpose of this CSR Report of Neinor Homes is to inform the stakeholders of both the non-financial management policies of the company and the main initiatives and targets achieved during 2016.

To prepare the Report, which will be issued every year, Neinor Homes has followed the guidelines of version G4 of the Global Reporting Initiative (GRI) guide to preparing sustainability reports.

It is noteworthy that the Corporate Social Responsibility Policy, approved by the Board of Directors in 2016, determines the structure of a good part of this Report and the issues identified in the materiality analysis.

For Neinor Homes, the materiality study is a strategic process that highlights those economic, environmental and social issues that are relevant for the company's business and are influential when creating value for its stakeholders.

Key data for 2016



Neinor has obtained the ISO9001, ISO 14001, UNE 166002 and OHSAS certifications



Definition of the **Positioning** of Neinor Homes re **CSR**



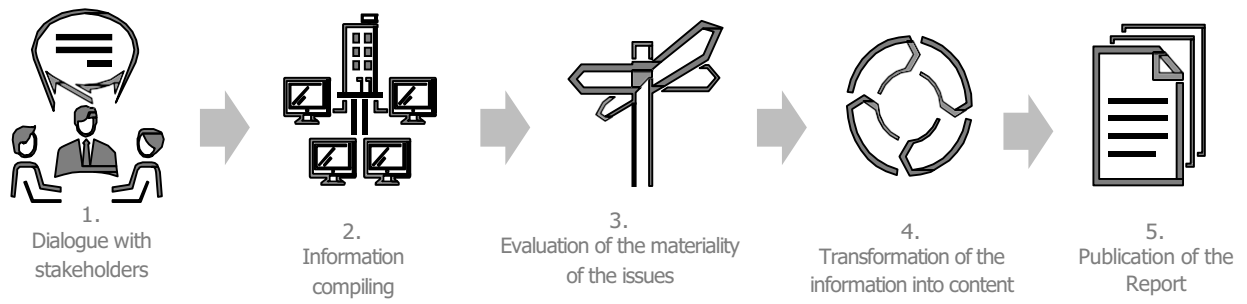
Preparation of the first **CSR Report**



Approval of the **CSR Master Plan: Vision 2020**



Approval of the **CSR Policy** by the Board



Identification of the material issues

The material issues have been defined following the guidelines of the G4 – GRI Guide and are represented in relation to the value chain of Neinor Homes.

To identify the material issues, two information sources have been taken into account (in-house and external). The in-house information flow includes interviews of those who head the various areas of business of Neinor Homes and the external sources include the dialogue with some of the company’s most important stakeholders, and investors and investment funds.

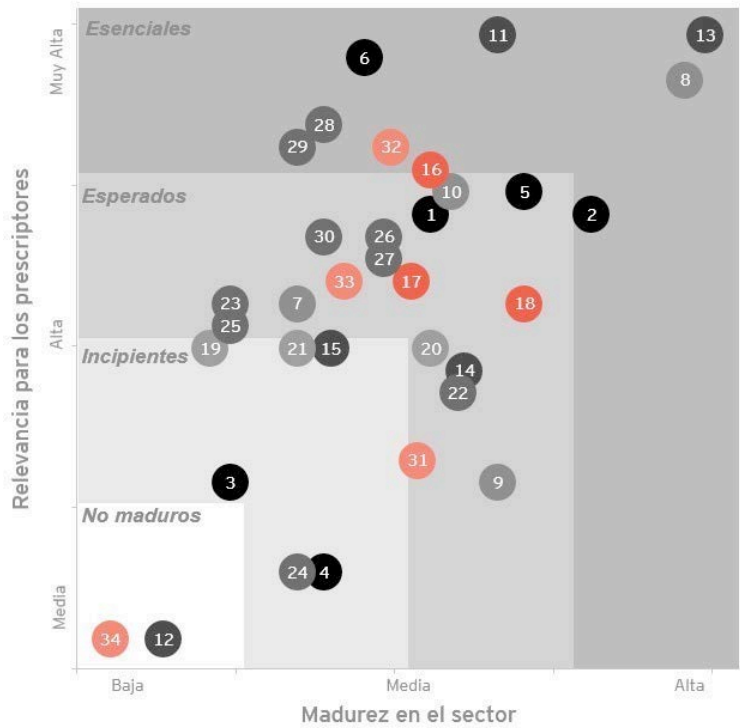
The GRI sectoral supplement for the real estate sector and the rating agencies on sustainable investment have also been taken into account.

The prioritisation of the significant (material) issues for Neinor Homes has been determined by the relevance and likelihood of impact of these issues on the business (both positive and negative), which in turn are very closely linked to the capacity of Neinor Homes to manage the expectations of its stakeholders and to create value for the company.

Moreover, the degree of current advance of each of the 17 companies analysed in the sectoral benchmark has been defined in relation to the identification, planning and implementation of related measures, thus positioning Neinor Homes in terms of its sector.

The materiality analysis performed by Neinor Homes has given rise to a list of 34 issues deemed significant. Some of these significant issues coincide with the material issues for the sector identified by the Global Reporting Initiative, whilst others are the company’s own issues, identified by it.

After the participative process of identification and prioritisation of the material issues, the final result was approved by Neinor Homes Management.



- 1. Calidad y excelencia
- 2. Sostenibilidad del producto
- 3. Seguridad de las viviendas
- 4. Valor añadido de las viviendas
- 5. Certificaciones y calificaciones Green Building
- 6. Impacto ambiental del diseño y uso de los inmuebles
- 7. Lucha contra la corrupción
- 8. Buen gobierno y sus responsabilidades
- 9. Prevención y resolución de conflictos
- 10. Integración de la sostenibilidad en la estrategia
- 11. Órgano de gobierno
- 12. Acuerdos de financiación
- 13. Reporting corporativo
- 14. Alianzas sectoriales y adhesión a principios internacionales
- 15. Optimización de la financiación y manejo de fondos
- 16. Impacto socioeconómico de las promociones
- 17. Relación con los grupos de interés
- 18. Creación de empleo de calidad
- 19. Digitalización de las soluciones de compra y venta
- 20. Innovación aplicada al desarrollo de servicios y productos
- 21. Mejora de las operaciones: infraestructura, procesos y organización
- 22. Gestión integral del riesgo
- 23. Due diligence de inversión
- 24. Riesgo regulatorio o seguridad jurídica en el mercado
- 25. Riesgos y oportunidades en el valor de activos
- 26. Seguridad y salud laboral
- 27. Derechos y condiciones laborales dignas
- 28. Aprovisionamiento responsable
- 29. Uso del suelo e impacto ambiental
- 30. Relación con proveedores
- 31. Servicio al cliente
- 32. Sensibilización de clientes en aspectos de sostenibilidad
- 33. Escucha (pro)activa y bidireccional
- 34. Acompañamiento en el proceso de compra

Sustainability Management in Neinor Homes

Neinor Homes is a real estate developer aspiring to lead the transformation of the residential sector in Spain and become a benchmark in terms of innovation, customer service and Corporate Social Responsibility. In this connection, sustainability issues in Neinor Homes will be managed by a Sustainability Committee, which is approved by the Board and answers to General Corporate Management.

■ Corporate Social Responsibility General Policy

In 2016, Neinor Homes approved the Corporate Social Responsibility General Policy, which establishes the general principles and framework for internal implementation of the integration and management of Corporate Social Responsibility in relation to people, transactions and stakeholders and rests on the following fundamental pillars for the company:

1. **Client:** Neinor Homes builds homes with the people who will live in them in mind. To do so, the homes are adapted to the client's needs, which puts the client at the heart of the company's decisions.
2. **Product:** Ongoing innovation to improve product and operations, sustainability and environmental protection, always promoting energy efficiency.
3. **Institutionalisation:** The maximum professionalism, quality, safety and design requirements in all that we do.

The general aims of the Corporate Social Responsibility General Policy are as follows:

- To lead the transformation of the sector, making the company a benchmark in terms of sustainability, and contributing to its trustworthiness and good reputation thanks to the Neinor Homes brand recognition.
- To define the commitment of Neinor Homes to good governance, the environment and society for all its stakeholders.
- To serve as a basis for integration of sustainability within the business strategy of Neinor Homes and throughout its value chain.

With its commitment to sustainability as a long-term strategic growth objective, in 2016 Neinor Homes defined its strategy to 2020 on sustainability, through the Corporate Social Responsibility Strategic Plan. The purpose of the Plan is to create a single overarching framework allowing integrated management of all good governance, environmental and social initiatives and goals.

■ The CSR Master Plan: Vision 2020

The company's strategy on sustainability is implemented through its **Sustainability Master Plan: Vision 2020**. The Internal Audit and Control Committee of the Board of Directors is the body entrusted with supervising the aims of this Plan.

The direct objective of the Plan is to act as a strategic framework for fulfilment of the CSR commitments and to join forces to make CSR a cross-department and integrated pillar of all the activities of Neinor Homes. In addition, it establishes the commitments and courses of action with regard to the company's CSR, in line with the business strategy and a 2020 horizon.

For each of the CSR pillars of Neinor Homes, i.e. Client, Product and Institutionalisation, the Master Plan assigns a series of courses of action and operative indicators to be monitored.

The pillars defined by the CSR Strategic Plan allow us to establish a long-term vision for generating increasing and sustainable value, innovating in the technological environment, transforming the sector and making an essential contribution to the success of our clients and to the improvement of our society.

The main pillars defined by the Neinor Homes CSR Strategic Plan are in line with the company's CSR policy and strategy, and are as follows:

Structure and components of the Management Plan

Strategic pillars



Core strategies



*ESG: Environmental, Social & Governance



**Our
Corporate
Governance**



Good Governance

Neinor Homes is synonymous with good corporate governance thanks to its commitment to transparency, ethics and risk management

Neinor Homes aspires to be a benchmark in Spain for its integrated, transparent and responsible work in the real estate sector.

To do so, Neinor Homes has a solid corporate governance structure that voluntarily complies with legal requirements and best practices of listed companies.

Corporate governance has a central position in Neinor Homes, thus providing an efficient response to one of the key areas of interest for investors, shareholders and businesses of the sector, given that it ensures proper integration and good functioning of the company's governing bodies.

Neinor Homes corporate governance practices are oriented towards achieving maximum competitiveness and compliance standards, generating confidence and transparency for shareholders and investors.

In addition, these practices foster improvement of internal control and corporate responsibility, and ensure the proper separation of powers, duties and responsibilities from a perspective of maximum transparency, professionalism and rigour.

Neinor Homes regularly conducts audit and corporate governance diagnostics to progressively implement good practices and measures for improvement in relation to good governance.

Noteworthy among the measures implemented in 2016 are the creation of Compliance and Internal Audit and Risks Managers, the approval of the Whistleblowing Channel and Code of Ethics, the implementation of anti-corruption control structures, and the implementation of various risk mitigation and management controls.

