ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

NEINOR HOMES, S.A.

REPORTING PERIOD END 2023

Company Tax ID Code (C.I.F.) A-95786562

Company name: NEINOR HOMES, S.A.

Registered Office: C/ Henao 20, Bilbao

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A COMPANY'S REMUNERATION POLICY FOR THE CURRENT YEAR

A1. *Explain the current remuneration policy for directors applicable to the current year. To the extent that it is relevant, certain information may be included by reference to the remuneration policy approved by the General Shareholders' Meeting, provided that the inclusion is clear, specific and concrete.*

A description must be given of the specific decisions for the current year, both on the remuneration of directors due to their status as such, as well as for the performance of executive roles, which the board makes in accordance with the provisions of the contracts signed with the executive directors and with the remuneration policy approved by the general shareholders' meeting.

In any case, at least the following aspects must be reported:

- *Description of the company's procedures and bodies involved in determining and approving the remuneration policy and its terms.*
- *Indicate and, if applicable, explain whether comparable companies have been considered in establishing the company's remuneration policy.*
- *Information on whether any external advisors have been involved and, if so, who they are.*
- *Procedures contemplated in the current director compensation policy for applying temporary exceptions to the policy, conditions under which such exceptions may be used, and components that may be subject to exception under the policy.*

- The Remuneration Policy is applicable to the members of the Board of Directors of Neinor Homes, S.A. ("Neinor Homes" or the "Company"), in compliance with the legal requirements established by the Consolidated Text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010, of July 2, 2010 (hereinafter, the "Capital Companies Act") (the "Remuneration Policy" or the "Policy").

  The Remuneration Policy has been prepared by the Company taking into account the relevance of the Company, its economic situation and market standards for comparable companies.

  As part of the latest review process of the Remuneration Policy, the Company has received legal advice from Roca Junyent, S.L.P. The previous updates were advised by Uria. In addition, the Company has been advised by Seeliger and Conde in the development of the Company's long-term variable remuneration plan described in the Policy.

  The remuneration programs set out in the Policy and detailed in this report maintain a reasonable proportion to the Company's relevance, its economic situation and the market standards of comparable companies and promote the long-term profitability and sustainability of the Company, incorporating the necessary precautions to avoid excessive risk-taking or rewarding unfavourable results and ensuring the alignment of the interests of the directors with those of the Company and its shareholders.

  The company's Remuneration Policy incorporates the provisions of Article 529 novodecies of the Capital Companies Act, as amended by Law 5/2021, which amends the Capital Companies Act, imposing new requirements on the content of the remuneration policies for directors of listed companies and making it mandatory to adapt the policies in force at the next General Meeting held by listed companies after the entry into force of said law in accordance with the First Transitory Provision of Law 5/2021. Additionally, aspects derived from the revision of the Good Governance Code of the National Securities Commission in June 2020 were incorporated.

  The last review of the Remuneration Policy that was carried out, in 2023, was aimed at updating the description of the Company's long-term variable remuneration plan, since the plan contained in the previous Policy, called the Long Term Incentive Plan 2020 (hereinafter "LTIP 2020"), ended in 2022, having been replaced by a new plan, the "Management Incentive Plan 2023-2025" (hereinafter "MIP 2023-2025"), which was approved by the Board, with the favourable report of the Appointments and Remuneration Committee, at its meeting held in writing and without a meeting on 30 March 2023.

  Likewise, the references in the Policy to the Executive Director other than the CEO have been eliminated, as there is currently only one executive director, the CEO, since the other director who held that position, Mr. Jorge Pepa, resigned in April 2022.

  The policy published on the company's website at the date of this report is the policy prior to the amendment approved by the Board of Directors at its meeting on 22 November 2023. The amended policy will be published on the website once it has been approved by the General Meeting of Shareholders, scheduled for April 2024.

  The Remuneration Policy is in force until 31 December 2025.

- The Policy is designed to provide a solid structure for good corporate governance. The general principles and criteria used are summarized as follows:

  a) Ensuring independence of judgment

  Remuneration is structured in such a way as not to compromise the independent judgment of non-executive directors, with special attention to that awarded to independent directors.

  b) Attracting and retaining the best professionals

  The remuneration policy aims to establish a competitive remuneration that allows to attract and retain talent that contributes to the creation of value for the Company.

c) **Long-term sustainability**

Remuneration shall be consistent with the long-term interests and strategy of the Company, as well as with its values and objectives, and includes provisions to avoid conflicts of interest, excessive risk-taking and rewarding unfavorable performance.

d) **Transparency**

The remuneration policy and the specific rules for determining remuneration shall be clear and well-disseminated. In this regard, at the beginning of each year or at the General Shareholders' Meeting, the maximum total amount of remuneration that can be paid to directors shall be made public, as well as the conditions that must be met in order to obtain such remuneration.

e) **Clarity and individualization**

The rules for the management and determination of remuneration shall be drafted in a clear, simple and concise manner.

f) **Fairness of remuneration**

- Remuneration is set taking into consideration the dedication, qualifications and responsibility required by the position, as well as the experience, functions and tasks performed by each director. In addition, remuneration must maintain a balance between market competitiveness and internal equity.
- Likewise, the conditions of the other employees of the group have been taken into account so that the principles of the remuneration system for executive directors are aligned with the general remuneration programs of the group. In this sense, certain remuneration elements such as other additional components to the remuneration, or the remuneration systems referenced to the value of the Neinor Homes share may only be offered to executive directors when similar elements are accessible to other employees of the Group.
- The maximum annual remuneration to be received by the members of the Board of Directors in their capacity as such is 1,500,000 €.
- The maximum individual amount to be received by each of the aforementioned directors as fixed annual compensation is as follows:
  - A maximum of 150,000 euros for the Chairman of the Board of Directors.
  - A maximum of 100,000 euros for each independent and “other external” directors.
- If, following any increase in the number of directors sitting in the Board, the aggregate remuneration otherwise payable to them as members of the Board were to exceed the maximum annual amount of 1,500,00 euros referred in this Section, then the Board of Directors may reduce the individual remuneration described in this section on a proportional basis.
- Only independent directors and those in the "other external" category are entitled to receive remuneration for their status as such.

As part of the update of the Company's long-term variable remuneration plan, described as the "Management Incentive Plan 2023-2025", the Company received advice from Seeliger y Conde in the preparation of the Company's long-term variable remuneration plan. In performing their advisory duties, Seeliger y Conde (i) carried out a consultation process with several of the Company's senior executives; and (ii) analysed the medium-term incentive plans of 7 national companies in the real estate sector, including residential development companies of a similar size to Neinor Homes.

- The Policy provides for the following compensation components:

a) Fixed annual remuneration.

b) Attendance fees for meetings of the Board and its Committees.

c) Remuneration in shares or linked to their performance, without prejudice to the provisions of the Regulations of the Board of Directors.

The remuneration mentioned in a) and b) above only applies to independent and "other external" directors.

Notwithstanding the provision mentioned in section c) above, Directors are currently not entitled to any share-based or performance-related remuneration.

The total amount payable by the Company as compensation to all of its directors for these three items may not exceed the relevant amount determined for this purpose by the General Meeting. The amount thus determined by the General Meeting shall apply unless and until the General Meeting approves other amount in accordance with applicable laws.

However, the determination of the specific amount to be paid to each director for these items within the maximum amount approved by the General Meeting shall be agreed by the Board of Directors in accordance with this Remunerations Policy. For such purpose, the Board shall take into account the office held by each director within the Board itself, as well as the membership and attendance of each director to any committees.

Finally, the Company shall pay for any premium due for any civil liability insurance policy taken out by the Company in respect of its directors upon customary market terms and commensurate with the circumstances of the Company.

