



TECNICAS REUNIDAS

**REPORT ON THE OPERATION OF THE  
APPOINTMENTS AND REMUNERATIONS  
COMMISSION**

FISCAL YEAR 2023



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## REPORT ON THE OPERATION OF THE APPOINTMENTS AND REMUNERATIONS COMMISSION DURING FISCAL YEAR 2023

### 1. INTRODUCTION

Pursuant to the provisions of Article 3.1.(v).j) of the Appointments and Remunerations Commission of Técnicas Reunidas, S.A. (the “**Company**” or “**Técnicas Reunidas**”) and in order for the Board to be able to complete the annual evaluation of its operation and that of its Commissions, as set forth in Article 529 nonies of the recast text of the Spanish Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010, of 2 July (the “**Spanish Corporate Enterprises Act**”), Recommendation 36 of the Good Governance Code of Listed Companies (the “**GGC**”) establishes that the evaluation of the Commissions shall be based on the report they submit to the Board of Directors.

Based on the foregoing, at its meeting on February 15, 2024, the Técnicas Reunidas, S.A. Appointments and Remunerations Commission issues this report on its operation during the 2023 fiscal year, which includes the information provided for in the CNMV Technical Guideline 1/2019 on audit commissions (“**Technical Guideline 1/2019**”), which will be at the disposal of its shareholders, investors and other interested parties on the Company’s website ([www.tecnicasreunidas.es](http://www.tecnicasreunidas.es)) as of the call for the Ordinary General Meeting of Shareholders, as set forth in Recommendation 6 of the GGC.

### 2. COMMISSION REGULATION AND PRACTICAL GUIDELINES BEING FOLLOWED

The Company’s Appointments and Remunerations Commission is regulated in Article 30 of the Company’s Bylaws, Article 14 of the Board of Directors’ Regulations and in the Técnicas Reunidas Appointments and Remunerations Commission Regulations, which include the basic principles and recommendations as concerns the Commission’s composition, duties and operation as set forth in the GGC Recommendations and in Technical Guideline 1/2019. In particular, this report includes the information contained in section three, subsection 11 of the Technical Guideline 1/2019.

The current version of said corporate texts is published for consultation on the Company’s corporate website under “Organization Rules” which can be found in the “Corporate Governance” section which is in turn found under the “Shareholders and Investors” tab.

### 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 Remunerations Commission

Regulations, the Commission must be comprised of a minimum of three (3) and a maximum of five (5) 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, pursuant to said articles and Article 2 of the Commission Regulations, the President of the Commission shall be appointed by the Board of Directors from among the independent directors on the Commission 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 Remunerations Commission changed during fiscal year 2023. Specifically, from January 1, 2023 to June 28, 2023 the Commission was comprised of the following members:

Director	Office	Category	Date of appointment as a member of the Commission
Mr. Alfredo Bonet Baiget	<b>President</b>	Independent	July 28, 2022
Mr. Rodolfo Martín Villa	<b>Member</b>	Other non-executive	July 28, 2022
Mr. José Manuel Lladó Arburúa	<b>Member</b>	Proprietary	July 28, 2022
Ms. Inés Elvira Andrade Moreno	<b>Member</b>	Independent	July 28, 2022
<b>Non-Board Member Secretary:</b> Ms. Laura Bravo Ramasco			

At the Ordinary General Meeting of Shareholders held on June 28, 2023, Mr. Rodolfo Martín Villa ceased to hold office on the Company's Board upon termination of the statutory four-year period for which he had been appointed at the 2019 General Meeting and, therefore, was no longer part of the Appointments and Remunerations Commission.

Subsequently, Ms. Silvia Iranzo Gutiérrez was appointed a member of the Appointments and Remunerations Commission on September 29, 2023 and, as a result, as of September 29, 2023 until December 31, 2023 the composition thereof was as follows:

Director	Office	Category	Date of appointment as a member of the Commission
Mr. Alfredo Bonet Baiget	<b>President</b>	Independent	July 28, 2022
Mr. José Manuel Lladó Arburúa	<b>Member</b>	Proprietary	July 28, 2022

Ms. Inés Elvira Andrade Moreno	<b>Member</b>	Independent	July 28, 2022
Ms. Silvia Iranzo Gutiérrez	<b>Member</b>	Independent	September 29, 2023
<b>Non-Board Member Secretary:</b> Ms. Laura Bravo Ramasco			

Acting as Secretary of the Commission is Ms. Laura Bravo Ramasco, the Secretary of the Company's Board of Directors.

