



TECNICAS REUNIDAS

REPORT ON THE OPERATION OF THE
APPOINTMENTS AND REMUNERATION
COMMISSION

FISCAL YEAR 2022



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REPORT ON THE OPERATION OF THE APPOINTMENTS AND REMUNERATION COMMISSION DURING 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 companies must set up an appointments and remuneration commission (or two separate commissions), and article 529 quindecies LSC establishes its rules of composition, operation and competencies.

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

On the basis of the foregoing, the Appointments and Remuneration Commission of Técnicas Reunidas, S.A. (the “Company”) has prepared this report on its operations during fiscal year 2022, which will be available to shareholders and other interested parties on the Company’s website from the time the formal notice of the Ordinary General Meeting of Shareholders has been sent out, in accordance with Recommendation 6 of the Good Governance Code.

2. COMMISSION REGULATION AND PRACTICAL GUIDELINES THAT ARE BEING FOLLOWED

The rules regarding the composition and operation of the Company’s Appointments and Remuneration Commission are set forth in article 30 of the Company’s Bylaws, article 14 of the Board of Directors Regulations, and in the Técnicas Reunidas Appointments and Remuneration Commission Regulations. These documents are permanently published for consultation on the Company’s corporate website (www.tecnicasreunidas.es).

In the exercise of its duties, the Appointments and Remuneration Commission starts from the provisions of the Good Governance Code and has also taken into account the basic principles and recommendations from the NSMC Technical Guide 1/2019 on Appointments and Remuneration Commissions, published in February 2019 (the “Technical Guide 1/2019”). To this end, this report includes the information contained in part three, section 11 of the Technical Guide 1/2019.

3. COMPOSITION

In accordance with article 30 of the Company's Bylaws, article 14 of the Board Regulations and article 1 of the Appointments and Remuneration Commission Regulations, the Appointments and Remuneration Commission must be comprised of a minimum of three and a maximum of five directors appointed by the Board of Directors itself from among the non-executive directors, and at least two of them must be independent directors.

Likewise, the President of the Appointments and Remuneration Commission shall be appointed by the Board of Directors from among the independent directors for a term of four years and may be re-elected one or more times for terms of the same duration.

The composition of the Appointments and Remuneration Commission changed during fiscal year 2022.

From January 1, 2022 to June 28, 2022 the Commission was comprised of the following members:

Director	Position	Category
Mr. Alfredo Bonet Baiget	President	Independent
Mr. Fernando de Asúa Álvarez	Member	Other non-executive
Mr. Rodolfo Martín Villa	Member	Other non-executive
Mr. José Manuel Lladó Arburúa	Member	Proprietary
Ms. Inés Andrade Moreno	Member	Independent
Non-Board Member Secretary: Ms. Laura Bravo		

As of June 26, 2022, Mr. Fernando de Asúa was no longer a Company director and, thus, no longer a member of the Commission. Therefore, the composition has been as follows since said date:

Director	Position	Category
Mr. Alfredo Bonet Baiget	President	Independent
Mr. Rodolfo Martín Villa	Member	Other non-executive
Mr. José Manuel Lladó Arburúa	Member	Proprietary
Ms. Inés Andrade Moreno	Member	Independent
Non-Board Member Secretary: Ms. Laura Bravo		

- Mr. Alfredo Bonet Baiget (President) is an Independent Non-Executive Director. He was appointed director at the General Meeting of Shareholders on June 27, 2018 and was re-elected by the General Meeting of Shareholders of June 28, 2022. He was appointed a member and President of the Commission on July 25, 2018.

Mr. Bonet Baiget holds a degree in Economics and Business Administration from the Complutense University of Madrid and is a Commercial Attaché and State Economist. In the field of public economics and trade, he has been Deputy Director General of EU Trade Policy and GATT Relations (1991-1993), Economic and Commercial Counselor of Spain in Miami (1987-1991) and Milan (1993-1997), General Director of Promotion of the Spanish Institute for Foreign Trade (ICEX) (2001-2004), a member of the Boards of Directors of Instituto de Crédito Oficial (ICO) and Navantia (2004-2010), Secretary of State for Foreign Trade and President of ICEX and Invest in Spain (2010-2012) as well as Chief Economic and Commercial Counselor at the Spanish Delegation to the OECD (2012-2015). In the private sector, he has been General Manager of Altair Asesores (1997-2001), International Director of the Spanish Chamber of Commerce (2015-2018) and Secretary General of the Círculo de Empresarios (2018-present). He is also Vice-President of Spanish Seniors for Technical Cooperation (SECOT) and the CRE100DO Foundation.