- The remuneration of the Chief Executive Officer is set forth in his contract signed with the Company on April 8, 2019. The Chief Executive Officer does not receive any remuneration for his position as a member of the Board of Directors or the Committees, only for his executive position and, unlike the external directors, he does have a variable remuneration system, which seeks to align the interests of the Chief Executive Officer with the Company's shareholders by establishing specific objectives linked to the creation of value in the medium and long term. The remuneration structure is composed of the following elements:

a) Fixed remuneration: The executive director of the Company shall be entitled to receive an amount not exceeding 900,000 euros as fixed annual remuneration. In fiscal year 2023, the Chief Executive Officer has received a remuneration of 663,000 euros.

b) Annual bonus to be established annually by the Board of Directors. The annual variable remuneration of the executive director may in no case exceed 100% of the amount of the fixed remuneration. The variable remuneration received in the financial year 2023, corresponding to the financial year 2022, was 300,000 euros and the amount accrued and approved by the Appointments and Remuneration Committee for the financial year 2023, which will be paid in 2024, amounts to 350,000 euros.

c) Participation in the company's medium-term incentive schemes. See section B.7 below.

d) Directors and Officers ("D&O") insurance.

- *The relative importance of variable to fixed remuneration items (remuneration mix) and what criteria and objectives have been taken into account in their determination and to ensure an appropriate balance between fixed and variable components of remuneration. In particular, indicate the actions taken by the company in relation to the remuneration system to reduce exposure to excessive risks and align it with the long-term objectives, values and interests of the company, including, where appropriate, a reference to measures envisaged to ensure that the remuneration policy addresses the long-term performance of the company, measures taken in relation to those categories of staff whose professional activities have a material impact on the risk profile of the company and measures envisaged to avoid conflicts of interest.*

  Also indicate whether the company has established any vesting or consolidation period for certain variable remuneration items, in cash, shares or other financial instruments, a deferral period for the payment of amounts or delivery of financial instruments already accrued and consolidated, or whether any clause has been agreed to reduce deferred remuneration or oblige the director to return the remuneration received, when such remuneration has been based on data whose inaccuracy has subsequently been manifestly demonstrated.

Article 25.3 of the Board of Directors' Regulations establishes that directors' remuneration must be in reasonable proportion to the importance of the Company, its economic situation at any given time, the standards that are met on the market in companies of a similar size or activity and consider their dedication to the Company. The remuneration system established must be aimed at promoting the long-term profitability and sustainability of the Company and incorporate the necessary precautions to avoid the excessive assumption of risks and unfavourable results. In particular, the remuneration system should set the necessary limits and safeguards to ensure that variable remuneration is related to the professional performance of the beneficiaries and does not derive solely from the general evolution of the markets or the sector.

The directors' remuneration policy established by the Company does not establish variable remuneration for directors for their status as such, but only a fixed remuneration and per diems for attending meetings, with the aim of remunerating directors adequately and sufficiently for their dedication, qualifications and responsibilities, without compromising their independence of judgement or encouraging the Company to take excessive risks.

The Chief Executive Officer remuneration system is aligned with the Company's interests. The annual objectives set for the bonus are linked to performance. Specifically, the individual contract entered into with the Chief Executive Officer provides for the possibility of receiving annual variable remuneration in cash, provided that the results significantly improve the business plan and that the Board of Directors of the Company so decides. In this respect, the weighted parameters taken into consideration to set the variable remuneration are as follows:

<u>Financial and operating performance parameters:</u>

Compliance with the Developer Contribution Margin established in the Business Plan.	25%
Number of developments planned-launched for construction (Cranes).	25%
Compliance with the OpEx established in the Business Plan.	15%
Compliance with the EBITDA established in the Business Plan.	25%

<u>Non-financial performance parameters:</u>

These are linked to different objectives, such as the progress of the Group's Sustainability Plan, compliance with Corporate Governance, implementation of ESG improvements, measurement and compensation of the carbon footprint, employee training, level of customer satisfaction, equality and non-discrimination objectives, and similar. The weight of non-financial objectives will be a maximum of 25%. The company takes as a reference some of the most globally recognised ESG indices/rankings of analysts, to take as an element of performance their evaluations and degree of improvement with respect to previous years, as an evaluative element that can integrate, together with many others, the aspects mentioned above.

In the 2023 financial year, one parameter considered has been the maintenance of Neinor Homes in the highest category of requirement in terms of ESG of one of the main analysis agencies in the measurement of the ESG performance of companies (Sustainalytics, determined by the Appointments and Remuneration Committee). The achievement of this objective has a weight of 10% of the variable compensation.

The above criteria have been established based on their contribution to the achievement of the Group's long-term objectives by pursuing sustainable revenue growth with a debt ratio appropriate to the Group's capital structure, while the Company takes into due consideration the non-financial parameters that, among other aspects, promote the stability of the working personnel to ensure talent retention and service excellence and the Group's ESG concerns, all in the interest of maximizing shareholder value creation.

The annual bonus plans provide that in the event that (i) any event or circumstance occurs that results in a definitive alteration or negative variation in the financial statements, results, economic, performance or other data on which the accrual and payment to the beneficiary of any amount of variable remuneration was based and that (ii) such alteration or variation determines that, had it been known at the vesting or payment date, the beneficiary would have received an amount lower than that initially paid, the beneficiary shall be obliged to reimburse the Company for the excess amount received, and the Company shall be entitled to claim such reimbursement. This provision is independent of any liability that the beneficiary may have in the aforementioned alteration or negative variation. The Company may offset the amount claimed against any other amount due to the beneficiary.

In the course of the financial year 2023, a three-year medium-term incentive scheme has come into force, which is explained in detail in section B7:

a) Management Incentive Plan 2023-2025 ("MIP 2023-2025")

In addition to certain members of the Company's senior management, the Chief Executive Officer is a beneficiary of the MIP 2023-2025.

The MIP 2023-2025 is composed of three one-year cycles. The first Plan cycle runs from 1 January 2023 to 31 December 2023. The second Plan cycle runs from 1 January 2024 to 31 December 2024 and the third Plan cycle runs from 1 January 2025 to 31 December 2025. At the end of each achievement period, the incentive payable in cash to each beneficiary will be calculated taking into account the level of achievement of certain pre-approved metrics, described in section B.7, as follows:

- The actual settlement will take place after the approval of the annual accounts for the year in which each cycle ends and the approval of the Board's proposal for the corresponding dividend for each year (that is, 2024 for the first cycle, 2025 for the second cycle, and 2026 for the last cycle).
- The accrual in each of the three years will be calculated in proportion to the total dividends distributed in each year over the Total Shareholder Return (TSR) for the 3 years, the total estimated amount for all the participants in the plan and for the entire plan over the three years amounts to 15 million euros, linked to the payout of 450 million euros as TSR, with a payout ceiling in case the dividends distributed are higher than the 450 million euros of the entire planned plan (limited to 17.5 million euros for the entire 3 years of vesting). The vesting of the Incentive will not be capped on an annual basis.
- There are a series of levels that distribute the amount to be received by each participant in the plan over the total amount allocated, with the percentage allocated to the CEO being 21%.
- The Board must approve the TSR target and the EBITDA key for each of the years of the plan, all in accordance with the 2023-2027 Strategic Plan, compliance with which will be a precondition for accrual of the Incentive.

<u>Clawback:</u> In case of voluntary departure of an executive from the company before the third year (end of the plan), a penalty equivalent to 30% of the amount accrued and received up to that moment (net of taxes) will be applied.

The Appointments and Remuneration Committee shall have the power to propose to the Board of Directors the cancellation of the payment of the MIP 2023-2025 to the Executive Director, in whole or in part, in the event of certain supervening circumstances (reduction and clawback clauses).

