

REPORT BY THE BOARD OF DIRECTORS OF TÉCNICAS REUNIDAS, S.A.  
CONCERNING THE PROPOSAL TO AMEND THE ARTICLES OF ASSOCIATION  
SUBMITTED TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS  
UNDER ITEM SIX OF THE AGENDA



22 of May 2020

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I. INTRODUCTION AND PURPOSE OF THE REPORT

The proposed statutory reform seeks, among others, to make the rules for the Chairperson of the Board of Directors more flexible, as provided for in the current Articles of Association of TÉCNICAS REUNIDAS, S.A. (the “Company”), to allow for this position to be held by both an executive or non-executive Director, thus allowing the Board different alternatives for configuring this body in the manner it considers most appropriate in accordance with the Company’s particular circumstances. Likewise, it is proposed to regulate the figure of the Honorary Chairperson.

Although it focuses on non-listed companies, the ruling of the Spanish Supreme Court on 26 February 2018, in turn, interpreted certain precepts of the Consolidated Text of the Companies Act, approved by Royal Legislative Decree 1/2010 of 2 July (“Companies Act”) on directors’ remuneration, insofar as generally applicable to companies (Articles 217 to 219 and 249 of the Companies Act), could also affect the remuneration system for directors of listed companies, without prejudice to the special provisions for directors (Articles 529. *sexdecies* to 529. *novodecies*, 540.4.c.2 and 541 of the Companies Act), which must also be taken into account.

On this basis, it is proposed to adapt the system of directors’ remuneration established in Article 22 of the Company’s Articles of Association to ensure that, following the Supreme Court ruling, the system established for this purpose in the Articles of Association, the directors’ remuneration policy, and the contracts of executive directors are fully coordinated. It is also proposed that the suitability requirements for directors be expressly incorporated into this article.

It is also proposed, on the one hand, to incorporate the new Management and Risks Commission (Article 30 Bis) and, on the other hand, to supplement certain functions of the Audit and Control Commission in accordance with Article 529 *quaterdecies* of the Companies Act, also modifying the current name of the Committee to “*Audit and Control Commission*”.

In addition, the possibility of Board meetings at which the directors do not attend in person using technical means that permit it is expressly included and added to the articles of association the procedure to formalize the resolutions of the Board of Directors (Article 26). Article 25 is supplemented with the system for the Board to delegate its powers and the express provision that the Board may set up the advisory committees it deems appropriate.

Likewise, to allow the participation of the shareholder in contexts such as the health alert situation derived from Covid-19, and taking into account good governance best practices aimed to encourage maximum shareholder engagement in General Meetings, it provides for, as a mere possibility, online attendance at General Meetings whenever the Board of Directors so agrees (article 17) and, in turn, adds a clarification concerning article 14 regarding the venue stated in the announcement of the General Meeting.

Similarly, the possibility of distributing dividends in kind (which would allow the Company to distribute the so-called scrip dividend) is expressly added to Article 35, in addition to incorporating certain technical details into that article and a technical modification is proposed in the title of article 33 (new 34) to incorporate the words “proposal of” and differentiate it from the title of article 35 (new 36).

Additionally, it has been added to article 6 some technical precisions about the emission of bonds and other securities by the Company in order to clarify its wording, including, like it is customary, the delegation in the Board of Directors of the possibility of executing one or more emissions during a period of 5 years after the approval by the Shareholders’ Meeting of the resolution with the maximum amount and other characteristics of the emission.

This report is prepared by the Company’s Board of Directors in compliance with the provisions of article 286 of the Companies Act, which requires a written statement justifying the reasons for the proposed amendment of the Articles of Association, which is submitted to the Company’s General Shareholders’ Meeting for approval.

## II. JUSTIFICATION FOR THE AMENDMENT PROPOSAL

This report is drawn up by the Company’s Board of Directors to justify the proposed amendments to Articles 6 (*“Capital increase and decrease and issue of bonds or other securities that recognise debt”*), 14 (*“Notice Of Meetings”*), 17 (*“Proceedings At General Meetings”*), 22 (*“Requirements, Duration and Appointment of Directors. Remuneration”*), 25 (*“Chairperson, Deputy Chairperson and Secretary”*), 26 (*“Meetings of the Board of Directors”*), 29 (*“Audit and Control Commission”*), 33 (*“Balance Sheet and Proposal of Result Application”*) and 35 (*“Distribution of Profits”*) of the Company’s Articles of Association, deletion of the current Article 28 (*“Powers Of The Chairperson”*) and the incorporation of the new Articles 28 (*“Honorary Chairperson”*) and 30 Bis (*“Management and Risks Commission”*) of the Articles of Association.