Key targets for 2016



4 meetings of the Board of Directors in 2016



Creation of the **Internal Audit and Risk and Compliance Managers**



Approval of **Code of Ethics & Whistleblower Channel**

21 risks introduced in the risk map



Establishing of the monitoring structure to **prevent money laundering**



Implementation of the **Crime Risk Prevention** model



Implementation of more than **100 processes**

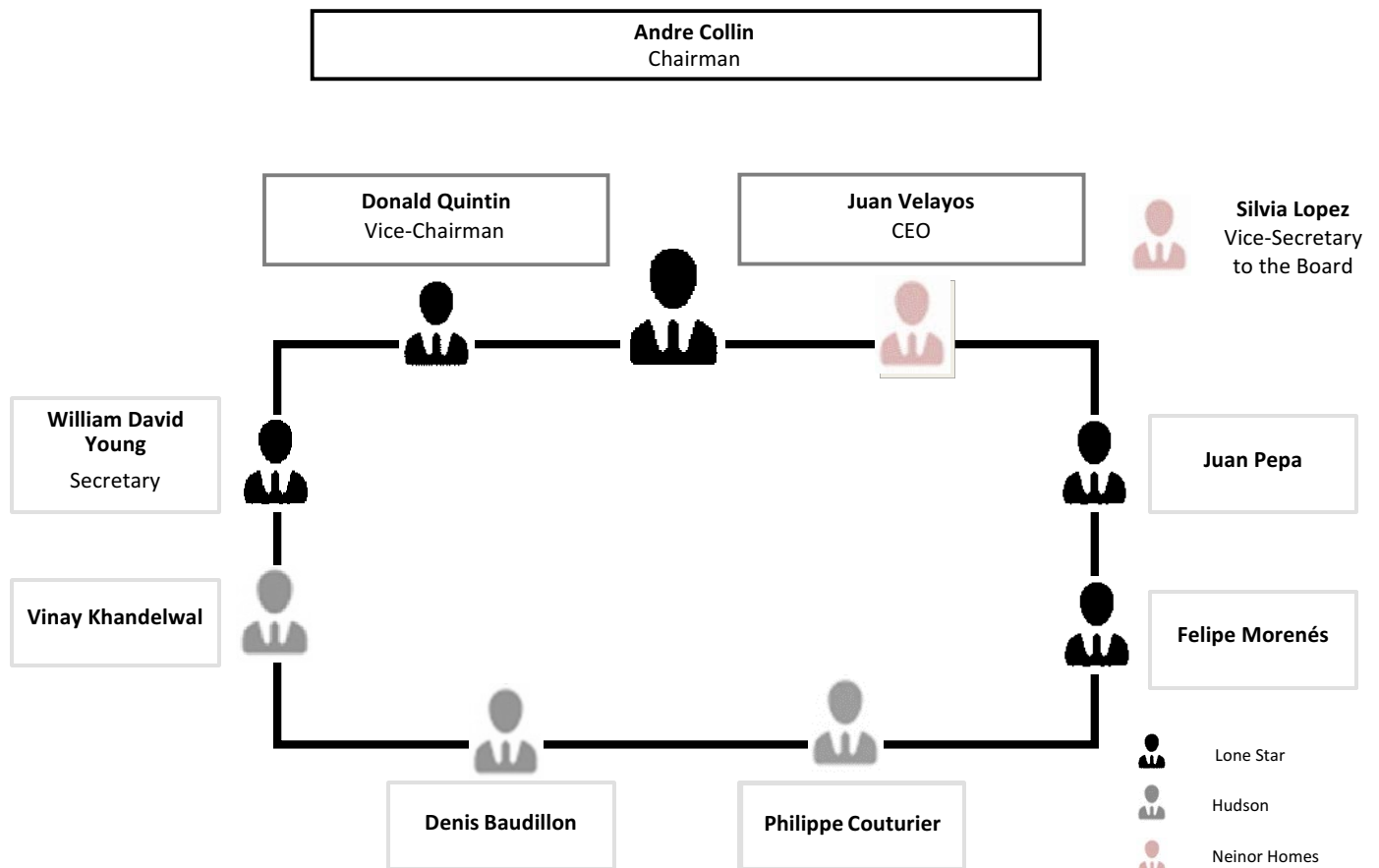


The **Board of Directors** is the top governing body of Neinor Homes. It is made up of a group of nine professionals, characterised by a diversity of knowledge, experience and nationalities, the aim of which is to provide real value to the company, ensuring its long-term viability and at the same time maintaining the balance between public and/or private interests.

As the top governing body, the Board of Directors of Neinor Homes has among its responsibilities the supervision of the management of the company, and is tasked with furthering the company's interests, delegating day-to-day company management to the executive bodies and to the management team.

The Board works with integrity and transparency, endeavouring to play its role as efficiently and effectively as possible. During 2016 the Board has met 4 times.

The Board also has three Committees: the Appointments and Remuneration Committee, the Audit and Monitoring Committee and the Land Investment Committee, the first two first having 4 members and the third 7. In 2016 the committees met 4 times.



Governing bodies of Neinor Homes and their roles

Board of Directors

- The Board focusses its efforts on the role of general supervision, delegating the day-to-day management of Neinor Homes to the executive bodies and the management team.
- The Board has responsibility for approval of the company's strategy and policies, financial transactions, capital commitments, remuneration of managers, company structure and preparing of financial statements

Committees of the Board of Directors

The Appointments and Remuneration Committee

has as its essential role the supervision of the composition and functioning both of the Board of Directors and of the Senior Management of Neinor Homes and their remuneration

The Audit and Monitoring Committee

has as its fundamental role the supervision of financial, tax and accounting information, in-house and external audit services, corporate governance, compliance and risk management, and Corporate Social Responsibility

The Land Investment Committee

has responsibility for approving the purchase of land, the launch of developments and the financing of both of these

Operational committees of Neinor Homes

General Management Committee

Operations Committee

Real Estate Committee

Servicing Committee

Business Development Committee and Territorial Committees

Financial Committee

Internal Audit and Compliance

Internal Audit

- Internal audit
- Risk management
- Processes and procedures for monitoring and reviewing compliance

Compliance

- Prevention of money-laundering (AML/CTF)
- Internal Control over Financial Reporting (ICFR)
- Criminal law (Corporate Defence model)
- Data Protection (LOPD)



■ Ethics and transparency in management

One of the essential values and commitments for Neinor Homes in the area of corporate governance is to act in accordance with the strictest corporate rules with regard to ethics and transparency, ensuring that all personnel and members of the governing bodies act in accordance with the company's ethical principles and using moral criteria. These rules allow each member of the company to perform his/her functions with honesty, truthfulness, and informative transparency to avoid any legal breach and bad professional practices.

Ethics and transparency are decisive factors for generating trust and commitment from our stakeholders. For this reason, Neinor Homes requires that all people and entities linked with the company pursue their business activities in accordance with the law in force, avoiding unprofessional or unethical conduct that could harm its corporate image.

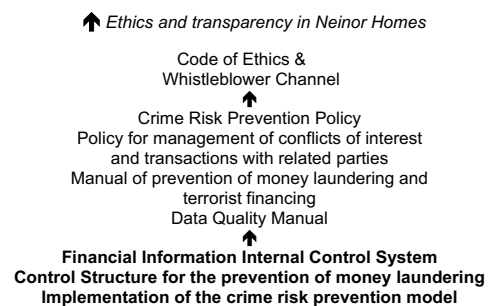
In order to ensure good ethical conduct and regulatory compliance, Neinor Homes has established a framework for integrity and good governance that is set down as the Code of Ethics, a series of policies approved by the Board, and the implementation of the corresponding supervision and monitoring mechanisms to guarantee responsible management, always covering the whole value chain of Neinor Homes and all those associated with it.

Code of Ethics and Whistleblowing Channel

The Neinor Homes Code of Ethics, approved by the Board of Directors in 2015 and updated on an ongoing basis, defines the values, principles of functioning and good practices of the company, representing a standard of business conduct for personnel and for the transactions that the company carries out.

In connection with this, a Whistleblowing Channel has been set up that allows communication of irregular or inappropriate conduct relating to accounting, compliance, risks and financial information, as well as other aspects deemed important relating to integrity, conduct and transparency of transactions in-house and externally.

The procedure established by Neinor Homes guarantees the confidentiality and anonymity of all those persons who make contact to report or denounce irregular conduct through the Whistleblowing Channel.



Zero tolerance of corruption and bribery

Neinor Homes is governed by the principle of zero tolerance of corruption. The company's commitment against corruption and bribery is shown both in the establishing of measures against bribery and corruption in the Code of Ethics, and through the Anti-Corruption Policy.

At the operational level, the Anti-Corruption and Crime Prevention Model has been implemented. This model sets up the monitoring structure to prevent crimes, including money laundering and the implementing of the crime risks prevention model.

1st annual course on ethics and compliance for all persons joining Neinor Homes

Prevention of money laundering

The real estate sector is one of the areas of economic activity that has attracted and continues to attract the attention of national and international authorities involved in the fight against money laundering and terrorist financing. Neinor Homes is firmly committed to the legislation on prevention of money laundering. Proof of this is the Prevention of Money Laundering and Terrorist Financing Manual, which it has prepared in accordance with the provisions of Law 10/2010, of 28 April and Royal Decree 304/2014 of 28 April.

All members of Neinor Homes and its sales agents have an obligation to learn and strictly comply with the rules contained in the Manual, which is implemented in line with best practices, ensuring an ethical approach, transparency and preventing any fraudulent or illegal transaction.

Crime risk prevention

Neinor Homes is committed to the prevention of any crimes that might be committed by its employees, managers, directors or external agents, whether this results in a possible benefit of some kind for the company, or where there is no such benefit.

To deal with the above, Neinor Homes has developed a Crime Risk Prevention Model based on the following main principles:

- Education and diffusion to all levels of the principles to abide by and of the rules of conduct reflected in the manuals, policies and protocols for action by Neinor Homes
- Regular identification of any activities that could be affected by any crime risk
- Establishing of adequate monitoring in various processes, as well as measures to ensure supervision thereof
- General principle of separation of powers and functions
- Model for monitoring and reporting to higher bodies
- Updating of the functions and rules of conduct on the occasion of any possible changes to the law in force

Ethics Committee

Neinor Homes has an Ethics Committee made up of:

- The Head of Internal Audit
- The Head of Compliance
- The Head of the Legal Department
- The Head of Human Resources

The Ethics Committee meets to deal with reports received through the Whistleblowing Channel that the Head of Compliance has passed to it. The Committee meetings can be in person or through videoconference, and minutes will be taken, and also the proper precautions will be taken to ensure the confidentiality of the whistle-blower.

The Ethics Committee must deal with the reports received, take the appropriate action to investigate the facts denounced, and take precautionary measures to prevent any continuance of the conducts reported.

Management of conflicts of interest

Neinor Homes has a Policy of management of conflicts of interest and transactions with related parties, which establishes a prohibition on acting in any situations where a conflict of interest arises.

In addition, such Policy states that all people working for Neinor Homes shall act putting the interests of the company and of its clients before their own, those of their relatives or those of other persons related to them.