The professional profiles of the members of the Commission are as follows:

- Mr. Alfredo Bonet Baiget (President) has been an Independent Non-Executive Director since his appointment through a resolution passed at the Ordinary General Meeting of Shareholders on June 27, 2018. He was re-elected by the General Meeting of Shareholders on June 28, 2022. He was appointed a member and President of the Commission on July 25, 2018.

Mr. Bonet Baiget holds a bachelor's 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 (1989-1991) and Milan (1993-1997), General Director of Promotion of the Spanish Institute for Foreign Trade (ICEX) (2001-2004), Secretary General Secretary of Foreign Trade and 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), and Chief Economic and Commercial Counselor at the Permanent Spanish Delegation to the OECD in Paris (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-present) and Secretary General Secretary of the Círculo de Empresarios (Spanish Business Leaders Circle) (2018-2022-present). Currently, he is an independent professional, also Vice-President of Spanish Seniors for Technical Cooperation (SECOT), the CRE100DO Foundation and the Business Owners Association, as well as President of the State Association of Commercial Technicians and Economists member and secretary of the AMFRESH Group's Advisory Board, patron of the CRE100DO Foundation and Vice-Chairperson of Madrid Open City..

- Mr. José Manuel Lladó Arburúa (member) has been a proprietary director (as proposed by Araltec, S.L.) since May 10, 2006. He was re-elected as a director at the Ordinary General Meeting of Shareholders on June 25,

2020; and designated a member of the Appointments and Remunerations Commission on July 28, 2020.

Mr. Lladó Arburúa holds a Bachelor of Science in Business Administration (BSBA) from Georgetown University and an MBA from the University of Chicago. In his professional career, he has been manager of the corporate division of Citibank N.A. (1986-1990), General Director of the Chase Manhattan Bank, with responsibility of Global Market Sales for Spain and Assistant Deputy General Director of Banesto, with responsibility over the International and Treasury area. He has been a director of CESCE, Managing Director and Founder of Ideon Financial Solutions, Founding Partner, President and Director of Summa Investment Solutions, Founding Partner and President of Borrox Finance, as well as member of the Board of Directors of Raisin Technology Europe, S.L. (previously, Choice Financial Solutions, S.L.), Fintonic Servicios Financieros, S.L. and Ideon North America (subsequently, Choice). He is member of the Board of Directors of Aragonesas Promoción de Obras y Construcciones, S.L. and of León Valores, S.A., SICAV, as well as Director and President of Layar Castilla, S.A., Summa Investment Solutions, S.A. and Araltec, S.L.

- Ms. Inés Elvira Andrade Moreno (member) has been an Independent Non-Executive Director since she was appointed at the Ordinary General Meeting of Shareholders on June 25, 2020, and designated a member of the Appointments and Remunerations Commission on September 30, 2020.

Mrs. Andrade Moreno has a bachelor's degree in business administration (with a specialization in international finance and business) by the University of Georgetown (Washington, D.C.), where she graduated with Summa Cum Laude honors. Professionally, 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 of the Altamar CAM Partners Group. Over the last 16 years, Mrs. Andrade has held various positions within the Altamar Group, including Vice-President from January 2016 to the end of 2021. AltamarCAM is a Spanish-German asset management company specialized in alternative investments worldwide. It has over €19 billion under management through its Funds and the "Client Solutions" division, chaired by Ms. Andrade, which offers tailor-made solutions for the investment programs of large clients, both families and institutions.

Mrs. Andrade began her career in 1984 in the J.P. Morgan financial advising, mergers and acquisitions department at its offices in New York. Subsequently, he formed part of JP Morgan's Madrid office from 1986 to 1989. Then, she worked as an investment professional in direct private

equity funds with an investment approach in Spain, mainly in Inversiones Ibersuizas, as a Senior Analyst, and iNova Capital, as Chief Investment Officer. Later, and until she joined Altamar in 2008, she was General Director of Río Real Group, which is a Spanish family office with direct investments in both listed and private companies.

Currently, Ms. Andrade is also an independent director and President of the Audit Commission of the listed company Vidralia, S.A., as well as member of the Board of Junior Achievement Spain Foundation.