- Mr. Fernando de Asúa Álvarez (a member until June 28, 2022) is another Non-Executive Director. He was appointed director at the General Meeting of Shareholders on May 10, 2006, subsequently re-elected several times by the General Meeting of Shareholders and appointed member of the Commission since its constitution in 2006.

Mr. de Asúa Álvarez holds a degree in Economics and Computer Science from the Complutense University of Madrid and a degree in Business Administration and Mathematics from the University of California (USA). His professional experience involves an extensive career at IBM and IBM Spain between 1959 and 1991, including positions as General Manager for the South America Area and later Europe, President and CEO of IBM Spain and Director at IBM World Trade Corp. He was First Vice-President of Banco Santander Group from 2004 to February 2015.

- Mr. José Manuel Lladó Arburúa (member) is a proprietary director. He was re-elected as a director at the General Meeting of Shareholders 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 holds a BSBA from Georgetown University and an MBA from the University of Chicago. Professionally, he was the manager of the international corporate finance division of Citibank N.A. (1986-1990), General Manager of Chase Manhattan Bank as Head of Global Market Sales for Spain (1990-2001), Assistant Deputy Managing Director of Banesto, with responsibilities over the International and Liquid Assets area (2001-2004), 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 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 of Ideon North America (later known as 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. (Chairman); 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).

- Mrs. Inés Elvira Andrade Moreno (member) is an Independent Non-Executive Director. She was appointed director at the General Meeting of Shareholders on June 25, 2020 and designated a member of the Commission on September 30, 2020.

Mrs. Andrade Moreno has a degree in business management (Finance and International Business) from Georgetown University (Washington, D.C.) where she graduated Summa Cum Laude. She has developed her career in the financial and investment sectors, with extensive renowned experience in investment banking, investment management and investor relations.

She is currently a partner and Senior Advisor at the Altamar CAM Partners Group. Over the last 14 years, Mrs. Andrade has held various positions within the Altamar Group, including Managing Partner & Vice-President from January 2016 to the end of 2021.

Mrs. Andrade began her career in 1984 in the J.P. Morgan financial advising, mergers and acquisitions department at its offices in New York and Madrid. She then worked as a professional investor for direct private equity funds in Spain, mainly Inversiones Ibersuizas and Inova Capital. Later on and until she joined Altamar in 2008, she was General Manager of Grupo Río Real which is a Spanish family office with direct investments in listed and private companies.

Mrs. Andrade is also an independent director and President of the Corporación Acciona Energía ARC as well as a member of the executive committee and Director of the Level20 Mentoring Program in Spain. She has also actively participated on the Boards of Directors and advisory boards of several companies throughout the years.

- Mr. Rodolfo Martín Villa (member) is another Non-Executive Director. He was appointed director at the General Meeting of Shareholders on June 26, 2019 and designated a member of the Commission on July 30, 2019.

Mr. Martín Villa holds a degree in Industrial Engineering from the Polytechnical University of Madrid. Professionally, he has been a Spanish State Financial Inspector, Civil Governor of Barcelona (1974-1975), Minister of Union Relations (1975-1976), Minister of Governance and of the Interior (1976-1979), Minister of Territorial Administration (1980-1981), Vice-President of the Government (1981-1982), a Congressional Representative (1979-1983 and 1989-1997), President of the Budget Commission (1989-1996), the Justice and Interior Commission (1996-1997) and the Toledo Pact for Public Pensions Commission, President of Ibercobre (1979-1980), President of U.C.B. Spain (Unión Chimique Belge) (1990-1997), President of the Oversight Commission at Caja de Ahorros de Madrid (1993-1997), President of Endesa (1997 to 2002), President of Endesa Italia (2001-2003), President of Enersis (Chile) (1997-1999), President of Sogecable (2004-2010) as well as a Member of the Board of Trustees at the Pontifical University of Salamanca, the Colegio Libre de Eméritos Universitarios and the Ramón Menéndez Pidal Foundation. He is a member of the Spanish Royal Academy of Moral and Political Sciences.

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 composed entirely of non-executive directors, at least half of whom are independent directors, including its President, in accordance with the provisions of article 529 quince LSC. All of its members having been appointed by the Board of Directors taking into account the duties of the Commission and ensuring that its composition meets the various diversity criteria regarding the knowledge, skills, professional experience, competencies, personal abilities and sectorial knowledge of its members, among other criteria.

