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**ISSUER'S IDENTIFICATION DATA**

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Date of fiscal year end: [ 31/12/2020 ]

Company Tax No. CIF: [ A-28092583 ]

Corporate Name:

[ **TECNICAS REUNIDAS, S.A.** ]

Registered office:

[ ARAPILES, 14 MADRID ]

**A. COMPANY REMUNERATION POLICY FOR THE CURRENT FINANCIAL YEAR**

**A.1. Explain the current director remuneration policy applicable to the year in progress.**

**To the extent that it is relevant, certain information may be included in relation to the remuneration policy approved at the general meeting of shareholders, provided that these references are clear, specific and concrete.**

**Describe the specific determinations for the current fiscal year, both in terms of directors' remuneration in their capacity as such and for their performance of senior-management duties, established by the board in accordance with the terms of the contracts signed with executive directors and the remuneration policy approved at the general meeting of shareholders.**

**In all cases, the following aspects should be reported:**

- **A description of the procedures and company bodies involved in determining and approving the remuneration policy and its terms and conditions.**
- **Indicate and, where applicable, explain whether comparable companies have been taken into account in determining the company's remuneration policy.**
- **Information on whether any external advisors took part in this process and, if so, their identity**

In accordance with the provisions of the applicable legislation and the Company's corporate regulations, the Annual General Meeting of Shareholders is the competent body responsible for approving the Directors' remuneration policy, subject to approval by the Appointments and Remuneration Commission ('ARC') and at the proposal of the Board of Directors ('BOD'). Once the remuneration policy and the maximum amount of annual remuneration is approved at the Annual General Meeting of Shareholders ('AGM'), the distribution between each of the directors will then be agreed by the BOD.

In specific terms, one of the duties assigned to the ARC under Article 30 of the Articles of Association is 'Proposing to the Board of Directors the remuneration policy for the Directors and general managers or anyone in senior management who reports directly to the Board, the Executive Commission or the Chief Executive Officers, as well as individual remuneration and the remaining contractual conditions of the Executive Directors, ensuring that these are met'.

The ARC is the body responsible for assisting the BOD in matters of remuneration. It plays an important role in drafting the directors' remuneration policy, conducting internal assistance and proposal procedures, with the aim of ensuring alignment with the best practices of corporate governance and the regulations in force.

In compliance with the provisions of Article 14.2 of the Regulations of the Board of Directors, the ARC reports to the BOD on the remuneration schemes and the amount of annual remuneration for directors and senior management, which is submitted to the BOD for approval as appropriate.

In compliance with the above provisions, at the proposal of the BOD and on the basis of the favourable report by the ARC, the Directors' Remuneration Policy ('DRP') of the Company applicable to fiscal years 2020 to 2022 was approved at the Company's AGM held on 25 June 2020 with 99.44% of votes in favour, which will be in force during the current fiscal year (2021).

The basic principles of the DRP include, among others, the following:

- Principle of proportionality in directors' remuneration as provided for in Article 26.4 of the Regulations of the BOD and Article 217.4 of the Spanish Companies Act.
- Ensuring remuneration is in reasonable proportion to the Company's size, its financial position at any given time and the market standards of comparable companies.
- Aiming to promote the Company's long-term profitability and sustainability and incorporating the necessary safeguards so as to avoid excessive risk-taking and the rewarding of unfavourable results. Attracting and retaining the Company's directors and reward the effective dedication, qualifications and responsibility assumed by each of the directors, without in any case compromising the independence of judgement of the external directors.
- Aiming to align directors' remuneration with the strategies and the interests of the Company and its shareholders.

- With respect to external directors, their remuneration as directors:

- (i) will aim to appropriately reward their dedication, competence and assumption of responsibilities;
- (ii) will not include the opportunity to participate in pension schemes financed by the Company for cases of termination of service, death or other reasons; and
- (iii) the established remuneration must offer incentives to external advisers for their dedication, but this must in no case compromise their independence of judgment.

Ensuring the BOD's commitment to applying the principle of transparency to all items of remuneration included in the DRP, providing transparent, sufficient and timely information.

The DRP has been designed and drawn up taking into consideration the directors' remuneration policies implemented by the Company's main international competitors as well as the situation of other Ixex 35 companies. The preparation of the DRP also involved the participation of Ernst & Young as external advisors in these matters as well as consideration of comparable companies at both national and international level.

The remuneration provided for in the DRP for the current fiscal year is as follows:

Directors' remuneration for their service in their capacity as directors comprises the following items of remuneration:

- (i) annual fixed remuneration for membership of the BOD;
- (ii) an additional annual fixed allocation for chairing the Commissions;
- (iii) expenses for attending meetings of the BOD and the Commissions, as appropriate.

The maximum gross annual amount of remuneration for all Directors is set at 5,000,000 euros, which will remain in force until the AGM approves its modification. In accordance with the Company's Articles of Association, this amount must be approved at the Annual General Meeting, and it is expected that the BOD will propose to the General Meeting to maintain the same amount of 5,000,000 euros for the current fiscal year.

Each year, the Company's BOD will determine the overall amount of remuneration for directors for their service in their capacity as directors, within the maximum limit set at the AGM, and will distribute this amount among the directors taking into account their membership of the Commissions, the positions they hold, their work in the service of the Company, as well as the specific contributions that directors make by virtue of their qualifications and professional experience.

(Continued in Section D.)

**The relative importance of items of fixed and variable remuneration (remuneration mix) and the criteria and objectives taken into account in their determination and in ensuring an appropriate balance between fixed and variable remuneration components. Specifically, state the actions taken by the company in relation to the remuneration scheme in order to reduce exposure to excessive risks and adapt it to the company's long-term objectives, values and interests. This includes, where applicable, reference to measures to ensure that the company's long-term results are taken into account in the remuneration policy, measures taken in relation to any categories of personnel whose professional activities have a material impact on the company's risk profile and measures to prevent any conflicts of interest. Furthermore, state whether the company has established any period for the accrual or consolidation of certain variable remuneration items, in cash, shares or other financial instruments, any deferral period in the payment of amounts or the handover of accrued and consolidated financial instruments, or if any clause has been agreed that reduces the deferred remuneration not yet consolidated or that obliges directors to return remuneration received, when such remuneration has been based on figures that have clearly been shown to be inaccurate.**

The variable remuneration is limited to the Executive Chairperson, the only executive director in the current fiscal year, and serves to complement his fixed remuneration. It is intended to strengthen the director's commitment to the Company and to act as a performance incentive, linking part of their remuneration to the Company's performance and his individual performance. Regarding short-term variable remuneration, this remuneration has a maximum amount of 550 thousand euros and is evaluated after the end of the fiscal year. Regarding long-term variable remuneration, this shall have a maximum annual amount equivalent to 75% of the annual fixed remuneration of the executive director and shall be paid, if applicable, in the 2023 financial year, after approval of the annual accounts, and once the Board of Directors has approved, following a report from the Appointments and Remuneration Commission, the degree of compliance with the established objectives.



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With regard to the remuneration mix, the Company offers the executive directors: (i) a fixed component; (ii) variable components of remuneration; (iii) pension schemes; and (iv) other conditions set out in the contracts of the Executive Chairperson.

The remuneration is in reasonable proportion to the Company's size, its current economic situation and the market standards of comparable companies. Likewise, the Company's remuneration policy is geared towards promoting its long-term profitability and sustainability, including the necessary precautions to avoid excessive risk-taking and the rewarding of unfavourable results.

Furthermore, in relation to the proportion between variable and fixed remuneration items, with the fixed remuneration received by the Executive Chairperson amounting to 850 thousand euros and considering for the financial year 2021 an amount for membership of the Board and per diems for Board attendance of 87 thousand euros (identical to the maximum applicable for the financial year 2020), as well as the maximum amount to be received for short-term variable remuneration (550 thousand euros), the maximum variable remuneration to be received in the financial year 2021 would represent 36.99 % of the total remuneration for these items.

Variable remuneration is deferred and paid only after fiscal year end, in order that the Company can evaluate and verify compliance with the parameters established for the determination of the corresponding remuneration.

The evaluation will be based on the annual results of the Company and its consolidated group, among other aspects, which will be analysed by the Audit and Control Commission. After this analysis, the Appointments and Remuneration Commission will submit the proposal for variable remuneration to the Board of Directors, who will approve the corresponding amount of variable remuneration as appropriate.

As noted above, during fiscal year 2021, the Company will apply the Directors' Remuneration Policy for the 2020-2022 period, which was approved at the Annual General Meeting of Shareholders on 25 June 2020. With respect to variable remuneration, the parameters referred to in point 6 of section A.1 below will be incorporated in order to follow market developments in this area.

Finally, the Company will initiate any necessary actions to oblige directors to return remuneration received, when such remuneration has been based on figures that have clearly been shown to be inaccurate, even if these actions are not expressly set out in the clauses in the contracts signed by the executive directors.

