



TECNICAS REUNIDAS

**SUPPORTING REPORT ON THE
DIRECTORS' REMUNERATION POLICY
OF TÉCNICAS REUNIDAS, S.A. FOR
FINANCIAL YEARS 2023 TO 2025**

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I. INTRODUCTION

In accordance with Article 529 novodecies of Spanish Royal Legislative Decree 1/2010, dated July 2, which approves the recast text of the Spanish Corporate Enterprises Act ("LSC"), the proposal of the Directors' Remuneration Policy of Técnicas Reunidas, S.A. (hereinafter, "Técnicas Reunidas" or the "Company"), must be submitted in conjunction with a specific report by the Appointments and Remunerations Commission (hereinafter, the "Commission" or the "Appointments and Remunerations Commission"), and both documents must be published in the corporate website from the moment the General Meeting of Shareholders is called.

This document is the supporting report for the proposal of the Directors' Remunerations Policy (hereinafter, the "Report"), issued for this purpose by the Appointments and Remunerations Commission of the Company and which will be submitted for the approval of the Board of Directors and subsequently submitted to the General Meeting of Shareholders. This report states the criteria and rationale used by the Appointments and Remunerations Commission to prepare the proposal for the Directors' Remunerations Policy of Técnicas Reunidas, S.A. (the "Remunerations Policy") applicable for financial years 2023 to 2025.

**II. RATIONALE FOR THE NEW DIRECTORS' REMUNERATIONS
POLICY**

The Remunerations Policy proposal to be submitted for approval by the General Meeting of Shareholders is similar to that of the previous policy, with certain changes necessary to adapt to Act 5/2021, dated April 12, which modifies the recast text of the Spanish Corporate Enterprises Act ("Act 5/2021), and to set forth certain technical and systematic details.

The Remunerations Policy of Técnicas Reunidas is based on the principle of proportionality of remuneration for administrators stated in Article 26.4 of the Company's Board of Directors Regulations and on Article 217.4 of the LSC. Thus, the Remunerations Policy:

- is reasonably proportionate to the importance of the Company, defined by its size, turnover, number of employees and economic significance, among other factors; and

- is geared towards promoting its long-term profitability and sustainability, including the necessary precautions to avoid excessive risk-taking and the rewarding of unfavorable results.

In view of the above, this Commission considers that it is convenient for the Board of Directors to propose a new Directors' Remuneration Policy, based on the following reasons:

- As set forth in Article 529. novodecies. 1 of the LSC, the General Meeting of Shareholders of listed trade companies must approve their directors' remuneration policy, to be applied for a maximum period of three years. However, the General Meeting of Shareholders may decide that the proposals of new remuneration policies be applied from the date of approval and for the following three years. Thus, the previous Directors' Remuneration Policy was approved by the General Meeting of Shareholders on June 25, 2020.
- Although the proposal is similar to that of the previous policy, certain changes have been included to adapt it to Act 5/2021 and to include certain technical and systematic details. The primary changes as regards the current policy are as follows:
 - To remove the mentions in Sections III and IV that the General Meeting of Shareholders will be the body in charge of deciding each year the maximum amount of remuneration to be received by the directors, given that, by approving the Policy, the General Meeting of Shareholders is only required to approve the maximum amount of yearly remuneration for all the directors and the fixed amount of remuneration of executive directors;
 - To adapt Section IV of the Policy, which deals with the remunerations scheme to be applied to directors, to Article 529. septdecies of the LSC, notwithstanding the fact that the amounts or items of remuneration applicable to these directors are not changed;
 - To include explicit reference in Section V to the fact that the Chairman of the Board of Directors is the only executive director at the time of approval of the Policy and that, should any new executive directors be included, the Policy would have to be amended, as set forth in Section IX. Likewise, the remuneration of the executive director is adapted to Article 529, octodecies of the LSC;
 - To include a new Section VII to foresee the contribution of the Remunerations Policy to the Company's long-term strategy, interests and sustainability, as stated in Article 529. novodecies. 3. a) of the LSC; and
 - To include a new Section VIII to associate the Policy with the remuneration and employment conditions of the Company's workers, in accordance with the new version of Article 529. novodecies. 3. c) of the LSC.

III. CONCLUSIONS AND VALIDITY OF THE DIRECTORS' REMUNERATION POLICY

The Commission considers that the proposal of the Directors' Remuneration Policy of Técnicas Reunidas contributes to the long-term interests of the Company and its shareholders for the following reasons, among others:

- The Commission considers that the remunerations of the Company's directors are appropriate, insofar as they are proper compensation for the performance of the duties undertaken by each director, in accordance with the dimension, goals, internal organization and nature, scope and complexity of the activities carried out by Técnicas Reunidas.
- The Commission understands that a foreseeable long-term variable remuneration scheme for the executive director improves the alignment of their interests with the long-term interests of Técnicas Reunidas, in line with the best corporate governance practices and aligning the remuneration package of executive directors with the market practice of comparable entities.
- The Commission has paid special attention to ensure that the Policy fully complies with regulations governing remunerations and with the best recommendations of the Good Governance Code. It considers that the Policy is (i) compatible with appropriate and effective risk management, (ii) does not offer incentives to take on risks that exceed the levels tolerated by the Company and (iii) is compatible with the Company's long-term business strategy, goals, values and interests.