1. Proposed amendment to Article 6 (“*Capital increase and decrease and issue of bonds or other securities that recognise debt*”) of the Articles of Association:

Article 6 introduces technical details such as adding some specific references to the most common forms of obligations or other securities that recognize debt and, in the same way, it adds the usual practice of the Shareholders' Meeting being able to delegate to the Board of Directors of the Company the possibility of making use of this delegation in one or more issues during the period of 5 years from the approval of the delegation by the General Meeting, always respecting the maximum amount of the issue and the remaining conditions established, where appropriate, by the General Meeting.

2. Proposed amendment to Article 14 (“*Notice of Meetings*”) of the Articles of Association:

Article 14 of the Articles of Association, concerning the announcement of the General Meeting, states that the General Meeting may be held, under current regulations, anywhere within Spain.

Likewise, the paragraph relating to the General Meeting is deleted, without prejudice to the fact that it is a legal provision (article 178 of the Companies Act) so it is not necessary to expressly state in the Articles of Association that it is applicable.

3. Proposed amendment to Article 17 (“*Proceedings at General Meetings*”) of the Articles of Association:

In this respect, to allow the participation of the shareholder in contexts such as the health alert situation derived from Covid-19 and taking into account the good governance best practices that seek to encourage the greatest possible shareholder participation in General Meetings, a new provision is added to article 17, as a mere possibility and only when the Board of Directors so decides, that the Company may enable online real-time remote attendance at General Meetings in a way that duly guarantees the identity of the attendee, and remote online voting during the meeting, all in accordance with articles 182 and 521 of the Companies Act.

It is also provided that the Regulations of the General Meeting may empower the Board of Directors to regulate, in accordance with the law, the Articles of Association and the Regulations of the General Meeting, all procedural aspects necessary for the exercise of this form of participation in the General Meeting.

4. Proposed amendment to Article 22 (*Requirements, Duration and Appointment of Directors. Remuneration*) of the Articles of Association:

Concerning the remuneration system for Directors, it is proposed to amend Article 22 of the Articles of Association to adapt it to the criteria established by the ruling of the Spanish Supreme Court on 26 February 2018, in the following terms:

- It will distinguish between, on the one hand, the items of remuneration applicable to all Directors based on their membership of the Board of Directors and its committees and, on the other hand, the items of remuneration applicable to Directors with delegated or executive functions for the performance of these functions.
- Specifically, it will allow for the possibility of remunerating directors through the award of shares, in accordance with Article 219 of the Companies Act.
- The remuneration items specifically applicable to Directors with executive functions are included expressly. This amendment coordinates the system provided for in the Articles of Association with the Directors' Remuneration Policy and the Executive Directors' contracts and completes the provisions regarding the contract they are required to sign with the Company under the terms of article 249 of the Companies Act.
- It also adds the provision that the maximum amount of the annual remuneration of all the Directors, both for their membership of the Board of Directors and its Committees and for their executive functions, must be approved by the General Shareholders' Meeting and will remain in force until the General Meeting resolves to modify it, in accordance with article 217.3 of the Companies Act.

It is also proposed that the suitability requirements for directors be expressly incorporated into this article: *"Those appointed as Directors shall be persons of recognized honourability and must possess sufficient knowledge and experience to carry out their functions. They must also meet, in addition to the conditions required by law, those provided for in these Articles of Association and other Company regulations."*

5. Proposed amendment to Article 25 (*Chairperson, Deputy Chairperson and Secretary*) of the Articles of Association and consequently to delete Article 28 (*Powers Of The Chairperson*) of the Articles of Association:

It is proposed that Article 25 (now renamed "*Chairperson, Vice-Chairperson and Secretary. Delegation of powers*") be amended to provide that the position of Chairperson of the Board of Directors may be held by either an executive or a non-executive Director. In this respect, a distinction has been made between the functions corresponding to him or her in any case as chair of the Board, and those corresponding to an executive Director.

The Board of Directors considers that the proposed wording gives the Board greater flexibility to configure this body in the manner it considers most appropriate to the particular circumstances of the Company at any given time.

In turn, it is proposed to delete the current Article 28 of the Articles of Association, which includes the powers of the Chairperson as Executive Chairperson of the Company, in turn moving the aforementioned provisions regarding the powers of the executive Chairperson to Article 25 of the Articles of Association.

Similarly, it is proposed to expressly supplement Article 25 of the Articles of Association with the possibility, already provided for in the applicable regulations and the Regulations of the Company's Board of Directors, that the Board of Directors may delegate its powers to different executive committees, establishing the legal requirements for implementing this delegation, as well as creating consultive commissions.