- *Amount and nature of the fixed components expected to accrue to directors in their capacity as directors during the financial year*

The remuneration established for directors qualifying as "independent" and "other external" is as follows:

a) Fixed remuneration:
   - A maximum of 150,000 euros for the Chairperson of the Board of Directors. The fixed remuneration in fiscal year 2023 amounted to 121,325 euros.
   - A maximum of 100,000 euros for each independent and "other external" directors. The fixed remuneration in fiscal year 2023 amounted to 89,675 euros.

b) Per diems for attendance at meetings of the Board and its Committees:
   - Board meetings: 3,000 € per meeting.
   - Committee meetings: 1,500 € per committee meeting.

The Chief Executive Officer only receives remuneration for the performance of senior management functions. Therefore, he does not receive any remuneration for the performance of his duties as member of the Board of Directors and as a member of the Land Investment Committee.

- *Amount and nature of the fixed components that will be accrued in the year for the performance of senior management functions by executive directors.*

The fixed remuneration of the Chief Executive Officer for the performance of senior management functions during the year is six hundred and sixty-three thousand euros (€663,000).

- *Amount and nature of any component of remuneration in kind that will accrue in the year including, but not limited to, insurance premiums paid on behalf of the director.*

The contract entered with the Chief Executive Officer provides for entitlement to the social welfare benefits set out below:

- Medical assistance insurance.
- Life insurance, total permanent disability, absolute disability or major disability covering (i) a gross capital benefit of 1,000,000 euros in the event of total permanent disability, absolute disability or major disability and (ii) a gross capital benefit of 1,000,000 euros in the event of death.
- Directors and Officers (D&O) insurance.
- Any other social welfare benefits generally recognised by the Company for the group of directors or executives, established by the Board of Directors, subject to a report from the Appointments and Remuneration Committee.

- *Amount and nature of the variable components, distinguishing between short- and long-term components. Financial and non-financial parameters, including social, environmental and climate change parameters, selected to determine variable remuneration in the current year, explaining the extent to which such parameters are related to the performance of the director, the company and its risk profile, and the methodology, time frame and techniques used to determine them, at the end of the year, the degree of compliance with the parameters used in the design of variable remuneration, explaining the criteria and factors applied in terms of the time required and methods for verifying that the performance or other conditions to which the accrual and vesting of each component of variable remuneration was linked have been effectively met.*

  Indicate the range in monetary terms of the different variable components according to the degree of compliance with the established objectives and parameters, and if there is any maximum monetary amount in absolute terms.

There are no variable components in the remuneration of the members of the Board of Directors in their capacity as such (except for attendance fees, the amount of which depends on the number of annual meetings of the Board and its Committees).

For his part, the Chief Executive Officer receives the following variable remuneration indicated below for his senior management functions:

1. **Annual bonus**

The Chief Executive Officer may receive an annual variable remuneration (bonus), in accordance with the provisions of his individual contract with the Company, to be set at the discretion of the Board of Directors and to be received exclusively in the event that the objectives established in the business plan are exceeded.

The contract entered into with the Chief Executive Officer shall establish clawback clauses obliging the director to repay to the Company and empowering the Company to claim repayment of all or part of the variable remuneration in the event of the occurrence of any event or circumstance that results in the alteration or negative variation with definitive character, of the financial statements, results, economic, performance or other data on which the accrual and payment to the Executive Director of any amount as variable remuneration was based.

The annual variable remuneration that, if applicable, is approved by the Company may be paid in cash and/or include the delivery of shares or share-based instruments, provided that the corresponding threshold of the indicators established with respect to what is foreseen in the business plan is reached. In this regard, the parameters to be taken into consideration by the Board of Directors to set the amount of variable remuneration must be specific, predetermined, quantifiable and measurable and be in line with the Company's strategy, promote its sustainability and the Group's profitability in the long term.

The new remuneration policy for board members, approved by the Board on 22 November 2023 and to be presented for approval at the Annual General Meeting of Shareholders in 2024, includes both financial and non-financial performance parameters.

2. **Long Term Incentive Plan (MIP 2023-2025)**. Details of the Plan can be found in section B7 below.

- *Main characteristics of the long-term savings systems. Among other information, the contingencies covered by the system, whether it is a defined contribution or defined benefit system, the annual contribution to be made to the defined contribution systems, the benefit to which the beneficiaries are entitled in the case of defined benefit systems, the conditions for consolidation of the economic rights in favour of the directors and their compatibility with any type of payment or indemnity for early termination or severance, or derived from the termination of the contractual relationship, under the terms provided, between the company and the director, shall be indicated.*

  Indicate whether the vesting or vesting of any of the long-term savings' plans is linked to the achievement of certain objectives or benchmarks related to the short- and long-term performance of the director.

The Company has no long-term savings system in place.

- *Any type of payment or indemnity for early termination or severance or derived from the termination of the contractual relationship under the terms established between the company and the director, whether the termination is at the will of the company or of the director, as well as any type of agreed covenants, such as exclusivity, post-contractual non-competition and permanence or loyalty, which entitle the director to any type of payment.*

The contract signed by the Company with the Chief Executive Officer establishes compensation for an amount equivalent to two years of his fixed remuneration in the event of termination of the contract by the Company, unless said termination is due to a serious and guilty breach on his part of the obligations that legally or contractually incumbent upon him.

In the event of termination of the contract due to withdrawal of the Chief Executive Officer, he must notify the Company in writing at least 3 months in advance and must compensate the Company with an amount equivalent to the fixed remuneration applicable in the moment of termination of the Contract corresponding to the period of notice that has not been complied with.

- *Indicate the conditions to be respected in the contracts of those who perform senior management functions as executive directors. Among others, information should be provided on the duration, limits on the amounts of compensation, tenure clauses, notice periods, as well as payment in lieu of the notice period, and any other clauses relating to hiring bonuses, as well as compensation or golden parachute clauses in the event of early termination or termination of the contractual relationship between the company and the executive director. Include, among others, non-competition, exclusivity, permanence or loyalty and post-contractual non-competition covenants or agreements, unless explained in the preceding section.*

The main terms and conditions of the service contract entered into by the Company with the Chief Executive Officer are as follows:

- Duration: the contract entered into force on 8 April 2019 and will remain in force for as long as Mr Francisco de Borja García-Egocheaga Vergara remains as Chief Executive Officer of the Company.
- Exclusivity: The Chief Executive Officer of the Company shall perform his duties exclusively for the Company on a full-time basis and may not work directly or indirectly or provide services for third parties or on his own account, even if such activities do not compete with those of the Company.
- Post-contractual non-competition: once the contract is terminated for any reason, the Chief Executive Officer may not carry out, for a period of one year, any activity that is concurrent with those of the Company or any company of the Neinor group, either on his own account or on behalf of a competing employer.

As compensation for the post-contractual non-competition obligation, he shall be entitled to receive a gross amount equal to 70% of the annual fixed remuneration in force at that time.

- *The nature and estimated amount of any other additional remuneration to be earned by directors in the current financial year in consideration for services rendered other than those inherent in their office*

The Company has not established any supplementary remuneration for directors.

- *Other items of remuneration such as those derived, if applicable, from the granting by the company to the director of advances, loans and guarantees and other remuneration.*

There are no other remuneration items.

- *The nature and estimated amount of any other expected additional remuneration not included in the preceding paragraphs, whether paid by the entity or another group entity, that will accrue to directors in the current financial year.*

There are no other supplementary remunerations.

