



TECNICAS REUNIDAS

REPORT ON THE OPERATION OF THE
AUDIT AND CONTROL COMMISSION

FISCAL YEAR 2021

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REPORT ON THE OPERATION OF THE AUDIT AND CONTROL COMMISSION DURING FISCAL YEAR 2021

1. INTRODUCTION

The revised text of the Capital Companies Law, approved by Royal Legislative Decree 1/2010, of July 2 (“LSC”) establishes in Article 529 terdecies that listed public limited companies must constitute an audit commission, whereas its rules of composition, operation and powers are established in Article 529 quaterdecies of the LSC.

On the other hand, Article 529 nonies of the LSC establishes that the Board of Directors must evaluate its operation and that of its Commissions annually, and Recommendation 36 of the Code of Good Governance of Listed Companies (the “Good Governance Code”) sets forth that the evaluation of the Commissions will be based on the report that they submit to the Board of Directors.

Based on the foregoing, the Audit and Control Commission of Técnicas Reunidas, S.A., (the “Company”) has prepared this report on its operation during the 2021 fiscal year, which will be available to shareholders and other stakeholders on the Company’s website from the time the formal notice of the Ordinary General Shareholders’ Meeting is sent out, in accordance with Recommendation 6 of the Good Governance Code.

2. REGULATION OF THE COMMISSION AND PRACTICAL GUIDELINES THAT ARE BEING FOLLOWED

The rules governing the composition and functioning of the Audit and Control Commission of the Company is regulated in Article 29 of the Company Bylaws and 13 of the Board of Directors’ Regulations. These documents are permanently published for consultation on the Company’s corporate website (www.tecnicasreunidas.es).

In the exercise of its functions, the Audit and Control Commission starts from what is established in the Good Governance Code and has also taken into account the basic principles and recommendations of Technical Guide 3/2017, of the CNMV on Audit Commissions of Public Interest Entities, published in June 2017 (the “Technical Guide 3/2017”). In this sense, this report includes the information contained in section 79 of Technical Guide 3/2017.

3. COMPOSITION

In accordance with Articles 29 of the Company Bylaws and 13 of the Board Regulations, the Audit and Control Commission must be comprised of a minimum of three and a maximum of five directors, appointed by the Board of Directors from among its non-executive directors, with the majority of them being independent directors.

Likewise, at least one of the independent directors that form part of the Commission will be appointed taking into account their knowledge and experience in accounting, auditing, risk assessment, both financial and non-financial or all of these. In any case, as a whole, the members of the Commission will have relevant technical knowledge in relation to the sector of activity that the Company belongs to.

In turn, the President of the Audit and Control Commission will be elected from among the independent directors that are members of the same for a term of four years and may be re-elected after a period of one year has elapsed from the date of their cessation.

During the 2021 fiscal year, the Audit and Control Commission did not change its composition and this was as follows:

Director	Position	Category
Ms. Petra Mateos Aparicio	President	Independent
Mr. Pedro Luis Uriarte Santamarina	Member	Independent
Mr. José Manuel Lladó Arburúa	Member	Proprietary
Mr. José Nieto de la Cierva	Member	Independent
Mr. Ignacio Sánchez-Asiaín Sanz	Member	Independent
Non-Board Member Secretary: Ms. Laura Bravo Ramasco.		

- Ms. Petra Mateos-Aparicio Morales (President) is an independent non-executive director. She was appointed director by co-option by resolution of the Board on February 29, 2016, an appointment that was ratified at the General Meeting of June 29, 2016 and the General Meeting of June 25, 2020 and appointed as member and President of the Commission on July 31, 2018.

Mrs. Mateos Aparicio holds a PhD “cum laude” in Economics and Business Administration from the Complutense University of Madrid and is a Professor of Financial Economics. She has been Vice-President of the Spain – U.S. Chamber of Commerce since July 2011 and a director of Unicaja Banco since February 2014. She was a director of Banco CEISS from 2014 until its merger with Unicaja in September 2018. She has been the Executive President of Hispasat (2004-2012), Non-Executive President of Hisdesat

(2005-2011) and a Member of the Board of Directors of Solvay from 2009 to 2013. She has extensive academic experience as Professor of Financial Economics at the Department of Business Economics and Accounting of the Faculty of Economics and Business Studies of the UNED and Professor of Financial Economics at the University College of Financial Studies (CUNEF) (1982-2015). She has also been a member of the National Board of Directors of the Spanish Institute of Financial Analysts (IEAF) since 2011 and member of the Board of ANECA during the period 2009-2015.