Information Security and Data Quality

Currently, one cannot conceive of an organisation without information technology (IT) support. Given the global panorama of risks, threats and vulnerabilities, the challenge for Neinor Homes is to maintain the security of the company's transactions through a series of innovative alternatives that allow an effective and favourable situation to be reached with respect to such risk factors.

Neinor Homes is aware of the high exposure to cyber-threats in the current digital environment. Neinor Homes also considers that information and its associated systems are critical assets that must be protected to ensure the correct functioning of the business.



Cybersecurity

Cybersecurity has become a key part of the digital strategy of Neinor Homes. To guarantee the continuity of the business and good client service, the necessary policies and tools must be available to prevent, detect and impede any possible cyberattack risk.

Given a possible cyber-risk threat, Neinor Homes has developed a cybersecurity management model that pursues the following objectives:

1. Attaining a reasonable degree of security to protect the assets, transactions and integrity of information within Neinor Homes
2. Guaranteeing maximum availability of information technology assets and systems
3. Guaranteeing protection with regard to cultural assimilation and habits of employees, with maximum education on cybernetic threats and risk exposure

Data Quality

In 2016 Neinor Homes has approved a Data Quality Manual designed to standardise and improve data quality, as well as promoting security of the computer records of Neinor Homes with respect to the data provided to the client, which relates to each and every one of the systems in which there are more than one user.

The Data Quality Committee guarantees the inclusion of policies, rules, procedures, processes, tools and instructions relating to data quality in all documents, manuals and user guides of the various computer systems, addressed to the corresponding users, whether internal or external to Neinor Homes.

In particular, the Committee safeguards the contents of the Manual of the *eVentas* (eSales) website and adapts it as established in the procedure and with the operating rules designed to guarantee the data quality standard generally.



■ Risk management in Neinor Homes

Neinor Homes has established a process to identify those risks that might affect its capacity to achieve objectives and execute its strategies successfully, throughout the whole of its value chain.

Risk management in Neinor Homes is an ongoing, dynamic process encompassing the efficient identification, evaluation, prioritisation and management of risks, taking into account the circumstances of the company and the economic, technological and social environment in which it does business.

The Neinor Homes risk management system, set up at the highest corporate level, is designed to mitigate the risks to which the organisation is exposed due to its activity in the short, medium and long term.

The Neinor Homes risk management and control system has the following main aims:

- Identifying the strategic and operational risks of the business
- Prioritising the risks identified and including them in a Corporate Risks Map
- Identifying and implementing the necessary control measures to mitigate the risks

To identify the risks, the company and the real estate sector are analysed, taking into account the experiences of the Neinor Homes Managers and other experts of the sector. From this phase a preliminary list of seventy risks is obtained, and then there is a standardisation of the preliminary risks identified, thus consolidating the definitive risks making up the company's Corporate Risks Map.

As a result of the previous process, Neinor Homes prepares an updated Risks Map, which includes the risks that could potentially affect the organisation and are to be included in the company's dashboard, to be regularly monitored.

The twenty-one risks finally consolidated in the Corporate Risks Map are evaluated taking into account various probability and impact indicators.



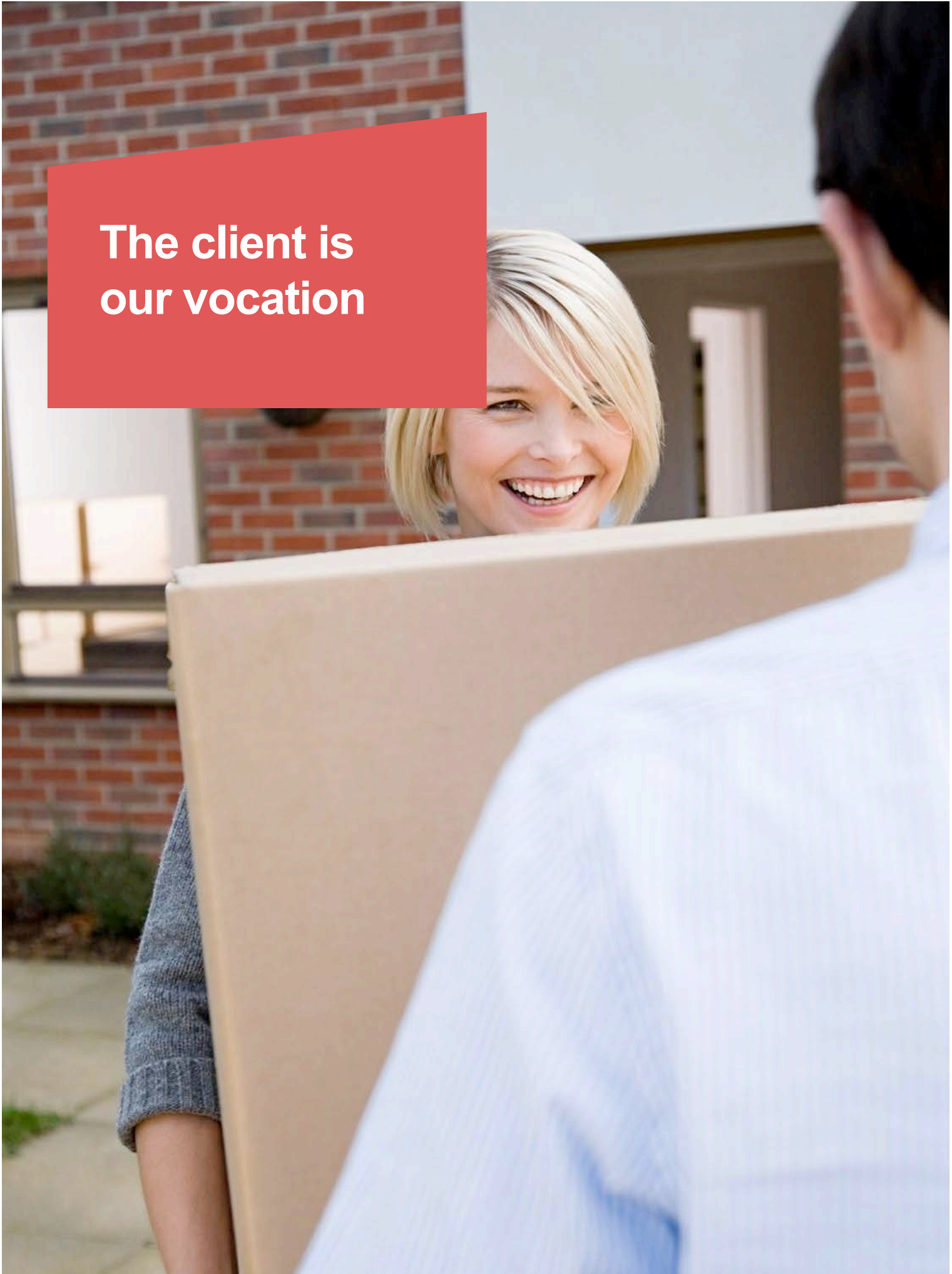
Set out below are descriptions of the most representative risks for Neinor Homes after consolidation in the Corporate Risks Map, and in relation to which during 2016 the relevant management and follow-up activities have been conducted, a process that will be continued over the coming year:



Finally, to be able to mitigate these risks, a series of control measures are established which will be implemented in the short term and that can help to anticipate, prevent or correct the appearance of these or other significant risks for Neinor Homes, these courses of action being prioritised in accordance with the seriousness of the risks.



**The client is
our vocation**



The client, the heart of our business

In Neinor Homes, "the client is our vocation" is one of the keys of our philosophy and DNA

The commitment to clients is our principal raison d'être, and the client's satisfaction is our principal objective.

In Neinor Homes we offer our clients services that no other housing developer has provided to date in the real estate sector in Spain.

Aware that purchasing a dwelling is a very significant decision, Neinor Homes not only helps clients to acquire their new home, but also listens, attends to and understands their anxieties in order to offer them a personalised service, accompanies them on their journey at all times, and always keeps them informed actively (newsletters, communications, private web area, calls and emails to clients) and reactively (calls and emails from clients).

All of our projects have been designed with, above all, the needs of the client in mind, and all our developments begin with an in-depth preliminary market analysis and active listening to what the purchaser has to say. In a similar vein, Neinor Homes intends to go beyond the traditional client care service, offering them ongoing and personal attention, from the purchase until after delivery of the home.

It is along these lines of bidirectional dialogue with, and attention to, our clients that the latest strategy of the company, **Neinor Experience**, is situated: a multidisciplinary team of professionals wholly dedicated to dealing with the needs of all the clients who put their trust in Neinor Homes.

Key data for 2016



1307 clients of Neinor Homes



Launch of our web page



Proactive quarterly calls to **100%** of our clients



100 Newsletters sent to clients



20% of calls to our call centre that become visits



High client satisfaction levels

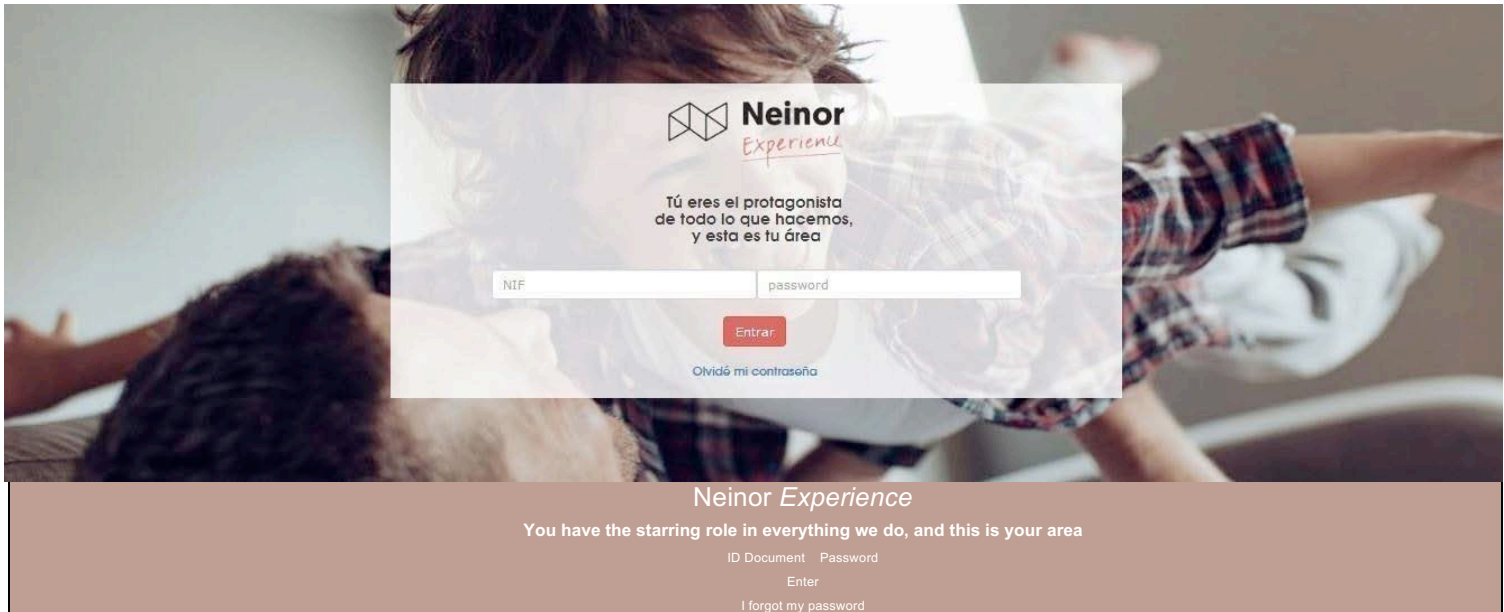
Targets



Launch of the Neinor Experience website, the first exclusive website for our clients



And its mobile phone app



Neinor Experience

Neinor Experience is an exclusive service for the company's clients that accompanies them at every point, from the time of reservation of the home until handover of the keys and subsequent follow-up.

