



TECNICAS REUNIDAS

REPORT ON THE OPERATION OF THE
AUDIT AND CONTROL COMMISSION

FISCAL YEAR 2022

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REPORT ON THE OPERATION OF THE AUDIT AND CONTROL COMMISSION FOR FISCAL YEAR 2022

1. INTRODUCTION

The recast text of the Spanish Corporate Enterprises Act, 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 Good Governance Code 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 2022 fiscal year, which will be at the disposal of its shareholders and other stakeholders in the Company’s website from the call for the Ordinary General Meeting of Shareholders, as set forth in Recommendation 6 of the Good Governance Practices.

2. REGULATION OF THE COMMISSION AND PRACTICAL GUIDELINES BEING FOLLOWED

The rules governing the composition and operation of the Company’s Audit and Control Commission are found in Article 29 of the Company’s Bylaws, Article 13 of the Board of Directors’ Regulations and the Audit and Control Commission Regulations. These documents are published and can be permanently referred to in the Company’s corporate website (www.tecnicasreunidas.es).

In the exercise of its duties, 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 compliance with Article 29 of the Company's Bylaws, Article 13 of the Board of Directors' Regulations and Article 3 of the Audit and Control Commission Regulations, the Audit and Control Commission must be comprised of at least three and a maximum of five directors, appointed by the Board of Directors from among its non-executive directors, a majority of whom must be 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.

The composition of the Audit and Control Commission has not undergone changes during 2022; however, the responsibilities of its members has. From its session held on May 12, 2022, the President of the Commission has been Mr. Ignacio Sánchez-Asiaín Sanz, a position previously held by Ms. Petra Mateos Aparicio. Thus, the composition was as follows:

Director	Position	Category
Mr. Ignacio Sánchez-Asiaín Sanz	President (from the session held on May 12, 2022)	Independent director
Mr. Pedro Luis Uriarte Santamarina	Member	Independent director
Mr. José Manuel Lladó Arburúa	Member	Proprietary director
Mr. José Nieto de la Cierva	Member	Independent director
Ms. Petra Mateos Aparicio	Member (from the session held on May 12, 2022)	Independent director
Non-Board Member Secretary: Ms. Laura Bravo Ramasco.		

- Ms. Petra Mateos-Aparicio Morales (President until the session held on May 12, 2022 and member subsequently) is an independent non-executive

director. She was appointed director by co-option by agreement of the Board on February 29, 2016. This appointment was ratified by the General Meeting of Shareholders on June 29, 2016 and again by the same on June 25, 2020. She was designated as a member and President of the Commission on July 31, 2018 until the session held on May 12, 2022, after which she became a member of the same.

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. Vice-President of the Spain-United States Chamber of Commerce since July 2011 and 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 was Executive President of Hispasat (2004-2012), Non-executive President of Hisdesat (2005-2011), Director of Hispamar Satélites (Brazil) and Director of Xtar Llc (United States) between 2005 and 2012. She was an independent director of Solvay (Brussels) from 2009 to 2013 and between 1983 and July 1985 she was Director of Iberia and Banco Exterior de España, where she worked as Joint Managing Director between 1985 and 1987. She has extensive academic experience as Tenured Professor of Financial Economics at the Department of Business Economics and Accounting of the Faculty of Economics and Business Studies of the UNED and Tenured 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) 2011-2017 and member of the Board of ANECA during the period 2009-2015. Notable among distinctions she has received are the Knight of the Order of the Legion of Honor of the French Republic (2011); Business Leader of the Year (2010), awarded by the Spain-United States Chamber of Commerce; Entrepreneur of the Year (2010), awarded by the Brazil-Spain Chamber of Commerce; the Women Together Foundation Award (2009), awarded by the United Nations Economic and Social Council (ECOSOC); Female Executive of the Year (2009) of the Spanish Federation of Female Executives; and Doctor Honoris Causa by the Camilo José Cela University (2021).

- Mr. Ignacio Sánchez-Asiaín (President since the session held on May 12, 2022) is an independent non-executive director. He was appointed director at the General Meeting of Shareholders held on June 26, 2020 and President of the Commission in the session held on May 12, 2022.