A.2 *Explain any relevant changes to the remuneration policy applicable in the current financial year arising from:*

- *A new policy or a modification of the policy already approved by the Board.*
- *Relevant changes in the specific determinations established by the board for the current financial year in the current remuneration policy compared to those applied in the previous financial year.*
- *Proposals that the board of directors would have resolved to submit to the general meeting of shareholders to which this annual report will be submitted and which are proposed to be applicable to the current financial year.*

An amendment has been made to the Remuneration Policy in 2023 to update the description of the Company's long-term variable remuneration plan, as the plan contained in the previous Policy, called the Long-Term Incentive Plan 2020 (hereinafter "LTIP 2020") ended on 31 December 2022, having been replaced by a new plan, the "Management Incentive Plan 2023-2025" (hereinafter "MIP 2023-2025"), which was approved by the Board, with the favourable report of the Appointments and Remuneration Committee, at its meeting held in writing and without a meeting on 30 March 2023.

Likewise, the references in the Policy to the Executive Director other than the CEO have been eliminated, as there is currently only one Executive Director, the Chief Executive Officer, since the other director who held that position, Mr Jorge Pepa, resigned in April 2022.

As part of the process of revising the Remuneration Policy, the Company has received legal advice from Roca Junyent, S.L.P. In addition, the Company has received advice from Seeliger y Conde in the preparation of the Company's long-term variable remuneration plan described in the Policy.

The remuneration programmes set out in the Policy maintain a reasonable proportion to the relevance of the Company, its economic situation and the market standards of comparable companies and promote the long-term profitability and sustainability of the Company, incorporating the necessary precautions to avoid excessive risk-taking or rewarding unfavourable results and ensuring the alignment of the interests of the directors with those of the Company and its shareholders.

On 22 November 2023, the aforementioned amendment to the Board Remuneration Policy, following a favourable report from the Appointments and Remuneration Committee, was approved by the Board of Directors of Neinor Homes. This amendment will be submitted to the General Shareholders' Meeting to be held in April 2024.

No additional changes have been made, as a new Policy was approved in financial year 2022 in order, on the one hand, to incorporate the provisions of article 529 novodecies of the Capital Companies Act, as amended by Act 5/2021 amending the Capital Companies Act, which imposed new requirements on the content of the remuneration policies for directors of listed companies and, on the other hand, an expansion of certain descriptions and information in order to respond to requests from proxy advisors and investors. The changes are described in the remuneration report for the 2022 financial year, published on the company's website.

A.3 *Identify the direct link to the document containing the company's current remuneration policy, which should be available on the company's website.*

https://www.neinorhomes.com/uploads/documentos_contenidos/947/documento/Remunerations-Policy_Neinor.pdf

The policy published on the company's website at the date of this report is the policy prior to the amendment approved by the Board of Directors at its meeting on 22 November 2023. The amended policy will be published on the website once it has been approved by the General Meeting of Shareholders, scheduled for April 2024.

A.4 *Explain, considering the data provided in section B.4, how the vote of the shareholders at the general meeting at which the annual remuneration report for the previous year was put to a consultative vote was considered.*

As stated in the notarial minutes of the General Shareholders' Meeting held on 20 April 2023, authorized by the Bilbao Notary Ms. Raquel Ruiz Torres under number 432 of her protocol, the Annual Directors' Remuneration Report for the year ended 31 December 2022 was approved in a consultative vote by 98.6795% of votes in favour. Accordingly, no action has been taken in this respect.

B. OVERALL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED DURING THE YEAR ENDED

B.1.1 *Explain the process followed to implement the remuneration policy and determine the individual remuneration reflected in section C of this report. This information shall include the role played by the remuneration committee, the decisions taken by the board of directors and, if applicable, the identity and role of external advisors whose services were used in the process of implementing the remuneration policy in the financial year ended.*

As regards the remuneration of directors in their capacity as such, insofar as the remuneration provided for in the remuneration policy is fixed, the Company has limited itself to applying it on its own terms.

The amount accrued by the directors in their capacity as such during the financial year 2023 is as follows:

- Ricardo Martí Fluxá: received a fixed annual remuneration of 121,325 €, as well as 54,000 € in attendance fees.
- Anna M. Birulés Bertran: received a fixed remuneration of 89,675 €, as well as 48,000 € in attendance fees.
- Alfonso Rodés Vilà: received a fixed remuneration of 89,675 €, as well as 40,500 € in attendance fees.
- Andreas Segal: received a fixed remuneration of 89,675 €, as well as 33,000 € in attendance fees.

Regarding the variable remuneration of the Chief Executive Officer, the Appointments and Remuneration Committee, at its meeting held on 24 January 2024, analysed compliance with the targets set for the collection of the variable remuneration for the 2023 financial year.

The Board of Directors at its meeting on 25 January 2023, following a favourable report from the Appointments and Remuneration Committee, established the following targets for the accrual of the Chief Executive Officer's variable remuneration:

	Weight
1. Margin Contribution Development (M€)	25%
2. Cranes (#)	25%
3. OpEx (M€)	15%
4. EBITDA (net MIP) (M€)	25%
5.ESG index score	10%

The degree of compliance with the various objectives linked to the achievement of the CEO's variable remuneration was as follows: 100% compliance with respect to the EBITDA target, 98% compliance with respect to the contribution margin target, 91% compliance with respect to the target for planned construction launches (cranes), 111% compliance with respect to the company's planned OPEX target and 100% compliance with respect to the company's ESG objectives.

The percentages of compliance with the objectives have been reviewed and validated by the GRC department.

There have also been additional events that have been considered relevant when assessing the company's performance. Thus, within the shareholder remuneration pillar, the company will have completed in February the distribution of 125 million €, 21% of the total planned for the period. In addition, the company expects to distribute 325 million € in 2024 and 2025, representing a return of 41%.

On the other hand, in 2023 Neinor Homes has signed agreements with three strategic partners to co-invest 300 million €, which means an improvement in the efficiency of capital allocation. Up to the end of the year, Neinor co-invested 100 million € in asset purchases with its partners.

As a consequence of the above, the Appointments and Remuneration Committee proposed, and the Board approved, at its meeting of 24 January 2024, a bonus of 350,000 € for the Chief Executive Officer, to be paid in fiscal year 2024.

B.1.2 *Explain any deviations from the established procedure for the application of the remuneration policy that occurred during the financial year.*

There has been no deviation from the established procedure for the application of the remuneration policy.

B.1.3 *Indicate whether any temporary exceptions to the remuneration policy have been applied and, if so, explain the exceptional circumstances that have led to the application of these exceptions, the specific components of the remuneration policy affected and the reasons why the company considers that these exceptions have been necessary to serve the long-term interests and sustainability of the company as a whole or to ensure its viability. Also quantify the impact that the application of these exceptions has had on the remuneration of each director during the year.*

There have been no exceptions to the remuneration policy.

B.2 *Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks and aligning it with the company's objectives, values and long-term interests, including a reference to the measures that have been taken to ensure that accrued remuneration has taken into account the long-term performance of the company and achieved an appropriate balance between fixed and variable components of remuneration, what measures have been taken in relation to those categories of staff whose professional activities have a material impact on the entity's risk profile, and what measures have been taken to avoid conflicts of interest, if any.*

See section A.1

B.3 *Explain how the remuneration accrued and consolidated in the year complies with the provisions of the current remuneration policy and how it contributes to the long-term and sustainable performance of the company.*

Also report on the relationship between the remuneration obtained by the directors and the results or other short- and long-term performance measures of the company, explaining, where applicable, how variations in the company's performance may have influenced the variation in directors' remuneration, including accrued remuneration for which payment has been deferred, and how these contribute to the company's short- and long-term results.

The remuneration accrued in the year complies with the provisions of the current remuneration policy.

As regards the remuneration of the Chief Executive Officer, who is the only Director contemplating the payment of variable remuneration, the remuneration system envisaged is aligned with the interests of the Company. The annual bonus targets are linked to financial and non-financial performance. Specifically, the individual contract entered into with the Chief Executive Officer provides for the possibility of receiving annual variable remuneration in cash, provided that the results significantly improve the business plan and that the Company's Board of Directors so decides.