Notable among the distinctions she has received are the Knight of the Order of the Legion of Honor of the French Republic, Business Leader of the Year (2010), awarded by the Spain-U.S. Chamber of Commerce and the Women Together Foundation Award (2009), awarded by the United Nations Economic and Social Council (ECOSOC). Her most recent book, “Corporate Finances”, written in collaboration with Brealey, Myers, Marcus and Mateos (McGraw-Hill and UNED, 2010) is a significant insight into decision-making in the field of finances. She is also a non-executive Director of Ghesa Ingeniería y Tecnología, S.A.

- Mr. Pedro Luis Uriarte Santamarina (member) is an external independent director. He was appointed director at the General Meeting held on June 22, 2011 and subsequently re-elected by the General Shareholders’ Meeting and appointed member of the Commission on July 28, 2012.

Mr. Uriarte Santamarina holds a degree in Economics and Law from the Deusto Business School in Bilbao. He has a total of 46 years of experience, 9 years in the industrial sector, 23 in finance, 10 in strategic consultancy and 4 in public administration, in addition to 7 years of tenure as a university professor over that period of time. In the banking sector, he has been CEO (1984) and Vice-President (1997) of BBV. After the BBV merged with Argentaria (1999), he was appointed CEO and Vice-President of BBVA until his early retirement in 2001. From 1997 to 2002, he was also Vice-President of the Board of Directors of Telefónica S.A. and among other professional activities, he is currently CEO of Economía, Empresa y Estrategia, S.A. and Director of Panda Security, S.L.

- Mr. José Manuel Lladó Arburúa (member) is a proprietary director. He was re-elected as a director at the General Meeting on June 25, 2020 and designated a member of the Commission on July 28, 2020, after the Commission was formalized in the Company’s Bylaws.

Mr Lladó Arburúa has a BSBA from Georgetown University and an MBA from the University of Chicago. In his professional career, he has been manager of the international corporate finance division of Citibank N.A. (1986-1990)

Managing Director of the Chase Manhattan Bank, with responsibility for Global Market Sales for Spain (1990-2001) and Assistant Deputy Managing Director of Banesto, with responsibility over the International and Treasury area (2001-2004). He has been a director of CESCE (2001-2004), Managing Director and Founder of Ideon Financial Services (2004-present), Founding Partner, President and Director of Summa Financial Services (2013-present), Founding Partner and President of Borrox Financial Solutions (2017-present), Founding Partner of Summa Financial Services (2004-present) and Managing Director of Ideon Financial Services (2008-present), as well as Managing Director of Araltec, S.L., Director of Ideon North America (subsequently Choice) (2008-2019) and Founding Partner and President of Borrox Financial Solutions (2017-present). He is a member of the Board of Directors of Aragonesas Promoción de Obras y Construcciones, S.L. (Director), Layar Castilla, S.A. (President), Summa Investment Solutions, S.A. (President), Choice Financial Solutions, S.L. (Director), Fintonic Servicios Financieros, S.L. (Director), León Valores S.A., SICAV (Director), Araltec, S.L. (Vice-President) and Aragonesas Promoción de Obras y Construcciones (Director).

- Mr. José Nieto de la Cierva (member) is an independent non-executive director. He was appointed director at the General Meeting held on June 27, 2018 and appointed member of the Commission on July 31, 2018.

Mr. Nieto de la Cierva has a degree in Economic Sciences and Business Administration from the Complutense University of Madrid. He has developed his professional career in the private sector, as a member of the consultancy department of KPMG Spain (1988-1989), subsequently part of the JP Morgan Group (1989-2002), Director of the Chase Manhattan Bank (1998-2002) and Managing Director of Corporate Banking for the Chase Manhattan Bank in Spain (1998-2002). He subsequently joined Banesto (2002-2010), where he was Deputy Managing Director of Corporate Banking (2002) and Managing Director of Wholesale Banking (2006). He has also held posts in the Banca March Group (2010-2017), where he was President of Banco Inversis, CEO of Banca March, Director and member of the Audit Commission of Corporación Financiera Alba, Director and member of the Executive Commission of Ebro, Director of Consulnor and Director of Aegon España. He is also currently Deputy Managing Director of Banco Sabadell, having held this position since 2018.

- Mr. Ignacio Sánchez-Asiaín Sanz (member) is an independent non-executive director. He was appointed director at the General Meeting held on June 25, 2020 and appointed member of the Commission on September 30, 2020.