Neinor Homes accompanies its clients through the entire process of choice and purchase of their home, guaranteeing maximum transparency. We know that this is the only way for clients to trust Neinor Homes and for them to have the peace of mind of knowing that their future house meets the highest design, sustainability, safety and quality requirements. Furthermore, Neinor Experience members have access to certain exclusive services and benefits through exquisite client care, from the time the client makes the reservation, which is our thanks for putting their trust in the company.

Subsequently, a team of client care professionals accompanies them throughout the entire process until handover of the home, tasked with responding to all questions that may arise in the after sales service, informing the client of all updates and news of his/her development, listening to the client and responding to any doubts that may arise. In addition, the client can consult the options for personalisation of his/her home.

On the website www.neinorexperience.com, launched in 2016, the company's clients have 24/7 access to the updated information on the status of the works in their development and can consult general and specific aspects of the progress of the work. All of this will be accompanied by photographs that will be updated and will regularly show the progression of the construction work.

In addition, in this private website area, clients can also find information on the companies involved in the project, such as the construction company, the architectural studio, the project manager, the technical inspection organisation and the marketing company. In the section "*Tu casa*" ("Your home") clients can consult the documentation for the purchased dwelling, such as the plans, the quality specifications, infographics, the reservation document and the sale and purchase agreement.

Finally, the Neinor Experience website area offers other very practical services for users such as, for example, a mortgage calculator so that the client can calculate his/her future mortgage, with accessibility and effort ratios. Furthermore, clients can at all times access the information on payment of their home, the total price, details of the property and the lender financing the development.



Neinor Experience advisor

Neinor Experience has an advisor for each development who at all times offers ongoing and personalised client care, from purchase until after handover of the home. In *Neinor Responds* clients can find the contact details of their *Neinor Experience* advisor who they can contact and write to directly.





The innovative service of Neinor Experience goes even further and offers a wide spectrum of initiatives that, above all, are designed to always keep clients informed by means of a fluid and bidirectional communication through the various initiatives detailed below:

Private website area for clients



In the exclusive website for clients of Neinor Homes, clients can find the following information of interest:

- **Works** (general progress, equipment involved, advance photos etc.)
- **Your home:** Documentation of the dwelling (reservation contract, sale and purchase agreement, plans, quality specifications)
- **Financing:** (guarantees of the dwelling, form of payment, mortgage calculator)
- **Personalisation** of the dwelling (standard or premium, depending on the development)
- **Neinor Responds:** here the contact details of the Neinor Experience advisor will be found
- **Neinor With You:** allows access to various offers of services and items for the dwelling

Diagram below, from top left:

Earth-moving and preliminary works/Foundations and containing walls/Structure/Roofs/Brickwork and finishings/Carpentry and locks/Glass/Flooring and tiling/Plumbing and sanitary wear/Gas, climate control and ventilation/Electricity and telecommunications/Fire prevention/Special installations/Kitchen and equipment/Exteriors and gardening/Miscellaneous

Degree of progress of the works



Proactive calls to our clients quarterly to check their degree of satisfaction with our service and the product offered.

Neinor Homes has recently decided to create its own Call Centre, so that all people on the telephones have first-hand knowledge of the company.



Sending of communications with the most significant targets for the development, e.g.:

- Obtaining the works licence
- Start of the works
- Progress of the development
- Inauguration of the Showroom



Regular issue of Newsletters

In addition to the traditional client contact channels through email or by telephone, Neinor Homes has opened another method of communication through Newsletters that are sent to clients periodically. They give updated details of the progress of the works, curiosities, news and cultural and leisure recommendations.



Open day in which clients and architects meet for the presentation of the project of their development and to resolve any doubts they may have in relation to the same.





ESCUCHAMOS,
LUEGO
CONSTRUIMOS.

WE LISTEN, THEN WE BUILD.

Quality that sets us apart

Client-oriented quality is one of the distinctive features of Neinor Homes.

Neinor Homes is aware that the service it offers its clients determines the client's image of the company, and for this reason the company endeavours to offer a good client care service that meets clients' expectations and requirements.

The principal objective is for the high quality standards offered by the company to allow a level of client loyalty and faithfulness to be attained, and so that Neinor Homes can be identified within the sector as a company committed to client-oriented quality.

Neinor develops long-term relationships with its clients, and for this reason it cares for them and offers a bespoke service personalised to their situation, so that the client becomes the best ambassador of the Neinor Homes brand.

We have an expert team specialised in attending to the requirements and needs of all Neinor Experience clients, as well as ensuring the technical and sustainability aspects that characterise all Neinor Homes dwellings.

The Neinor Experience team safeguards the purchaser's interests within the company itself, ensuring that the home that is to be delivered to them matches the one they reserved in every detail, and always in accordance with the required quality standards.

More than a client care service, the Neinor Experience team are "the eyes and ears, and the guardians, of the client" within Neinor Homes.

Dealing with complaints and claims

Neinor Homes acts with due diligence in relation to any complaints and claims from its clients, with specific procedures and providing a wide diversity of accessible channels, recording and measuring the number of claims received, and assigning personnel to deal with them. The investigation and evaluation of claims and complaints from our clients is an opportunity to more precisely understand our clients' expectations, allowing us to continually progress and improve so that they do not reoccur.

Defending our clients' interests

Neinor Homes has the figure of the Neinor Experience advisor who safeguards the interests of our clients arising from their relationship with the company, at the same time receiving and dealing with their complaints and claims and tasked with assigning personnel from the different departments to resolve them.

Client's eyes & ears & guardian

Private web area & personalisation of finishings



Safeguards and ensures the quality and characteristics required

Accompanies on the journey from the beginning



■ Satisfaction of our clients

Neinor Homes aims to meet the needs and expectations created by its clients, and for this reason their satisfaction and loyalty is a key element in the company's management.

Client satisfaction is one of the most noteworthy ways to measure the company's performance and to make relevant improvements.

In Neinor Homes we have implemented a procedure for assessing our clients' satisfaction through periodic analyses of various questions, which serve as a management tool to continue to advance and improve every day.

Within the client satisfaction measurement process for the developments, the aspects analysed include satisfaction at the point of sale and signing of the contract, assessment of the property and the offer, the functioning of the home and attitude after it is handed over.

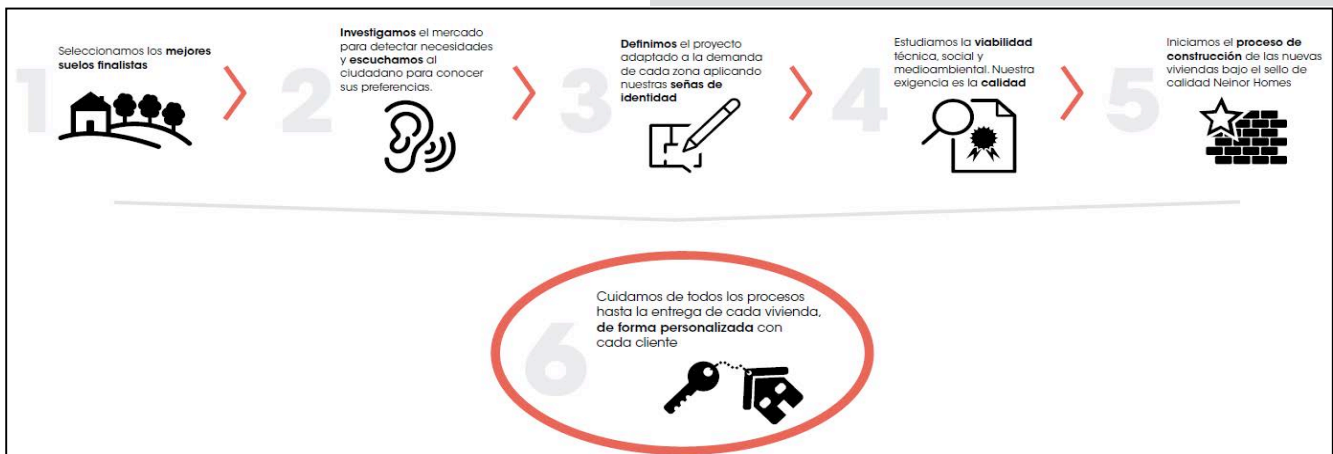
Satisfaction survey

Satisfaction surveys allow the assessment of the aspects with which the client is less satisfied and the establishment of the necessary measures for improvement.

The surveys are sent to the clients at 6 and 12 months from delivery of the home. The continued efforts to improve the relationship with clients are reflected in the increase in satisfaction of our clients.

Table below:

1. We select the **best land ready for development** ▶
2. We **research** the market to detect needs and **listen** to the citizen to understand his/her preferences ▶
3. We **define** the project, adapted to the demand of each area applying our **distinguishing features** ▶
4. We study the technical, social and environmental viability. We demand quality ▶
5. We initiate the **process of construction** of the new homes under the Neinor Homes quality seal
6. We take care of all processes up to the delivery of each home **in a personalised way** with each client



**Excellence
and quality
of our
products**



The aim of Neinor Homes is to create 21st century homes with maximum standards of quality and sustainability.

Neinor Homes places on the foundations of its homes the needs of the persons who are going to live in them. This means that before designing and building, it conducts an in-depth listening process together with the clients to create innovative homes with excellent design and quality and above all truly sustainable.

The quality of the dwellings of Neinor Homes is reflected in the company's capacity, unlike most in the market, to obtain the well-known BREEAM sustainability certificate in most of its real estate developments.

The environmental efficiency and management guaranteed by BREEAM, along with continuous innovation, means that Neinor Homes is in the vanguard of all the technological solutions applied to the home, from insulation and the use of materials with a low environmental impact to the inclusion of home automation solutions to improve the sustainability, security and comfort of the homes.

The continuous innovation in Neinor Homes allows quality levels to be attained that are higher than those offered on the market, this being one of the distinctive features of Neinor Homes. The company has a specialist team of experts to deal with requests and needs of the clients, and to ensure a sustainable implementation and the innovation that characterises Neinor Homes at every stage of the construction.