Likewise, she has actively participated on the Boards of Directors, Commissions and Advisory Boards of several companies over the years, including Acciona Energías Renovables Corporation, LAR Inversiones Inmobiliarias Group, INJAT (the Antolín's family office) and Seguriber Group. She was also a member of the management committee of Level20 Spain and responsible for of its Mentoring program for 3 years, whose objective is to encourage the incorporation and permanence of women in the Private Equity and Venture Capital sectors in Spain/Europe 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 and 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 where she was Assistant to the Vice-President of the Financial Analysis, Mergers and Acquisitions Department. She then worked as a professional investor for direct private equity funds in Spain, mainly Inversiones Ibersuizas as Senior Analyst and iNova Capital as Director of Investments. 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. Moreover, she has been Founding Partner of Cititus, S.A., where she was responsible for Financial Partner Marketing, and Vice-President, Senior Advisor and Partner at Altamar Capital Partners Group.

- Mr. Rodolfo Martín Villa (member until June 28, 2023) was a Non-Executive Director since his appointment through a resolution passed at the Ordinary General Meeting of Shareholders on June 26, 2019 until June 28, 2023, as well as a member of the Commission from July 30, 2019 until June 28, 2023.

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, S.A. (1997-2002), President of Endesa Italia (2001-2003), President of Enersis (Chile) (1997-1999), President of Sogecable, S.A. (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.

- Ms. Silvia Iranzo Gutiérrez (member since September 29, 2023) has been an Independent Non-Executive Director since she was appointed at the Ordinary General Meeting of Shareholders on June 28, 2022 and designated a member of the Commission on September 29, 2023.

Mrs. Iranzo holds a bachelor's degree in Economics Science and Business Studies, PhD in Economics and Business, as well as a master's degree in Financial and Accounting Management (Pompeu Fabra University) and is a government-accredited Commercial Technician and State Economist. She graduated from the IESE Business School's Bank of Spain Management Programme and holds a Diploma from the Institute of Corporate Directors (IC-A) in Corporate Governance.

She has been Spanish Ambassador to Belgium and Secretary of State for Trade, Chairperson of the Board of Directors of ICEX, member of the Steering Group of the Bank of Spain, independent director and member of the Appointments, Remunerations and Corporate Governance Commission and president of the Sustainability Commission of the listed company Indra Sistemas, independent director and member of the Appointments and Remunerations and Corporate Governance Commission of the listed company TecnoCom, member of the Governing Body of the Institute of Corporate Directors (IC-A) and director of the CESCE and Telefónica International companies.

She is currently an independent director of the ICO (Official Credit Institute), independent director and member of the Audit and Sustainability and Appointments and Remunerations Commissions of the listed company Artificial Intelligence Structures, S.A.; member of the Plenary Session of the Spanish Arbitration Court; patroness of the INCIPE and Independent Foundation and Member of the Reflection Commission of the Exporters Club. She is professor of Spanish Economy at CUNEF (University College for Financial Studies) and professor of Economic History and International Relations at IEB (Stock Market Studies Institute). She is member of the jury for the Princess of Asturias Award in Social Sciences.



She has been awarded the Grand Cross of the Order of Civil Merit, the Grand Cross of the Order of the Sun (Peru), the Grand Cross of the Order of the Liberator Saint Martin (Argentina) and the silver medal of Commercial Technicians and State Economists Association.

All the Commission members have the necessary knowledge, skills, experience and dedication to perform their duties.

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 corporate website.

As explained above, throughout fiscal year 2023, the Commission was entirely comprised of non-executive directors, with three of the four members as independent directors, including its President as set forth in Article 529 quincecies.1 of the Spanish Corporate Enterprises Act. All of its members were appointed by the Board of Directors taking into account the Commission's duties and ensuring that its composition meets the various diversity criteria including those related to the knowledge, skills, professional experience, competencies, personal abilities, and sectoral knowledge of its members, pursuant to the Técnicas Reunidas Board of Directors Director Selection and Diversity Policy.

#### 4. COMMISSION COMPETENCIES AND ACTIVITIES CARRIED OUT DURING FISCAL YEAR 2023

Article 14.2 of the Board of Directors Regulations and Article 3 of the Appointments and Remunerations Commission establishes the competences of the Appointments and Remunerations 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 described in the Board of Directors Regulations, indicating the most important actions in fiscal year 2023 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 that corporate policies set forth a goal of representation for the gender least represented in the Board of Directors and draw up guidelines on how to reach that goal, as well as to propose and submit to the Board of Directors a policy for the selection of directors and diversity.