Mr. Sánchez-Asiaín is a graduate in Economics and Business Administration by the Commercial University of Deusto in Bilbao and MBA specialized in

Financial Intermediation by the Wharton School - University of Pennsylvania.

Professionally, Mr. Sánchez-Asiáin has been a stock market analyst at Prescott Ball & Turben, project manager in Europe, member of the European Senior Advisory Board and Senior Advisor of Iberia at Oliver Wyman & Co., Director of International Business Development, Director of Private Banking, Managing Director for South America, General Director of Systems and Operations and member of the Steering Committee of the BBVA Group, general director of BBK – Bilbao Bizkaia Kutxa, corporate general director of Kutxabank and CEO of Banco Popular.

Mr. Sánchez-Asiáin is currently President of Tadesline Trading Tech Ltd. and member of the Board of Directors at Tradesline Ventures Ltd. and Weguest, S.L.

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

Mr. Uriarte Santamarina holds a degree in Economics and Law from the Commercial University of Deusto in Bilbao. He has a total of 54 years of experience, 9 years in the industrial sector, 23 in finance, 16 in strategic consultancy, 2 years in R&D&i and 4 in public administration. He has been a tenured university professor over 7 years at the Commercial University of Deusto, in subjects related to business transformation and advanced management; he has also collaborated with several business schools (Deusto Business School, IESE, ESADE, etc.). He was Vice-President (1997) and CEO (1994) of the Board of Directors at BBV and BBVA until 2001, Vice-President of the Board of Directors of Telefónica S.A. and Counselor of Economics and Finance (1980-1984) of the first Basque Government. He is also the Founder and Executive President of Economía, Empresa, Estrategia (2002-present) and Second Vice-President of NTT Data Europe & Latam S.L.U. Lastly, he is a Director and Advisor for several companies and cooperates with several educational and social activities.

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

Mr. Lladó Arburúa holds a BSBA from Georgetown University and an MBA from the University of Chicago. He was the manager of the Corporate

International Finance Division at Citibank N.A. (1986-1990), General Manager of the Chase Manhattan Bank, head of Global Market Sales for Spain (1990-2001), Assistant General Manager at Banesto, head of the International and Treasury Department (2001-2004), director at 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 Solutions, S.L. (2004-present) and Managing Director of Ideon Financial Solutions, S.L. (2008-present), as well as Managing Director of Araltec, S.L., director at Ideon North America (subsequently, Choice) (2008-2019) and founding partner and President of Borrox Financial Solutions (2017-present). He is on the Boards 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 of Shareholders held on June 27, 2018 and subsequently re-elected by the same on June 28, 2022. He was appointed member of the Commission on July 31, 2018.

Mr. Nieto de la Cierva has a degree in Economics and Business Administration from the Complutense University. Among others, he has held the following positions: KPMG España – consulting department (1988-1989). JP Morgan (1989-2002): Director of the Chase Manhattan Bank (1998-2002), Managing Director of Corporate Banking of the Chase Manhattan Bank in Spain (1998-2002), Banesto (2002-2010): Joint Managing Director of Company Banking (2002). Managing Director of Wholesale Banking (2006). Banca March Group (2010-2017): 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, Director of Aegon España and Managing Director of Banco Sabadell (2018-2022). He is currently President of Kenta Capital.

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.

As explained above, all the members of the Commission are non-executive directors, most of whom are independent directors, including its President as

set forth in Article 529 quaterdecies of the LSC. All its members have been appointed by the Board of Directors, including its President, considering the Commission's responsibilities, with the intention that the members of the same comply with various diversity criteria, among which are those associated with knowledge, skills, professional experience, competencies, individual capabilities, gender and the familiarity of its members with pertinent sectors.