Moreover, two independent directors were members of the Commission during the 2022 fiscal year.

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

Article 14.2 of the Board of Directors Regulations and Article 3 of the Appointments and Remuneration Commission establishes the duties of the Appointments and Remuneration Commission without prejudice to any other duties that may be assigned by the Board of Directors.

What follows is a list of the Commission's competences as allocated in the Board of Directors Regulations, indicating the most important actions in fiscal year 2022 in relation to them:

1) In relation to the composition of the Board:

- Evaluate the skills, knowledge and experience required on the Board of Directors. To this end, it shall define the duties and skills required of the candidates to fill each vacancy and shall evaluate the time and dedication necessary for them to effectively perform their duties, ensuring that the non-executive directors have sufficient time available for the proper performance of their duties.
- Ensure corporate policies are oriented towards a target of representation for the gender least represented on the Board of Directors and issue guidelines on how to reach such target as well as propose a selection policy for directors and diversity on the Board of Directors to the Board of Directors.
- Periodically verify directors' categories.

2) In connection with the selection of directors and senior management:

- Submit to the Board of Directors proposals for the appointment of independent directors by cooptation or for submission to the decision of the General Meeting of Shareholders, as well as proposals for the re-election or removal of such directors by the General Meeting of Shareholders.
- Report on the proposals for appointment of the remaining directors for their appointment by cooptation or for their submission to the decision of the General Meeting of Shareholders, as well as the proposals for their re-election or removal by the General Meeting of Shareholders.
- Annually verify compliance with the selection policy for directors and diversity on the Board of Directors, reporting the findings in the Annual Corporate Governance Report.
- Analyze, formulate and periodically review the proposed policies for hiring, loyalty and dismissal of executives, as well as formulate and review the criteria to be followed for the composition of the

management team of the Company and its subsidiaries and for the selection of candidates.

- Report on proposals for the appointment and removal of senior management.
- 3) Regarding the positions on the Board and the composition of the Commissions:
- Propose the members that should be part of each of the Commissions, taking into account the knowledge, skills and experience of the directors and the duties of each Commission.
 - Report to the Board of Directors on the appointment of the President, Vice-President, members of the Delegated Commission and the Honorary President, if any.
 - Report to the Board of Directors on the appointment and, where applicable, dismissal of the Secretary and Vice-Secretary of the Board of Directors.
 - Propose, where applicable, the appointment of the Coordinating Director.
 - Examine and organize the succession of the President of the Board of Directors and the chief executive of the Company and, if appropriate, make proposals to the Board of Directors so that such succession takes place in an orderly and planned manner.
- 4) In relation to the remuneration of directors and senior management:
- Propose to the Board of Directors the remuneration policy for directors and general managers or those who perform their senior management duties under the direct supervision of the Board or delegated Commissions, verifying compliance therewith.
 - Analyze, formulate and periodically review the compensation policy applied to directors and senior managers, including share-based compensation systems and their application, weighing their adequacy and performance, as well as ensure that their individual remuneration is proportionate to that paid to other directors and senior managers of the Company.
 - Propose to the Board of Directors the individual remuneration and other contractual conditions of the executive Directors, verifying that they are consistent with the remuneration policies in force.
 - Inform the Board of Directors previously of the individual amount of remuneration for each Director as such within the statutory framework and remunerations policy, as well as for the performance of the executive duties attributed to them within the framework of the

remuneration policy and in accordance with the provisions in their contract.

- Propose the basic conditions of senior management contracts, verifying that they are consistent with current compensation policies.
- Report to the Board of Directors on the systems and amount of annual remuneration of directors and senior managers and verify the information on remuneration of directors and senior managers contained in corporate documents, including the Annual Report on the Remuneration of Directors, ensuring the transparency of remuneration.

5) Other duties:

- Lead the annual evaluation of the Board regarding the operation and composition of the Board and its Commissions and submit to the Board the results of its evaluation together with a proposal for an action plan or with recommendations to correct possible deficiencies detected or to improve its operation.
- Annually inform the Board of Directors of the performance evaluation of the Company's senior management.
- Periodically design and organize knowledge-updating programs for Directors.
- Ensure that any conflicts of interest do not impair the independence of the external advice provided to the Commission.

In particular, the Commission carried out the following activities during fiscal year 2022:

a) Regarding the composition of the Board:

With external advising from KPMG, the Commission has analyzed the possibility of creating a Board competencies matrix pursuant to best practices in good governance in an effort to have a common, shared model which is also in line with market trends.