The continuous adaptation to new market rules by the launch of cutting-edge solutions has allowed Neinor Homes to have more than 3000 homes in progress. Of these, the figure for arranged sales is 329 million euros, which means an approximate 60% increase in off-plan sales when compared to 2015. These data show the confidence placed in Neinor Homes and its products by the clients and the market.

Key data for 2016



14.5 days of internal quality audit



With **BREEAM**, the homes are 50% more efficient



The majority of the promotions are **BREEAM certified**



Quality stamp on developments recently launched & in progress

2016 targets

Neinor Homes has obtained 4 AENOR certifications: ISO 9001 for quality, ISO 14001 for the environment, UNE 166002 innovation and OHSAS health and safety



Definition of the **Strategic Quality and Innovation Plan**



The **Corporate Quality and Environmental Plan** was approved in 2016



A defined procedure has been created for **100% of processes**



Introduction of **21 quality risks** in the company's risk map

Our homes: Research + Listening + Development

Our homes comply with the most demanding standards of sustainability, with a very low environmental impact, and a very positive impact on the community and welfare of its residents.

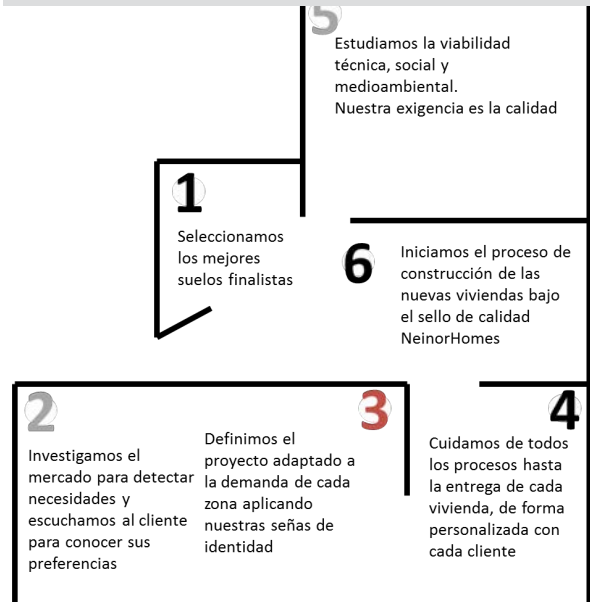
These advantages are obtained thanks to the distinctive values of our dwellings. Neinor Homes is a leader in the application of innovation in the real estate sector, which in turn is a fundamental part of our DNA. Before construction, we listen to the client to include his/her vision and needs when designing the dwelling because *"first we listen, then we build"*.

Each development is distinctive as a result of a prior in-depth analysis of the physical environment and the market, listening proactively to the purchaser, and application of the latest trends in design, architecture and construction, to offer the client an excellent product based on the client's needs and preferences. This new-build know-how reinforces the trust of clients who choose the distinctive values of Neinor Homes:

- **Quality:** Our homes are certified ISO 9001 and have the Neinor Homes Quality Stamp which focuses on client satisfaction, thanks to increased efficiency and efficacy of processes.
- **Economy of maintenance:** design, careful selection of materials and innovative technological solutions allow for savings in long-term maintenance costs.
- **Habitability and functionality:** Neinor Homes dwellings take optimal advantage of every metre of built area and are designed to increase clients' wellbeing.
- **Attractive:** 21st century homes adapted to new lifestyles and the surrounding environment.
- **Acoustic comfort:** Neinor Homes dwellings stand out because of their acoustic welfare obtained through exterior insulation and interior layout.
- **Safety:** healthy homes safeguarded from natural phenomena.
- **Sustainability:** nature and urban life a few minutes away from the development.
- **Natural light,** allowing a connection with the outside throughout the dwelling.

Table below:

1. We select the best land ready for development 2. We research the market to detect needs and listen to the citizen to understand his/her preferences 3. We define the project, adapted to the demand of each area applying our distinguishing features 4. We study the technical, social and environmental viability. We demand quality 5. We initiate the process of construction of the new homes under the Neinor Homes quality stamp 6. We take care of all processes up to the delivery of each home in a personalised way with each client



Presence through the whole lifecycle of a dwelling

Knowing how important the purchase of a house is, Neinor Homes offers a distinctive product, where the client is at the heart of decision-making through the whole lifecycle of his/her house. Neinor Homes only chooses the best land, conducting a due diligence process to ensure there is no risk associated with it.

Then it conducts an in-depth market study taking into account the client's needs (his/her lifestyle habits, age, the need for services, add-ons and installations). The next step is to define the project, bringing it fully into line with the demand in the area and integrating it in the surroundings. At this stage the client is invited to define the location of the dwelling, finishings, design of the façade, communal areas and interior layout, or home automation solutions, among other things.

The industrialisation process of our homes is subject to strict control and management of quality, deadlines and environmental impact.

Finally, Neinor Homes provides an exclusive service to the purchaser. Each client has an expert team accompanying them from pre-sale to after sale. Satisfaction surveys are arranged and online newsletters sent that regularly inform them of the progress of the works.

Communication and the commitment to respond to the client within 24 hours are other commitments of the company to be found within the Neinor Experience.

BREEAM® certification

Neinor Homes has committed itself to certify the majority of its developments with the BREEAM sustainability stamp. BREEAM promotes sustainable construction which gives social, environmental and economic benefits to all people linked with the life of a building (tenants, users, developers, owners, managers etc.) and exhibits the company's Corporate Social Responsibility to society and the market unmistakably and in an easily perceived way.

A building with BREEAM certification implies important economic benefits for its users (it reduces energy use by 50-70%, water use is up to 40% less and operational and maintenance costs are reduced by 7-8%).

Energy use reductions have a direct effect on the environment, but there are many more measures promoted by the methodology to reduce CO₂ emissions to a minimum during the building's useful life, bringing together, among other categories, transport (location of the plot, access to public transport, etc.), waste (aspects related to storage before collection and treatment) and pollution (use of refrigerants and insulation with a low global warming potential, heating installations with low NOx emission rate, etc.).

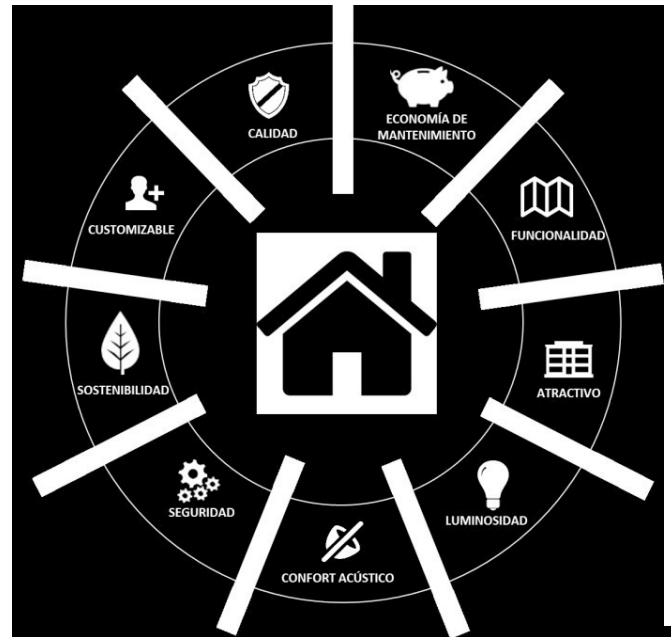


Table above, clockwise from top:

ECONOMY OF MAINTENANCE/ FUNCTIONALITY/ ATTRACTIVENESS/ LUMINOSITY/ ACCOUSTIC COMFORT/ SAFETY/ SUSTAINABILITY/ CUSTOMISABLE/ QUALITY

GESTIÓN <ul style="list-style-type: none"> Gestión sostenible Prácticas de construcción responsable Impactos de las zonas de obras Participación de las partes interesadas Coste del ciclo de vida y planificación de la vida útil 	ENERGÍA <ul style="list-style-type: none"> Eficiencia energética Monitorización energética Iluminación externa Tecnologías bajas en carbono o de cero carbono Conservación frigorífica energéticamente eficiente Sistemas de transporte energéticamente eficientes Sistemas de laboratorio energéticamente eficientes Equipos energéticamente eficientes
AGUA <ul style="list-style-type: none"> Consumo de agua Monitorización de los consumos de agua Detección y prevención de fugas de agua Equipos eficientes en cuanto al consumo de agua Piscinas sostenibles 	INNOVACIÓN <ul style="list-style-type: none"> Nuevas tecnologías, procesos y prácticas
SALUDY BIENESTAR <ul style="list-style-type: none"> Confort visual Calidad del aire interior Confort térmico Calidad del agua Eficiencia acústica Acceso seguro Riesgos naturales 	TRANSPORTE <ul style="list-style-type: none"> Accesibilidad al transporte público Proximidad a los servicios Modos de transporte alternativos Capacidad máxima de aparcamiento Plan de movilidad
MATERIALES <ul style="list-style-type: none"> Impactos del ciclo de vida Aprovisionamiento responsable de materiales Aislamiento 	CONTAMINACIÓN <ul style="list-style-type: none"> Impacto de los refrigerantes Emisiones de NOx Aguas superficiales de escorrentía Reducción de la contaminación lumínica nocturna Atenuación de ruidos
RESIDUOS <ul style="list-style-type: none"> Gestión de residuos de construcción Áridos reciclados Gestión de residuos urbanos Revestimiento de paramentos horizontales 	USO DEL SUELO <ul style="list-style-type: none"> Selección del emplazamiento Valor ecológico del emplazamiento y protección de los elementos con valor ecológico Mejora de la ecología del emplazamiento Impacto a largo plazo sobre la biodiversidad Control de la erosión

Table to the left:

MANAGEMENT: sustainable management, responsible construction practices, impacts of works areas, participation of stakeholders, cost of the life cycle and planning of useful life

WATER: water use, monitoring of water consumption, detection and prevention of water leaks, efficient equipment relating to water consumption, sustainable swimming-pools

HEALTH AND WELLBEING: Visual comfort, quality of interior air, thermal comfort, water quality, acoustic efficiency, safe access, natural risks

MATERIALS: Impacts of the life cycle, responsible sourcing of materials, insulation

WASTE: Construction waste management, recycled sand and gravel, urban waste management, facing of horizontal surfaces

ENERGY: Energy efficiency, energy monitoring, external lighting, low carbon or zero carbon technologies, energy efficient cold conservation, energy efficient transport systems, energy efficient laboratory systems, energy efficient equipment

INNOVATION: New technologies, processes and practices

TRANSPORT: Accessibility to public transport, proximity to services, alternative transportation methods, maximum parking capacity, mobility plan

POLLUTION: Impact of refrigerants, NOx emissions, surface water runoff, reduction of night-time light pollution, reduction of noises

LAND USE: Site selection, ecological value of site and protection of elements of ecological value, site ecology improvement, long-term biodiversity impact, erosion control



■ White Paper

Neinor Homes has created the first White Paper of the residential sector, a design and construction manual with the objective of standardising design, sustainability and quality parameters that define all real estate developments. This Book is amended and updated every three months.