6. Proposed amendment to Article 26 ("*Meetings of the Board*") of the Articles of Association:

It is proposed to add the possibility of meetings of the Company's Board of Directors that are not face-to-face using a technical system that enables the authentication of the identity of participants and real-time, multi-person connection of remote attendees, to provide flexibility to the operation of the Board.

It is also proposed to add the formal procedure of formalization of the resolutions of the Board of Directors, by means of the correspondent deed that will be executed by the authorities established on the applicable normative.

7. Proposed addition of a new Article 28 ("*Honorary Chairperson*") to the Articles of Association:

It is proposed to include a new article 28 of the Articles of Association to provide for the possibility of the Company appointing an Honorary Chairperson. This position may only be held by a person who has held the position of Chairperson of the Board of Directors and who, by reason of his or her merits and extraordinary dedication to the Company, deserves to attain such status.

Appointment to this honorary position must be approved by the Board of Directors following the report of the Appointments and Remuneration Committee. The holder of this position, who may or may not be a Director, may attend the meetings of the Board of Directors when called by the Chairperson of the Board of Directors, and must comply with the obligations arising from the duty of loyalty imposed by law on Directors.

8. Proposed amendment to Article 29 (“*Audit and Control Commission*”) of the Articles of Association:

Concerning the functions of the Audit and Control Commission, it is proposed to add a clause to the duty to submit proposals to the Board for the selection, appointment, re-election and replacement of the auditor, on ‘*supervising the selection process in accordance with the provisions of the applicable legislation*’, pursuant to Article 529. *quaterdecies*.4.d) of the Companies Act. Likewise, it is proposed to alter the Committee’s power to authorise the external auditor to perform services other than those prohibited by including the clause “*under the terms provided in the applicable regulations,*” in accordance with the wording of article 529 *quaterdecies*.4.e) of the Companies Act. On the other hand, concerning the Committee’s competence to inform the Board, prior to approval, of related-party transactions, the clause “*as provided by law*” is added.

It is also proposed to make several technical clarifications in this article, replacing ‘*audited entity*’ with ‘*Company*’ when referring to the technical expertise required by the members of the Committee, changing ‘*administrative body*’ to ‘*Board of Directors*’ in point (c) of this article, changing ‘*stock exchange authorities*’ to ‘*corresponding authorities*.’

Finally, the Commission’s name is changed to “*Audit and Monitoring Commission*”, both in the body of the article and in its heading. This change adapts the Commission’s nomenclature to that used in the regulations and recommendations applicable to the Company, including the Companies Act and Technical Guide 3/2017, thus unifying the names of the Board’s advisory committees.

9. Proposal to add a new Article 30 Bis (“*Management and Risks Commission*”) to the Articles of Association:

It is proposed to add a new article to the Articles of Association to cover the basic regulation of the new Management and Risks Commission, with advisory functions to the Board of Directors concerning the supervision of management and risk in the Company, in coordination, as necessary, with the Audit and Monitoring Commission.

10. Proposed amendment to Article 33 (“*Balance sheet and Result Application*”) of the Articles of Association:

The words “proposal of” are incorporated into the title of this article to differentiate its scope of the Article 35 “Application of the result” (new “Allocation of Profits”).

11. Proposed amendment to Article 35 (“*Distribution of Profits*”) of the Articles of Association:

The possibility is expressly included of paying the dividend, in whole or in part, in kind, provided that the assets or securities to be distributed are homogeneous and listed for trading on an official market at the time the agreement comes into effect, in line with standard practice in listed companies.

Likewise, the requirements applicable to dividend distribution are adapted to the wording of article 273 of the Companies Act, providing that dividends may be distributed once the legal reserve and the other provisions of the Law or the Articles of Association have been covered, “*if the value of the shareholders’ equity is not, nor will be as a result of the distribution, lower than that of the share capital.*”

Also, a reference to the time and form of the dividend payment is included, in accordance with article 276.1 of the Companies Act. There is also an express provision to allow the General Meeting to delegate to the Board of Directors in the determination of these and other matters necessary for the execution of the resolution, in line with the usual practice of listed companies, which would allow for a *scrip dividend*.

Finally, a technical clarification is added by changing the current heading of the article (“*Distribution of profits*”) to “*Allocation of Profits.*”

### III. VOTING SEPARATELY ON ITEMS

The proposal to amend the Articles of Association that is submitted to the General Meeting of Shareholders for approval will be voted on separately, following the provisions of Article 197 *bis* of the Companies Act.