The weighted parameters taken into consideration to set the variable remuneration of the Chief Executive Officer are as follows:

	Weight
1. Margin Contribution Development (M€)	25%
2. Cranes (#)	25%
3. OpEx (M€)	15%
4. EBITDA (net MIP) (M€)	25%
5. ESG index score	10%

The Appointments and Remuneration Committee, at its meeting held on 24 January 2024, analysed the compliance with the objectives set for the payment of the variable remuneration corresponding to financial year 2023.

The degree of compliance with the different objectives referred to in section B1.1. has been analysed by the Appointments and Remuneration Committee and reviewed and validated by the GRC department prior to their approval by the Board.

B.4 *Report on the result of the advisory vote of the general meeting on the annual report on remuneration for the previous financial year, indicating the number of abstentions and negative, blank and affirmative votes cast:*

	Number	**% of issued**
Votes cast	62,886,336	78.6191 %

	Number	% of issued
Votes against	482,127	0.7667 %
Votes for	62,055,966	98.6795 %
Blank votes	0	0.0000 %
Abstentions	348,243	0.5538 %

Observations

The approval rate of the Annual Remuneration Report at the Annual General Meeting of Shareholders in 2021, held in 2022, was 88.07%, which means that at the Annual General Meeting of Shareholders in 2023 there was an improvement in approval by more than 10 percentage points compared to the previous year.

B.5 *Explain how the fixed components accrued and consolidated during the year by the directors in their capacity as such have been determined, their relative proportion for each director and how they have varied from the previous year:*

The fixed components of the remuneration of directors who qualify as "independent" and "other external" consist of a fixed annual salary and allowances for attendance at meetings of the Board and its committees. The amounts paid as a fixed component to Directors have increased by 5.5% compared to 2022, in line with the increase for the average of the company's employees and below the limit stipulated in the Board's Remuneration Policy.

The allowances have been paid based on attendance at meetings of the Board and its committees.

The proportion represented by the annual fixed remuneration compared to the total fixed components accrued and consolidated (fixed remuneration + attendance fees) for the directors Ricardo Martí Fluxá, Anna M. Birulés Bertran, Alfonso Rodés Vilà and Andreas Segal, are respectively 69%, 65%, 69% and 73%, not having produced significant differences with respect to the proportion that occurred in the previous year.

B.6 *Explain how the salaries accrued and consolidated during the year ended for each of the executive directors for the performance of management duties have been determined, and how they have varied with respect to the previous year.*

The salary earned by the Chief Executive Officer for performing management functions consists of a fixed salary and a variable compensation ("bonus"). The overall compensation (fixed and variable compensation) of the Chief Executive Officer has increased by 34%, from 1,414,000 euros in fiscal year 2022 to 1,895,980 euros in fiscal year 2023. The difference is due to the accrual in the current year of the portion corresponding to the fulfilment of the MIP 2023-2025, which was somewhat higher than the previous LTIP that accrued in 2022, in addition to the increase in fixed and variable remuneration (bonus).

With respect to the ratio of variable remuneration with respect to fixed remuneration, it has gone from 50% in 2022 to 53% in the current financial year.

The variable salary has been determined as indicated in section B.3 above.

B.7 *Explain the nature and main features of the variable components of the remuneration systems accrued and vested in the financial year ended. In particular:*

- *Identify each of the remuneration plans that have determined the different variable remuneration accrued by each of the directors during the year ended, including information on their scope, date of approval, date of implementation, vesting conditions, if any, vesting periods and term, criteria used to assess performance and how this has impacted on the setting of the variable amount accrued, as well as the measurement criteria used and the time required to be in a position to adequately measure all stipulated conditions and criteria, detailing the criteria and factors applied in terms of the time required and methods to verify that the performance or other conditions to which the vesting and vesting of each component of variable remuneration was linked have been effectively met.*

- *In the case of stock option plans or other financial instruments, the general features of each plan shall include information on the conditions both for unconditional vesting and for the exercise of such options or financial instruments, including the exercise price and exercise period.*

- *Each of the directors, and their category (executive directors, external proprietary directors, external independent directors or other external directors), who are beneficiaries of remuneration systems or plans that incorporate variable remuneration.*

- *Where applicable, information shall be provided on vesting, vesting or deferral periods for payment of consolidated amounts that have been applied and/or holding/non-disposal periods for shares or other financial instruments, if any.*

As explained in section A.1 above, only the executive director may receive variable remuneration. Variable remuneration consists of the following:

1. **Annual bonus**, which is approved each year by the company's Board of Directors and the details of which can be found in section A.1 above;

2. **Incentive plans**

On the one hand, in the financial year 2023, the first materialisation period of the LTIP 2020 Plan (achievement / vesting period 2020 - 2022) has been met, and therefore the first block of company shares contemplated in said Plan has been transferred to the CEO, which will be detailed in the subsequent description of each of the plans.

On the other hand, the first year of the new Incentive Plan (MIP 2023-2025) was accrued in 2023, which will be paid in cash once the annual accounts for 2023 have been approved at the next General Shareholders' Meeting to be held in April 2024. Details of the amounts accrued are shown in the description of the Plan.

2.1. Long Term Incentive Plan 2020 ("LTIP 2020").

The LTIP 2020 was approved by the Board of Directors of the Company on 28 February 2020 with the favourable report of the Appointments and Remuneration Committee. The LTIP was included in the Board Remuneration Regulations that were approved by the General Shareholders' Meeting held on April 1, 2020.

In addition to certain members of the Company's senior management, the Chief Executive Officer, who is an executive director, is a beneficiary of the 2020 LTIP.

This is a remuneration system consisting entirely of Company shares.

The 2020 LTIP consists of a single three-year cycle. The achievement period starts on January 1, 2020 and has ended on December 31, 2022. At the end of the achievement period, the number of shares of each beneficiary will be calculated taking into account the level of achievement of certain pre-approved metrics, which are detailed below, together with the shares equivalent to the dividends paid, both in accordance with the following:

- 50% of the shares earned will be delivered at the end of the three-year vesting period (initial payment), plus a number of shares equal to the dividends that would theoretically have been paid on the 50% of the shares earned from the start of the 2020 LTIP (1 January 2020) until the day of payment, divided by the average share price in the 6-month period prior to the end of the cycle.

- 25% of the shares obtained will be delivered one year after the initial payment, provided that the beneficiary remains in the Company and subject to malus provisions, plus a number of shares equal to the dividends that would theoretically have been paid on such 25% of the shares obtained since the beginning of the 2020 LTIP (1 January 2020) and until the day of payment, divided by the average share price in the 6-month period prior to the end of 2023.

- 25% of the shares obtained will be delivered two years after the initial payment, provided that the beneficiary remains in the Company and subject to malus provisions, plus a number of shares which will be equivalent to the dividends that would theoretically have been paid on such 25% of the shares obtained from the beginning of the 2020 LTIP (1 January 2020) until the day of payment, divided by the average share price in the 6-month period prior to the end of 2024.

50% of the amount payable is determined on the basis of the Company's EBITDA achievement, measured on a cumulative basis, the target being set at the beginning of the cycle.

The other 50% of the amount payable will be determined on the basis of total shareholder return, which will be calculated as the performance of the share price plus the value of dividends, if any, during the period assuming they are reinvested in Neinor Homes shares on the date they are received.

The maximum amount that the Chief Executive Officer can potentially receive is 2,700,000 euros in the case, with the basis for 100% compliance with the objectives being 1,800,000 euros.