Mr. Sánchez-Asiaín Sanz has a degree in Economics and Business Administration from the University of Deusto and an MBA with a specialty in Financial Intermediation from the Wharton School – University of Pennsylvania. He has developed his professional career in the private sector, as a market analyst for Prescott Ball & Turben, European project manager, member of the European Senior Advisory Board and Senior Advisor of Iberia in Oliver Wyman & Co., International Business Development Director, Private Banking General Manager, General Manager of Systems and Operations and member of the Steering Committee in the BBVA Group, General Manager of Bilbao Bizkaya Kutxa (BBK), Corporate General Manager of Kutxabank and CEO of Banco Popular and President of Gobertia Órganos de Gobierno. Currently, Mr. Ignacio Sánchez-Asiaín Sanz is a member of the Boards of Weguest, S.L., Tradeslide Ltd., Gobertia Global, Gobertia CEE, Gobertia España and Gobertia Perú.

Detailed information on the members of the Commission and their professional background is available to shareholders, investors and other interested parties on the Company's website.

In accordance with the foregoing, the Commission has been made up entirely of non-executive directors, most of whom are independent directors, including its President, in accordance with the provisions of Article 529 quaterdecies of the LSC. All of its members have been appointed by the Board of Directors, and in particular its President, taking into account the tasks of the Commission and ensuring that its composition responds to a variety of diversity criteria, among which are those related to the knowledge, skills, professional experience, competencies, personal capacities, gender and sectoral knowledge of its members.

4. COMPETENCIES OF THE COMMISSION AND ACTIVITIES CARRIED OUT DURING THE FISCAL YEAR

Article 13.2 of the Regulations of the Board of Directors includes the functions of the Audit and Control Commission, without prejudice to other functions that the Board of Directors may assign to it, the Commission has, among others, the following basic responsibilities:

In relation to the supervision of financial and non-financial information:

- a) Report to the General Shareholders' Meeting on matters within its scope and, in particular, on the result of the audit, explaining how the audit has contributed to the integrity of the financial information and the role that the Commission has played in this process.

- b) Supervise and evaluate the process of preparation and presentation of the mandatory financial and non-financial information relating to the Company and, where appropriate, to the Group, including the periodic financial and non-financial information that, as a listed company, the Company must provide to the markets and their supervisory bodies, ensuring that the intermediate accounts are prepared under the same accounting criteria as the annual accounts, always relying on the direct collaboration of the external and internal auditors, and presenting where appropriate, recommendations or proposals to the Board of Directors aimed at safeguarding their integrity.
- c) Ensure that the annual accounts that the Board of Directors presents to the General Shareholders' Meeting are prepared in accordance with accounting regulations. In those cases in which the account auditor has included any exception in their audit report, the President of the Audit and Control Commission will clearly explain at the General Meeting the opinion of the Commission on its content and scope, making a summary of said opinion available to the shareholders at the time of publication of the notice of the Meeting, together with the rest of the proposals and reports of the Board.

In relation to the supervision of internal control and internal audit:

- d) Periodically supervise the effectiveness of the Company's internal control and internal audit, as well as discuss with the account auditor the significant weaknesses of the internal control system detected during the audit, all without compromising its independence. For such purposes, and where appropriate, they may submit recommendations or proposals to the Board of Directors and the corresponding deadline for their follow-up.
- e) In relation to the information and internal control systems: (i) to know and supervise the internal control systems of the Company, check their adequacy and integrity and review the appointment or replacement of those responsible; (ii) to ensure in general that the policies and systems established in matters of internal control are applied effectively in practice; (iii) to review compliance with regulatory requirements, the adequate delimitation of the consolidation perimeter and the correct application of accounting criteria; and (iv) to ensure the independence and effectiveness of the internal audit function, proposing the selection, appointment and removal of the person in charge of the internal audit service, as well as proposing the budget for said service, approving the orientation

and the annual work plan, ensuring that its activity is mainly focused on the relevant risks of the Company (including reputational risks), receiving periodic information on its activities and verifying that senior management takes into account the conclusions and recommendations of its reports.

- f) Supervise the unit that assumes the internal audit function that ensures the proper functioning of the information and internal control systems.

The head of the unit that assumes the internal audit function will present its annual work plan to the Audit and Control Commission for approval, inform it directly of its execution, including possible incidents and limitations to the scope that may arise in its development, as well as the results and the follow-up of its recommendations, and submit an activities report at the end of each fiscal year.