The White Book permits an industrialisation of the Neinor Homes construction processes, so that all the processes necessary over the whole lifecycle of Neinor Homes products are systematised and detailed so they can be followed by Neinor Homes architects and builders, with the high standards defined by the company.

The White Paper allows application of the strictest client-centred quality criteria as well as the maximum efficiency in project management with the objective to ensure the most efficient value chain in each project. Environmentally sustainable energy certifications are also incorporated to each new development.

Moreover, it also includes style and product characteristics and all sustainability and quality parameters in contractors' operational methods.

Another of the advantages of having a White Paper is its direct impact on the professionalization of the sector. The know-how summarised in the White Book allows a transfer of knowledge, capabilities, standards and ways of doing things, with the final aim of making the real estate sector a professionalised sector committed to quality.

■ Quality

Neinor Homes quality is a distinctive and recognisable element from the start of the activity, forming a part of the works and project management system as an indispensable requirement to consistently guarantee results.

The focus on quality is institutionalised in all activity of Neinor Homes, covering social, environmental and economic aspects through a permanent vision of process control.

In 2016, Neinor Homes has made progress towards the implementation of integrated management systems (quality, environmental, safety, innovation etc.) which are applied both at the corporate level and at the real estate development level, guaranteeing the quality of the final product and a proper conduct of all operations.

Furthermore, Neinor Homes has set up procedures and structured all the processes of its value chain during 2016 so as to be able to integrate the management systems in a common system allowing management excellence and efficiency to be achieved through a continuous improvement commitment:

- Taking into account the environmental aspects relating to its activity in all phases of development of the same, in order to be able to minimise adverse effects produced, promote a rational use of resources and prevent pollution.
- Meeting the client's requirements in order to achieve client satisfaction, being able to understand the client's needs and expectations and at all times operating in a professional, ethical and transparent manner.

■ Quality Management

The control of quality standards implementation is a key task in Neinor Homes, which seeks to reduce the reputational and operational risk of possible quality lapses. For this reason, in 2016 Neinor Homes approved the Environmental and Quality Policy, which represents the framework for action in relation to the three strategic pillars: institutionalisation, product and client, which guarantee excellence and pursuance of maximum quality.

Implementation of the quality strategy is guaranteed thanks to the monitoring of the dashboards for the various quality-related processes and weekly monitoring thereof taking into account the business process indicators.

Moreover, the quality risks that have recently been included in the company's Corporate Risks Map are identified.

Neinor Homes largely conducts its business through the use of services of suppliers and contractors who work together to develop the projects. With the aim of guaranteeing an adequate quality level in the provision of services by suppliers and contractors, the latter have to comply with the contracts and the White Paper that require the Neinor Homes quality level. In this context, periodical inspections are carried out to review compliance with the quality standards, as shown by the fact that quality audits are performed in 100% of the works.

It is noteworthy that the company has an Innovation Committee and is about to create an Audit Committee. In addition, during the month of September 2016 Neinor Homes has given two-hour duration in-person training to all personnel in the various workplaces, to inform them of and train them on the quality, environment and R+D+I management systems in accordance with the ISO9001, ISO 14001 y UNE 166002 standards respectively.



Innovation in Neinor Homes



innovative business

Innovation is part of the Neinor Homes DNA, a lever to lead the transformation of the real estate sector through its know-how and disruptive technologies

Neinor Homes is on a permanent quest for innovation, an element that is present in all areas of the business and that contributes to its aim to become the benchmark developer for the new cycle of recovery of residential construction in Spain.

Neinor Homes is aware that the residential real estate development sector will undergo big changes in the next few years, in a drive towards a professionalization and industrialisation of the sector.

Aspects up to now scarce in the DNA of the sector are fundamental for the continuous improvement of the same such as: a real client focus, efficient and sustainable products, the industrialisation of processes, incorporation of new technologies and bringing in new talent.

Neinor Homes is continuously evolving in its understanding of innovation, adapting itself to its clients' needs and the demands of the sector. The institutionalisation process, one of the main objectives of Neinor Homes, has meant dealing with a wide range of activities that approach innovation and development in a different way.

Through this commitment, Neinor Homes is able to respond to these new market environments, where innovation management has to be conducted in a multidisciplinary manner, given that it requires the creativity and potential of each and every person in the organisation, with the aim of generating value added both to the client and to the business.

The Neinor Homes focus on innovation has been rewarded in the first audit by AENOR in 2016, which has shown that the R+D+I Management System meets the requirements specified by UNE 166002:2014.

2016 has seen the finalising of the definition and approval at the highest level of the Innovation Strategic Plan in which employees and senior management have participated. The Innovation Strategic Plan is adapted to the firm's Business Plan and its aim is to support the fulfilment of corporate objectives.

Key data for 2016



€127,000 investment in innovation

10% of employees involved in innovative projects



30 employees involved in Neinor Lab



20 ideas generated in innovation



6 ideas that have become projects



3 projects included in the value chain

Targets

Obtaining of R+D+I management certification



Birth of Neinor Lab in 2016
Creation of Innovation Committee in 2016



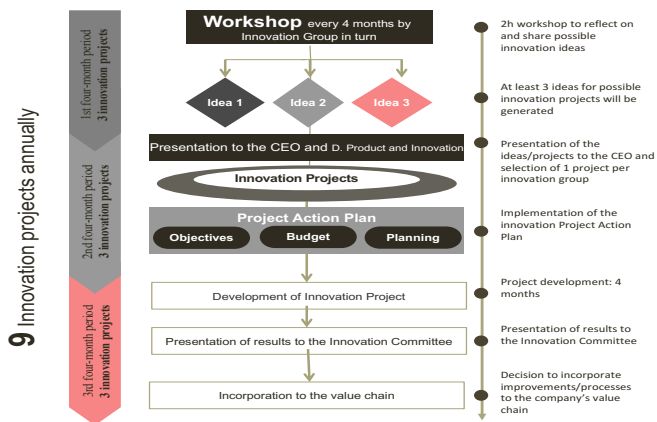
Approval of Innovation Strategic Plan in 2016



Neinor Lab

July 2016 saw the creation of Neinor Lab, the Neinor Homes platform to promote innovation in the heart of the company, a unique project in the Spanish real estate market. The project is structured around three big groups of employees, one for each of the pillars on which the company's strategy is based:

Institutionalisation, Client and Product.



Each of these groups is made up of six executives of the company, members of each of its general management departments, to incorporate the operative, commercial, financial and corporate business objectives, and with representatives from the four regional headquarters (Bilbao, Barcelona, Córdoba and Madrid). These groups meet every four months in a workshop day for reflection and sharing of innovative ideas.

Neinor Lab allows employees to be the generators of new innovative ideas and projects that will subsequently be included in the Neinor Homes value chain.

Neinor Homes innovative projects must be efficient, strategic and results-focussed, and will have a maximum duration of four months. Noteworthy among the projects that have been carried out in the ideas laboratory of Neinor Lab are:

- **Atria Homes:** Innovation in defining the product and attributes in a real development
- **Neinor Family Day:** an open day to bring workers' families closer to the business
- **New Packs of Personalisation** of homes
- **Kitchen Project:** research and debate workshop to share the demands and needs of current kitchens
- **Neinor Fidelity:** Neinor Homes loyalty club
- **Delivery day** for delivery of the home to the client once the development has finished

Neinor Lab must be a platform for:

- Increasing internal and external recognition and positioning of the Neinor Homes brand
- Generating value added for clients and other stakeholders
- Creating and obtaining competitive advantages
- Creating a distinctive capacity for innovation among employees
- Always being in the vanguard of disruptive technologies and new developments in the sector

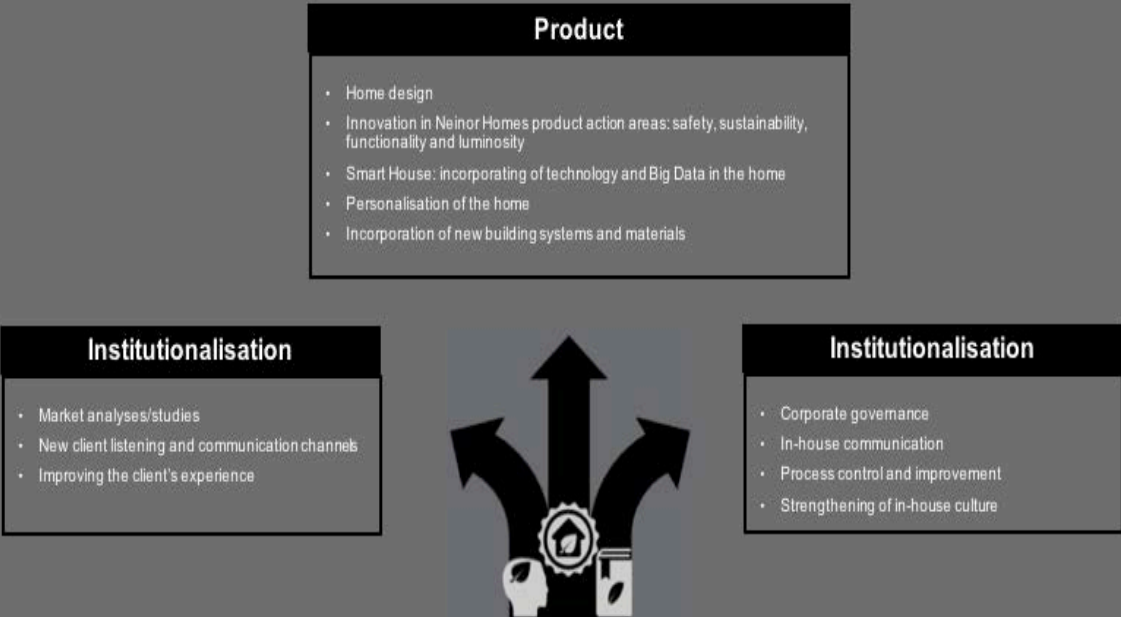
The Innovation Committee meets every 6 weeks

The Innovation Committee is tasked with taking the innovation-related strategic decisions of Neinor Homes. The Committee is composed of all the General Managers of Neinor Homes, incorporating all the company’s areas of business, thus considering innovation from the strategic standpoint and linked to the company’s results. Noteworthy among the Committee’s functions are:

- To hold periodic meetings for strategic reflection on company innovation
- To promote participation of all company personnel in the innovation process
- To establish a mechanism for collecting ideas from the whole organisation to be reviewed and approved by senior management
- To analyse, select and prioritise innovation project proposals
- To assign the necessary resources to carry out innovation projects
- To review the innovation plan and the innovation dashboard periodically
- To link the obtaining of objectives of each General Management Department to variable remuneration

Thanks to the Innovation Committee and Neinor Lab, the company is able to boost its promotion of “continuous improvement of the organisation” more efficiently than is normal, where it is usually company management that imposes innovation objectives. Thanks to our approach, the whole team is involved in the transformation process and the whole company is imbued with the culture of innovation and continuous improvement.