On the other hand, the Commission analyzed the structure of the Board of Directors pursuant to the results of the Board Self-Evaluation corresponding to fiscal year 2021, concluding that the structure is adequate for proper performance of its duties.

b) Regarding the selection of directors and senior management:

To this end, the Commission analyzed the various candidates for members of the Company's Board of Directors, and submitted a proposal to the Board of Directors to appoint a new female independent director in an effort to promote gender diversity on the Board of Directors.

The Commission submitted reports to the Board of Directors justifying the re-election and proposing the appointment of two independent directors for subsequent re-election and appointment by the General Meeting of Shareholders.

Likewise, the Commission issued a positive report on the appointment of the Company's senior management as part of the organizational changes that have taken place with regard to the Company's management.

- c) Regarding the positions on the Board and the composition of the Commissions:

The Commission issued a positive report to the Board of Directors on the proposed appointment of the new President of the Audit and Control Commission. On the other hand, at a later session, the Commission submitted a proposal to the Board with regard to the appointment of the new President of the Audit and Control Commission as a member of the Risk and Management Commission.

As part of the functional structure of the Board of Directors, the Commission prepared a report on the proposed Appointment of the Company's First Vice-President, thus ensuring the succession of key positions within the Company when necessary.

The Commission also debated the possibility of modifying the composition and number of members of Board Commissions, eventually deciding that it would not be appropriate to modify such composition as the size of each one is suitable for the performance of their duties.

- d) In relation to the remuneration of directors and senior management:

The Commission reviewed the Annual Report on the Remuneration of Directors corresponding to fiscal year 2021 and, following an explanation by the Commission President on how said Report was prepared, the Commission decided to unanimously approve it.

Moreover and prior to holding the General Meeting of Shareholders, the Commission issued a supporting report on the Directors' Remuneration Policy for fiscal years 2023, 2024 and 2025, which includes the inclusion of a new section on the Policy's contribution to the Company's long-term strategy, interests and sustainability as well as a section on the connection between the Policy and the remuneration and working conditions of Company employees, among other changes.

With respect to the variable remuneration for the Executive President pursuant to the commitments acquired with the Spanish state holding company SEPI, the need was determined to suspend such remuneration until 75% of the loan granted by SEPI has been repaid.

On the other hand, the Commission studied the compensation for members of the Company's senior management at several meetings as the Executive Director of Human Resources and General Services has made various presentations to the Commission to discuss issues such as benchmarking senior management compensation, annual and multi-year variable evaluations as well as the compensation strategy for fiscal year 2023 with the corresponding debate by the Commission.

e) Other duties:

The external consultant KPMG presented a report to the Commission on the process involved with the "Board of Directors Self-Evaluation for Fiscal Year 2021". In relation to this, an Action Plan deriving from the Self-Evaluation Report was studied for submission to the Board of Directors, analyzing various corporate governance aspects. Likewise, the Commission expects to continue relying on the external advising offered by KPMG when evaluating fiscal year 2022.

f) Other matters:

The Commission analyzed the suitability of submitting various Corporate Policies related to Human Rights and Corporate Governance to the Board of Directors for approval.

Moreover, the Commission was informed by the Company's Director of Human Resources of the work climate survey conducted by the external advisor McKinsey using the OHI (Organizational Health Index) tool.

Additionally, as part of the evaluation of the Board and its Commissions, the Commission unanimously approved its operations report corresponding to fiscal year 2021, agreeing to submit it to the Board.

At its most recent meeting, the Commission reviewed and unanimously approved the meeting calendar and action plan for 2023.

Finally, it should be noted that, during fiscal year 2022, there have been no deviations with respect to the Company's procedures nor has the Board of Directors been informed of any irregularities in matters within the Commission's competence as it is not aware of any such irregularities having occurred.

5. MEETINGS

In accordance with the provisions of Article 14 of the Board Regulations and article 4 of the Appointments and Remuneration Commission Regulations, the Commission shall ordinarily meet once a year to prepare the information on the compensation of the Board Members that the Board of Directors must approve

and make public, although it should be noted that in recent years the Commission has held at least four meetings a year. Likewise, said rule sets forth that it shall meet each time it is called by the President, who must always call it to meet whenever the Board or its President requests the issuance of a report or the adoption of proposals and, in any case, whenever suitable for the proper performance of its duties.