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

Article 13.2 of the Board of Directors Regulations and Article 5 of the Audit and Control Commission Regulations establish the duties of the Audit and Control Commission, without prejudice to any other duties that may be assigned by the Board of Directors. The Commission has the following basic responsibilities, among others:

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

- a) Report to the General Meeting of Shareholders 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 Meeting of Shareholders are prepared in accordance with accounting regulations. In those cases in which the statutory auditor has included any exception in their audit report, the President of the Audit and Control Commission will clearly explain at the General Meeting of Shareholders 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 supervision of internal control and internal auditing:

- d) Periodically supervise the effectiveness of the Company's internal control and internal audit, as well as discuss with the statutory 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) 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) ensure in general that the policies and systems established in matters of internal control are applied effectively in practice; (iii) review compliance with regulatory requirements, the adequate delimitation of the consolidation perimeter and the correct application of accounting criteria; and (iv) 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 responsible for internal audit duties that ensure the proper functioning of the information and internal control systems.

The head of the unit who is responsible for internal audit duties will present their 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) Set up and supervise a mechanism that enables 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 sort, related to the Company and detected in 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 statutory auditor:

- h) Submit to the Board of Directors the proposals for the selection, appointment, re-election and replacement of the statutory 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 procedure used to select the auditor; and
 - 2. issue a reasoned proposal with a minimum of two alternatives for the selection of an auditor, unless the previous one is chosen again.
- i) Regularly collect information from the statutory 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 statutory 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 shall be published on the Company's website sufficiently in advance of the Ordinary General Meeting of Shareholders.

- 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 (CNMV) 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) To supervise compliance with the Audit contract, ensuring that the opinion on the annual accounts and the main contents of the Audit report are drafted clearly and accurately, as well as to evaluate the results of each Audit and, likewise, to ensure that the Company and the external auditor comply with the rules in force on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, the other rules established to ensure the independence of the auditors.
- o) Make a final assessment 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 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 duties.
- r) Re-evaluate, at least annually, the list of the most significant financial and non-financial risks and assess their level of tolerance, proposing their adjustment to the Board of Directors, as the case may be.

- s) Hold, at least annually, a meeting with the heads of the business units in which they explain the business trends and associated risks.
- t) To be informed of the tax policies applied by the Company. In this regard, to receive information from the person responsible for tax matters on the tax policies applied, at least prior to the preparation of the annual financial statements and the filing of the corporate income tax return and, when relevant, on the tax consequences of corporate transactions 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 more sub-commissions created for this purpose.

The Audit and Control Commission will perform the duties provided for in this section in coordination with the Risk and Management Commission, as necessary.

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 shall: (i) supervise compliance with the Internal Code of Conduct for 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 shall: (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 department.
- y) Prior to their approval by the General Meeting of Shareholders 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. Economic conditions and accounting impact and, if applicable, the proposed exchange equation of operations involving structural and corporate changes that the Company plans to make.
 - d. Any other general or specific duties 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, Articles 13.5 of the Board Regulations and 7.4 of the Audit and Control Commission Regulations state that the Commission must prepare an annual report on its operation, highlighting the main incidents, if any, as regards its duties. 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 its own Regulations, as required by Section 2 of the Technical Guideline 3/2017.

In particular, the Audit and Control Commission took the following actions in the 2022 fiscal year:

In relation to supervision of financial and non-financial information

- The annual accounts, both individual and consolidated, were considered favorable by the Commission for their consideration and approval, if appropriate, by the Board of Directors. The discussion prior to this event centered on certain matters considered especially important, such as the consequences derived from COVID-19 and the conflict in Ukraine on the Group's activity.

Likewise, the external auditors, Deloitte and PricewaterhouseCoopers (PwC), stated that they had not detected significant risks in addition to those identified in the planning and submitted in a previous meeting in 2021. They also confirmed that no disagreements or scope limitations had arisen during the co-auditing process.

- The Commission agreed unanimously to submit the proposal for the application of the results for the fiscal year ended on December 31, 2021 to the Board of Directors.
- The statement to be sent to the CNMV was prepared, stating that the Commission would submit a favorable report to the Board of Directors regarding the Annual Financial Report for fiscal year 2021 for its approval and delivery 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) identified adjustments and reclassifications; (ii) project estimates; (iii) review of the ICFR; (iv) main effects of the period contemplated by the audit and their breakdown; (v) analysis and progress of the main projects; (vi) situation of litigations and arbitrations, as well as the fiscal situation; (vii) planning of the audit work and (viii) periodic public information related to the first six months of 2022 (after reception by the Commission of an opinion from the external auditors on the limited review of this six-month information and after the auditor has submitted the most important events that occurred in the first quarter of 2022 to the Commission).