### - **The amount and nature of the fixed components that are expected to be accrued during the fiscal year by directors in their capacity as such.**

A maximum gross annual amount of 5,000,000 euros in total remuneration for members of the Board of Directors and its Commissions, to be allocated to the members of the Board of Directors for the joint fulfilment of their duties as directors in 2021 will be submitted for approval at the next Annual General Meeting of Shareholders, which is expected to be held in June.

In accordance with the provisions of the Company's Articles of Association, this amount must be approved at the Annual General Meeting of Shareholders and distributed between the members of the Board of Directors by this body, based on their membership of Commissions, the positions they hold, their work in the service of the Company and any other objective factors considered relevant.

It is expected that the Board of Directors will approve the following amounts for items of fixed remuneration for the different members of the Board of Directors, the Audit and Control Commission, the Appointments and Remuneration Commission and the Risk and Management Commission:

Fixed allowance:

- Membership of the Board of Directors: 55,478 euros a year.
- Serving as Executive Chairperson of the Audit and Control Commission, the Appointments and Remuneration Commission or the Internal Risk and Management Commission: 15,384 euros a year.

Expenses:

- Expenses for attending a meeting of the Board of Directors: 3,500 euros.
- Expenses for attending a meeting of the Audit and Control Commission: 3,500 euros.
- Expenses for attending a meeting of the Appointments and Remuneration Commission: 5,000 euros.
- Expenses for attending meetings of the Internal Risk and Treasury Commission: 6,000 euros each quarter.

The annual fixed allocation applicable to Mr Adrián Lajous Vargas for membership of the Board of Directors is currently estimated at 200,000 euros. This different allocation for Mr. Adrian Lajous Vargas is justified by objective circumstances linked to the specific contributions that Mr. Adrian Lajous Vargas can make to the collegiate functions of the Board of Directors, by reason of his professional qualifications and experience. As can be seen from his curriculum vitae, which is available on the Company's website, the special circumstance of his residence in Mexico and his unique qualifications and personal experience in the energy sector's international sphere, particularly in Latin America, provide extraordinary added value to his membership of the Company's Board of Directors. In this regard, his vision as a director is considered highly valuable, not only with respect to the functions of the Board in general, but particularly in relation to the Company's strategic direction, given his international experience.

The Board of Directors agreed that the fixed allowance corresponding to the chairship of the Management and Risks Commission, equivalent to 15,384 euros per year, would be received by the Vice-Chairperson of this Committee, Mr. Uriarte Santamarina, since the Chairperson of the Commission is the Executive Chairperson of the Company.

**- The amount and nature of the fixed components that will be accrued during the fiscal year by executive directors for the performance of senior management functions.**

The fixed remuneration currently estimated for the performance of Executive Chairperson duties amounts to 850,000 euros, which should not be subject to any significant changes for fiscal year 2021.

**- The amount and nature of any component of remuneration in kind that will be accrued during the fiscal year including, but not limited to, insurance premiums paid for directors.**

Remuneration in kind is available exclusively to the Executive Chairperson and is limited to life and accident insurance premiums. The sum of all these items amounted to 3,699.44 euros during the fiscal year 2020 and a similar amount is forecast for fiscal year 2021.

**- The amount and nature of the variable components, distinguishing between short- and long-term components. The financial and non-financial parameters, including social, environmental and climate change-related parameters, selected to determine variable remuneration in the current fiscal year, explaining the extent to which such parameters are related to the performance of both the director and the company, as well as the corresponding risk profile, and the methodology, required time frame and mechanisms envisaged for determining, at the end of the fiscal year, the effective 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 based on the degree of compliance with the established objectives and parameters, and whether there are any maximum monetary limits defined in absolute terms.**

Variable remuneration for the Executive Chairperson is one of the aspects included in the Directors' Remuneration Policy for 2020-2022 which was approved at the Company's 2020 Annual General Meeting of Shareholders held on 25 June 2020, which approved a short-term and a long-term variable remuneration.

As far as short-term variable remuneration is concerned, it will amount to a maximum of 550,000 euros, together with a possible 10% adjustment to this amount depending on performance evaluation.

Payment of variable remuneration will be linked to the following parameters:

Financial targets (80% of total variable remuneration):



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- Backlog: 30% of total variable remuneration.
- Margin (EBITDA): 30% of total variable remuneration.
- Consolidated revenue: 20 % of total variable remuneration.

Non financial targets (HSE) (20 % of total variable remuneration):

- Safety (10 % of total variable remuneration).
- Environment (10 % of total variable remuneration).

Likewise, the Company will assess minimum weighted compliance of between 50% and 70% of the total targets.

The Company's Appointments and Remuneration Commission will be responsible for setting targets (KPIs or metrics) and determining the 10% adjustment for performance evaluation and the amount to be received.

As regards long-term variable remuneration, the Directors' Remuneration Policy approved by the Annual General Meeting of Shareholders of the Company held on 25 June 2020 includes a long-term variable remuneration plan ("LTIP") for executive directors. Likewise, the Company intends to submit a long-term variable remuneration plan ('LTIP') for executive directors for consideration at the 2020 AGM. This LTIP has been drawn up by the Appointments and Remuneration Commission and provides for long-term variable remuneration for executive directors with the objectives of promoting the reciprocal generation of value for the Company, its shareholders and beneficiaries, enhancing the commitment of the latter and rewarding the creation of sustainable shareholder value in the long term. Thus, executive directors shall be entitled to participate during the term of the Remuneration Policy in all those long-term variable remuneration programmes in cash, shares or referenced to the value of the share that are approved by the General Meeting, at the proposal of the Board of Directors, following a report from the Appointments and Remuneration Commission.

The LTIP has been designed in accordance with the precautionary principle and has taken into account current trends in comparable companies and the best practices of various actors in the market. Its main characteristics are as follows:

- Type of plan: long-term cash incentive linked to business plan objectives.
- Purpose:
  - To promote reciprocal value creation for the Company, its shareholders and beneficiaries.
  - To guide the management team toward the achievement of business plan objectives.
  - To strengthen the dedication and engagement of the beneficiaries in the performance of their duties.
  - To incentivise the professional performance of executive directors over the long term.
  - To promote the Company's sustainability for the creation of long-term value.

Beneficiary: Executive Chairperson.

- Duration: 3 years: 1 January 2020 - 31 December 2022.
- Payment: in 2023, following approval of the annual financial statements and approval from the Board of Directors with respect to the degree of compliance with the targets set.
- Settlement: in cash.
- Incentive: level of award close to the market average for the comparison group with respect to annual fixed remuneration ('AFR'), at an annualised target value of 75%, with a total incentive calculated according to  $\%RFA * \text{number of years of duration of the plan}$ .
- Targets:
  - Total shareholder return in relation to the comparison group ('relative TSR').
  - Cumulative EBITDA for the period.
  - Third target comprising qualitative factors linked to the strategic plan.
- Weighting of targets:
  - 60 % EBITDA.
  - 30 % Relative TSR.
  - 10% qualitative factors linked to the strategic plan.
- Key minimum compliance target of 80% of the defined EBITDA target.

- 'Good Leaver' termination - with the right to receive a proportional part of the plan.
- 'Bad Leaver' termination - without the right to receive any incentive.

- **The main characteristics of long-term savings schemes. This information should include contingencies covered by the scheme, whether it is a defined benefit or contribution scheme, the annual contribution that must be made to defined contribution schemes, the benefits to which recipients are entitled in the case of defined benefit schemes, the conditions governing the vesting of financial rights for directors and their compatibility with any type of compensation for early termination or removal, or arising from termination, under the established terms, of the contractual relationship between the company and the director.**

**It should be indicated whether the accrual or vesting of any of the long-term savings plans is linked to specific objectives or parameters related to the director's performance over the short or long term.**

In accordance with the Directors' Remuneration Policy for 2020-2022, the Executive Chairperson will benefit from a long-term savings scheme linked to retirement, permanent disability in cases of total, long-term and near-total disability, and death, for the purpose of supplementing his public social security benefits.

In particular, the Executive Chairperson shall be entitled to the Company's general system of social benefits, whereby the Company makes a supplementary contribution to the pension plan contracted by the Executive Chairperson, if any, in addition to that made by the executive director himself, the amount of which depends on various factors such as, for example, length of service in the company. In addition, while the Remuneration Policy is in force, the Executive Chairperson will have the right to participate in all long-term savings schemes approved at the Annual General Meeting, at the proposal of the Board of Directors, drawn up on the basis of a report by the Appointments and Remuneration Commission.

The Company confirms that no contribution has been made to the private pension plan of any of its Directors during fiscal year 2020 and has currently no intention of making them during fiscal year 2021.