- Periodically verify directors' category.
- 2) Regarding 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; collect exhaustive information on the Company and Group workforce, including general information on the composition thereof as well as relevant specific information.
  - 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-Presidents 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 remuneration policy applied to directors and senior managers, including share-based remuneration 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 directors' remuneration, 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.
- Establish an annual work plan including the main Commission activities based on the duties it must perform.
- Inform the Board of Directors annually of the assessment of performance 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 accordance with the foregoing, the Commission carried out the following activities during fiscal year 2023:

**a) Regarding the composition of the Board:**

The Appointments and Remunerations Commission has internally developed a competencies matrix for the Board in coordination with the Técnicas Reunidas Director Selection and Diversity Policy and in accordance with best practices in good governance so as to have a common and shared model that includes market trends.

This matrix makes it possible to evaluate next steps, be able to decide upon possible positions on the Board, lead any possible search for directors, as well as decide which competencies are necessary in the Company's governance bodies. To this end, the Commission approved the competencies matrix and submitted this resolution to the Board of Directors for definitive approval.

On the other hand, the Commission has analyzed the structure of the Board of Directors pursuant to the results of the Board evaluation for fiscal year 2022 and concluded that the structure is appropriate for the correct performance of its duties.

**b) Regarding the selection of directors and senior management:**

Throughout fiscal year 2023, the possibility of working on a CEO and Management Succession Plan has been analyzed in order to ensure the continuity of the business with two alternatives assessed: (i) a contingency plan for short-term emergency situations; and (ii) a long-term succession plan.

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

As part of its duties, the Commission has reviewed the composition of the Board Commissions in view of the Company's needs.

To this end, the Commission has debated throughout fiscal year 2023 the possibility of modifying the composition and number of members of the different Board Commissions and, to this end, the Commission has taken the following actions:

- The Commission proposed to the Board of Directors the appointment of Ms. Silvia Iranzo Gutiérrez as a member of the Appointments and Remunerations Commission in substitution of Mr. Rodolfo Martín Villa, who left his position as director and, therefore, as a member of the

Appointments and Remunerations Commission upon termination of his term as director.

- The Commission acknowledged the termination, due to his passing, of Mr. William Blaine Richardson as external director, which was communicated to the market through Another Relevant Information notice on September 4, 2023, leaving record of the various alternatives for the substitution of said person.

On the other hand, the Commission planned and evaluated the term periods for members of the Board for fiscal year 2024.

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

The Commission has reviewed the Annual Report on the Remuneration of Directors corresponding to fiscal year 2022 and decided to approve it unanimously after listening to an explanation by the President of the Commission on how the report was prepared.

On the other hand, the Commission studied the remuneration of members of the Company's Senior Management with the General Management of Human Resources and General Services giving several presentations to the Commission at various meetings on matters such as: (i) information on salary reviews and compliance with the 2023 goals; and (ii) the 2023-2024 and 2023-2026 remuneration plans.

In particular, the possibility of re-evaluating the Senior Management performance objectives was presented in order to establish the variable remuneration for the next few fiscal years, as well as a review of the action plan.

**e) Other matters:**

The Commission has analyzed the convenience of submitting the Human Rights Policy to the Board of Directors for approval. Following the corresponding analysis and presentation, it was submitted to the Board of Directors for approval.

Moreover, at its last meeting of the fiscal year, the Commission reviewed and unanimously approved the meeting calendar and work plan which will include the main activities for 2024.

On the other hand, the Commission received information on the subsidiary situation report detailing the turnover and parties responsible for each of them from the Director of Internal Auditing. Furthermore, the Secretary presented the matrix of powers, which includes the procedure and rules applicable to granting powers within the various Group companies.

Lastly, it stated that during fiscal year 2023 there were no deviations from 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 HELD DURING THE FISCAL YEAR, NUMBER OF ATTENDEES AND OTHER PEOPLE WHO APPEARED

In accordance with the provisions of Article 14 of the Board Regulations and Article 4 of the Appointments and Remunerations 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. On the other hand, Technical Guideline 1/2019 recommends the Commission meet sufficiently often and at least three (3) times a year and well enough in advance of Board meetings.

It is worth mentioning that the Commission has held at least four (4) meetings each year in the last few years. To this end, the Appointments and Remunerations Commission met 7 (seven) times (twice extraordinarily) during the period between January 1 and December 31, 2023 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.

Likewise, said Article 14 sets forth that the Commission 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.

All the members of the Commission personally attended all the meetings held throughout the fiscal year, either in person or remotely.