### IV. ANNEX

The text of the proposed amendment to the Articles of Association is attached as an Annex to this Report, with the proposed amendments highlighted.



## ANNEX

### Proposal for amendment of Articles 6, 14, 17, 22, 25, 26, 29, 33 and 35, deletion of current Article 28 and incorporation of new Articles 28 and 31 of the Articles of Association of TÉCNICAS REUNIDAS, S.A.

*The purpose of the proposed amendment of the Articles of Association is as follows:*

- *To incorporate to Article 6 certain technical precisions in reference to the possibility of emission of bonds or other securities that recognize debt.*
  - *To specify, in accordance with the regulations in force, in Article 14, with respect to calling General Meetings, that they may be held anywhere within Spanish territory.*
  - *To incorporate the possibility of telematic attendance at General Meetings into Article 17, provided that this is agreed by the Board of Directors, in accordance with Articles 182 and 521 of the Companies Act, taking into account the best practices in good governance that aim to maximise the participation of shareholders in General Meetings.*
  - *To adapt the Directors' remuneration scheme provided for in Article 22 to the criteria established in this respect by the 26 February 2018 Supreme Court ruling, and ensure full coordination between the Articles of Association/Regulations of the Board, the Directors' Remuneration Policy and the executive directors' contracts.*
  - *To amend Articles 25 and 28 with respect to the Chairperson of the Board to allow the position of Chairperson to be held by both executive and non-executive directors.*
  - *To incorporate into Article 26 the possibility of holding meetings of the Board of Directors by any means of distance communication using any technical procedure (including but not limited to telephone, conference call and videoconference) that ensures the authentication and real-time plurilateral connection of the remote attendees, as well as incorporating the procedure for formalizing Board resolutions.*
  - *To incorporate into Article 29, with respect to the role of the Audit and Control Commission in submitting proposals to the Board on the selection, appointment, renewal and replacement of the external auditor, the point 'assuming responsibility for the selection process in accordance with the provisions of the applicable legislation', in accordance with Article 529 quaterdecies.4(d) of the Companies Act. In addition, to ensure that the Commission has the power to authorise the external auditor to perform services other than those prohibited, to include the point 'under the terms provided for in the applicable legislation', in accordance with the wording of Article 529 quaterdecies.4(e) of the Act.*
  - *The current name of the Commission will also be modified in line with the nomenclature used in the regulations and recommendations applicable to the Company, including the Companies Act and Technical Guide 3/2017, and unifying the naming of the Board's advisory committees.*
- Incorporating a new Article 30 Bis regulating the Management and Risks Commission of the Board of Directors.*
- *Amending the title of Article 33 to difference it from content of Article 35.*
  - *Incorporating into Article 35 the express possibility of distributing dividends in kind (which would allow for the issue of scrip dividend), in addition to incorporating specific technical clarifications to the article.*

*Each proposed amendment has a corresponding explanatory note.*

## ARTICLES OF ASSOCIATION OF TÉCNICAS REUNIDAS, S.A.

### Article 6.- CAPITAL INCREASE AND DECREASE AND ISSUE OF BONDS OR OTHER SECURITIES THAT RECOGNISE DEBT

The capital of the Company may be increased or decreased by agreement of the legally called General Meeting of Shareholders with the attendance quorum stipulated by Law. The General Meeting of Shareholders will set the terms and conditions of each new share issue and the Board of Directors is authorized to implement its agreements. The shareholders will have a preferential right to subscribe to new shares in proportion to the number of shares they hold, without prejudice to what is provided for in Article 308 of the Capital Companies Act.

The Company may issue simple, convertible or exchangeable bonds or other securities that recognize or create debt such as promissory notes, preferred shares, subordinated debt, as well as other negotiable or non-negotiable securities that recognize or create debt other than previous, with or without a guarantee, subject to the legally established limits and conditions.

The Board of Directors will be competent to resolve the issue and admission to quotation of bonds or securities, as well as the underwriting of the proposed issue.

The General Meeting of Shareholders will be competent to resolve the issuance of exchangeable securities or bonds that allow the holders to participate in the corporate earnings. The General Meeting of Shareholders may delegate this faculty upon the Board of Directors to issue securities, as well as to authorize the Board of Directors to determine the time when the issue has to be agreed and to set the other conditions not provided in the agreement of the Board, all with the applicable legal limits. The Board of Directors may make use of said delegation one or more times and for a maximum period of five years.

The right to preferential subscription of the convertible bonds may be suppressed according to the legal and statutory rules applicable ~~to the suppression of the right to preferential subscription to the shares.~~

The Company may also guarantee the securities issues of its subsidiaries.

