**ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES**

NEINOR HOMES, S.A.

REPORTING PERIOD END 2021

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

Company name: NEINOR HOMES, S.A.

Registered Office: C/ Ercilla 24, Bilbao

ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

## 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 for members of the Board of Directors of Neinor Homes (the "Policy") was amended during the 2020 financial year. The amendments were approved by the Board of Directors at its meeting held on February 26, 2020, following a favourable report from the Appointments and Remuneration Committee. The amendments were also approved by the General Shareholders' Meeting held on April 1, 2020. This report presents the terms and conditions of said policy as it has been in force during the 2021 financial year, however we must note that the company has proceeded to review and update its remuneration policy for the members of the board of directors of Neinor Homes approved by its Board on February 23, 2022, following a favourable report from the Appointments and Remuneration Committee, and which will be presented for approval at the General Shareholders' Meeting to be held on April 13, 2022.

- 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.

**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.
- The maximum annual remuneration to be received by the members of the Board of Directors in their capacity as such is 900,000 €.
- Only independent directors and those in the "other external" category are entitled to receive remuneration for their status as such.

For the preparation of the Policy and the amendments introduced in 2020, the Company received legal advice from Uría Menéndez.

As part of the 2017 IPO, the Company received advice from Willis Towers Watson for the development of the Company's long-term variable remuneration plan. In performing its advisory functions, Willis Towers Watson (i) conducted a consultation process with several of the Company's senior executives; and (ii) analyzed the remuneration system of 12 European companies in the real estate sector and 14 comparable companies (by size) from different sectors.

- 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, the Directors are currently not entitled to share-based or performance-linked remuneration, except for the two executive directors (the Chief Executive Officer, Mr Francisco de Borja García-Egocheaga and the Executive Vice Presidente, Mr Jorge Pepa).

  The specific decision on the amount corresponding to each of the directors for the above items shall be taken by the Board of Directors in accordance with the Remuneration Policy. To this end, it shall take into account the roles held by each director in the collegiate body itself and his or her membership and attendance at the various committees.

  Finally, the Company will pay the premium for the civil liability insurance of the directors, according to the usual market conditions and in proportion to the Company's circumstances.

- The remuneration of the Chief Executive Officer and the Executive Vice President is set out in their respective contracts signed with the Company on 8 April 2019. The Chief Executive Officer and the Executive Vice President do not receive any remuneration for their positions as members of the Board of Directors or the Committees, only for their executive positions and, unlike the external directors, they do have a variable remuneration system, which seeks to align the interests of the Chief Executive Officer and the Executive Vice President 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: 450,000 € each;

  b) Annual bonus to be established annually by the Board of Directors;

  c) Participation in the company's long-term incentive schemes payable in shares approved by the company. 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 remuneration system for the Chief Executive Officer and the Executive Vice President is aligned with the interests of the Company. The annual objectives set for the bonus are linked to performance. Specifically, the individual contracts with the Chief Executive Officer and the Executive Vice-Chairman provide 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:

Margin Contribution Development (M€) 25% being the target of the Business Plan 112,620

Craners (#) 25% being the target of the Business Plan 1,819

OpEx (M€) 25% being the target of the Business Plan 96,313

EBITDA (M€) 25% being the target of the Business Plan 140,255

A long-term incentive scheme is currently in place, which is explained in detail in section B7:

1. **Long Term Incentive Plan 2020 ("2020 LTIP")**

In addition to certain members of the Company's senior management, the two executive directors, i.e. the Chief Executive Officer and the Executive Vice President, are beneficiaries of the 2020 LTIP.

The 2020 LTIP consists of a single three-year cycle. The achievement period starts on 1 January 2020 and ends on 31 December 2022. At the end of the achievement period, the number of shares of each beneficiary will be calculated considering the level of achievement of certain pre-approved metrics described in section B.7, 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 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 earned 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 earned 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 2024.

50% of the amount payable is determined based on 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 based on the total return to shareholders, which will be calculated as the evolution of the share price plus the value of dividends, if any, during the period assuming they are reinvested in Neinor Homes shares on the day they are received.