On the other hand, Technical Guide 1/2019 recommends that the presence of other directors, executives or any third party at the meetings of the Appointments and Remuneration Commissions should only take place at the invitation of the President of the Commission and should be limited to those items on the Agenda in relation to which they are invited. It also stipulates that the minutes of the meetings shall record the entries and exits of the various guests and that guests shall not attend the Commission deliberation and voting phases except in specific cases, with adequate justification for such provided in the minutes.

To this end, the Appointments and Remuneration Commission met 8 times during the period between January 1, 2022 and December 31, 2022 well enough in advance of Board of Directors meetings following a call by the Secretary upon orders from the President through individual notifications to each one of the members.

All of the Commission members personally attended all the meetings held in person.

Besides its members, Appointments and Remuneration Commission meetings were attended by the Director of Human Resources following an invitation by the Commission President in order to discuss certain items on the Agenda. However, the Director of Human Resources did not attend the deliberation and voting phases of the Commission meetings and all of said party's entries and exits are recorded in the meeting minutes.

6. SELF-EVALUATION

As mentioned above, the evaluation of the Board of Directors and its Commissions corresponding to fiscal year 2021 was conducted in fiscal year 2022 with assistance from the external advisor KPMG. It was confirmed that the consultant is not the same one that advises the Company on the appointments of directors and senior management or compensation systems with their independence verified by the Appointments and Remuneration Commission.

The following areas were evaluated:

- The quality and efficiency of the operation of the Board of Directors.

- The operation and composition of its Commissions.
- Diversity in the composition and competencies of the Board of Directors.
- The performance of the President of the Board of Directors, the Executive Vice-President and the Secretary of the Board.

As regards the methodology used, the evaluation of the different Commissions was based on the report submitted by them to the Board of Directors, and for the evaluation of the Board of Directors, on the report submitted by the Appointments and Remuneration Commission. Moreover, as part of the process, the external consultant interviewed members of the Board.

In this 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.

As concerns the actions included in the action plan provided for by article 529 nonies LSC, the main areas for improvement identified were as follows: ongoing analysis of the structure and composition of the Board in order to promote gender diversity in the composition thereof and, on the other hand, adding new skills and competencies, fostering management team reporting on projects and other matters under their responsibility, improving how documentation is sent for meetings and reinforcing the information on risks.

In particular and with respect to the Commission, the directors find its operation during the fiscal year positive and believe it has performed its duties appropriately. As concerns the actions included in the action plan, the main recommendation from the directors referred to continuing to better plan meetings and the matters to be handled throughout the year.

As a result of the Board's self-evaluation, an Action Plan was approved which included actions in the areas of meeting organization and procedures (i.e. holding a monographic Board Meeting on strategy each year, maintaining greater contact with members of senior management and preparing a financial and non-financial risk map), the composition of the Board (moving forward to this end on updating and improving competencies and diversity), and director training. In mid-2022, the Commission reviewed the Action Plan and recalled the goals included in it.

Likewise, as indicated in section 4.e) above, the Commission agreed to continue relying on the services of KPMG to evaluate the Board and its Commissions for fiscal year 2022.

7. CONCLUSIONS

Based on the foregoing, the Appointments and Remuneration Commission has evaluated its composition and operation during fiscal year 2022, 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 Commission competences and the Company's sector of activity, with two of its members being independent directors.
- The Commission has met more frequently than the frequency established in Article 14 of the Board Regulations and Article 4 of the Appointments and Remuneration Commission Regulations and whenever has been necessary in view of the matters to be discussed at the meeting, exceeding the minimum frequency of meetings established in Technical Guide 1/2019.
- All the meetings of the Commission have been attended by all its members.
- Finally, the Commission has deliberated on and passed resolutions on the matters within its competence in an informed manner and after discussions in which there has been a constructive dialogue and critical attitude, favoring the diversity of opinions, as provided for in Technical Guide 1/2019. Likewise, when necessary, the Commission has been advised by external experts following verification in all cases by the Commission that there were no conflicts of interest that may compromise their independence of judgement.

In accordance with the foregoing, the Appointments and Remuneration Commission has complied in general terms with the rules set forth in the Law and in its internal rules as regards composition, frequency of meetings, attendance and informed participation of its members, the Commission has also handled the matters within its competence, and its activity during fiscal year 2022 has been very positively evaluated.

This Report on the Operations of the Appointments and Remuneration Commission for fiscal year 2022 was prepared by the Commission on May 19, 2023, and was submitted to the Company's Board of Directors at its meeting held on May 24, 2023.