Set out below are details of or main strategic lines of innovation of the company recently approved by the Innovation Committee:



Cooperative innovation

Neinor Homes, aware that innovation is the driving force for change in the real estate sector and the key to guaranteeing the sustainability of a sector subject to cyclical patterns, has a policy of exchanging experiences and solutions with the rest of the real estate sector in order to find new innovative solutions and adapt them to the new needs of the clients; by way of example, the incorporation of new materials, passive architecture and home automation or smart technology applied to the dwelling. Set out below are some of the many examples of cooperation in the sector by Neinor Homes:



4, 5 y 6
Noviembre
2016
Salón Inmobiliario
de Viviendas y
Decoración de Euskadi

Neinor Homes was present at the tenth annual Decoration and Housing Real Estate Show (*Salón Inmobiliario de Viviendas y Decoración de Euskadi-SIE Home*), a well-known event that each year brings together a large number of professionals and the general public.



Neinor Homes took part in the 20th Barcelona Meeting Point (BMP), in October 2016. BMP is the benchmark for debate of the most significant issues of the national and international real estate sector and in which the most attractive real estate products are presented.



Construtec took place in October 2016 in IFEMA-Feria de Madrid, bringing together top professionals of the sector, where Neinor Homes presented the new market paradigm and its forecasts for the coming years.



Neinor Homes took part in the talks organised by the real estate consulting firm Aguirre Newman and the firm of ONTIER, on 25 May in Madrid, with an interesting round table focussed on the current situation of the sector and its future prospects.



Neinor Homes has signed an alliance with Google to attract purchasers through the internet from among those who are looking for a flat, identifying segmented demand and being able to offer potential purchasers information of interest through personalised advertising.



Neinor Homes took part in SIMA 2016, the most important real estate event of the sector in Spain, giving some advance information on what the new-build market will be offering in 2016.



Neinor Homes has signed a cooperation agreement with the Building Research Establishment Assessment Methodology, BREEAM®, and has joined the Spanish Advisory Council for this body. It is the first Spanish residential developer to join its top consultative body, in which the various parties interested in improving the level of sustainability of the construction sector are represented.

A close-up photograph of three business professionals in an office. A woman with long brown hair, wearing a black blazer over a yellow shirt, is looking down at a document. A man with dark hair, wearing a light pink shirt and a red and white striped tie, is pointing at the document with his right hand. Another man with grey hair is partially visible in the foreground on the right, looking towards the document. The background is bright and out of focus.

**Our team of
people**

The Neinor Homes team of people

Our people are at the heart of the business strategy to ensure Neinor Homes leads as a benchmark employer

The human resources team of Neinor Homes contributes to the organisation change needed by the company for a proper adaptation to the evolution of the sector, which is every more dynamic, professional and competitive.

The commitment of Neinor Homes to its employees means developing a business that is attractive to work for, that offers quality employment, through developing the talent of the workforce and continuous training, protection and maintenance of the know-how of our employees, and innovative people management.

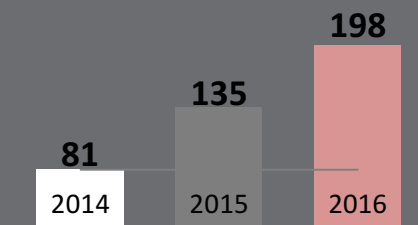
Given the company's rapid growth, our corporate values and our way of managing people have become decisive factors for the development and consolidation of Neinor Homes.

According to the results of the last survey of the employment climate in 2016, with a participation rate of 80.5%, Neinor Homes obtained an average of 7.2 satisfaction points out of a maximum of 10 (compared to the average of 7 points in 2015).

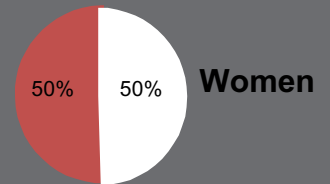
The employees of Neinor Homes value as positive the possibility of working in the company, thanks to the opportunities arising from working in a team, the quality of training and ongoing professional development. Asking employees about their needs and perception of the Neinor Homes brand allows us to continue to develop policies and solutions that favour our leadership position as a company that offers quality employment, safeguarding the personal and professional life balance.

2016 key data

Neinor Homes workforce



Men



Women

39 years of age: Average age of our employees

Targets

63 new hires in 2016

49,156 euros investment in training

72% of employees satisfied

Approval of the **Human Resources Policy** in 2016

100% of employees receive periodic evaluations

Certification and implementation of **OHSAS 18000**



Attracting, developing and keeping talent

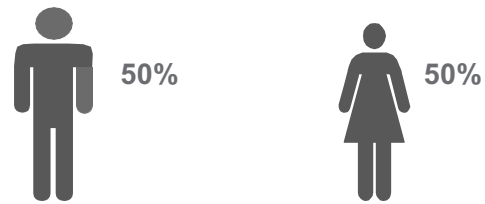
Neinor Homes currently has a workforce of 198 people. The targets reached to date and the company's rapid growth (more than 60 employees joining in the last year) have been possible thanks to attracting the best talent, establishing a new corporate culture hand in hand with the implementation of a new Human Resources Policy.

For Neinor Homes, the talent of the people making up the company is the key to achieving excellence. For this reason, it is essential to attract and identify the best candidates, meet their needs and invest in their development and commitment.

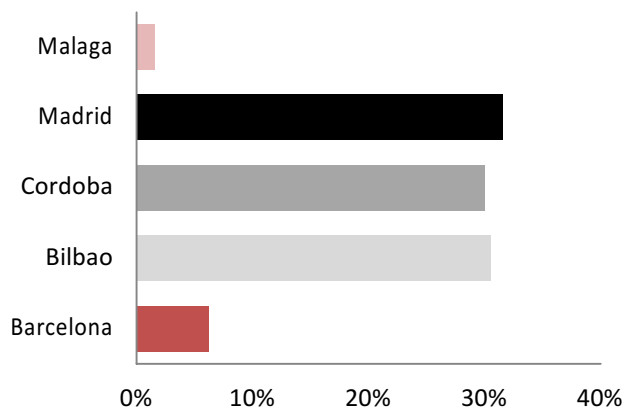
The employees of Neinor Homes come from different sectors, above all the residential real estate development sector but with a significant component coming from investment, financial, consulting and technological sectors, where more than 85% of our employees have university degrees.

Neinor Homes supports quality employment, maximising the opportunities for stable employment and sustainable growth. For this reason, there is 98% permanent employment and 100% of employees are full-time.

In addition, Neinor Homes estimates that in 2016 it has generated 7,200 indirect jobs.



Geographical distribution



Cooperation with bodies and organisations to arrange university placements

Neinor Homes has cooperation agreements with: Deusto University, Madrid Polytechnic, Cardenal Cisneros, Barcelona Polytechnic, University of Loyola de Córdoba, Colegio Vasco de Economista, Instituto Superior de Derecho y Economía, UPV and ASPRIMA.



Training and development of our professionals

In Neinor Homes we believe that training is a fundamental pillar for developing our professionals, which helps to increase their employment productivity while at the same time improving individual promotion prospects. In this context, the training we offer is based on:

- Training needs detected by company management for achieving strategic objectives.
- Needs detected by the employees themselves and their own requests to take external courses.

So that each of the training measures has a significant impact, we apply both in-person sessions and new technologies, through conducting activities, role-playing, practical cases and simulations, where the student can assimilate theoretical content and apply it to his/her job.

100% with access to training activities

49,156 euros invested in training activities

Occupational risk prevention Excel, PowerPoint

BREAM certification

Languages



Sustainability

Attractive remuneration

The principles underpinning the Neinor Homes remuneration strategy form part of the Remuneration Policy that takes into account the following factors: recompense, external competitiveness, external equality, internal equality, simplicity and transparency, time horizon, balance, adaptation and flexibility.

Neinor Homes is also noteworthy for its variable remuneration incentivising employees to be a part of the success and meeting global commitments (3x3):

- 33% of variable remuneration depends on the performance evaluation carried out at the end of each year for all employees by each Area Manager and, then, by each General Manager, to be finally approved by the Remuneration Committee.
- Another 33% is linked to the good performance of the company and meeting specified targets.
- The final 33% depends on meeting the targets of each General Management Department.
- 100% of employees are periodically evaluated on their performance.

Wellbeing of our employees

Neinor Homes, as a forward-thinking and responsible business, promotes the welfare and quality of life of its employees, not only from the point of view of occupational risk prevention, but also from the standpoint of promoting health and wellbeing. In this context, Neinor Homes promotes flexible work time and gives employees access to tools and new technologies so they can perform their tasks more efficiently.

Moreover, technology is altering the way of doing things, and in Neinor Homes we are evolving and creating a more digital environment, providing our employees with mobile devices, laptops and remote accesses allowing teleworking and information access from any location.

Occupational risk prevention

Neinor Homes promotes a safe and stable working environment and is committed to the ongoing updating of occupational risk prevention measures adapted to each employment position, which go beyond the levels required by legislation. Neinor Homes has obtained the certificate issued by AENOR on Health and Safety Management at Work (OHSAS 18001). This certification demonstrates the conscientious pursuance of the company's risk control policy. The implementation of this management system is designed to reduce employment accidents and to increase productivity, by identifying, evaluating and controlling the risks associated with each employment position. By doing so, the main causes originating accidents and diseases within the working environment can be identified and avoided, creating a safer space better adapted to professionals working there.

Furthermore, this certification allows compliance with current legislation on preventive measures, efficiently integrating it in the processes of the organisation. A notable improvement is thus produced both in internal management and in employer-employee communication, generating a culture of prevention of occupational risks with the integration of prevention in the company's general system and promoting the commitment of all its people with Occupational Health and Safety policy development.

Neinor Homes has a manual of good practices to raise safety levels in the construction works of its real estate developments, with the intention to prevent, eliminate or minimise the risks to which personnel, installations and the production are exposed, managing to achieve completion of the works with ZERO accidents. Noteworthy among the main measures are access control, the documentation required from the contractor, subcontractor, workers and machinery, the safety measures in the various phases of the works, the emergency plan and site visits, among others.

For each of the works promoted by Neinor, a safety coordinator will be designated in the works execution phase, to comply with the requirements established in current legislation and to safeguard compliance with the manual of good practices. Each works contractor will designate at least one worker as a preventive resource, permanently present on site and with a part of the working day allocated to preventive functions. Furthermore, each subcontractor company in the works will designate at least one worker to be responsible for the health and safety of its tasks.

In order to ensure a correct and practical coordination of activities, and to promote cooperation in the area of risk prevention among the companies performing their activities in the works, a Health and Safety Coordination Committee is set up in each of the Neinor Homes developments at the beginning of the works, meeting at least every month.

Neinor Homes performs periodical external audits both in advance and on site in each of its works, with written evidence of the results of the same.

Remunerative packages for our professionals

- The flexible remuneration plan offers transport, crèche and luncheon vouchers
- Paid medical insurance for all the company's employees

Health and safety training

- We are continuing with our commitment to train our professionals through the Occupational Risks Prevention courses as an essential tool to incorporate a culture based on the safety and health of the company.
- 100% of our employees have received training on occupational risks prevention.
- In 2016 there was a single accident with no time off work.

