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**APPOINTMENTS AND REMUNERATION COMMITTEE CHARTER  
OF NEINOR HOMES, S.A.**

April 13, 2022

## **NEINOR HOMES, S.A. (THE “COMPANY”) APPOINTMENTS AND REMUNERATION COMMITTEE CHARTER**

### **1. MEMBERSHIP**

- 1.1. The Committee shall be made up of no fewer than three and no more than five directors. Members of the Committee shall be appointed by the Board of Directors of the Company (the “**Board**”), on the recommendation of the Chairman of the Board.
- 1.2. All members of the Committee shall be non-executive directors, at least two of whom must be independent directors. The members of the Committee shall be appointed with the knowledge, skills and experience appropriate to the functions they are expected to perform.
- 1.3. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the chief executive officer, the head of human resources and external advisers may be invited to attend, whenever deemed appropriate and necessary. The guests shall be present only for the time necessary for the discussion of the agenda item that justifies their attendance at the meeting and shall leave the meeting once said discussion has been completed and in any case before the relevant voting, and in no case shall they be permanently present at the meeting.
- 1.4. The directors appointed to the Appointments and Remuneration Committee will remain in office as long as their appointments as directors of the Company remain in effect, unless the Board of Directors resolves otherwise. Renewal, re-election and removal of the directors comprising the Committee will be governed by resolutions of the Board of Directors.
- 1.5. The Board shall appoint the Committee Chairman who shall be an independent director. If the Chairman of the Board is appointed as Chairman of the Committee, he or she shall not chair the Committee when dealing with the matters regarding succession to the Chairmanship of the Board.

## **2. SECRETARY**

The position of Secretary of Appointments and Remuneration Committee will be performed by the person appointed by the Board of Directors. The Secretary of the Appointments and Remuneration Committee may not be a member of such Committee, in which case (i) it will not have the right to vote and (ii) it must not be a member of the Board of Directors. The Secretary of the Appointments and Remuneration Committee may be different to the Secretary of the Board of Directors.

## **3. QUORUM**

There will be a quorum when one half plus one of the directors that are members of the Committee are present in person or by proxy.

## **4. FREQUENCY OF MEETINGS**

- 4.1. The Committee shall meet every three months or, at least, four times per year. However, the Committee shall meet when any of its members requests it or when duly called by the Chairman of the Committee.
- 4.2. The Chairman is to call the meeting whenever the Board of Directors or its Chairman requests the issuance of a report or adoption of proposals and, in any event, whenever it is appropriate to the proper exercise of its authority.

## **5. NOTICE OF MEETINGS**

- 5.1. Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any of its members or Chairman.
- 5.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend as soon as is reasonable prior to the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.
- 5.3. Notwithstanding the foregoing, meetings of the Committee are considered to be duly convened with no need for prior notice if all its members present in person or by proxy

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unanimously consent to hold a meeting and agree on the business to be transacted. Similarly, if no director objects, votes of the members of the Committee may be conducted in writing, without a meeting.

- 5.4. The Committee may also meet simultaneously in multiple locations connected by systems that allow the participants to be recognized and identified, allow continuous communication among the participants wherever they are and allow participation and voting, all this in real time. Subject to the foregoing, Committee meetings may take place by means of phone or video conferences, or any other similar means.

Wherever the participants are, for the purposes of the Committee meeting they shall be considered to be attending the same single meeting. The meeting shall be deemed to be held in the place where there is the largest number of members or, in the event of a tie, where the Chairman of the Committee or the person chairing the meeting in the Chairman's place is located.

## **6. RESOLUTIONS**

Unless otherwise specified by the law, the Company's Articles of Association or any other applicable rule, resolutions of the Committee shall be adopted by the simple majority of the present members.

## **7. MINUTES OF MEETINGS**

- 7.1. The Secretary shall draft the minutes of the proceedings of all meetings of the Committee, recording the names of those present and in attendance and the approved resolutions.
- 7.2. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes shall be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the Committee Chairman.

## **8. ANNUAL GENERAL MEETING**

The Committee Chairman shall attend the annual general meeting to answer any shareholder questions on the Committee's activities.