- **Any type of payment or compensation for early termination or removal, or arising from termination, under the established terms, of the contractual relationship between the company and the director, as well as any type of agreements made, such as exclusivity agreements, post-contractual non-compete agreements, length of service agreements and loyalty agreements, which entitle directors to any type of remuneration.**

The contract of the Executive Chairperson, the only executive director in the current fiscal year, is currently of indefinite duration and provides for a financial compensation for early termination and a post-contractual non-competition agreement:

- Compensation for early termination in the event of removal from their position of director, or any other form of termination of the legal relationship with the Company that serves as the basis for the remuneration of delegated or executive functions not due to breach attributable to the director, for a maximum amount equivalent to the sum of the last two yearly payments of (a) fixed remuneration, (b) variable remuneration, and (c) amounts received by virtue of the special agreements with the Social Security that, if applicable, have been entered into.

- Post-contractual non-compete agreements. For a period of two years from the termination of the contract with the Company, the Executive Chairperson may not provide professional services or carry out administrative or managerial functions in companies or entities with a corporate purpose wholly or partially similar to that of the Company, unless expressly approved by the Board of Directors, at the proposal of the Executive Chairperson. The financial compensation for this post-contractual non-competition agreement shall be understood to be included in the compensation provided for in the event of termination of the contract described in the point "Compensation for early termination" indicated in the preceding paragraph.

- **Indicate the terms which must be included in the contracts of executive directors performing senior-management duties. This should include information on the duration of contracts, limits on amounts of compensation, minimum length of service clauses,**



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**notice periods and payment in lieu of notice periods, and any other clauses relative to signing bonuses, as well as compensation or golden handshake packages linked to early termination of the contractual relationship between the company and the executive director. Include non-competition agreements, exclusivity agreements, length of service and loyalty agreements, as well as post-contractual non-compete agreements, unless these have been explained in the section above.**

The terms which must be included in the Executive Chairperson contract are currently as follows, in accordance with the provisions of the Directors' Remuneration Policy for 2020-2022 ('DRP'):

(i) Remuneration: the Executive Chairperson's contract includes the remuneration package that he is entitled to receive for the performance of his delegated or executive functions.

(ii) Duration: The Executive Chairperson's contract is of indefinite duration.

(iii) Compensation for early termination: in the amount equivalent to the last two yearly payments of (a) fixed remuneration, (b) variable remuneration and (c) the amounts received by virtue of any Social Security Special Agreements which have been entered into.

(iv) Post-contractual non-competition: for a period of two years from the termination of the contract with Técnicas Reunidas, the Executive Chairperson must not enter into competition with the Company under the terms described above. Financial compensation for this post-contractual non-competition agreement will be understood to be included in the compensation for termination of the contract described in paragraph (iii) above.

(v) Non-competition: the Executive Chairperson's relationship with the Company is exclusive and he may not therefore provide services to other entities during the term of his contract unless expressly authorised to do so by the Board of Directors, at the proposal of the Executive Chairperson, with the exception of any positions that he may hold in companies from the Técnicas Reunidas Group.

(vi) Duty of confidentiality: the Executive Chairperson must ensure that any information, data, reports or background knowledge that he acquires in the performance of his duties is kept confidential, and this confidentiality must be maintained even when he has ceased to hold office.

According to the DRP, the Executive Chairperson will be entitled to receive remuneration comprising the following items of remuneration:

(i) fixed annual remuneration;

(ii) variable annual remuneration;

(iii) long-term variable remuneration;

(iv) long-term savings scheme, in accordance with the Company's general social benefits system, applicable to all employees;

(v) compensation for early termination and post-contractual non-competition agreements;

(vi) welfare benefit, consisting of a life and accident policy within the framework of the conditions in force under the collective policy taken out by the Company for all its workers;

(vii) a company vehicle.

- **The nature and estimated amount of any other supplementary remuneration that will be accrued by directors during the current fiscal year in compensation for services outside the scope of the usual functions of a director.**

At the time of issuing this report, no supplementary remuneration is expected to be accrued by the directors as compensation for services outside the scope of the usual functions of a director,



without prejudice to that which is due to the consultancy contract between Mr William Blaine Richardson and the Company, by means of which he received the amount of 301,159.25 euros for fiscal year 2020 and with respect to which no significant change is expected for fiscal year 2021.

- **Other items of remuneration including any derived from the company granting directors advance payments, loans, guarantees or other remuneration.**

At the date of this report, no remuneration has been provided to directors by way of loans, advance payments, guarantees or similar.

- **The nature and estimated amount of any other supplementary remuneration expected to be accrued by directors during the current fiscal year and which is not included in the sections above, whether paid by the entity or another entity within the group.**

There is no supplementary remuneration foreseen that is not included in the sections above.

**A.2. Explain any significant change in the remuneration policy applicable to the current fiscal year as a result of:**

- **A new policy or a change to a policy already approved by the board.**
- **Significant changes in the specific determinations for the current remuneration policy established by the board for the fiscal year in progress, with respect to those applied during the previous fiscal year.**
- **Any proposals that the board of directors has agreed to submit to the general meeting of shareholders at which this annual report will be submitted that are applicable to the current fiscal year.**

The Company's Board of Directors does not intend to amend during the financial year 2021 the Directors' Remuneration Policy for the financial years 2020-2022 approved at the General Meeting held on 25 June 2020.

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

Spanish: [https://www.tecnicasreunidas.es/wp-content/uploads/2020/06/23\\_TR\\_JG20\\_PRC.pdf](https://www.tecnicasreunidas.es/wp-content/uploads/2020/06/23_TR_JG20_PRC.pdf)

English: [https://www.tecnicasreunidas.es/wp-content/uploads/2020/06/23\\_TR\\_JG20\\_PRC\\_EN.pdf](https://www.tecnicasreunidas.es/wp-content/uploads/2020/06/23_TR_JG20_PRC_EN.pdf)

**A.4. Taking into account the data provided in Section B.4, explain the outcome of the shareholders' advisory vote at the company's annual general meeting on the annual report on remuneration for the previous fiscal year.**

As shown in section B.4, the advisory vote at the Company's Annual General Meeting on the Annual Remuneration Report for the previous year resulted in only 0.49% votes against and 0% abstentions. It is therefore assumed that the large majority of the Company's shareholders approve the remuneration system applied by Técnicas Reunidas for its directors. This was also reflected in the result of the vote on the new Directors' Remuneration Policy for fiscal years 2020-2022, which was put to the vote at the General Meeting for fiscal year 2020 and was approved by 99.44 % of votes in favour.

On the basis of the above, the Company will continue to apply the remuneration scheme and principles set out in the current Directors' Remuneration Policy.



## **B. OVERVIEW OF IMPLEMENTATION OF THE REMUNERATION POLICY DURING THE LAST FISCAL YEAR**

### **B.1 Explain the process used to implement the remuneration policy and to determine the individual remuneration detailed in Section C of this report. This information should include the role of the remuneration Commission, the decisions taken by the board of directors and, where applicable, the identity and role of any external consultants whose services have been used in the process of implementing the remuneration policy during the last fiscal year.**

Within the framework of functions assigned to it by both the Articles of Association and the Regulations of the Board of Directors, the Company's Appointments and Remuneration Commission is the body responsible for assisting the Board of Directors in matters of remuneration.

Specifically, in compliance with the provisions of Article 14.2 of the Regulations of the Board of Directors, the Appointments and Remuneration Commission reports to the Board of Directors on the remuneration schemes and the amount of annual remuneration for directors and senior management, which is submitted to the Board of Directors for approval as appropriate.

During fiscal year 2020, the Appointments and Remuneration Commission met on several occasions to discuss matters related to directors' remuneration. In particular, at its meeting of 25 February 2020, the Appointments and Remuneration Commission assessed compliance with the conditions for the variable remuneration of executive directors and proposed at its meeting of 5 May 2020 the figure of €5,000,000 as the maximum gross annual amount of remuneration for all directors for approval by the Ordinary General Meeting of the Company, and proposed other items including the criteria for distribution of this maximum amount among the directors for the fiscal year 2020.

During fiscal year 2020, the Company has received external advice from Ernst & Young and Ramón y Cajal Abogados. Ernst & Young has participated in the design of the Long-Term Variable Remuneration Plan for Executive Directors and Ramón y Cajal Abogados in the legal analysis of the Directors' Remuneration Policy 2020-2022.

By virtue of Article 22 of the Articles of Association and Article 26 of the Regulations of the Board of Directors, the Company's Board of Directors is expressly assigned the responsibility for determining the form and time of payment for each fiscal year and establishing the distribution between its members of the total amount corresponding to the remuneration provided for in the Articles of Association. Likewise, in accordance with Article 529 novodecies of the Spanish Companies Act, during fiscal year 2020 the Board of Directors drew up the Directors' Remuneration Policy for fiscal years 2020-2022. This was submitted for approval at the Company's Annual General Meeting of Shareholders on 25 June 2020, following a favourable specific report from the Appointments and Remuneration Commission and approval by this corporate body on 5 May 2020.