- g) Establish and supervise a mechanism that allows employees and other persons associated with the Company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any potentially significant irregularities, including those affecting finances and accounting, or of any other nature, related with the company that they notice within the Company or its Group. This mechanism must guarantee confidentiality and, in any case, provide for cases in which communications may be made anonymously, respecting the rights of the whistleblower and the reported party.

In relation to the account auditor:

- h) Submit to the Board of Directors the proposals for the selection, appointment, re-election and replacement of the account auditor, taking responsibility for the selection process in accordance with the provisions of the applicable regulations, as well as the conditions of their hiring and for this purpose, they must:
 - 1°. define the auditor selection procedure and
 - 2°. issue a reasoned proposal that will contain at least two alternatives for the selection of the auditor, except if the auditor is re-elected.
- i) Regularly collect information from the auditor on the audit plan and its execution, in addition to preserving its independence in the exercise of their duties.

- j) Establish the appropriate relationships with the external auditor to receive information on those matters that may pose a threat to its independence, in particular as regards the discrepancies that may arise between the account auditor and the Company's management, for examination by the Commission, and any others related to the process of carrying out the auditing of accounts and, where appropriate, the authorization of services other than those prohibited in the terms provided in the applicable regulations, as well as those other communications provided for in the legislation of auditing of accounts and in auditing standards.
- k) In any event, in accordance with the provisions of the regulations governing the activity of the auditing of accounts and other auditing standards, the external auditors must provide them annually with a declaration of their independence in relation to the Company or entities linked to it directly or indirectly, as well as detailed and individualized information on the additional services of any kind provided and the corresponding fees received from these entities by the external auditor or by the persons or entities linked to it.
- l) Provide an annual report, prior to issuing the account audit report, expressing an opinion on whether the independence of the account auditors or audit firms is compromised. This report must contain the reasoned assessment of the provision of each and every additional service referred to in the previous point, both individually and as a whole, other than the legal audit and in relation to the regime of independence or the regulations governing the activity of auditing accounts. This report must be published on the Company's website sufficiently in advance of when the Ordinary General Meeting is held.
- m) In relation to the external auditor: (i) in the event of resignation of the external auditor, examine the circumstances that led to it; (ii) ensure that the remuneration of the external auditor for their work does not compromise their quality or independence; (iii) ensure that the Company communicates the change of auditor as other relevant information to the National Securities Market Commission and accompanies it with a statement on the eventual existence of disagreements with the outgoing auditor and, if there were any, their content; and (iv) ensure that the external auditor holds an annual meeting with the full Board of Directors to report on the work carried out and on the developments of the Company's accounting and risk situation.

- n) Supervise compliance with the audit contract, ensuring that the opinion on the annual accounts and the main contents of the audit report are drawn up clearly and precisely. Also to evaluate the results of each audit and ensure that the Company and the external auditor respect the current regulations on the provision of services other than auditing, the limits to the concentration of the auditor's business and, in general, all other regulations established to ensure auditor independence.
- o) Draw up a final evaluation of the auditor's performance and how it has contributed to the quality of the audit and the integrity of the financial information.

In relation to the supervision of risk management and control:

- p) Monitor and assess the effectiveness of financial and non-financial risk management and control systems related to the Company and, where appropriate, the Group, including operational, technological, legal, social, environmental, political and reputational issues or those related to corruption.
- q) Directly supervise the internal risk control and management function.
- r) Reassess, at least annually, the list of the most significant financial and non-financial risks and assess their tolerance level, proposing their adjustment to the Board of Directors, if applicable.
- s) Hold a meeting with the heads of the business units at least annually, in which they explain business trends and associated risks.
- t) Be aware of the tax policies applied by the Company. In this sense, receive information from the person responsible for tax matters on the tax policies applied, at least prior to the formulation of the annual accounts and the presentation of the Corporate Income Tax return and, when relevant, on the tax consequences of corporate operations whose approval is submitted to the Board of Directors.
- u) Control and supervise compliance with the risk control and management policy, directly or through one or several sub-Commissions created for this purpose.

The Audit and Control Commission will carry out the functions provided for in this section in coordination, as necessary, with the Management and Risks Commission.