Likewise, in the last meeting of the Commission in 2022, the external auditors Deloitte and PricewaterhouseCoopers (PwC) informed it of the preliminary review of the fiscal year 2022 audit, including a review of important matters required before closing, after which the directors intervened expressing their opinions.

- At its meetings, the Commission has supervised various issues related to financial and non-financial information and, among others: (i) submission of the information at the close of the fiscal year; (ii) the situation of the Group's treasury, subject of several interventions by the directors to clarify points or ask questions; (iii) submission of financial reports to analysts; (iv) analysis of fiscal risks and submission of reports from the tax department; (v) submissions from the regulatory compliance department and (vi) information about Group subsidiaries.

The Commission has been periodically informed about the Company's Internal Control over Financial Reporting System (ICFR). Specifically, during 2022 the Audit and Control Commission analyzed and supervised the effectiveness of the internal control systems used in relation to the Company's ICFR. In addition, it was informed by the internal auditor in several meetings about the progress being made in the review process. The internal audit reviewed the ICFR and the information reported at the close of the first quarter. This review focused on the processes that included opinions and estimates that were essential to the accounting record.

- The Commission supervised monitoring, study and analysis of the process undergone to bolster the Company's financial capacity, backed by 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:

- o Regulatory compliance by the Group, which has required analyzing its implementation and application and updating its contents during the 2022 fiscal year. Along these lines, the Commission approved the Annual Plan and budget for 2022 and updated the Criminal Compliance Policy.
- o 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 supervision of internal control and internal auditing

The Commission was informed about the budget of the Internal Audit Department for the 2022 fiscal year.

In the session held on January 18, 2022, the internal auditor submitted the Annual Internal Audit Report for 2021 to the Commission, which contemplated the following lines of action: subsidiary audits, ICFR, review of rights affecting

negotiations with third parties, technical analyses of supplier/provider economic solvency and analysis of bank guarantees in tenders.

In the meeting held on May 17, 2022, the head of the internal audit also submitted to the Commission the Internal Audit Plan, which intended to detail internal audit planning for 2022, highlighting the factors taken into consideration and the criteria used to establish priorities and which was subsequently monitored by the Commission.

In relation to the statutory auditor

In the session held on February 28, 2022, the Commission approved the non-financial information statement as an integral part of the management report; this summarizes the business activity of the Company and its Group, consolidated in matters of sustainability and its application during the fiscal year.

The Company also unanimously approved the budget for the Verification Services of the Non-Financial Information Statement.

In relation to 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 department for fiscal year 2022 and, in particular: annual plan of the regulatory compliance department (review of existing policies or procedures, implementation of new policies, Annual Training Plan, Annual Communication Plan, Criminal Risk Map/Control Matrix, assessment of the Criminal Compliance Management System (SGCP) performance, Internal SGCP Audits, Criminal Compliance Reports and formal adhesion to the SGCP for entities under control) and the compliance status of the same, monitoring the Compliance Management System, which includes verification (periodic review of the Criminal Risks Map and the controls included in the Controls Matrix), implementation and monitoring (implementation of all the pertinent actions for the SGCP to meet all the requirements set forth in standard UNE 19061 “Criminal Compliance Management System”, implementation of the controls included in the Controls Matrix, updating the Regulatory Compliance Officer statute and the User Guide of the Complaints and Investigation Procedure Channel, as well as the Third Party Integrity Assessment Policy, Anti-corruption Policy, Relations with Public Servants Policy and the Gift and Hospitality Policy) and training (setting up an Annual Training Plan for the SGCP, a Communication Plan and an audits plan that provides information as to whether the SGCP

meets the Criminal Compliance established by the Company and required by standard UNE 19061).