The Appointments and Remuneration Committee shall have the power to propose to the Board of Directors the cancellation of the payment of the 2020 LTIP to the executive directors, in whole 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 taken in the achievement period of each year; (b) material restatement of the Group's financial statements, where 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 in respect of the shares to be delivered in each payment (after tax).

- *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:
   - Chairman of the Board: 100,000 € per year;
   - Other independent and other external directors: 75,000 € per year each;

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

The Chief Executive Officer and the Executive Vice President of the Company only receive remuneration for the performance of senior management functions. Therefore, they do not receive any remuneration for the performance of their duties as members of the Board of Directors and as members of the Investment Property 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 salary of the Chief Executive Officer and the Executive Vice-President for the performance of senior management duties is four hundred and fifty-four thousand five hundred Euros (454,500 €) each.

- *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.

The contract signed with the Executive Vice-President establishes the right to have family medical assistance insurance.

- *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 their part, the Chief Executive Officer and the Executive Vice President receive the following variable remuneration indicated below, for their senior management functions:

1. **Annual bonus**

The contracts signed by the Company with the Chief Executive Officer and the Executive Vice-President establish the right to receive a variable remuneration (bonus) to be set by the Board of Directors and to be received exclusively if the objectives established in the business plan and approved at the beginning of the year are exceeded.

The contracts entered with executive directors shall establish clawback clauses obliging the director to repay 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.

Within the new remuneration policy for board members approved by the Board on February 23, 2022 and to be submitted for approval by the General Shareholders' Meeting on April 13, 2022, both financial performance parameters and non-financial performance parameters are included.

2. **Long Term Incentive Plan (LTIP)**. 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 contracts signed by the Company with the Chief Executive Officer and the Executive Vice President establish compensation for an amount equivalent to two years of their respective fixed remuneration in the event of termination of the contract by the Company, unless said termination was due to a serious and guilty breach on their part of the obligations that legally or contractually incumbent upon them.

In the event of termination of the respective contracts due to withdrawal of the Chief Executive Officer or the Executive Vice President, they 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 by the Company with the Chief Executive Officer and the Executive Vice President are as follows:

- Duration: the contracts entered into force on 8 April 2019 and will remain in force for as long as Mr Francisco de Borja García-Egocheaga Vergara and Mr Jorge Pepa remain as Chief Executive Officer and Executive Vice-President of the Company, respectively.

- Exclusivity: The Chief Executive Officer and the Executive Vice President of the Company shall perform their 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 their own account, even if such activities do not compete with those of the Company.

- Post-contractual non-competition: once the respective contracts have ended for any reason, the Chief Executive Officer and the Executive Vice-President 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 their own account or on behalf of a competing employer.

As compensation for the post-contractual non-compete obligation, they 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.*

In the financial year 2021, there was no significant change in the remuneration policy of the Board of Directors.

On 23 February 2022, the Board of Directors of Neinor Homes, following a favourable report from the Appointments and Remuneration Committee, proceeded to update and modify its remuneration policy for the Board of Directors in accordance with current regulations and best Corporate Governance practices. This policy, together with all the documentation to be submitted to the General Shareholders' Meeting for the 2022 financial year, scheduled for April 13, 2022, will be published on the company's website 30 days prior to the General Shareholders' Meeting and, if applicable, will be approved by said Meeting.

***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/330/documento/Remuneration_policy.pdf

***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 March 30, 2021, authorized by the Bilbao Notary Ms. Raquel Ruiz Torres under protocol number 622, the annual directors' remuneration report for the year ended December 31, 2020 was approved in a consultative vote by 87.612% of votes in favour.

The Board of Directors of Neinor Homes, although the result is positive, with a view to greater transparency and continuous improvement in the company's Governance, has requested the Governance, Risk and Compliance area an analysis of the best practices in the preparation of the Annual Remuneration Report and the Directors' Remuneration Policy. In this regard, the Board has already implemented various measures, since the Board meeting held on January 26, 2022, in relation to bonus limitations, variable remuneration linked to sustainability and a greater breakdown of objectives, among others, which have been incorporated into the policy approved on February 23, 2022, and which will be reflected in the annual remuneration report for the 2022 financial year.