### **B.2 Explain the different actions taken by the company in relation to the remuneration scheme and how these have contributed to reducing exposure to excessive risks and adapting the scheme to the company's long-term objectives, values and interests. This includes, where applicable, reference to measures taken to ensure that the company's long-term results are taken into account in the remuneration accrued and that an appropriate balance is reached between the variable and fixed remuneration components, measures taken in relation to any categories of personnel whose professional activities have a material impact on the company's risk profile and measures to prevent any conflicts of interest.**

During the process of drawing up and approving the directors' remuneration schemes, the Company introduced measures to control the risks associated with their activities and to adapt these schemes to the Company's long-term objectives, values and interests. The Appointments and Remuneration Commission is responsible for the supervision and ongoing review of the directors' remuneration policy, since it is responsible for reporting on the schemes and the amount of annual remuneration for directors and senior management and for compiling the information to be included in the annual public report on directors' remuneration.

On its side, the Board of Directors is the body responsible for approving the Company's general strategies and policies and for certain operational decisions, such as the remuneration policy, directors' remuneration and, in the case of executive directors, the additional remuneration for their executive duties and the approval of their contracts and the risk management policy.

As a result of the above, the Company's remuneration schemes for directors are necessarily designed to include measures to control risks, given that (i) directors' remuneration is limited to an annual fixed allocation and to expenses for attending meetings of the Board of Directors and the various Commissions, which annual maximum amount is approved at the Annual General Meeting; (ii) variable components of remuneration are restricted to executive directors; and (iii) the Company's current shareholding structure ensures that the interests of the Company and of the Executive Chairperson are aligned.

In addition, the annual variable remuneration diversifies the remuneration package for the Executive Chairperson through the inclusion of a bonus which is supplementary to the fixed remuneration, paid once the fiscal year has ended after assessment of the fulfilment of the conditions attached to the payment thereof. In addition, the Executive Chairperson is the beneficiary of a long-term variable remuneration which aims, inter alia, to promote the sustainability of the Company for long-term value creation. The Company considers that this measure ensures a balance between the different forms of remuneration and, at the same time, covers the elements essential to the Company's achievement of its long-term objectives, given that many of its projects have a multi-year implementation period.

In particular, the short- and long-term annual variable remuneration for the fiscal years 2020-2022 are intended to strengthen the commitment of the Company's director and to provide incentives for the best performance of his duties, linking this remuneration to the Company's performance and to his personal performance. In this regard, the fundamental parameters for the accrual of the annual variable remuneration are, in addition to the director's personal performance, the evaluation of the Company's performance, taking into consideration both quantitative objectives (such as order book/awards, margin (EBITDA) and consolidated revenues), as well as non-financial objectives (10% occupational health and safety objectives and 10% environmental objectives). The 2020-2022 long-term variable remuneration takes into account as targets and weightings the total shareholder return in relation to the comparison group (30 %), the cumulative EBITDA for the period (60 %) and qualitative factors linked to the strategic plan (10 %).

With regard to potential conflicts of interest, the Regulations of the Board of Directors, the Internal Code of Conduct for Securities Markets and the Company's Code of Conduct regulate conflicts of interest and stipulate that any conflicts of interest must be reported to the Board by the parties concerned, who will refrain from intervening in the corresponding transaction.

### **B.3 Explain how the remuneration accrued and consolidated during the fiscal year complies with the provisions of the current remuneration policy.**

**Likewise, provide information on the relationship between the remuneration received by directors and the company's results or other long- and short-term measures of performance, explaining, where applicable, how any fluctuations in the company's performance have impacted on directors' remuneration, including any remuneration due which has been deferred and how this contributes to the company's short- and long-term results.**

The remuneration accrued by Company directors during 2020 has complied in all aspects with the current Remuneration Policy.

In specific terms, during fiscal year 2020, non-executive directors have received the amounts determined in the Remuneration Policy, as detailed in paragraph C.1, i.e., fixed annual remuneration, an annual fixed allocation for chairing the Commissions and expenses for attending meetings. In this regard, the total amount accrued in 2020 by the directors for their service in their capacity as directors amounts to 4,240 thousand euro. This amount therefore complies with the total annual limit of 5,000,000 euros set out in the Remuneration Policy.

In addition, and in accordance with the provisions of the Remuneration Policy, Executive Chairpersons during the fiscal year 2020 are eligible for:

- (i) fixed remuneration of 850,000 euros for the Executive Chairperson (now Honorary Chairman) and 800,000 euros for the 1st Deputy Executive Chairperson (now Chairman) , and annual variable remuneration of up to 550,000 euros for the fulfilment of objectives, which may be adjusted by 10% upward or downward, based on the director's individual performance.

With respect to the variable remuneration for executive directors, at its meeting on 25 February 2020, the Appointments and Remuneration Commission assessed the degree of fulfilment of the conditions for variable remuneration for executive directors included in the Company's 2020-2022 Remuneration Policy. The fundamental criterion in this assessment is the evaluation of the Company's performance, taking into account the following aspects:

Financial targets (80% of total variable remuneration):

- Backlog: 30 % of total variable remuneration.
- Margin (EBITDA): 30% of total variable remuneration.
- Consolidated revenue: 20 % of total variable remuneration.

Non financial targets (HSE) (20 % of total variable remuneration):

- Safety: 10 % of total variable remuneration.
- Environment: 10 % of total variable remuneration.

Following the application of the above criteria, and the weighting of the information received, the Appointments and Remuneration Commission unanimously determined that the targets had been met to an average degree of 70% by the Executive Chairperson (50% of each of the financial targets -40% of global variable remuneration-, 100% of each of the non-financial targets -20% of global variable remuneration- and 10% for performance evaluation) and therefore of 70% of the variable remuneration, amounting to 385,000 euros each, in accordance with the provisions of the Company's Remuneration Policy.

**B.4. Provide information about the outcome of the advisory vote at the annual general meeting on the annual report on remuneration for the previous fiscal year, indicating the number of votes cast against.**

	Number	% cast
Votes cast	36,029,227	68.39
Votes against	176,171	0.49
Votes in favour	35,852,286	99.51
Abstentions	770	0.00

Additional information

**B.5. Explain how the fixed components accrued and consolidated during the fiscal year by directors in their capacity as such were determined, and how they have changed with respect to the previous year.**

For fiscal year 2020, a maximum total amount of 5,000,000 euros was approved at the Company's Annual General Meeting of Shareholders held on 25 June 2020. The Board of Directors agreed on the following distribution among the different members of the Board of Directors, the Audit and Control Commission, the Appointments and Remuneration Commission and the Risk and Treasury Commission:

- Membership of the Board of Directors 55,478 euros a year.
- Serving as Executive Chairperson of the Audit and Control Commission, the Appointments and Remuneration Commission or the Internal Risk and Treasury Commission: 15,384 euros a year.
- Expenses for attending a meeting of the Board of Directors: 3,500 euros.
- Expenses for attending a meeting of the Audit and Control Commission: 3,500 euros.

- Expenses for attending a meeting of the Appointments and Remuneration Commission: 5,000 euros.
- Expenses for attending a meeting of the Risk and Treasury Commission: 6,000 euros each quarter.

In addition, the fixed annual allocation applicable to Mr Adrián Lajous Vargas for his membership of the Board of Directors amounted to 200,000 euros. This different fixed annual allocation for Mr Adrián Lajous Vargas is justified by objective circumstances linked to the specific contributions that Adrián Lajous Vargas can make in the undertaking of the Boards' inherent functions, by reason of his professional qualifications and experience. As can be seen from his curriculum vitae, which is available on the Company's website, the special circumstance of his residence in Mexico and his unique qualifications and personal experience in the energy sector's international sphere, particularly in Latin America, provide extraordinary added value to his membership of the Company's Board of Directors. In this regard, his vision as a director is considered highly valuable, not only with respect to the functions of the Board in general, but particularly in relation to the Company's strategic direction, given his international experience.

This distribution is the same as that approved by the Board of Directors for fiscal year 2019, and has not, therefore, changed with respect to the previous year.

**B.6 Explain how the salaries accrued and consolidated for the performance of management duties during the last fiscal year were determined for each executive director, and how they have changed with respect to the previous year.**

The salaries earned by each executive director during fiscal year 2020 for the performance of management duties amount to 884,709.84 euros in the case of the Honorary Executive Chairperson (850,000 euros in fixed remuneration and 34,709.84 euros in life insurance contributions) and 1,188,699.64 euros in the case of the Executive Chairperson (800,000 euros in fixed remuneration, 385,000 euros in variable remuneration and 3,699.84 euros in life insurance contributions). These amounts correspond to the provisions of the Directors' Remuneration Policy approved at the General Meeting of Shareholders held on 25 June 2020.

In accordance with the foregoing, the only variation that has occurred in the remuneration of the executive directors derives from the change in the composition of the Board of Directors, with only one executive director as of 25 June 2020, with no variations in the remuneration system or in the amounts of remuneration.