<b>Date</b>	<b>Type of meeting</b>	<b>Attendance</b>
February 16, 2023	In-person/remotely	Four (4)
March 16, 2023	In-person/remotely	Four (4)
June 19, 2023	In-person/remotely	Four (4)
September 21, 2023	In-person/remotely	Three (3)
October 25, 2023	In-person/remotely	Four (4)
November 7, 2023	In-person/remotely	Four (4)
November 22, 2023	In-person/remotely	Four (4)

Besides attendance by its members and Secretary, the Appointments and Remunerations Commission meetings were attended by the people listed below following an invitation by the Commission President in order to discuss certain

items on the Agenda for which their presence was strictly necessary without attending the deliberation and voting phases of Commission meetings. All of these people's entries and exits are recorded in the meeting minutes, entirely in accordance with the provisions of Technical Guideline 1/2019:

- Mr. Hugo Mínguez, Director of Human Resources and General Services, on four occasions.
- Mr. Ramón Pueyo, KPMG Partner for Sustainability and Good Governance, on one occasion.
- Ms. Lourdes Centeno and Mr. Antonio Cárceles, from EY Abogados, on one occasion.
- Mr. Antonio Núñez and Mr. Luis de Ugarte, from the company Parangon Partners, on one occasion.

Furthermore, the Commission President, in cooperation with the Secretary, channeled and facilitated the necessary information to all other Commission members sufficiently in advance so they could analyze it before the meetings were held.

Likewise, the Commission President encouraged constructive dialogue among members, fostering freedom of expression and an attitude of analysis among all members, ensuring their free participation in all deliberations.

## 6. EVALUATION

As mentioned above, the evaluation of the Board of Directors and its Commissions corresponding to fiscal year 2022 was conducted in fiscal year 2023 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 Remunerations 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 and the Secretary of the Board.
- The performance and contribution all directors, paying special attention to the heads of the various Board Commissions .

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 Remunerations Commission. Moreover, as part of the process, KPMG held various interviews with all the members of the Board and its Secretary.

During the evaluation process, the following aspects, among others, were very positively reviewed: the high technical qualifications and professional experience of the members of the Board, the fluid and transparent communication between members of the Board, the work climate and collaboration observed among the directors, the trust in the management team and the immense appreciation for and trust in the Secretary of the Board of Directors.

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 for improvement included in the action plan, the main recommendation from the directors referred to continuing to improve planning of meetings and of the matters to be handled throughout the year.

As a result of the Board's evaluation, an action plan was established with suggestions for improvement, including 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-2023, the Commission reviewed the Action Plan and recalled the goals included in it.

Furthermore, several external consultants attended the Commission meeting held in the month of November upon an invitation from the President of the Commission for the purposes of assessing and selecting a consultant for the next evaluation of the Board and its Commissions with the Commission unanimously deciding to continue using the services of KPMG as external advisor for the fiscal year 2023 evaluation.

## 7. CONCLUSIONS

Based on all matters set forth in this Report, the Company's Appointments and Remunerations Commission has evaluated its composition and operation during fiscal year 2023 positively, considering that:

- The composition of the Commission has been adjusted to the provisions of the Spanish Corporate Enterprises Act, its internal rules as well as the Recommendations from the GGC, with members having the necessary and appropriate knowledge and experience to properly perform their duties and for 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 the frequency established in Article 14 of the Board Regulations, Article 4 of the Appointments and Remunerations Commission Regulations and Technical Guideline 1/2019, and whenever has been necessary in view of the matters to be discussed at the meeting.
- All the Commission meetings were attended by all of the members, who attended physically at the meeting place or remotely using electronic means.
- The Commission members always had the necessary information with regard to the items on the agenda subject of analysis and discussion available to them prior to the meetings so they could exercise their duties properly in an informed manner. 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.
- Finally, the Commission has deliberated on and passed resolutions on the matters within its competence after discussions in which there has been a constructive dialogue and critical attitude, favoring the diversity of opinions, as provided for in Technical Guideline 1/2019.

In accordance with the foregoing, it can be concluded that the Appointments and Remunerations Commission has complied with the requirements set forth in the Law and its internal rules regarding composition, frequency of meetings, attendance and informed participation of its members, and its activity during the 2023 fiscal year has been very positively evaluated.

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This Report on the functioning of the Appointments and Remunerations Commission during fiscal year 2023 was approved by the Appointments and Remunerations Commission on February 15, 2024 and was submitted to the Company's Board of Directors for approval at its meeting held on February 28, 2024.