## 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 2021 is as follows:

- Ricardo Martí Fluxá: received a fixed annual remuneration of 100,000 €, as well as 52,500 € in attendance fees.
- Anna M. Birulés Bertran: received a fixed remuneration of 75,000 €, as well as 45,000 € in attendance fees.
- Alfonso Rodés Vilà: received a fixed remuneration of 75,000 €, as well as 43,500 € in attendance fees.
- Andreas Segal: received a fixed remuneration of 75,000 €, as well as 34,500 € in attendance fees.
- Felipe Morenés Botín-Sanz de Sautuola: received 75,000 € in fixed remuneration and 48,000 € in attendance fees.

Regarding the variable remuneration of the Chief Executive Officer and the Executive Director, the Appointments and Remuneration Committee, at the meeting held on January 26, 2022, analyzed compliance with the objectives set for the collection of the variable remuneration corresponding to the 2021 financial year.

Regarding variable remuneration, it was established as a vesting requirement for all company employees that at least 80% of the EBITDA target had been achieved. The distribution of the objectives set was: 20% of the company objectives, 20% of the corporate departmental objectives or territorial objectives and 60% of individual objectives. The percentage of compliance with the company's objectives was 100%, that of the departments and regions ranged from 67% to 115% and the average compliance with the individual objectives was 97%.

Therefore, the Committee proposed, and the Board approved, a bonus of 450,000 € for the Chief Executive Officer and 350,000 € euros for the Executive Director.

Additionally, as a result of the successful completion of the merger by absorption of Quabit during fiscal year 2021 and its approval by the General Shareholders' Meeting of both companies, the Chief Executive Officer and the Executive Director received an extraordinary bonus of 420,000 euros and 350,000 euros, respectively, proposed by the Appointments and Remuneration Committee and approved by the Board.

***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.

Regarding the remuneration of the Chief Executive Officer and the executive Vice President, the only directors for whom the payment of variable remuneration is provided, their variable remuneration targets, due to their executive positions, the planned remuneration system is in line with the interests of the Company. The annual targets set for the bonus are linked to results. In particular, the individual contracts entered into with them provide 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 are as follows:

| | **Weight** |
|---|---|
| 1. Margin Contribution Development (M€) | 25% |
| 2. Cranes (#) | 25% |
| 3. OpEx (M€) | 25% |
| 4. EBITDA (net MIP) (M€) | 25% |

The Appointments and Remuneration Committee, at its meeting held on January 26, 2022, analysed both compliance with the objectives set and the milestones achieved in terms of sustainability for the payment of the variable remuneration corresponding to financial year 2021.

Regarding variable remuneration, it was established as an accrual requirement for all company employees that at least 80% of the EBITDA target had been achieved. The distribution of the objectives set was: 20% of the company objectives, 20% of the corporate departmental objectives or territorial objectives and 60% of individual objectives. The percentage of compliance with the company's objectives was 100%, that of the departments and regions ranged from 67% to 115% and the average compliance with the individual objectives was 97%.

Accordingly, the Committee approved a bonus of 450,000 € for the Director General and 350,000 € for the Executive Director.

Additionally, as a result of the successful completion of the merger by absorption of Quabit during fiscal year 2021 and its approval by the General Shareholders' Meeting of both companies, the Chief Executive Officer and the Executive Director received an extraordinary bonus of 420,000 euros and 350,000 euros, respectively, approved by the Appointments and Remuneration Committee.

***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** | 62,438,863 | 79.03% |

| | Number | % of issued |
|---|---|---|
| **Votes against** | 7,166,878 | 12.39% |
| **Votes for** | 50,686,515 | 87.61% |
| **Blank votes** | - | - |
| **Abstentions** | - | - |

| Observations |
|---|
| |

***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 are those that have corresponded in application of the Remuneration Policy and have not changed with respect to 2020.

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, Andreas Segal and Felipe Morenés Botín-Sanz de Sautuola, are respectively 66%, 63%, 63%, 69% and 61%, 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 each of the executive directors for the performance of management dueties consists of a fixed salary and a variable remuneration ("bonus"). The fixed salary is established in their respective contracts and the variation with respect to the previous year corresponds to an increase of 1% (minimum percentage increase that the entire company staff had in the past 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 executive directors can 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. **Long Term Incentives Plan 2020 ("2020 LTIP").**

The 2020 LTIP was approved by the Board of Directors of the Company on February 28, 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 Company employees, the two executive directors, i.e. the Chief Executive Officer (CEO) and the Executive Vice President (EVP) are beneficiaries 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 ends 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 CEO and the executive director can potentially receive is 2,700,000 € in the case of the CEO and 2,475,000 € in the case of the EVP, being the basis of 100% achievement of the targets of 1,800,000 euros and 1,650,000 euros, respectively.