## **9. RESPONSIBILITIES IN RELATION TO THE COMPOSITION OF THE BOARD AND ITS COMMITTEES AND APPOINTMENT DUTIES**

The Committee shall carry out the duties set forth in the Company's Articles of Association, in the Board of Directors Regulation and in the Capital Companies Act, as well as in the Good Governance Code in force and, specifically, the Committee shall:

- (a) regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and advise the Board on the most appropriate organization of the Board and its committees as regards Board size and the balance of the different types of director at any given time;
- (b) report on and review the criteria to be followed in deciding the composition of the Board of Directors and selecting candidates, ensuring that, whenever a vacancy arises or a new director is appointed, the selection procedures are free of implicit biases that might entail discrimination, especially any that might prevent the selection of women directors, while also setting a target for the representation of women on the Board and preparing guidance on how to achieve that target, to the extent possible;
- (c) give full consideration to succession planning for directors and senior managers in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;
- (d) reviewing and formulating plans for succession for both executive and non-executive directors and in particular for the key roles of Chairman and chief executive; and, where appropriate, make recommendations to the Board of Directors to ensure that the succession is orderly and planned;
- (e) keep under review the leadership needs of the Company and its major subsidiary undertakings, both executive and non-executive, with a view to ensuring the continued ability of the Company and its major subsidiary undertakings to compete effectively in the marketplace;
- (f) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;

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- (g) verify the category of each director;
- (h) before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:
  - (i) use open advertising or the services of external advisers to facilitate the search;
  - (ii) consider candidates from a wide range of backgrounds; and
  - (iii) consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position;
- (i) for the appointment of a Chairman, the Committee shall prepare a job specification, including the time commitment expected. A proposed Chairman's other significant commitments shall be disclosed to the Board before appointment and any changes to the Chairman's commitments shall be reported to the Board as they arise;
- (j) prior to the appointment of a director, the proposed appointee shall be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest;
- (k) Ensure that conflicts of interest do not undermine the independence of any external advice provided to the Committee;
- (l) Monitor compliance with the remuneration policy established by the Company; and
- (m) ensure that, when appointed the Board or to a specific committee, directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Committee service and involvement outside Board meetings.

## **10. RESPONSIBILITIES REGARDING THE SELECTION OF CANDIDATES**

The Committee shall:

- (a) select candidates for appointment to the Board of Directors and submit proposals or reports to the Board of Directors through its Chairman. To carry out the correct

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selection, the members of the Committee shall take into consideration the diversity of knowledge, experience, age and gender.

Any director may request that the Appointments and Remuneration Committee consider particular director candidates;

- (b) refer to the Board of Directors any proposals for the appointment of independent directors, whether through co-option by the Board or for submission to the General Meeting of shareholders;
- (c) report on any proposals for the appointment of the rest of the directors, whether through co-option by the Board or for submission to the General Meeting of shareholders;
- (d) Report on the appointment of the Chairman, Vicechairman, Secretary and Vicesecretary of the Board;
- (e) recommend candidate members to any of the Committees of the Board, in consultation with the chairmen of those Committees; and
- (f) report on any proposals for the appointment of member of senior management and on their contracts.

## **11. ASSESSMENTS AND RE-ELECTION DUTIES**

The Committee shall establish and supervise an annual program for the assessment and continuous review of directors' qualifications, training and, where applicable, independence and their continued compliance with the conditions for serving as a director or as a member of a particular committee, and propose to the Board of Directors any measures considered appropriate in this respect.

Furthermore, the Committee shall:

- (a) review annually the time required from non-executive directors. Performance evaluation shall be used to assess whether the non-executive directors are spending enough time to fulfil their duties;
- (b) issue proposals regarding the re-appointment of any independent director and report on the re-appointment of the other categories of directors at the conclusion of their specified

term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board (particularly in relation to directors being re-elected for a term beyond six years).

## **12. REMOVAL AND TERMINATION DUTIES**

The Committee shall Review and report on any matters relating to the continuation in office of any director at any time, including the suspension or termination of service of an executive director subject to the provisions of the law and their service contract. Furthermore, the Committee shall:

- (a) report to the Board of Directors on proposals for the removal of directors, especially in cases of removal for failure to fulfil their duties or when, due to changes in circumstances, a director's resignation or removal is required by law or the Company's internal regulations; and
- (b) propose the removal of directors in the event of incompatibility, prohibitions or other applicable grounds for resignation or removal, in accordance with the law and the Company's internal regulations.