The Plan's metrics are as follows:

50% EBITDA + 50% Total Shareholder Return (“TSR”)

EBITDA is measured cumulatively, with the target being set at the beginning of the cycle. It is defined as the sum of the EBITDA targets for the 3 years of the cycle and the achievement is based on the sum of the actual EBITDA for the same period.

TSR is calculated as the share price performance plus the value of dividends, if any, during the period, assuming they are reinvested in the Company's shares on the day they are received.

The initial share price is 11 €. The closing price will be the average of closing prices in the market sessions of the 6 months prior to the end of the cycle (1 July to 31 December 2022 inclusive).

The targets are as follows:

Target		**Incentive achieved (% of target shares)**
Level	**EBITDA**	
≥ MAXIMUM	≥ 410 M€	150%
TARGET	370 M€	100%
MINIMUM	330 M€	50%
< MINIMUM	< 330 M€	0%

Target		**Incentive achieved (% of target shares)**
Level	**TSR**	
≥ MAXIMUM	≥ 48.2 %	150%
TARGET	36.80 %	100%
MINIMUM	26 %	50%
< MINIMUM	< 26 %	0%

The Appointments and Remuneration Committee will have the power to propose to the Board of Directors the cancellation of the payment of the 2020 LTIP to the executive directors, in full or in part, in the event of certain supervening circumstances (reduction, or malus, and clawback clauses): (a) losses in the Neinor Homes Group (negative EBITDA / Profit after tax) in the year following the end date of the 2020 LTIP attributable to management decisions made in the achievement period of each year; (b) material restatement of the Group's financial statements, when so deemed by the external auditors, except where appropriate due to a change in accounting standards; (c) serious breach of the internal code of conduct by the executive director. The malus clause applies during the payment deferral period of the 2020 LTIP, while the clawback clause applies during the year following the delivery of the shares, in both cases only with respect to the shares to be delivered in each payment (after tax).

Based on the company's results in the achievement period, cumulative EBITDA exceeded 410 million €, so the incentive obtained in the EBITDA target was the ceiling of 150%.

With respect to the second objective, related to the "TSR", there has been no revaluation of the share, above the initial price considered (11 euros), so there has been no incentive for this second objective, the degree of achievement being 0%.

The gross amount in shares collected in 2023 by the CEO, corresponding to the first instalment of 50% of the plan detailed above, amounts to 770,784 euros, corresponding to 150% of the EBITDA target plus a number of shares equivalent to the dividends paid on the 50% of shares obtained since the beginning of the 2020 LTIP (1 January 2020) and until the day of payment, divided by the average share price in the 6-month period prior to the end of the cycle.

After tax at the CEO's marginal income tax rate, the shares deposited in his securities account amounted to 44,068 shares, which remain at 31 December 2023, as they cannot be traded within one year of their receipt, as required by the LTIP regulations.

2.2. <u>Long Term Incentive Plan ‘Management Incentive Plan 2023-2025’ (“MIP 2023-2025”)</u>

In addition to certain members of the Company's senior management, the CEO is a beneficiary of the 2023-2025 MIP.

The 2023-2025 MIP is composed of three one-year cycles. The first cycle of the Plan runs from 1 January 2023 to 31 December 2023. The second Plan cycle runs from 1 January 2024 to 31 December 2024 and the third Plan cycle runs from 1 January 2025 to 31 December 2025. At the end of each achievement period, the incentive payable in cash to each beneficiary will be calculated taking into account the level of achievement of certain pre-approved metrics, in accordance with the following:

The Plan is conceived as a measurable system based on the achievement of the following KPIs: Total Shareholder Return (TSR) as the "target" and Ebitda as the "key":

- Total Shareholder Return includes both ordinary and extraordinary dividends as well as cancellation of treasury shares.

  The Total Shareholder Return (TSR) target is 450 million € over the three years 2023-2025.

  The distribution of the total amount of the Plan in each of the three years will be proportional to the dividend distributed each year.

  As the target TSR for each year is much higher than that distributed so far, it will not be necessary to reach a minimum over the annual TSR target or over the cumulative TSR target for the Plan to vest.

- Ebitda as "key" with the following annual and cumulative targets for each of the 3 years:

Año	EBITDA Objetivo	EBITDA Acumulado
2023	135M€	135M€
2024	100M€	235M€
2025	100M€	335M€

A threshold of 85% of the cumulative annual target must be reached for the financial entitlement allocated to each year to accrue. Below 85%, no accrual will be made. Above 85%, the accrual will be proportional in the same percentage (e.g.: 90% achievement of Ebitda target, implies 90% accrual). Once 100% of the accumulated Ebitda target has been reached, 100% of the Plan will accrue.

- The actual settlement will take place after the approval of the annual accounts for the year in which each cycle ends and the approval of the Board's proposal for the corresponding dividend for each year (i.e. 2024 for the first cycle, 2025 for the second cycle and 2026 for the last cycle).
- Vesting of the Incentive will not be capped on an annual basis. Vesting in each of the three years will be calculated in proportion to the total dividends distributed in each year over the Total Shareholder Return (TSR) for the 3 years (limited to €17.5 million for the entire 3 vesting years).
- The Board must approve the TSR target and the EBITDA key for each of the years of the Plan, all in accordance with the 2023-2027 Strategic Plan, compliance with which will be a precondition for vesting of the Incentive.
- In the event of a takeover or change of control of the Company or any of the Group companies, or a material event or transaction, the full amount of the Plan will be settled.
- Any Incentive that may be payable shall be delivered as soon as possible after the transaction giving rise to the early settlement of the Plan.

Clawback: In case of voluntary departure of an executive from the company before the third year (end of the plan), a penalty equivalent to 30% of the amount accrued and received up to that point (net of tax) will be applied.

The total amount of the proposed Plan is 15 million Euros, with a ceiling of 17.5 million Euros to be distributed among the six beneficiaries of the Plan. Of this amount, the CEO's share is 21%. The amount of this Plan represents 3.33% of the TSR target (450 million euros). In this sense, as the ceiling is 17.5 million euros, a TSR of 525 million euros over the 3 years will be considered as the highest achievable target subject to incentive. Above this amount, no additional economic rights will accrue to the beneficiaries of the Plan.

The Appointments and Remuneration Committee shall have the power to propose to the Board of Directors the cancellation of the payment of the MIP 2023-2025 to the Executive Director, in whole or in part, in the event of certain supervening circumstances (reduction and clawback clauses).

On 30 March 2023, the Board, following a favourable report from the Appointments and Remuneration Committee, set for the first period of 2023 an TSR target of 100 million euros and an EBITDA target of 135 million euros.

In the 2023 financial year, EBITDA of 136 M € was achieved (101 % compliance) and the distributed TSR was 126.27 M €. Based on the above, the Chief Executive Officer has accrued the amount of 882,980 euros, which will be paid, if applicable, once the annual accounts have been approved in 2024.

B.8 *Indicate whether certain accrued variable components have been reduced or clawbacked when, in the first case, the payment of unconsolidated amounts has been deferred or, in the second case, consolidated and paid, based on data that have subsequently proved to be manifestly inaccurate. Describe the amounts reduced or refunded by the application of the malus or clawback clauses, why they have been applied and the financial years to which they relate.*

As of the date of this report, the Company is not aware of any event that determines the application of clawback clauses for the reduction or refund of the variable components of remuneration.

B.9 *Explain the main characteristics of the long-term savings systems whose amount or equivalent annual cost is shown in the tables in Section C, including retirement and any other survivor's benefits, which are partially or fully funded by the company, whether internally or externally endowed, indicating the type of plan, whether it is a defined contribution or defined benefit plan, the contingencies it covers, the conditions of consolidation of the economic rights in favour of directors and its compatibility with any type of compensation for early termination or termination of the contractual relationship between the company and the director.*

The Company has not established any long-term savings system.