**B.7 Explain the nature and the main characteristics of the variable components of the remuneration schemes for the last fiscal year.**

**Specifically:**

- **Identify each of the remuneration plans that have determined the different variable remuneration accrued by each of the directors during the last fiscal year, 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 able to adequately measure all the conditions and criteria stipulated, explaining in detail 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.**

**In the case of share option plans or other financial instruments, the general characteristics of each plan should include information on the conditions which must be met to acquire unconditional ownership (vesting) and to be able to exercise these share options or financial instruments, including the exercise price and time frame.**



## INFORME ANUAL SOBRE REMUNERACIONES DE LOS CONSEJEROS DE SOCIEDADES ANONIMAS COTIZADAS

- **Identify each director and their category (executive director, external shareholder director, independent external director, or other external director) who is a beneficiary of remuneration schemes or plans which incorporate variable remuneration.**
- **Where applicable, provide information on any accrual periods or postponement of payment applied and/or any non-availability/retention periods for shares or other financial instruments.**

### **Explain the short-term variable components of the remuneration schemes:**

For 2020 there are two variable remuneration plans with similar content, applicable to the Company's Executive Chairperson and Honorary Executive Chairperson in their capacity as executive directors. These plans were approved as part of the Company's Remuneration Policy at the Company's Annual General Meeting of Shareholders held on 25 June 2020.

The plans include an annual premium or bonus, with a maximum amount of 550,000 euros for fiscal year 2020, to be paid after fiscal year end, taking the year-end results into consideration.

The basic parameter for variable remuneration is an assessment of the Company's performance, taking into account aspects such as the Company's contracting volume during the fiscal year, the volume of the order book, revenue, profits and shareholder remuneration during the fiscal year.

In specific terms, the determination of variable remuneration corresponding to fiscal year 2020 took into account the following aspects:

Financial targets (80% of total variable remuneration):

- Backlog: 30% of the variable remuneration.
- Margin (EBITDA): 30% of total variable remuneration.
- Consolidated revenue: 20 % of total variable remuneration.

Non financial targets (HSE) (20 % of total variable remuneration):

- Safety: 10% of total variable remuneration.
- Environment: 10 % of total variable remuneration.

Following the application of the above criteria, and the weighting of the information received, the Appointments and Remuneration Commission unanimously determined that the targets had been met to an average degree of 70% by the Executive Chairperson (50% of each of the financial targets -40% of global variable remuneration-, 100% of each of the non-financial targets -20% of global variable remuneration- and 10% for performance evaluation) and therefore of 70% of the variable remuneration, amounting to 385,000 euros each, in accordance with the provisions of the Company's Remuneration Policy.

### **Explain the long-term variable components of the remuneration schemes:**

The Directors' Remuneration Policy approved by the Annual General Meeting of Shareholders of the Company held on 25 June 2020 includes a long-term variable remuneration plan ("LTIP") for executive directors. This LTIP has been drawn up by the Company's Appointments and Remuneration Commission and provides for long-term variable remuneration for executive directors with the objectives of promoting the reciprocal generation of value for the Company, its shareholders and beneficiaries, enhancing the commitment of the latter and rewarding the creation of sustainable shareholder value in the long term. Thus, executive directors shall be

entitled to participate during the term of the Remuneration Policy in all those long-term variable remuneration programmes in cash, shares or referenced to the value of the share that are approved by the General Meeting, at the proposal of the Board of Directors, following a report from the Appointments and Remuneration Commission.

The LTIP has been designed in accordance with the precautionary principle and has taken into account current trends in comparable companies and the best practices of various actors in the market. Its main characteristics are as follows:

- Type of plan: long-term cash incentive linked to business plan targets.
- Purpose:
  - To promote reciprocal value creation for the Company, its shareholders and beneficiaries.
  - To guide the management team toward the achievement of business plan objectives.
  - To strengthen the dedication and engagement of the beneficiaries in the performance of their duties.
  - To incentivise the professional performance of executive directors over the long term.
  - To promote the Company's sustainability for the creation of long-term value.
- Beneficiary: Executive Chairperson.
- Duration: 3 years: 1 January 2020 - 31 December 2022.
- Payment: in 2023, following approval of the annual financial statements and approval from the Board of Directors with respect to the degree of compliance with the targets set.
- Settlement: in cash.
- Incentive: level of award close to the market average for the comparison group with respect to annual fixed remuneration ('AFR'), at an annualised target value of 75%, with a total incentive calculated according to %RFA \* number of years of duration of the plan.
- Targets:
  - Total shareholder return in relation to the comparison group ('relative TSR').
  - Cumulative EBITDA for the period.
  - Third target comprising qualitative factors linked to the strategic plan.
- Weighting of targets:
  - 60% Cumulative EBITDA for the period.
  - 30% Total shareholder return in relation to the comparison group.
  - 10% qualitative factors linked to the strategic plan.
- Key minimum compliance target of 80% of the defined EBITDA target.
- 'Good Leaver' termination - with the right to receive a proportional part of the plan.
- 'Bad Leaver' termination - without the right to receive any incentive.

**B.8. Indicate whether there has been any reduction or clawback of specific variable components when, in the first case, they have vested and payment has been deferred or, in the second case, they have vested and been paid, based on data which has subsequently proven to be manifestly misstated. Describe the amounts reduced or reclaimed through the application of the reduction (malus) or return (clawback) clauses, the reason for their application and the fiscal years to which they correspond.**

The Company has not reduced or reclaimed any variable components during fiscal year 2020.

**B.9. Explain the main characteristics of the long-term savings schemes which amount or annual equivalent cost appears in the tables in Section C, including retirement plans and any other survivor benefits which are financed either partially or wholly by the company and whether internally or externally provided, indicating the type of plan, whether it is a defined benefit or contribution scheme, the contingencies covered, the conditions governing the vesting of financial rights for directors, and its compatibility**



**with any type of compensation for early termination of the contractual relationship between the company and the director.**

The Company has not made any contributions to the private pension plan of Mr José Lladó Fernández-Urrutia, Mr Juan Lladó Arburúa or any other director during the 2020 fiscal year.

**B.10. Explain, as applicable, compensation or any other type of payment resulting from either resignation or dismissal, or termination of the contract under its corresponding terms, which has been accrued and/or received by directors during the last fiscal year.**

There has been no compensation or any other type of payment of this nature during fiscal year 2020.

**B.11. Indicate whether there have been any significant changes in the contracts of executive directors performing senior management duties and, where applicable, explain the changes. In addition, explain the main conditions in any new contracts signed with executive directors during the fiscal year, unless these have already been explained in Section A.1.**

The Company confirms that the contracts of Mr José Lladó Fernández-Urrutia and Mr Juan Lladó Arburúa have not been modified during the 2020 fiscal year.

**B.12. Explain any additional remuneration paid to directors for special services outside the scope of the usual functions of a director.**

Remuneration in kind corresponds exclusively to the executive directors Mr José Lladó Fernández-Urrutia and Mr Juan Lladó Arburúa and is limited to life and accident insurance premiums for a joint amount of 38,409.48 euros during the fiscal year 2020, of which 34,709.84 euros correspond to Mr José Lladó Fernández-Urrutia and 3,699.84 euros correspond to Mr Juan Lladó Arburúa.

**B.13. Explain any remuneration deriving from the granting of advance payments, loans and guarantees, indicating the interest rate, main characteristics, amounts repaid and obligations in the form of guarantees undertaken on their behalf.**

No payments of this kind have been made.

**B.14. Provide a breakdown of the remuneration in kind earned by directors during the fiscal year, with a brief explanation of the nature of the different salary components.**

Remuneration in kind corresponds exclusively to the executive directors Mr José Lladó Fernández-Urrutia and Mr Juan Lladó Arburúa and is limited to life and accident insurance premiums for a joint amount of 38,409.48 euros during the fiscal year 2020, of which 34,709.84 euros correspond to Mr José Lladó Fernández-Urrutia and 3,699.84 euros correspond to Mr Juan Lladó Arburúa.

**B.15. Explain the remuneration received by directors in virtue of payments made by the listed company to third-party entities at which directors render their services, when the purpose of these payments is to pay directors for services provided to the company.**

No payments of this kind have been made.



**B.16. Explain any other component of remuneration besides those above, regardless of its nature or the entity providing it, particularly when it involves a related-party transaction or its issuance distorts the true and fair view of the total remuneration received by the director.**

The Company has signed a consultancy contract with the director Mr William Blaine Richardson, through which he received 301,159.25 euros in 2020.