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 2022, the head of the Compliance Department submitted the Annual Activities Report for fiscal year 2021, which dealt with aspects regarding development of the SGCP and stated the goals of the system and its degree of progress, matters regarding training and awareness in third party integrity assessment and Due Diligence processes. The Company attended numerous requests for assessment of integrity from third parties. Moreover, within the framework of activities intended to prevent irregularities or breaches of the Code of Conduct, a campaign was launched during 2022 fiscal year to collect statements from Company staff concerning conflicts of interest. Finally, a platform has been implemented to manage complaints (adapted to the User Guide for the Code of Conduct Mailbox), whereby the Company fulfills the best practices and recommendations in this area, such as the European Directive on Whistleblower Protection.
- 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 July 28, 2022. Among other matters, it informed the Commission about the status of the Criminal Compliance Management System (SGCP), the due diligence procedures with third parties and provided information about the Company's complaints channel and the deployment of the Compliance function in other subsidiaries and jurisdictions.

Several meetings also took place, in which the Commission was informed by Financial Management, the head of Company Taxation under the former or by external experts about various tax-related matters, including submission of the significant events that had occurred during the fiscal year or the current situation of tax-related risks. The analysis of tax risks during the 2022 fiscal year was based on the study of ongoing litigation to which the Company is party, both in Spain and in other jurisdictions.

On the other hand, after the audits performed by AENOR, the Company obtained the Certificate for compliance with standard UN^o 19601 "Compliance Management Systems", thereby fulfilling the goal set in the Annual Monitoring Plan of the SGCP.

Other duties

The Secretary of the Commission delivered the declarations of independence of the co-auditors, PricewaterhouseCoopers and Deloitte to the Commission President.

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 fiscal year 2021.

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 the 2022 fiscal year. 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 auditors of the Company and its consolidated Group for fiscal year 2022.

The Commission was also informed of the increase in the fees of the external auditors for the auditing work, due to changes in the scope of their work and updated regulations. Likewise, 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 addition, the Commission analyzed the convenience of renewing the Program of Promissory Notes in the Alternative Fixed-Income Market on the one hand and, on the other, establishing a fixed-income program so the Company could issue bonds.

The Commission unanimously approved the Report on Related-Party Transactions corresponding to the year ended December 31, 2021, which would be submitted to the Board of Directors.

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

At each session, the Commission reviewed compliance with the 2022 Annual Plan of the Audit and Control Commission.

At its last meeting, the Commission unanimously reviewed and approved the meetings schedule for 2023, as well as the annual activity plan of the Audit and



Control Commission for fiscal year 2023, which establishes the matters to be dealt with by the Commission in each meeting.

Other activities

The Commission unanimously approved its operations report for fiscal year 2021 and agreed to submit it to the Board of Directors.

It also stated that during 2022 fiscal year 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 and Article 7 of the Audit and Control Commission, 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 include 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.

Moreover, 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 Audit and Control 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 13.7 of the Board Regulations and Article 10 of the Audit and Control Commission 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 duties.

In the period from January 1, 2022 to December 31, 2022, the Audit and Control Commission met 11 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, except for the meeting held on November 30, 2022, to which one Director did not attend and delegated their vote to the President.

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.
- CEO.
- Internal Auditor.
- Head of the Tax Department.
- The external auditors, Deloitte and PwC.

Specifically, the internal auditor attended all the meetings and the external auditors attended 4 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 the guests invited to the Commission have been invited by the President, have been present to deal with the items on the Agenda for which they have been requested and none of them have attended the deliberation and voting phases of the Commission meetings, and the minutes of the meetings have recorded the entries and exits of the various guests.

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

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 fiscal year 2022. 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 2022 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 2021 was carried out during fiscal year 2022 with the assistance of the external advisor KPMG, for which the Commission prepared and submitted its operating report corresponding to fiscal year 2021 to the Board.

During the evaluation process, 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 2022 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.
- 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 set forth in the Technical Guidelines 3/2017. Likewise, when necessary, the Commission has been advised by 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 fiscal year 2022 has been very positively evaluated.

This Report on the operation of the Audit and Control Commission during the 2022 fiscal year was prepared by the Commission on May 24, 2023, having been submitted by the Board of Directors of the Company at its meeting held on this same date.