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).

**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 2021 financial year, there were no changes to the contracts of those who perform senior management functions as executive directors.

| The main conditions of the contracts signed with Mr. Francisco de Borja García-Egocheaga and Mr. Jorge Pepa 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 and the Executive Vice President, 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 | 2021 accrual period |
|---|---|---|
| **Ricardo Martí Fluxá** | Independent | 01/01/2021 to 31/12/2021 |
| **Anna M. Birulés Bertran** | Independent | 01/01/2021 to 31/12/2021 |
| **Alfonso Rodés Vilá** | Independent | 01/01/2021 to 31/12/2021 |
| **Andreas Segal** | Independent | 01/01/2021 to 31/12/2021 |
| **Felipe Morenés Botín-Sanz de Sautuola** | Independent | 01/01/2021 to 31/12/2021 |
| **Jorge Pepa** | Executive | 01/01/2021 to 31/12/2021 |
| **Francisco de Borja García-Egocheaga** | Executive | 01/01/2021 to 31/12/2021 |
| **Van J. Stults** | Proprietary | 01/01/2021 to 31/12/2021 |
| **Aref H. Lahham** | Proprietary | 01/01/2021 to 31/12/2021 |

***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 2021 | Total year 2020 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Ricardo Martí Fluxá** | 100 | 52.5 | | | | | | | 152.5 | 149.5 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Anna M. Birulés Bertran** | 75 | 45 | | | | | | | 120 | 117 |
| **Alfonso Rodés Vilá** | 75 | 43.5 | | | | | | | 118.5 | 114 |
| **Andreas Segal** | 75 | 34.5 | | | | | | | 109.5 | 106.5 |
| **Felipe Morenés Botín-Sanz de Sautuola** | 75 | 48 | | | | | | | 123 | 121.5 |
| **Francisco de Borja García-Egocheaga** | 0 | | | 454 | 450 | | | 420* | 1,324 | 805 |
| **Jorge Pepa** | 0 | | | 454 | 350 | | | 350* | 1,154 | 790 |
| **Van J. Stults** | 0 | | | | | | | | | 0 |
| **Aref H. Lahham** | 0 | | | | | | | | | 0 |

*Extraordinary bonus approved by the Appointments and Remuneration Committee for the execution of the corporate merger transaction with Quabit.

*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 2021 financial year** | | **Financial instruments granted during the 2021 financial year** | | **Financial instruments consolidated in the financial year** | | | | **Expired and unexercised instruments** | **Financial instruments at the end of 2021** | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 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** | | | | | | | | | | | | |
| **Jorge Pepa** | | | | | | | | | | | | |
| **Francisco de Borja García-Egocheaga** | | | | | | | | | | | | |
| **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** | |
| **Jorge Pepa** | |
| **Francisco de Borja García-Egocheaga** | |
| **Van J. Stults** | |
| **Aref H. Lahham** | |