**C. DETAILS OF THE INDIVIDUAL REMUNERATION CORRESPONDING TO EACH DIRECTOR**

Name	Typology	Accrual period for fiscal year 2020
Mr JUAN LLADÓ ARBURÚA	Chairperson	From 01/01/2020 to 31/12/2020
Mr JUAN MIGUEL ANTOÑANZAS PÉREZ-EGEA	Other External Deputy Chairperson	From 01/01/2020 to 31/12/2020
Mr FERNANDO DE ASÚA ÁLVAREZ	Other External Deputy Chairperson	From 01/01/2020 to 31/12/2020
Mr FRANCISCO JAVIER GÓMEZ-NAVARRO NAVARRETE	Other External Director	From 01/01/2020 to 31/12/2020
Mr JOSÉ MANUEL LLADÓ ARBURÚA	Proprietary Director	From 01/01/2020 to 31/12/2020
Mr PEDRO LUIS URIARTE SANTAMARINA	Independent Director	From 01/01/2020 to 31/12/2020
Ms PETRA MATEOS-APARICIO MORALES	Independent Director	From 01/01/2020 to 31/12/2020
Mr WILLIAM BLAINE RICHARDSON	Other External Director	From 01/01/2020 to 31/12/2020
Mr ADRIÁN RENÉ LAJOUS VARGAS	Independent Director	From 01/01/2020 to 31/12/2020
Mr ALFREDO BONET BAIGET	Independent Director	From 01/01/2020 to 31/12/2020
Mr JOSÉ NIETO DE LA CIERVA	Coordinating Director	From 01/01/2020 to 31/12/2020
Mr RODOLFO MARTÍN VILLA	Other External Director	From 01/01/2020 to 31/12/2020
Ms INÉS ELVIRA ANDRADE MORENO	Independent Director	From 25/06/2020 to 31/12/2020
Mr IGNACIO SÁNCHEZ-ASIAÍN SANZ	Independent Director	From 25/06/2020 to 31/12/2020
Mr JOSÉ LLADÓ FERNÁNDEZ-URRUTIA	Chairperson	From 01/01/2020 to 25/06/2020
Mr ÁLVARO GARCÍA-AGULLÓ LLADÓ	Proprietary Director	From 01/01/2020 to 25/06/2020

C.1. Complete the following tables regarding the individual remuneration of each of the directors (including remuneration for the exercise of executive functions) accrued during the fiscal year.

a) Remuneration of the company subject of this report:

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

Name	Fixed remuneration	Expenses	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other concepts	Total fiscal year 2020	Total fiscal year 2019
Mr JUAN LLADÓ ARBURÚA	55	32		800	385			4	1,276	1,469
Mr JUAN MIGUEL ANTOÑANZAS PÉREZ-EGEA	55	32							87	87
Mr FERNANDO DE ASÚA ÁLVAREZ	55	32	59						146	146
Mr FRANCISCO JAVIER GÓMEZ-NAVARRO NAVARRETE	55	32							87	87
Mr JOSÉ MANUEL LLADÓ ARBURÚA	55	32	90						177	177
Mr PEDRO LUIS URIARTE SANTAMARINA	55	32	71						158	158
Ms PETRA MATEOS-APARICIO MORALES	55	32	71						158	158
Mr WILLIAM BLAINE RICHARDSON	55	32						301	388	390
Mr ADRIÁN RENÉ LAJOUS VARGAS	200	32							232	232
Mr ALFREDO BONET BAIGET	55	32	62						149	137
Mr JOSÉ NIETO DE LA CIERVA	55	32	80						167	157
Mr RODOLFO MARTÍN VILLA	55	32	59						146	84
Ms INÉS ELVIRA ANDRADE MORENO	28	17	10						55	
Mr IGNACIO SÁNCHEZ-ASIAÍN SANZ	28	18	13						59	
Mr JOSÉ LLADÓ FERNÁNDEZ-URRUTIA	28			850				35	913	1,470
Mr ÁLVARO GARCÍA-AGULLÓ LLADÓ	28	14							42	87

Additional information

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

Name	Name of the Plan	Financial instruments at the beginning of the fiscal year 2020		Financial instruments granted during fiscal year 2020		Financial instruments consolidated during the fiscal year				Expired and unexercised instruments	Financial instruments at the end of the fiscal year 2020	
		Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent/consolidated shares	Price of consolidated shares	Gross profit from consolidated shares or financial instruments (thousands €)	Number of instruments	Number of instruments	Number of equivalent shares
Mr JUAN LLADÓ ARBURÚA	The Company does not currently have a share-based remuneration system							0.00				
Mr JUAN MIGUEL ANTOÑANZAS PÉREZ-EGEA	The Company does not currently have a share-based remuneration system							0.00				
Mr FERNANDO DE ASÚA ÁLVAREZ	The Company does not currently have a share-based remuneration system							0.00				

## ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED PUBLIC LIMITED COMPANIES

Name	Name of the Plan	Financial instruments at the beginning of the fiscal year 2020		Financial instruments granted during fiscal year 2020		Financial instruments consolidated during the fiscal year				Expired and unexercised instruments	Financial instruments at the end of the fiscal year 2020	
		Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent/consolidated shares	Price of consolidated shares	Gross profit from consolidated shares or financial instruments (thousands €)	Number of instruments	Number of instruments	Number of equivalent shares
Mr FRANCISCO JAVIER GÓMEZ-NAVARRO NAVARRETE	The Company does not currently have a share-based remuneration system							0.00				
Mr JOSÉ MANUEL LLADÓ ARBURÚA	The Company does not currently have A share-based remuneration system							0,00				
Mr PEDRO LUIS URIARTE SANTAMARINA	The Company does not currently have A share-based remuneration system							0.00				
Ms PETRA MATEOS-APARICIO MORALES	The Company does not currently have A share-based remuneration system							0.00				
Mr WILLIAM BLAINE RICHARDSON	The Company does not currently have A share-based remuneration system							0.00				

Name	Name of the Plan	Financial instruments at the beginning of the fiscal year 2020		Financial instruments granted during fiscal year 2020		Financial instruments consolidated during the fiscal year				Expired and unexercised instruments	Financial instruments at the end of the fiscal year 2020	
		Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent/consolidated shares	Price of consolidated shares	Gross profit from consolidated shares or financial instruments (thousands €)	Number of instruments	Number of instruments	Number of equivalent shares
Mr ADRIÁN RENÉ LAJOUS VARGAS	The Company does not currently have A share-based remuneration system							0,00				
Mr ALFREDO BONET BAIGET	The Company does not currently have A share-based remuneration system							0,00				
Mr JOSÉ NIETO DE LA CIERVA	The Company does not currently have A share-based remuneration system							0,00				
Mr RODOLFO MARTÍN VILLA	The Company does not currently have A share-based remuneration system							0.00				

## ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED PUBLIC LIMITED COMPANIES

Name	Name of the Plan	Financial instruments at the beginning of the fiscal year 2020		Financial instruments granted during fiscal year 2020		Financial instruments consolidated during the fiscal year				Expired and unexercised instruments	Financial instruments at the end of the fiscal year 2020	
		Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent/consolidated shares	Price of consolidated shares	Gross profit from consolidated shares or financial instruments (thousands €)	Number of instruments	Number of instruments	Number of equivalent shares
Ms INÉS ELVIRA ANDRADE MORENO	The Company does not currently have A share-based remuneration system							0.00				
Mr IGNACIO SÁNCHEZ-ASIAÍN SANZ	The Company does not currently have a share-based remuneration system							0,00				
Mr JOSÉ LLADÓ FERNÁNDEZ-URRUTIA	The Company does not currently have a share-based remuneration system							0.00				
Mr ÁLVARO GARCÍA-AGULLÓ LLADÓ	The Company does not currently have A share-based remuneration system							0.00				

Additional information

iii) Long-term savings schemes.

Name	Remuneration for vesting of rights to savings schemes
Mr JUAN LLADÓ ARBURÚA	
Mr JUAN MIGUEL ANTOÑANZAS PÉREZ-EGEA	
Mr FERNANDO DE ASÚA ÁLVAREZ	
Mr FRANCISCO JAVIER GÓMEZ-NAVARRO NAVARRETE	
Mr JOSÉ MANUEL LLADÓ ARBURÚA	
Mr PEDRO LUIS URIARTE SANTAMARINA	
Ms PETRA MATEOS-APARICIO MORALES	
Mr WILLIAM BLAINE RICHARDSON	
Mr ADRIÁN RENÉ LAJOUS VARGAS	
Mr ALFREDO BONET BAIGET	
Mr JOSÉ NIETO DE LA CIERVA	
Mr RODOLFO MARTÍN VILLA	
Ms INÉS ELVIRA ANDRADE MORENO	
Mr IGNACIO SÁNCHEZ-ASIAÍN SANZ	
Mr JOSÉ LLADÓ FERNÁNDEZ-URRUTIA	



Name	Remuneration for vesting of rights to savings schemes
Mr ÁLVARO GARCÍA-AGULLÓ LLADÓ	

Name	Company's contribution for the fiscal year (thousands of €)				Amount of accumulated funds (thousands €)			
	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights		Savings schemes with vested economic rights		Savings schemes with non-vested economic rights	
	fiscal year 2020	fiscal year 2019	fiscal year 2020	fiscal year 2019	fiscal year 2020	fiscal year 2019	fiscal year 2020	fiscal year 2019
Mr JUAN LLADÓ ARBURÚA								
Mr JUAN MIGUEL ANTOÑANZAS PÉREZ-EGEA								
Mr FERNANDO DE ASÚA ÁLVAREZ								
Mr FRANCISCO JAVIER GÓMEZ-NAVARRO NAVARRETE								
Mr JOSÉ MANUEL LLADÓ ARBURÚA								
Mr PEDRO LUIS URIARTE SANTAMARINA								
Ms PETRA MATEOS-APARICIO MORALES								
Mr WILLIAM BLAINE RICHARDSON Mr ADRIÁN RENÉ LAJOUS VARGAS								