Diversity and equal opportunities

Neinor Homes is a company committed to non-discrimination and gender equality. Proof of this is that 50% of our employees are women and 50% are men, taking into account the particular characteristics of the sector in which we conduct our business.

In 2016, after performing a diagnostics test of the situation of our employees, Neinor Homes has created its first Equality Plan whose duration is extended to 2020 and applies to the entire business.

The general aim of the Plan is to achieve equality in the treatment and opportunities of men and women, eliminating any kind of gender-related discrimination.

To implement this Plan, attention will be paid to the following points:

1. Access to employment
2. Professional classification
3. Promotion and professional training
4. Remuneration
5. Working time arrangements
6. Prevention of sexual and gender-related harassment
7. Arrangement of working time to favour the personal, family and employment life balance
8. Occupational health and occupational risk prevention
9. Non-sexist communication and use of language and images
10. Training

Equality committee

The Neinor Homes Equality Committee has the following responsibilities:

- To inform and educate the workforce
- To support and/or implement the diagnostics test and Equality Plan
- To support and/or implement the monitoring and evaluation thereof
- To investigate cases of sexual and gender-related harassment

Code of conduct on bullying and harassment

The aim of the Code of Conduct is to establish the preventive actions and measures to be adopted by Neinor Homes in cases of bullying and harassment at work, always based on the principle of the dignity of the person, inviolable inherent rights of the person, the freedom to develop one's personality and respect for the law.

Involvement and education of employees

In 2016, Neinor Homes has focussed its efforts in the area of internal dialogue and communication through the launch of a corporate intranet to give voice to employees, transmitting the know-how of the company and disseminating its corporate culture.

The CEO also maintains a fluid communication with employees through regular meetings in which, on the one hand, he communicates to all staff the important aspects relating to the company's management and situation, and on the other hand, he receives feedback on these questions and on any interesting aspects from the personnel.

Neinor Homes is making progress on the implementation of initiatives in the area of Corporate Social Responsibility with the aim of making a positive contribution to society and giving its employees the opportunity to cooperate with its work through corporate volunteering.

With the aim of employee education, the company has set up a paperless policy to eliminate paper in office activity. In addition, regular emails are sent to employees so that they are more aware of the care of the environment. We are convinced that this type of initiative contributes to an improvement in the motivation of our personnel and pride in belonging to Neinor Homes.

Our suppliers



Supply chain

The values and commitments of Neinor Homes extend to all our supply chain, allowing us to successfully manage relations with our suppliers

To guarantee excellence and quality levels, Neinor Homes is aware of the importance of contractors, suppliers and cooperating companies. For this reason, it actively works on the management of long-term relations with these stakeholders.

Neinor Homes works with three main types of suppliers: architects, construction service providers and suppliers of other services (estate agents, businesses supplying services and consulting firms).

In 2016 Neinor Homes has worked with a total of 197 businesses. Of these, 129 are local, representing 65.48% of the total suppliers hired. This figure shows the commitment of Neinor Homes to the hiring of local suppliers.

Moreover, 2016 has seen the development of various purchase process management projects. One of these projects has involved performing diagnostic tests on internal control and efficiency of the purchase process, with the aim of obtaining diagnostics from the standpoint of strategy, organisation, facilitating elements and internal control of Neinor Homes purchases.

In this way, on the basis of the analysis carried out, a global view of the risks in the area of purchasing has been obtained, which has allowed the design of an Action Plan with the pertinent recommendations.

Key data for 2016



65% of suppliers are local

Total purchases from suppliers **€116,953,152**

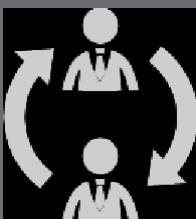
201 approved businesses



100% of contracts include ESG requirement clauses

96 businesses evaluated with a volume of purchases from €10.000

2016 targets



Approval of the **General Purchasing Procedure**



Efficiency and internal control in the purchasing process project

Purchasing management

The purchasing management of Neinor Homes is based on specific mandatory principles, both before contracting as well as during and after. Throughout the entire process, suppliers have to comply with the integrity policies and values of Neinor Homes, based on the Code of Ethics, Policies on Corporate Social Responsibility, Anti-Corruption and Bribery, and on specific clauses of contracts with suppliers.

The purchasing management procedure of Neinor Homes represents a framework for action within the area of hiring of contractors. It describes a systematic process for the achievement of a standardised working method for the whole organisation, and in this way it allows the avoidance of any kind of risk in the value chain. The contracting and award procedure has been approved by the company's CEO.

The contracting and award procedure applies to those purchasing needs generated for all Neinor Homes developments, whether they are pre- or post-sales tasks, refurbishment or completion of works, tasks in works already started or new works; it is included in the procedures of the General Works Management and across the whole of the organisation.

The procedure establishes the need for all award proposals to be approved in order to be able to definitively procure the works. Therefore, once the correct model proposal has been prepared for each case, they are included in the centralised purchasing system so the approval flow process can take place. The following departments are involved in the approval of awards of works:

- Technical Department: Head of the area where the works are carried out
- Monitoring Department, General Works Management
- Purchasing Department

Suppliers are obliged to comply with the following Neinor Homes policies:

- Purchasing Policy
- Code of Ethics
- Corruption and Bribery Policy
- Prevention of Money Laundering and Terrorist Financing Policy
- Corporate Social Responsibility Policy

Furthermore, Neinor Homes is expanding its Corporate Social Responsibility commitments in all its supply chain, including the purchasing area and paying special attention to highest-risk suppliers. For this reason, the purchasing department also has its specific risk map relating to purchases.

The process of supplier selection and approval sets out the aspects that must be analysed for each supplier in relation to the business in question and the service or good being supplied.

In 2016, this process has been extended to all company suppliers, of which there are currently 202 approved suppliers.

Each area head of sales creates and maintains a record of the agents, intermediaries and advisors hired by Neinor Homes in his/her area, and also prepares reports on each of the suppliers.

In the same way, the head of contracting and purchasing creates and maintains a record of the analyses arising from the supplier management processes, the selection process followed for hiring them, and evaluations pursuant to the established procedure, in the case of contracting services or works for an amount in excess of 10,000 euros.

The records are accessible and made available to the Head of Compliance, who carries out regular reviews to check that such records are adequate.

Choosing and approving suppliers

Neinor Homes wants to be sure it is being offered professional and quality services, and for this reason it has set up demanding approval processes, with the aim of certifying that suppliers are abiding by the company's policies.

Neinor Homes wants to be sure it is being offered professional and quality services and for this reason it has set up approval processes to certify that suppliers abide by the agreements of the International Labour Organization and the UN Global Compact, and that they meet the following criteria:

- Compliance with deadlines
- Quality of work
- Safety and hygiene
- Compliance with the budget
- Effort
- Economic claims
- Technical capacity
- Ability to resolve unforeseen events
- Compliance with BREEAM requirements
- Compliance with environmental requirements
- Cooperation and communication
- Knowledge of the BIM White Book

In addition, contract clauses oblige Neinor Homes suppliers to comply with the following:

Health and Safety

The Neinor Homes contractor is obliged to prepare the Occupational Health and Safety Plan on an individual basis, following the guidelines of the relevant Health and Safety Study, and must present it to the Health and Safety Coordinator for approval before starting the works.

The contractor and all its personnel are obliged to strictly comply with all legal regulations relating to Occupational Health and Safety, and to know of and put into practice all preventive and safety measures set out in the above-mentioned Safety Plan affecting the tasks within its remit.

Similarly, the contractor undertakes to comply with the business obligations relating to workers, to reporting, to technical training and adequate and sufficient practice, consultation and participation, among others, contained in Law 31/1995, of 8 November on Occupational Risk Prevention, and in Royal Decree 1627/1997 of 24 October on Minimum Health and Safety provisions in Construction Works. It must also take note of indications and comply with the instructions of the Safety Coordinator when carrying out the works and of any Project Manager.

Corruption and bribery

Neinor Homes suppliers must at all times apply and maintain a suitable policy against corruption and bribery covering all aspects of the supply of the services, and they must ensure that all employees or agents and other persons supplying a part of the services or tasks or who are “associated” or subcontracted are governed by the same principles. It is mandatory that new contracts signed with advisors, agents, intermediaries and suppliers must include as an annex or as a clause of the contract itself a declaration of knowledge and acceptance of the rules contained in the present Anticorruption Protocol.

If the supplier does not have its own anti-bribery and anti-corruption policy, it shall ensure that all employees or agents and any other persons providing part of the

services at all times comply with the Neinor Homes anti-corruption and anti-bribery policy.

Suppliers are obliged to study and provide to employees, associates and co-workers linked to the project the necessary information so they can comply with the Neinor Homes anti-corruption and anti-bribery policy, and its Code of Ethics.

Suppliers are not only obliged to reject any case of corruption or bribery, but they must also immediately report such event using the supporting documentation available through the Neinor Homes Whistleblowing Channel:

canal.etico@NeinorHomes.com

Prevention of money laundering

Neinor Homes suppliers are obliged to study and comply with all obligations established in the regulations in force relating to the prevention of money laundering and terrorist financing.

Particularly relevant in this connection is compliance with the obligations imposed by Law 10/2010 of 28 April on the prevention of money laundering and terrorist financing, and with Royal Decree 304/2014, of 5 May, applicable to the legal entities and individuals performing real estate development, agency, commission or brokerage activities, as well as compliance with the requirements of the Manual of Prevention of Money Laundering and Terrorist Financing.

Gifts and benefits

Neinor Homes expressly prohibits any request for gifts, favours, services in advantageous conditions or invitations from suppliers, clients, brokers, agents, advisors or any others who have any business relationship with the company.

Sustainability

Neinor Homes contractors and suppliers are obliged to comply with the BREEAM specifications in order to be able to ensure the certification of the buildings with a sustainability seal, and they must comply with the design requirements in the White Book, in the case of architects and constructors.

The suppliers of the works certified in BREEAM must comply with their requirements with regard to the energy efficiency of the dwelling, environmental protection, the client's wellbeing, water saving and waste generation solutions, and the source of wood used and toxicity of materials applied.

Hiring

Under the Neinor Homes Code of Ethics, the hiring of advisors, agents, brokers and suppliers for setting up relations with third parties and particularly with public authorities (public agencies, public companies etc.) must be subject to the company's valuation and assessment procedure.

Specifically, the assessment measures, as well as other standard documents, can be requested and complemented by any other valuation. Neinor Homes guarantees that the remuneration of the suppliers is in line with market usage and, where possible, when operative circumstances allow it, they must be compared with alternative offers.

Wherever possible, hiring of third parties will be avoided where the supplier:

- Is recommended by a public official who is involved in or is linked in some way with the transaction for which the supplier is hired
- Requests that payment be made to third parties, in cash or into accounts located in tax havens
- Lacks experience in performing the services for which the supplier is hired by Neinor Homes
- Asks for charity donations and contributions to political parties
- Refuses or is reluctant to cooperate in the assessment procedure

Resources