| | Company's contribution for the year (thousands of euros) | | | | Amount of accumulated funds (thousands of euros) | | | |
|---|---|---|---|---|---|---|---|---|
| **Name** | Savings systems with consolidated economic rights | | Savings systems with unconsolidated economic rights | | Financial Year 2021 | | Financial Year 2020 | |
| | Financial Year 2021 | Financial Year 2020 | Financial Year 2021 | Financial Year 2020 | 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** | | | | | | | | |
| **Jorge 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** | | |
| **Jorge 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 2021 | Total financial year 2020 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Ricardo Martí Fluxá** | | | | | | | | | | |
| **Anna M. Birulés Bertran** | | | | | | | | | | |
| **Alfonso Rodés Vilá** | | | | | | | | | | |
| **Andreas Segal** | | | | | | | | | | |
| **Felipe Morenés Botín-Sanz de Sautuola** | | | | | | | | | | |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Jorge 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 2021 financial year | | Financial instruments granted during the 2021 financial year | | Consolidated financial instruments in the year | | | | Expired and unexercised instruments | Financial instruments at end of 2021 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 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** | | | | | | | | | | | | |
| **Jorge 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** | |
| **Jorge 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 2021 | | Financial Year 2020 | |
| | Financial Year 2021 | Financial Year 2020 | 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** | | | | | | | | |
| **Jorge 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** | | |
| **Jorge 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 2021 company | Total cash remuneration | Gross profit on consolidated shares or financial instruments | Remuneration for savings schemes | Remuneration for other concepts | Total year 2021 group | Total year 2021 company + group |
| **Ricardo Martí Fluxá** | 152.5 | 0 | 0 | 0 | 152.5 | 0 | 0 | 0 | 0 | 0 | 152.5 |
| **Anna M. Birulés Bertran** | 120 | 0 | 0 | 0 | 120 | 0 | 0 | 0 | 0 | 0 | 120 |
| **Alfonso Rodés Vilá** | 118.5 | 0 | 0 | 0 | 118.5 | 0 | 0 | 0 | 0 | 0 | 118.5 |
| **Andreas Segal** | 109.5 | 0 | 0 | 0 | 109.5 | 0 | 0 | 0 | 0 | 0 | 109.5 |
| **Felipe Morenés Botín-Sanz de Sautuola** | 123 | 0 | 0 | 0 | 123 | 0 | 0 | 0 | 0 | 0 | 123 |
| **Francisco de Borja García-Egocheaga** | 1,324* | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,324 |
| **Jorge Pepa** | 1,154* | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,154 |
| **Van J. Stults** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Aref H. Lahham** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

*Included an extraordinary bonus approved by the Appointments and Remuneration Committee for the execution of the corporate merger transaction with Quabit.

***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 2021** | **% change 2021/2020** | **Year 2020** | **% variation 2020/2019** | **Year 2019** | **% variation 2019/2018** | **Year 2018** | **% variation 2018/2017** | **Year 2017** |
|---|---|---|---|---|---|---|---|---|---|
| **Executive Directors** | | | | | | | | | |
| Francisco de Borja García-Egocheaga | 1,324 | 64% | 805 | 145%** | 328.7 | - | - | - | - |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Jorge Pepa* | 1,154 | 46% | 790 | 170%** | 292.2 | - | - | - | - |
| **External Directors** | | | | | | | | | |
| Felipe Morenés Botín-Sanz de Sautuola | 123 | 1% | 121.5 | 0% | 121.5 | 79% | 68 | - | 0 |
| Anna M. Birulés Bertran | 120 | 3% | 117 | -12% | 133.5 | 37% | 97.5 | 41% | 69 |
| Ricardo Martí Fluxà | 152.5 | 2% | 149.5 | -8% | 163 | 23% | 133 | 37% | 97 |
| Alfonso Rodés Vila | 118.5 | 4% | 114 | -10% | 126 | 27% | 99 | 46% | 68 |
| Jorge Pepa* | - | - | - | - | - | - | 0 | - | - |
| Andreas Segal | 109.5 | 3% | 106.5 | 6% | 100.4 | - | - | - | - |
| Van J. Stults | 0 | | 0 | - | 0 | - | - | - | - |
| Aref H. Lahham | 0 | | 0 | - | 0 | - | - | - | - |
| **Consolidated results of the company** | 102,855 | 47% | 70,116 | 10% | 63,748 | 39% | 45,991 | 277% | (25,934) |
| **Average employee remuneration** | 57,268 | -10%*** | 63,632 | -2% | 64,641 | -6% | 68,727 | -50% | 136,102*** |

* Proprietary Director in 2018 and appointment as Executive Director in 2019.
** The increase is because they held this position for a few months in 2019 and not for the entire financial year as they have done in 2020 and 2021.
*** The amount for 2017 includes €10 million received by the CEO as a bonus in the company's IPO. The main reason for the decrease in the average compensation of employees between 2020 and 2021 is mainly due to the incorporation in the last year into the group of a significant number of employees from absorbed or consolidating companies (about 200 employees out of a total of 480 employees in the group at 31.12.2021) and who had a lower average compensation.

## 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 February 23, 2022.

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 |
|---|---|---|
| | | |