In relation to the supervision of corporate governance, internal codes of conduct and sustainability:

- v) Supervise compliance with the Company's policies and rules regarding corporate governance as well as the Company's internal codes of conduct. In particular, the Audit and Control Commission will: (i) supervise compliance with the Internal Code of Conduct in the Securities Markets, these Regulations, Audit and Control Commission Regulations, if applicable, other internal codes of conduct and, in general, of the Company's governance rules, making the necessary proposals for their improvement and ensuring that the corporate culture is aligned with its purpose and values; (ii) supervise the application of the general policy regarding the communication of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, voting advisers and other stakeholders. It will also monitor the way in which the Company communicates and relates to small and medium shareholders; and (iii) periodically evaluate and review the Company's corporate governance system, in order for it to fulfill its mission of promoting the corporate interest and take into account, as appropriate, the legitimate interests of the remaining stakeholders.
- w) Supervise compliance with the policies and rules of the Company regarding environmental and social sustainability. In particular, the Audit and Control Commission will: (i) periodically evaluate and review the Company's corporate social responsibility and sustainability policy in environmental and social matters, in order for it to fulfill its mission of promoting social interest and take into account, as appropriate, the legitimate interests of the remaining stakeholders; (ii) supervise that the Company's practices in environmental and social matters conform to the strategy and policy established; and (iii) supervise and evaluate the relationship processes with the different stakeholders.

Other duties:

- x) Supervise the organization and operation of the Company's Regulatory Compliance system and area.
- y) Prior to their approval by the General Meeting or the Board of Directors, inform on Related-Party Transactions and supervise the internal procedure established by the Company regarding the Transactions whose approval may have been delegated in accordance with applicable regulations.

- z) Inform the Board of Directors, prior to agreeing on the corresponding decisions, on all matters provided for by Law, the Bylaws and the Board Regulations and, in particular, on:
- a. The financial information and management report, which will include mandatory non-financial information that the Company must periodically make public, when applicable.
 - b. The creation or acquisition of interests in entities of special purpose or domiciled in countries or territories that are considered tax havens.
 - c. The economic conditions and accounting impact and, if appropriate, proposed exchange ratio of structural and corporate modification operations that the Company intends to undertake.
 - d. Any other general or specific functions involving reports and proposals that are entrusted by the Board of Directors or that are established by the regulations in force at any time.

Likewise, Article 13.5 of the Board Regulations provides that the Commission will prepare an annual report on its operation highlighting the main events that have arisen, if any, in relation to its functions. In addition, when the Commission deems it appropriate, it will include in said report proposals to improve the Company's governance rules.

As regards its organization and operation, the Commission has analyzed the convenience and usefulness of having its own Regulations and agreed to approve these in accordance with the provisions in Section 2 of the Technical Guide 3/2017.

In particular, during the 2021 fiscal year, the Audit and Control Commission carried out the following activities:

In relation to the supervision of financial and non-financial information

- The individual and consolidated annual accounts were reported favorably by the Commission for consideration and, where appropriate, approval by the Board of Directors. The previous debate focused on certain issues that were considered especially relevant, highlighting for these purposes the impact of COVID-19 on the Group's activity.

Likewise, the external auditors, Deloitte and PricewaterhouseCoopers (PwC), stated that during the co-audit work, no significant risks were revealed in addition to those identified in the planning process and presented at a previous

meeting in 2020 and confirmed that there had been no disagreement or scope limitation occurred during the co-audit process.

- The Commission unanimously agreed to submit to the Board of Directors the proposal for the application of the result for the year ended December 31, 2020.
- The statement to be submitted to the CNMV was prepared, which stated that the Commission would report favorably to the Board of Directors regarding the Annual Financial Report corresponding to the fiscal year 2020, for its approval and submission to the CNMV.

The Commission has periodically supervised the progress of the audit work, with the external auditors appearing, where appropriate, to report on issues such as: (i) recommendations for improvement; (ii) estimations regarding projects; (iii) effects of COVID-19 and the corresponding breakdowns; (iv) estimate of project cash flows; (v) progress of main projects; (vi) situation of covenants and status of litigation and arbitration processes, as well as the tax situation (vii) audit work planning and (viii) periodic public information concerning the first six months of 2021 (after the Commission received an opinion on limited review of that information on the first six months from the external auditors and after the internal auditor had presented the most notable events of the first quarter of 2021 to the Commission).

Likewise, at the last 2021 Commission meeting, it was informed by the external auditors, PwC and Deloitte, of the conclusions of the preliminary review of the 2021 audit, also reviewing relevant issues for the closing. All this with the intervention of the directors, who expressed their various opinions.

At its meetings, the Commission has supervised various issues related to financial and non-financial information and, among others: (i) the advancement of data at the year's close; (ii) the Group's treasury situation, in which regard various statements were made by the directors to make certain clarifications or questions; (iii) financial presentations to analysts; (iv) analysis of tax risks; (v) presentations by the regulatory compliance area; (vi) the situation of the Group's subsidiaries and (vii) the presentation of the Development Plan for the Sustainability Policy.