## **13. REMUNERATION DUTIES**

The Committee shall carry out the duties below for the Company and its major subsidiary undertakings. The Committee shall:

- (a) periodically review the policy on the remuneration of managerial employees, including share-based compensation systems and their application, and make proposals to the Board of Directors for changes or updates to the policy;
- (b) periodically review the policy on the remuneration of directors, including share-based compensation systems and their application, and make proposals to the Board of Directors for changes or updates to the policy, for submission to the General Meeting of shareholders, and proposals regarding the amount of directors' annual remuneration;
- (c) in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements. The objective of such policy shall



be to successfully attract, retain and motivate directors and senior management of the quality required to run the Company, without paying more than is necessary and having regard to the views of (the) shareholder(s) and other stakeholders. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company's strategic long-term goals. A significant proportion of the remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company;

- (d) when setting the remuneration policy for directors, review and have regard to pay and employment conditions across the Company or its major subsidiary undertakings especially when determining annual salary increases;
- (e) review the ongoing appropriateness and relevance of the remuneration policy;
- (f) report on and refer to the Board of Directors any proposals regarding the structure of the remuneration of the senior management and the basic terms and conditions of their contracts, including any severance packages;
- (g) report on any proposal regarding the remuneration of the directors;
- (h) obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations the Committee shall have full authority to appoint remuneration consultants and to committee or purchase any reports, surveys or information which it deems necessary, within any budgetary restraints imposed by the Board;
- (i) be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- (j) approve the design of, and determine targets for, any performance related pay schemes by the Company and approve the total annual payments made under such schemes;
- (k) review the design of all incentive plans, if any, for approval by the Board and the shareholder(s). Where appropriate, and in accordance with the provisions of each plan, determine each year or at a relevant time under a given plan, whether awards will be

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made, and if so, the overall amount of such awards, the individual awards to executive directors, Company Secretary and other designated senior executives and the performance targets to be used;

- (l) ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that the individual remuneration of the directors and senior management is proportionate to that paid to other directors and managers of the Company and, also, that failure is not rewarded and that the duty to mitigate loss is fully recognized;
- (m) oversee any major changes in employee benefits structures throughout the Company or its major subsidiary undertakings;
- (n) agree the policy for authorizing claims for expenses from the directors;
- (o) verify the information included in the documents to be approved by the Board for general release, including the Annual Directors Remuneration Report and the relevant sections of the Annual Corporate Governance Report; and
- (p) ensure and oversee the compliance with the approved remuneration policy of the Company.

#### **14. CORPORATE GOVERNANCE DUTIES**

The Committee shall carry out the duties below for the Company and its major subsidiary undertakings. The Committee shall:

- (a) prepare and propose to the Board the corresponding sections of the Annual Corporate Governance Report regarding the Company's compliance with internal rules of conduct and any applicable corporate governance law or regulation in effect from time to time;
- (b) prepare and issue an annual report regarding the functioning and quality of the work carried out by the Board of Directors; and
- (c) supervise compliance with the Company's internal rules of conduct and any applicable corporate governance law or regulation in effect from time to time.

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## **15. OTHER REPORTING RESPONSIBILITIES**

- 15.1. The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 15.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its powers where action or improvement is considered to be needed.
- 15.3. The Committee shall produce a report to be included in the Company's annual report about its nomination activities, the process used to make appointments and explain if external advice or open advertising has not been used. Where an external search agency has been used, it shall be identified in the annual report and a statement made as to whether it has any connection with the Company.
- 15.4. The report referred to in 15.3 above shall include a statement of the Board's policy on diversity, including gender, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.
- 15.5. The Committee shall ensure that provisions regarding disclosure of information are fulfilled and produce (i) a report on the Company's remuneration policy and practices and (ii) the relevant sections regarding corporate governance practices to be included in the Company's annual report and ensure each year it is made available to (the) shareholder(s) for approval at the annual general meeting. If the Committee has appointed remuneration consultants, Annual Directors Remuneration Report shall identify such consultants and state whether they have any other connection with the Company.
- 15.6. Through the Chairman of the Board, ensure that the Company maintains contact as required with its principal shareholder(s) about remuneration.

## **16. OTHER MATTERS**

The Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to the Company's Secretary or his nominee for assistance as required. In particular, for the

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performance of its supervisory duties, the Committee may be assisted by the Company's Governance, Risk and Compliance Department;

- (b) be provided with appropriate and timely training, both in the form of an induction program for new members and on an ongoing basis for all members;
- (c) arrange for periodic reviews of its own performance and, at least annually, review its charter to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for its approval; and
- (d) Consult with the Company's chairman and chief executive, especially on matters relating to executive directors and senior managers.

#### **17. AUTHORITY**

The Committee is authorized by the Board to obtain, at the Company's expense, external legal or other professional advice on any matters within the scope of its charter.

#### **18. RULES OF PREVALENCE**

This Charter develops and complements the provisions included in the Company's Articles of Association and in the Regulations of the Board of Directors. The Company's Articles of Association and the Regulations of the Board of Directors shall prevail in case of discrepancy with this Charter.