B.10 *Explain, if applicable, the indemnities or any other type of payment derived from early termination, whether the termination is at the will of the company or of the director, or from the termination of the contract, in the terms provided therein, accrued and/or received by the directors during the financial year ended.*

The Company has not paid any indemnities or other payments arising from the early termination of directors.

B.11 *Indicate whether there have been any significant changes in the contracts of those exercising senior management functions as executive directors and, if so, explain them. Also explain the main terms and conditions of the new contracts signed with executive directors during the year unless they have already been explained in section A.1.*

During the 2023 financial year, there were no changes to the contract of the person who performs senior management functions as Executive Director.

The main conditions of the contract signed with Mr. Francisco de Borja García-Egocheaga are detailed in section A.1.

B.12 *Explain any additional remuneration accrued to directors in consideration for services rendered other than those inherent to their position.*

The Company has not paid any additional remuneration to directors in consideration for services rendered other than those inherent to their position.

B.13 *Explain any remuneration derived from the granting of advances, loans and guarantees, with an indication of the interest rate, their essential characteristics and any amounts repaid, as well as the obligations assumed on their behalf by way of guarantee.*

The Company has not granted any advances, loans or guarantees to directors.

B.14 *Give details of the remuneration in kind earned by directors during the year, briefly explaining the nature of the different salary components.*

The directors in their capacity as such have not accrued remuneration in kind. Regarding the Chief Executive Officer, see section B.7.

B.15 *Explain the remuneration accrued by the director by virtue of payments made by the listed company to a third-party entity in which the director provides services when such payments are intended to remunerate the director's services in the company.*

No such remuneration has been paid.

B.16 *Explain and detail the amounts accrued during the year in respect of any other remuneration item other than those listed above, regardless of its nature or the group entity paying it, including all benefits in any form, such as when it is considered a related-party transaction or, in particular, when it significantly affects the true and fair view of the total remuneration accrued by the director, explaining the amount granted or pending payment, the nature of the consideration for the performance of his executive duties, and whether or not it has been considered appropriate to include it among the amounts accrued under "other items" in section C.*

There are no remuneration items other than those indicated above.

C. DETAILS OF THE INDIVIDUAL REMUNERATION CORRESPONDING TO EACH OF THE DIRECTORS

Name	Type	Accrual period 2023
Ricardo Martí Fluxá	Independent	01/01/2023 to 31/12/2023
Anna M. Birulés Bertran	Independent	01/01/2023 to 31/12/2023
Alfonso Rodés Vilá	Independent	01/01/2023 to 31/12/2023
Andreas Segal	Independent	01/01/2023 to 31/12/2023
Felipe Morenés Botín-Sanz de Sautuola	Proprietary	01/01/2023 to 31/12/2023
Juan José Pepa	Proprietary	01/01/2023 to 31/12/2023
Francisco de Borja García-Egocheaga	Executive	01/01/2023 to 31/12/2023
Van J. Stults	Proprietary	01/01/2023 to 31/12/2023
Aref H. Lahham	Proprietary	01/01/2023 to 31/12/2023

C.1 *Complete the following tables with respect to the individual remuneration of each of the directors (including remuneration for the exercise of executive functions) accrued during the financial year.*

a) Remuneration of the company that is the subject of this report:

i) Remuneration accrued in cash (in thousands of €)

Name	**Fixed remuneration**	**Allowances**	**Remuneration for membership of board committees**	**Salary**	**Short-term variable remuneration**	**Long-term variable remuneration**	**Compensation**	**Other items**	**Total year 2023**	**Total year 2022**
Ricardo Martí Fluxá	121	54	0	0	0	0	0	0	175	166
Anna M. Birulés Bertran	90	48	0	0	0	0	0	0	138	124
Alfonso Rodés Vilá	90	40	0	0	0	0	0	0	130	121
Andreas Segal	90	33	0	0	0	0	0	0	123	119.5
Felipe Morenés Botín-Sanz de Sautuola*	0	0	0	0	0	0	0	0	0	6
Francisco de Borja García-Egocheaga		0	0	663	350	0	0	883	1,896	1,414**
Juan José Pepa	0	0	0			0	0	0		
Van J. Stults	0	0	0	0	0	0	0	0	0	
Aref H. Lahham	0	0	0	0	0	0	0	0	0	

(*) Mr. Morenés was reclassified from Independent Director to Proprietary Director on 26 January 2022, the date on which the Appointments and Remuneration Committee approved his change of status, and which was subsequently ratified by the Board on the basis of article 529 duodecies of the Capital Companies Act. For this reason, in 2022 Mr Morenés only received the fixed remuneration corresponding to the period during which he was an Independent Director, given that, as explained above, Proprietary and Executive Directors do not receive remuneration for their status as such.

(**) In the previous year, the IAR for the remuneration corresponding to the Chief Executive Officer showed an amount for 2022 of 1,050 M and not the 1,414 M shown in the table above. The difference is due to the fact that in the previous year the figure corresponded to what was actually received in the year and not to what was accrued, having corrected this figure for the current year, so the figures provided are the amounts accrued in 2022 and 2023.

ii) Movement table of share-based remuneration schemes and gross profit from consolidated shares or financial instruments

Name	**Name of the Plan**	**Financial instruments at the beginning of the 2023 financial year**		**Financial instruments granted during the 2023 financial year**		**Financial instruments consolidated in the financial year**				**Expired and unexercised instruments**	**Financial instruments at the end of 2023**	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of consolidated equivalent shares	Consolidated share price	Gross profit from consolidated shares or financial instruments (thousands €)	No. of instruments	No. of instruments	No. of equivalent shares
Ricardo Martí Fluxá												
Anna M. Birulés Bertran												
Alfonso Rodés Vilá												
Andreas Segal												
Felipe Morenés Botín-Sanz de Sautuola												
Juan José Pepa												
Francisco de Borja García-Egocheaga				88,136*	88,136*						88,136	88,136
Van J. Stults												
Aref H. Lahham												

(*) It is noted that (i) half of the shares indicated (i.e., 44. 068 shares) correspond to the initial payment of the 2020 LTIP, in an amount equal to 50% of the shares earned during the vesting period plus a number of shares equal to the dividends that would have accrued on those shares from 1 January 2020 until the day of payment, divided by the average share price in the 6-month period prior to 31 December 2022; (ii) the remaining 50% will be delivered in 2024 and 2025, as provided in the terms and conditions of the 2020 LTIP, provided that the conditions for delivery are met; and (iii) to the extent that all shares to be delivered under the 2020 LTIP are subject to "malus" clauses (including those corresponding to the initial payment referred to above), such shares will vest in subsequent IARs as and when such clauses cease to apply.

iii) Long-term savings schemes

	Remuneration for consolidation of rights to savings schemes
Ricardo Martí Fluxá	
Anna M. Birulés Bertran	
Alfonso Rodés Vilá	
Andreas Segal	
Felipe Morenés Botín-Sanz de Sautuola	
Juan José Pepa	
Francisco de Borja García-Egocheaga	
Van J. Stults	
Aref H. Lahham	

Name	Company's contribution for the year (thousands of euros)				Amount of accumulated funds (thousands of euros)			
	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		Financial Year 2023		Financial Year 2022	
	Financial Year 2023	Financial Year 2022	Financial Year 2023	Financial Year 2022	Systems with consolidated economic rights	Systems with unconsolidated economic rights	Systems with consolidated economic rights	Systems with unconsolidated economic rights
Ricardo Martí Fluxá								
Anna M. Birulés Bertran								
Alfonso Rodés Vilá								
Andreas Segal								
Felipe Morenés Botín-Sanz de Sautuola								
Juan José Pepa								
Francisco de Borja García-Egocheaga								
Van J. Stults								
Aref H. Lahham								

iv) Details of other items:

Name	Item	Amount of remuneration
Ricardo Martí Fluxá		
Anna M. Birulés Bertran		
Alfonso Rodés Vilá		
Felipe Morenés Botín-Sanz de Sautuola		
Juan José Pepa		
Francisco de Borja García-Egocheaga		
Van J. Stults		
Aref H. Lahham		

b) Remuneration paid to company directors for their membership of the boards of other group companies:

i) Remuneration accrued in cash (in thousands of €)

Name	Fixed remuneration	Allowances	Remuneration for membership on board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other items	Total financial year 2023	Total financial year 2022
Ricardo Martí Fluxá										
Anna M. Birulés Bertran										
Alfonso Rodés Vilá										
Andreas Segal										
Felipe Morenés Botín-Sanz de Sautuola										
Juan José Pepa										
Francisco de Borja García-Egocheaga										
Van J. Stults										
Aref H. Lahham										

ii) Movement table of share-based remuneration schemes and gross profit from consolidated shares or financial instruments

Name	Name of the Plan	Financial instruments at the beginning of the 2023 financial year		Financial instruments granted during the 2023 financial year		Consolidated financial instruments in the year				Expired and unexercised instruments	Financial instruments at end of 2023	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/ consolidated shares	Consolidated share price	Gross profit of consolidated shares or instruments (thousands €)	No. of instruments	No. of instruments	No. of equivalent shares
Ricardo Martí Fluxá												
Anna M. Birulés Bertran												
Alfonso Rodés Vilá												
Andreas Segal												
Felipe Morenés Botín-Sanz de Sautuola												
Francisco de Borja García-Egocheaga												
Juan José Pepa												
Van J. Stults												
Aref H. Lahham												

iii) Long-term savings schemes

	Remuneration for consolidation of rights to savings schemes
Ricardo Martí Fluxá	
Anna M. Birulés Bertran	
Alfonso Rodés Vilá	
Andreas Segal	
Felipe Morenés Botín-Sanz de Sautuola	
Juan José Pepa	
Francisco de Borja García-Egocheaga	
Van J. Stults	
Aref H. Lahham	

Name	Company's contribution for the financial year (thousands €)				Amount of accumulated funds (thousands €)			
	Savings schemes with consolidated economic rights		Savings schemes with non-consolidated economic rights		Financial Year 2023		Financial Year 2022	
	Financial Year 2023	Financial Year 2022	Financial Year 2021	Financial Year 2020	Savings schemes with consolidated economic rights	Savings schemes with non-consolidated economic rights	Savings schemes with consolidated economic rights	Savings schemes with non-consolidated economic rights
Ricardo Martí Fluxá								
Anna M. Birulés Bertran								
Alfonso Rodés Vilá								
Andreas Segal								
Felipe Morenés Botín-Sanz de Sautuola								
Juan José Pepa								
Francisco de Borja García-Egocheaga								
Van J. Stults								
Aref H. Lahham								

iv) Detail of other items

	Item	Amount of remuneration
Ricardo Martí Fluxá		
Anna M. Birulés Bertran		
Alfonso Rodés Vilá		
Andreas Segal		
Felipe Morenés Botín-Sanz de Sautuola		
Juan José Pepa		
Francisco de Borja García-Egocheaga		
Van J. Stults		
Aref H. Lahham		

c) *Summary of remuneration (in thousands of €):*

The summary should include the amounts corresponding to all the remuneration items included in this report that have been accrued by the director, in thousands of euros.

	Remuneration accrued in the Company					Remuneration earned in group companies					
Name	Total cash remuneration	Gross profit on consolidated shares or financial instruments	Remuneration for savings schemes	Remuneration for other concepts	Total year 2023 company	Total cash remuneration	Gross profit on consolidated shares or financial instruments	Remuneration for savings schemes	Remuneration for other concepts	Total year 2023 group	Total year 2023 company + group
Ricardo Martí Fluxá	175				175						175
Anna M. Birulés Bertran	138				138						138
Alfonso Rodés Vilá	130				130						130
Andreas Segal	123				123						123
Felipe Morenés Botín-Sanz de Sautuola											
Francisco de Borja García-Egocheaga	1,896				1,896						1,896
Juan José Pepa											
Van J. Stults											
Aref H. Lahham											

C.2 *Indicate the changes over the last five years in the amount and percentage change in the remuneration earned by each of the listed company's directors during the year, in the consolidated results of the company and in the average remuneration on a full-time equivalent basis of the employees of the company and its subsidiaries who are not directors of the listed company.*

Total amounts accrued and % annual change

	Year 2023	**% change 2023/2022**	**Year 2022**	**% variation 2022/2021**	**Year 2021**	**% variation 2021/2020**	**Year 2020**	**% variation 2020/2019**	**Year 2019**
Executive Directors									
Francisco de Borja García-Egocheaga	1,896	34.09 %	1,414	-23.07 %	1,838	39.35 %	1,319*	300.91 %	329
External Directors									
Felipe Morenés Botín-Sanz de Sautuola	0	-100 %**	6	-95.12 %**	123	1.23 %	121.5	0 %	121.5
Anna M. Birulés Bertran	138	11.29 %	124	3.33 %	120	2.56 %	117	-12.36 %	133.5
Ricardo Martí Fluxà	175	5.42 %	166	8.85 %	152.5	2.01 %	149.5	-8.28 %	163
Alfonso Rodés Vila	130	7.44 %	121	2.11 %	118.5	3.95 %	114	-9.52 %	126
Juan José Pepa									
Andreas Segal	123	2.93 %	119.5	9.13 %	109.5	2.82 %	106.5	6.08 %	100.4
Van J. Stults									
Aref H. Lahham									
Consolidated results of the company	91,363	-5.4 %	96,572	-6.11 %	102,855	46.69 %	70,116	9.99 %	63,748
Average employee remuneration	54.998	5,7 %	51.995	-37,58 %***	83,299	30.91 %***	63,632	-1.56 %	64,641

(*) The increase corresponds to the fact that in 2019, the CEO held this position for a few months and not for the entire financial year as in 2020, 2021 and 2022.

(**) The difference between 2023/2022 and 2022/2021 is due to the fact that Mr. Morenés was reclassified from Independent Director to Proprietary Director on 26 January 2022, the date on which the Appointments and Remuneration Committee approved his change of status and which was subsequently ratified by the Board on the basis of article 529 duodecies of the Capital Companies Act. For this reason, in 2022 Mr Morenés only received the fixed remuneration corresponding to the period during which he was an Independent Director, given that, as explained above, Proprietary and Executive Directors do not receive remuneration for their status as such.

(***) The difference between 2020 and 2021 is mainly due to the incorporation of Quabit employees into the Group with higher average remuneration, the bonus for senior management for their performance and response to the pandemic and the bonus for the integration of Quabit. In the following year, 2022, the servicing business line will be discontinued, employees with a lot of experience will be dismissed due to retirement, and staff adjustments will occur due to the integration of Quabit, all of them with salaries higher than the company average, so There is a significant decrease in the average salary of the workforce, which, once stabilized, increases in this last year in line with the increase in the company's salaries.

D. OTHER INFORMATION OF INTEREST

If there is any relevant aspect regarding directors' remuneration that has not been included in the other sections of this report, but which it is necessary to include in order to provide more complete and reasoned information on the company's remuneration structure and practices in relation to its directors, briefly describe them.

This Annual Remuneration Report was approved by the Board of Directors of the company at its meeting held on 21 February 2024.

Indicate whether any directors voted against or abstained from voting on the approval of this report.

Yes ☐ No ☒

Name or company name of the member of the Board of Directors who did not vote in favour of the approval of this report	Reasons (vote against, abstention, non-attendance)	Explain the reasons