Name	Company's contribution for the fiscal year (thousands of €)				Amount of accumulated funds (thousands €)			
	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights		Savings schemes with vested economic rights		Savings schemes with non-vested economic rights	
	fiscal year 2020	fiscal year 2019	fiscal year 2020	fiscal year 2019	fiscal year 2020	fiscal year 2019	fiscal year 2020	fiscal year 2019
Mr ALFREDO BONET BAIGET								
Mr JOSÉ NIETO DE LA CIERVA								
Mr RODOLFO MARTÍN VILLA								
Ms INÉS ELVIRA ANDRADE MORENO								
Mr IGNACIO SÁNCHEZ-ASIAÍN SANZ								
Mr JOSÉ LLADÓ FERNÁNDEZ-URRUTIA								
Mr ÁLVARO GARCÍA-AGULLÓ LLADÓ								

Additional information

[ ]

iv) Details of other concepts

Name	Concept	Remuneration amount
Mr JUAN LLADÓ ARBURÚA	Life and accident insurance premium	4
Mr JUAN MIGUEL ANTOÑANZAS PÉREZ-EGEA	Concept	

Name	Concept	Remuneration amount
Mr FERNANDO DE ASÚA ÁLVAREZ	Concept	
Mr FRANCISCO JAVIER GÓMEZ-NAVARRO NAVARRETE	Concept	
Mr JOSÉ MANUEL LLADÓ ARBURÚA	Concept	
Mr PEDRO LUIS URIARTE SANTAMARINA	Concept	
Ms PETRA MATEOS-APARICIO MORALES	Concept	
Mr WILLIAM BLAINE RICHARDSON	Concept	
Mr ADRIÁN RENÉ LAJOUS VARGAS	Concept	
Mr ALFREDO BONET BAIGET	Concept	
Mr JOSÉ NIETO DE LA CIERVA	Concept	
Mr RODOLFO MARTÍN VILLA	Concept	
Ms INÉS ELVIRA ANDRADE MORENO	Concept	
Mr IGNACIO SÁNCHEZ-ASIAÍN SANZ	Concept	
Mr JOSÉ LLADÓ FERNÁNDEZ-URRUTIA	Life and accident insurance premium	35
Mr ÁLVARO GARCÍA-AGULLÓ LLADÓ	Concept	

Additional information

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Additional information

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

Name	Name of the Plan	Financial instruments at the beginning of the fiscal year 2020		Financial instruments granted during fiscal year 2020		Financial instruments consolidated during the fiscal year				Expired and unexercised instruments	Financial instruments at the end of the fiscal year 2020	
		Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent/consolidated shares	Price of consolidated shares	Gross profit from consolidated shares or financial instruments (thousands €)	Number of instruments	Number of instruments	Number of equivalent shares
Mr JUAN LLADÓ ARBURÚA	The Company does not currently have a shared-based remuneration system							0.00				
Mr JUAN MIGUEL ANTOÑANZAS PÉREZ-EGEA	The Company does not currently have a shared-based remuneration							0.00				

Name	Name of the Plan	Financial instruments at the beginning of the fiscal year 2020		Financial instruments granted during fiscal year 2020		Financial instruments consolidated during the fiscal year				Expired and unexercised instruments	Financial instruments at the end of the fiscal year 2020	
		Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent/consolidated shares	Price of consolidated shares	Gross profit from consolidated shares or financial instruments (thousands €)	Number of instruments	Number of instruments	Number of equivalent shares
Mr FERNANDO DE ASÚA ÁLVAREZ	The Company does not currently have a shared-based remuneration system							0.00				
Mr FRANCISCO JAVIER GÓMEZ-NAVARRO NAVARRETE	The Company does not currently have a shared-based remuneration system							0.00				
Mr JOSÉ MANUEL LLADÓ ARBURÚA	The Company does not currently have a shared-based remuneration system							0.00				

## ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED PUBLIC LIMITED COMPANIES

Name	Name of the Plan	Financial instruments at the beginning of the fiscal year 2020		Financial instruments granted during fiscal year 2020		Financial instruments consolidated during the fiscal year				Expired and unexercised instruments	Financial instruments at the end of the fiscal year 2020	
		Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent/consolidated shares	Price of consolidated shares	Gross profit from consolidated shares or financial instruments (thousands €)	Number of instruments	Number of instruments	Number of equivalent shares
Mr PEDRO LUIS URIARTE SANTAMARINA	The Company does not currently have a shared-based remuneration system							0.00				
Ms PETRA MATEOS-APARICIO MORALES	The Company does not currently have a shared-based remuneration system							0.00				
Mr WILLIAM BLAINE RICHARDSON	The Company does not currently have							0.00				

Name	Name of the Plan	Financial instruments at the beginning of the fiscal year 2020		Financial instruments granted during fiscal year 2020		Financial instruments consolidated during the fiscal year				Expired and unexercised instruments	Financial instruments at the end of the fiscal year 2020	
		Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent/consolidated shares	Price of consolidated shares	Gross profit from consolidated shares or financial instruments (thousands €)	Number of instruments	Number of instruments	Number of equivalent shares
	a shared-based remuneration system											
Mr ADRIÁN RENÉ LAJOUS VARGAS	The Company does not currently have a shared-based remuneration system							0.00				



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

<p>Mr ALFREDO BONET BAIGET</p>	<p>The Company does not currently have a shared-based remuneration system</p>					<p>0.00</p>			
<p>Mr JOSÉ NIETO DE LA CIERVA</p>	<p>The Company does not currently have a share-based remuneration system</p>					<p>0.00</p>			

Name	Name of the Plan	Financial instruments at the beginning of the fiscal year 2020		Financial instruments granted during fiscal year 2020		Financial instruments consolidated during the fiscal year				Expired and unexercised instruments	Financial instruments at the end of the fiscal year 2020	
		Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent/consolidated shares	Price of consolidated shares	Gross profit from consolidated shares or financial instruments (thousands €)	Number of instruments	Number of instruments	Number of equivalent shares
Mr RODOLFO MARTÍN VILLA	The Company does not currently have a shared-based remuneration system							0.00				
Ms INÉS ELVIRA ANDRADE MORENO	The Company does not currently have a shared-based remuneration system							0.00				

## ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED PUBLIC LIMITED COMPANIES

Name	Name of the Plan	Financial instruments at the beginning of the fiscal year 2020		Financial instruments granted during fiscal year 2020		Financial instruments consolidated during the fiscal year				Expired and unexercised instruments	Financial instruments at the end of the fiscal year 2020	
		Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent/consolidated shares	Price of consolidated shares	Gross profit from consolidated shares or financial instruments (thousands €)	Number of instruments	Number of instruments	Number of equivalent shares
Mr IGNACIO SÁNCHEZ-ASIAÍN SANZ	The Company does not currently have a share-based remuneration system							0.00				
Mr JOSÉ LLADÓ FERNÁNDEZ-URRUTIA	The Company does not currently have a share-based remuneration system							0.00				
Mr ÁLVARO GARCÍA-AGULLÓ LLADÓ	The Company does not currently have a share-based remuneration system							0.00				

Name	Name of the Plan	Financial instruments at the beginning of the fiscal year 2020		Financial instruments granted during fiscal year 2020		Financial instruments consolidated during the fiscal year				Expired and unexercised instruments	Financial instruments at the end of the fiscal year 2020	
		Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent shares	Number of instruments	Number of equivalent/consolidated shares	Price of consolidated shares	Gross profit from consolidated shares or financial instruments (thousands €)	Number of instruments	Number of instruments	Number of equivalent shares

Additional information

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iii) Long-term savings schemes.