The Commission has been periodically informed about the Company's internal control system of financial information (SCIIF). Specifically:

- During fiscal year 2021 and as regards the Company's SCIIF, the Audit and Control Commission has analyzed and supervised the efficiency of the internal control systems and has been informed by the internal auditor of the progress made in the review process throughout a series of meetings. The internal audit

has reviewed the information reported by the SCIIF at the close of the second quarter. This review focused on the processes that included opinions and estimates that were essential to the accounting record.

- The Commission has supervised monitoring, study and analysis of the process opened to strengthen the Company's financial capacity, with support from the SEPI (State-Owned Industrial Holding Company), derived from the situation generated by COVID-19.

Additionally, the Commission has periodically monitored and supervised other matters:

- Group regulatory compliance, including an analysis of its implementation and application during fiscal year 2021. As regards the above, the Commission approved the Annual Plan and budget for fiscal year 2021, the Code of Ethics for the supply chain and the Criminal Compliance Policy.
- Recognition of assets in negotiation for change orders, claims and chargebacks, in some cases with the collaboration of the internal auditor in their meetings.

In relation to the supervision of internal control and internal audit

The Commission was informed of the budget for the Internal Audit Department for the year 2021.

The Commission unanimously approved the Report on Related-Party Transactions corresponding to the year ended December 31, 2020, which would be submitted to the Board of Directors.

In relation to the account auditor

At its meeting held on February 25, 2021, the Commission approved the non-financial information statement, as an integral part of the management report, in which it summarizes the activity of the Company and its consolidated Group in matters of sustainability and its application throughout the fiscal year.

In relation to the supervision of risk management and control

The Commission has been periodically informed of various matters within its sphere of competence and, among others, the following:

- The objectives of the area for the 2021 fiscal year and, in particular: annual plan of the regulatory compliance area (review of existing policies or procedures, implementation of new policies, Annual Training Plan, Annual Communication Plan, Control Map, assessment of the Criminal Compliance Management

System (SGCP) performance, Internal SGCP Audits, Compliance and Procedure Reports for entities under control) and the compliance status of the same, design of the Compliance Management System, which includes the design aspects (presentation of the Code of Ethics for the supply chain, deployment of the SGCP in subsidiaries and a series of improvements in the Code of Conduct of employees and the claims channel, as well as the review and update of the Criminal Compliance Policy and the Crimes and Expected Behavior Catalog and the Gift and Hospitalities Policy), implementation and monitoring (implementation of the Third-Party Integrity Evaluation Process and Policy, integration of compliance clauses in the General Purchasing Conditions, deployment of the Criminal Compliance Management System in subsidiaries and renewal of the document manager to safeguard “Documented Information” aligned with ISO standards and regulations and implementation of a Remedial Action Plan (RAP) requested by Saudi Aramco to reinforce control mechanisms, procedures and policies applicable to project operations in Arabia) and training (a Conflict of Interests Statements Campaign was launched, the Code of Conduct in course was updated and an internal evaluation of the SGCP was conducted).

In this regard, the Commission was periodically informed about the status of implementation of the Regulatory Compliance objectives, as well as the open files and their status, by communications received through the Code of Conduct Mailbox.

- In June 2021, the head of the Compliance Department submitted the Annual Activities Report for the 2020 fiscal year, which dealt with aspects regarding Due Diligence processes (100% of the Due Diligence processes requested by third parties from Técnicas Reunidas were passed). Likewise, the Third-Party Integrity Evaluation Policy was reviewed and approved and a new policy was implemented in the Subcontracts and Procurement Department, the resources available to the Compliance Department, the training activities for managers and employees (4,300 of the 6,500 eligible employees attended a course on the Code of Conduct, a training course was conducted for Board members on the responsibility of administrators and a “Conflict of Interests” statement was requested of 339 employees), certain procedures/policies were drawn up (Risk Assessment in Oman, Kuwait, UAE and Bahrein) and claim channel information was updated.
- The Head of Regulatory Compliance provided updated information on the operation of the Compliance Department to the Audit and Control Commission in the meeting held on September 16, 2021. In particular, it dealt with the need to deploy the Criminal Compliance Management System (SGCP) in Group subsidiaries and informed the members of the Commission about the Code of Ethics of the supply chain and the Compliance Clause to be included in the new

purchasing conditions so they could be studied and approved of the Commission.