As set forth in Article 529 novodecies of the LSC, the Company will apply the Directors' Remuneration Policy during the years 2023 to 2025. Any changes to or replacement of the Policy during this period will require prior approval of the General Meeting of Shareholders as set forth in current legislation, notwithstanding the provisions of Article 529. novodecies. 5 of the LSC.

Therefore, this Commission submits this Report in conjunction with the policy to the Board of Directors for submission for approval to the General Meeting of Shareholders.

May 19, 2022.

Appointments and Remunerations Commission

**REASONED PROPOSAL OF THE BOARD OF DIRECTORS AS
REGARDS THE DIRECTORS' REMUNERATION POLICY OF
TÉCNICAS REUNIDAS, S.A. FOR FINANCIAL YEARS 2023 TO 2025**

Article 529 novodecies of the recast text of the Spanish Corporate Enterprises Act ("LSC"), approved by Spanish Royal Legislative Decree 1/2010, dated July 2, states the obligation of listed companies to prepare the directors' remuneration policy and submit it for approval by the General Meeting of Shareholders. This policy must be in line with the directors' remuneration scheme set out in the Bylaws and it must be approved by the General Meeting of Shareholders as a separate item in the meeting agenda. A reasoned proposal from the Board of Directors on the same must be made available to the shareholders from the moment the General Meeting of Shareholders is called, in conjunction with a specific report by the Appointments and Remunerations Commission.

Therefore, the Board of Directors of Técnicas Reunidas S.A. (the "Company") has prepared this reasoned proposal as regards the Directors' Remuneration Policy of Técnicas Reunidas, S.A. for financial years 2023 to 2025 (the "Remunerations Policy"), which will be submitted for approval by the Company's Ordinary General Meeting of Shareholders.

As regards the members of the Board of Directors, the Remunerations Policy must comply with the remuneration scheme set forth in the Bylaws and must include the maximum amount of annual remuneration to be received by all the directors, as such.

Moreover, as regards the directors who perform executive duties, the Remuneration Policy must state the amount of fixed annual remuneration and any variations during the period that the Policy is valid for, the various parameters used to set the variable components and the main terms and conditions of their contracts. This must specifically include its duration, compensation for early dismissal or termination of the contractual relationship and agreements of exclusive dedication, not to compete after termination of the contract, permanence or loyalty. Any remuneration received by the directors for exercising or termination of their position and for performing executive duties must comply with the Remunerations Policy in force at that time, except for specific remunerations approved by the General Meeting of Shareholders.

The Ordinary General Meeting of Shareholders held on June 25, 2020 approved the "Directors' Remunerations Policy of Técnicas Reunidas, S.A. for the years 2020, 2021 and 2022", although the Board of Directors has considered it necessary to include a series of amendments to the Policy in force up until now essentially consisting in the inclusion of certain items included in Act 5/2021, dated April 12, which amended the recast text of the Spanish Corporate Enterprises Act ("Act 5/2021), and to set forth certain technical and systematic points. The main changes made to the current Policy are as follows:

- To remove the mentions in Sections III and IV that the General Meeting of Shareholders will be the body in charge of deciding each year the maximum amount of remuneration to be received by the directors, given that, by approving the Policy, the General Meeting of Shareholders is only required to approve the maximum amount of yearly remuneration for all the directors and the fixed amount of remuneration of executive directors;
- To adapt Section IV of the Policy, which deals with the remunerations scheme to be applied to directors, to Article 529. septdecies of the LSC, notwithstanding the fact that the amounts or items of remuneration applicable to these directors are not changed;
- To include explicit reference in Section V to the fact that the Chairman of the Board of Directors is the only executive director at the time of approval of the Policy and that, should any new executive directors be included, the Policy would have to be amended, as set forth in Section IX. Likewise, the remuneration of the executive director is adapted to Article 529, octodecies of the LSC;
- To include a new Section VII to foresee the contribution of the Remunerations Policy to the Company's long-term strategy, interests and sustainability, as stated in Article 529. novodecies. 3. a) of the LSC; and
- To include a new Section VIII to associate the Policy with the remuneration and employment conditions of the Company's workers, in accordance with the new version of Article 529. novodecies. 3. c) of the LSC.

In accordance with the above and with the Report by the Appointments and Remunerations Commission on the Policy proposal, the contents and reasoning of which is agreed to by the Board, the Board of Directors considers that the proposed Remunerations Policy complies with applicable regulations and is in agreement with the best practices of Good Corporate Governance; therefore, it agrees to submit it for approval by the upcoming Company's Ordinary General Meeting of Shareholders for its application during the years 2023 to 2025.