Name	Remuneration for vesting of rights to savings schemes
Mr JUAN LLADÓ ARBURÚA	
Mr JUAN MIGUEL ANTOÑANZAS PÉREZ-EGEA	
Mr FERNANDO DE ASÚA ÁLVAREZ	
Mr FRANCISCO JAVIER GÓMEZ-NAVARRO NAVARRETE	
Mr JOSÉ MANUEL LLADÓ ARBURÚA	
Mr PEDRO LUIS URIARTE SANTAMARINA	
Ms PETRA MATEOS-APARICIO MORALES	

Name	Remuneration for vesting of rights to savings schemes
Mr WILLIAM BLAINE RICHARDSON	
Mr ADRIÁN RENÉ LAJOUS VARGAS	
Mr ALFREDO BONET BAIGET	
Mr JOSÉ NIETO DE LA CIERVA	
Mr RODOLFO MARTÍN VILLA	
Ms INÉS ELVIRA ANDRADE MORENO	
Mr IGNACIO SÁNCHEZ-ASIAÍN SANZ	
Mr JOSÉ LLADÓ FERNÁNDEZ-URRUTIA	
Mr ÁLVARO GARCÍA-AGULLÓ LLADÓ	

Name	Company's contribution for the fiscal year (thousands of €)				Amount of accumulated funds (thousands €)			
	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights		Savings schemes with vested economic rights		Savings schemes with non-vested economic rights	
	fiscal year 2020	fiscal year 2019	fiscal year 2020	fiscal year 2019	fiscal year 2020	fiscal year 2019	fiscal year 2020	fiscal year 2019
Mr JUAN LLADÓ ARBURÚA								
Mr JUAN MIGUEL ANTOÑANZAS PÉREZ-EGEA								
Mr FERNANDO DE ASÚA ÁLVAREZ								
Mr FRANCISCO JAVIER GÓMEZ-NAVARRO NAVARRETE								



Name	Company's contribution for the fiscal year (thousands of €)				Amount of accumulated funds (thousands €)			
	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights		Savings schemes with vested economic rights		Savings schemes with non-vested economic rights	
	fiscal year 2020	fiscal year 2019	fiscal year 2020	fiscal year 2019	fiscal year 2020	fiscal year 2019	fiscal year 2020	fiscal year 2019
Mr ÁLVARO GARCÍA-AGULLÓ LLADÓ								

Additional information

iv) Details of other concepts

Name	Concept	Remuneration amount
Mr JUAN LLADÓ ARBURÚA	Concept	
Mr JUAN MIGUEL ANTOÑANZAS PÉREZ-EGEA	Concept	
Mr FERNANDO DE ASÚA ÁLVAREZ	Concept	
Mr FRANCISCO JAVIER GÓMEZ-NAVARRO NAVARRETE	Concept	
Mr JOSÉ MANUEL LLADÓ ARBURÚA	Concept	
Mr PEDRO LUIS URIARTE SANTAMARINA	Concept	
Ms PETRA MATEOS-APARICIO MORALES	Concept	
Mr WILLIAM BLAINE RICHARDSON	Concept	
Mr ADRIÁN RENÉ LAJOUS VARGAS	Concept	
Mr ALFREDO BONET BAIGET	Concept	
Mr JOSÉ NIETO DE LA CIERVA	Concept	

Name	Concept	Remuneration amount
Mr RODOLFO MARTÍN VILLA	Concept	
Ms INÉS ELVIRA ANDRADE MORENO	Concept	
Mr IGNACIO SÁNCHEZ-ASIAÍN SANZ	Concept	
Mr JOSÉ LLADÓ FERNÁNDEZ-URRUTIA	Concept	
Mr ÁLVARO GARCÍA-AGULLÓ LLADÓ	Concept	

Additional information

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

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

Name	Remuneration accrued in the Company					Remuneration accrued in group companies					Total company + group fiscal year 2020
	Total Cash Remuneration	Gross profit from shares or consolidated financial instruments	Remuneration from savings schemes	Other remuneration	Total company fiscal year 2020	Total Cash Remuneration	Gross profit from shares or consolidated financial instruments	Remuneration from savings schemes	Other remuneration	Total group fiscal year 2020	
Mr JUAN LLADÓ ARBURÚA	1,276				1,276						1,276
Mr JUAN MIGUEL ANTOÑANZAS PÉREZ-EGEA	87				87						87



## ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED PUBLIC LIMITED COMPANIES

Name	Remuneration accrued in the Company					Remuneration accrued in group companies					Total company + group fiscal year 2020
	Total Cash Remuneration	Gross profit from shares or consolidated financial instruments	Remuneration from savings schemes	Other remuneration	Total company fiscal year 2020	Total Cash Remuneration	Gross profit from shares or consolidated financial instruments	Remuneration from savings schemes	Other remuneration	Total group fiscal year 2020	
Mr FERNANDO DE ASÚA ÁLVAREZ	146				146						146
Mr FRANCISCO JAVIER GÓMEZ-NAVARRO NAVARRETE	87				87						87
Mr JOSÉ MANUEL LLADÓ ARBURÚA	177				177						177
Mr PEDRO LUIS URIARTE SANTAMARINA	158				158						158
Ms PETRA MATEOS- APARICIO MORALES	158				158						158
Mr WILLIAM BLAINE RICHARDSON	388				388						388
Mr ADRIÁN RENÉ LAJOUS VARGAS	232				232						232
Mr ALFREDO BONET BAIGET	149				149						149
Mr JOSÉ NIETO DE LA CIERVA	167				167						167
Mr RODOLFO MARTÍN VILLA	146				146						146

Name	Remuneration accrued in the Company					Remuneration accrued in group companies					Total company + group fiscal year 2020
	Total Cash Remuneration	Gross profit from shares or consolidated financial instruments	Remuneration from savings schemes	Other remuneration	Total company fiscal year 2020	Total Cash Remuneration	Gross profit from shares or consolidated financial instruments	Remuneration from savings schemes	Other remuneration	Total group fiscal year 2020	
Ms INÉS ELVIRA ANDRADE MORENO	55				55						55
Mr IGNACIO SÁNCHEZ-ASIAÍN SANZ	59				59						59
Mr JOSÉ LLADÓ FERNÁNDEZ-URRUTIA	913				913						913
Mr ÁLVARO GARCÍA-AGULLÓ LLADÓ	42				42						42
TOTAL	4,240				4,240						4,240

Additional information

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## D. OTHER RELEVANT INFORMATION

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If there are any relevant aspects of directors' remuneration which have not been included in the previous sections of this report but which inclusion is necessary in order to provide complete and reasoned information on the company's remuneration practices and structure with regard to its directors, provide a brief outline below.

Continuation of Section A.1

Likewise, Company directors with delegated or executive functions will be entitled to receive remuneration comprising the following items of remuneration:

(i) fixed annual remuneration of 850,000 euros for the Executive Chairperson with delegated or executive functions;

(ii) annual variable remuneration that is intended to strengthen the director's commitment to the Company and to act as a performance incentive, linking part of his remuneration to the Company's performance and his individual performance. The annual variable remuneration will consist of an annual premium or bonus system amounting to a maximum of 550,000 euros for the fulfilment of objectives, which may be adjusted by 10% upward or downward, based on the director's individual performance

The variable remuneration will be paid after year end and determined taking into account the year end results.

Finally, the Company has included a long-term variable remuneration plan ('LTIP') for executive directors with the aim of promoting reciprocal value creation for the Company, its shareholders and beneficiaries, strengthening the commitment of the latter and rewarding the creation of sustainable value for shareholders over the long term. Designed as a long-term incentive or linked to the objectives of the Business Plan, it will allow executive directors, beneficiaries of this Plan, to receive a certain amount in cash.

The LTIP has been designed in accordance with the precautionary principle and has taken into account current trends in comparable companies and the best practices of various actors in the market.

The purpose of the LTIP is to (i) promote reciprocal value creation for the Company, its shareholders and beneficiaries; (ii) guide the management team in achieving the objectives of the business plan; (iii) enhance the dedication and commitment of the beneficiaries in the performance of their duties; (iv) incentivise the long-term performance and professional efficiency of the executive directors; and (v) promote the sustainability of the Company for the creation of long-term value.

The LTIP will have a duration of three years, being applicable to the fiscal years 2020, 2021 and 2022, and will be paid, if applicable, in the fiscal year 2023, after the approval of the annual accounts, and once the Board of Directors has approved the degree of compliance with the established objectives.

The maximum annual amount to which the LTIP may give rise shall be equal to 75% of the annual fixed remuneration of the executive director.

The LTIP shall have as key parameters at least two financial objectives representing the long-term value generation and/or profitability of the Company.

In particular, the following objectives and weightings shall be taken into account:

- Total shareholder return in relation to the comparison group (30 %).
- Cumulative EBITDA for the period (60%).
- Qualitative factors linked to the strategic plan (10%).

The above targets have an associated scale of achievement that includes a minimum threshold below which the LTIP will not be paid. In particular, compliance with at least 80 % of the EBITDA target shall be required.

The specification of the objectives and their weightings for future fiscal years during the term of the Remuneration Policy shall be the responsibility of the Board of Directors, at the proposal of the Company's Appointments and Remuneration Commission.

The payment of the LTIP will be linked to the permanence in the Company, without prejudice to the fact that, in the event of death, disability, retirement, corporate resignation and cases of termination of the business relationship that are not caused by a breach of duties or responsibilities, the executive director will retain the right to receive a part of the LTIP proportional to the time elapsed until the termination. In other cases of termination of the executive director's relationship with the Company, the executive director shall not be entitled to receive any amount derived from the LTIP.

Likewise, in the event of a change in control, when a new shareholder becomes the holder of more than 30% of the voting rights of the Company, the beneficiary will retain the right to receive the LTIP as if the objectives had been 100% met.

This annual remuneration report was approved by the board of directors of the company at its meeting on:

25/02/2021

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

Yes

No