Likewise, the Commission has been informed at various meetings by the Finance Department regarding a variety of fiscal matters, such as the Manual of Fiscal Risks in relation to the taxes for fiscal year 2020, continuation of the one implemented in 2019, the purpose of which is to detect potential problems and mitigate or eliminate their consequences. Along the same lines, the risk analysis in 2021 focused on the gradual implementation of BEPS (*“Base Erosion and Profit Shifting”*), a criterion used throughout the OECD (*“Organization for Economic Cooperation and Development”*) intended to make multinational business groups pay taxes in the countries they operate in according to the profit generated in each country.

In relation to the supervision of corporate governance, internal codes of conduct and sustainability

In the session held on January 26, 2021, the internal auditor provided the Commission with the Annual Internal Audit Report for 2020, which included the following lines of action: audit of subsidiaries, SCIIF, review of income on account associated with contractual modifications and technical analysis of economic solvency of suppliers and subcontractors.

In the meeting held on May 12, 2021, the Head of Internal Audit also provided the Commission with the Internal Audit Plan, which contained the planning details of the internal audit for the year 2021, indicating the factors to be taken into consideration and the prioritizing criteria, which were monitored by the Commission.

Other duties

The Company’s internal auditor delivered to the Commission the declarations of independence of the co-auditors, PricewaterhouseCoopers and Deloitte.

In accordance with the provisions of Article 529 quaterdecies.4.f) of the LSC, the Commission approved the Report on the Independence of the External Auditor in relation to the 2020 fiscal year.

After the President of the Commission once again explained the operation of the Company’s joint audit system, implemented since 2017 by the audit firms PwC and Deloitte, a proposal was submitted for the re-election of PwC and Deloitte as joint auditors of the Company and its consolidated Group during fiscal year 2021. After a brief deliberation, it was unanimously approved to propose to the Board of Directors that it submit to the Ordinary General Meeting of Shareholders of the Company the proposal for the re-election of PwC and

Deloitte as account auditors of the Company and its consolidated Group for the 2021 fiscal year.

The Commission was also informed of the increase in the fees of the external auditors for the auditing work, once having adjusted the estimated hours to the real hours and adjusting the CPI to the real figure. Likewise, in the meeting held on November 11, 2021, the Internal Audit Management Report was submitted to the Commission. The report dealt with an assessment of auditor independence for providing non-audit services which includes a quantitative assessment of services and, on the other hand, a qualitative assessment of the nature of each service.

In relation to the follow-up of the Commission's own action plans

At each session, the Commission reviewed compliance with the 2021 Annual Plan of the Audit and Control Commission.

At its last meeting, the Commission unanimously reviewed and approved the meetings schedule for 2022, as well as the annual activity plan of the Audit and Control Commission for the fiscal year 2022, which establishes the matters to be dealt with by the Commission in each meeting.

Approval of the Sustainability Policy Implementation Plan

In the meeting held on September 16, 2021, the Commission unanimously approved the Sustainability Plan, which consists of concrete actions and specific goals for each of the areas involved, whether individually or through mutual collaboration, in a coordinated initiative to achieve synergies and provide a global vision of the Company. The Commission counted on the external advisory services of KPMG to draw up the Company's Sustainability Plan.

The Sustainability Plan has 12 main goals, among which are climate and environmental neutrality, sustainable financing, SDG risk culture, talent diversity, equality and security, sustainability governance and culture, reputation and communication improvement, ESG score improvement, contribution to SDGs, the Code of Conduct and ESG in the supply chain.

Other activities

The Commission unanimously approved its operations report for fiscal year 2020 and agreed to submit it to the Board of Directors.

It also stated that during fiscal year 2021 there were no deviations with respect to the procedures adopted by the Company and that the Board of Directors was

not informed of any irregularities in matters within the competence of the Commission, as evidence of such does not exist.

5. MEETINGS

In accordance with the provisions of Article 13 of the Board Regulations, the Commission will meet at least eight times a year in ordinary meetings to review the periodic financial information that must be sent to the corresponding authorities, as well as the information that the Board of Directors must approve and included in its annual public documentation. It shall also meet whenever convened by its President, who must do so whenever the Board or its President requests that the Audit and Report Commission issue a report or adopt proposals and, in any event, whenever requested by any of the members of the Audit and Control Commission or is convenient for the proper performance of their duties.

Likewise, the members of the management team or staff of the Company and its Group shall be obliged to attend the meetings of the Audit and Control Commission and to provide their collaboration and access to the information available to them when the Commission so requests. The Commission may also request their attendance without the presence of any other director. The Commission may also require the attendance of the account auditors at its meetings.

Technical Guide 3/2017 recommends that managers or other directors, executive or not, should be invited to Audit Commission meetings by the President of the Commission, that their presence be strictly limited to those points of the Agenda for which they are summoned and to avoid their presence from becoming common practice instead of an occasional event when necessary. The CNMV Technical Guide 1/2019 on Appointment and Remuneration Commissions, published in February 2019, also states that the minutes of the meetings should record the entries and exits of guests and that, except in specific cases, proper justification of which must be recorded in the minutes, the guests should not attend Commission discussions or voting. The Guide applies these recommendations to Audit Commissions as well.

In addition, in accordance with the provisions of Article 13.6 of the Board Regulations and in line with the recommendations of Technical Guide 3/2017, the Audit and Control Commission may seek the advice of external experts when it deems it necessary for the proper fulfillment of its functions.

In the period from January 1, 2021 to December 31, 2021, the Audit and Control Commission met 10 times, having been convened by the Secretary by order of the President, through individual communication to each of its members.

All the members of the Commission attended all the meetings held, either in person or by electronic means.

In addition to its members, the following persons attended the meetings of the Audit and Control Commission, at the invitation of the President of the Commission, to deal with certain items on the Agenda:

- Financial Manager.
- Head of Regulatory Compliance.
- Internal Auditor.
- Chief Operating Officer.
- The external auditors, Deloitte and PwC.

Specifically, the internal auditor attended all the meetings and the external auditors attended 5 meetings.

Likewise, when deemed appropriate, external advisors participated in the meetings of the Audit and Control Commission to deal with specific matters within their competence.

All those invited to the Commission were invited by the President and were present to deal with the items on the Agenda for which they were summoned. None of them attended the discussions and voting phases of the Commission meetings and the minutes of the meetings recorded the entries and exits of the various guests.

6. OPINION OF THE COMMISSION ON THE INDEPENDENCE OF THE AUDITOR OF ACCOUNTS

In relation to the independence of the external auditors, the Commission has received from Deloitte and PwC written confirmation of its independence from the Audit and Control Commission, as well as the information regarding the non-audit services that the external auditors provided to the Company and its Group during the 2021 fiscal year. This statement expressly states that the auditors have not encountered any of the causes of incompatibility established for that purpose in the Law on Account Auditing during fiscal year 2021; and in view of the information available, the Commission has not identified factors that endanger the independence of auditors Deloitte and PwC.

7. EVALUATION

The evaluation process of the Board of Directors and its Commissions corresponding to fiscal year 2020 was carried out during fiscal year 2021 with the assistance of the external advisor Ackermann International, for which the Commission prepared and submitted its operating report corresponding to fiscal year 2020 to the Board.

It should be noted that, in general terms, the evaluation of the operation of the Board of Directors and its Commissions is the same as that of the last two years. In particular, the following aspects, among others, were very positively reviewed: the high technical qualifications and professional experience of the members, the fluid and transparent communication between members of the Board, the work climate and collaboration observed among the directors, the trust observed in the management team and the immense appreciation for and trust in the executive secretary.

8. CONCLUSIONS

Based on the foregoing, the Audit and Control Commission has evaluated its composition and operation during fiscal year 2021 positively, considering that:

- The composition of the Commission has been adjusted to the provisions of the LSC and its internal rules, with members having the knowledge and experience appropriate to the competencies of the Commission and the sector of activity to which the Company belongs, with the majority of its members being independent directors.
- The Commission has met more frequently than that established in Article 13 of the Board Regulations and Technical Guide 3/2017 and whenever necessary in view of the matters to be discussed at the meeting.
- All the meetings of the Commission have been attended by all its members.
- Finally, the Commission has discussed and reached agreements on matters within its competence, in an informed manner and after discussions in which there has been constructive dialogue and a critical attitude, favoring diversity of opinions, as recommended in Technical Guide 3/2017. Likewise, when necessary, the Commission has benefited from the advice of external experts.

In accordance with the foregoing, the Audit and Control Commission has complied in general terms with the rules set forth in the Law and its internal rules regarding composition, frequency of meetings, attendance and informed participation of its members, and the Commission has also dealt with the



matters within its competence, and its activity during the 2021 fiscal year has been very positively evaluated.

This Report on the operation of the Audit and Control Commission during the 2021 fiscal year was prepared by the Commission on [*] [*] 2022, having been submitted by the Board of Directors of the Company at its meeting held on [*] [*] 2022.