### Article 14.- NOTICE OF MEETINGS

The notice, both for ordinary and extraordinary General Meetings, shall be made by an announcement published in the Official Gazette of the Companies House or one of the daily newspapers with largest circulation in Spain, and on the Company's website ([www.tecnicasreunidas.es](http://www.tecnicasreunidas.es)) and on the Web Page of the Spanish Securities & Exchange Commission with the legally established minimum time before the date set for the meeting. The Board of Directors, in its sole discretion, may announce this notice of meeting in other means, if it deemed it appropriate, in order to give it greater publicity or dissemination.

The announcement shall include the name of the Company, the date and time of the meeting, its place, if it is ordinary or extraordinary, the agenda, including in a clear and concise manner all the matters to be discussed, and the position of the person or people making the call, as well as the date on which shareholders must have recorded in their name the shares to participate and vote at the General Meeting, the place and the way to acquire the full text of the documents and proposed resolutions and the address of the Web page of the Company where the information shall be made available. Additionally, the announcement shall include clear and precise information of the actions that shareholders shall take in order to participate and issue their vote at the General Meeting, with the detail requested by the applicable legislation.

The announcement may also, if appropriate, set forth the date on which the General Meeting of Shareholders shall proceed upon second call. Between the first and the second call there must at least be (24) hours difference. If the general meeting, duly called, is not held on first call and no date has been indicated in the notice for convening on second call, the latter must be announced, subject to the same announcement requirements as the notice of call to the first meeting, within fifteen days after the date of the meeting no held and at least ten days prior to the date of the meeting.

In the event that new matters are included in the Agenda of an Ordinary General Meeting of Shareholders, proposed in accordance with the Law by shareholders who represent, at least, three (3%) of the share capital, it will be necessary to publish an addendum to the announcement, according to which said new matters will be included in the agenda, provided the new items enclose a justification or, if appropriate, a justified proposed resolution. This addendum will be published a minimum of 15 days in advance of the date established for the holding of the Ordinary General Meeting, and failure to publish it will render the challenging of the General Meeting. This right of the shareholders who represent at least three (3%) of the share capital to request the inclusion of new matters in the Agenda must be exercised by means of reliable notification that must be received at the Company's registered office within five days following the publication of the most recent announcement of the holding of the meeting. This right may not be exercised for extraordinary meetings under any circumstance.

Shareholders who represent at least three (3%) of the share capital will be entitled to put forward justified proposals of resolution about matters already included o which must be included in the agenda of the meeting called.

The General Meeting will be held in the municipality where the Company has its registered office. Nevertheless, the Board of Directors may resolve that the General Meeting be held in any other place [within the Spanish territory](#) when it deems it appropriate to promote its development, and when this circumstance is indicated in the announcement. If the place of holding of the

General Meeting does not appear in the announcement, it will be understood that the General Meeting will be held at the Company's registered office.

~~Notwithstanding the previous paragraphs, the General Meeting will be considered convened and will be established as valid for discussing any matter whenever the whole of the share capital is present and those in attendance unanimously accept the holding of the General Meeting.~~

#### Article 17.- PROCEEDING AT GENERAL MEETINGS

The Chairperson of the Board of Directors and, in his absence, the First or Second Vice-Chairperson, will preside over all General Meeting of Shareholders. The Company Secretary, or in his absence, the Vice-Secretary, if any, will be the Secretary of the General Meeting of Shareholders. In the absence of both of these, the Chairperson will appoint another shareholder or representative to act in their place.

The members of the Board of Directors must attend all General Meeting of Shareholders, although the fact that one of them is unable to attend for any reason will not invalidate the constitution of the General Meeting of Shareholders. The Chairperson of the General Meeting of Shareholders may authorise the attendance of any person they might deem convenient. However, the General Meeting of Shareholders may revoke this authorisation.

The Chairperson will chair the deliberations and will give the right to speak to any shareholders who have requested it. Priority to intervene will be given to shareholders who have asked for this in writing; followed immediately by those who have orally expressed their wish to do so.

Each of the matters included in the Agenda will be discussed and voted upon separately, and to be valid, all agreements must be reached by a simple majority of the shareholders present or represented (being when it obtains more votes for than against it) votes, unless a different majority should be legally required for some specific type of agreements. The vote may be broken up so that the financial intermediaries that are legitimated as shareholders but act on behalf of different clients may cast their votes as instructed to do so. For each resolution submitted to a vote the Shareholders' Meeting must determine, at least, the number of shares with respect to which valid votes have been cast, the proportion of the share capital represented by such votes, the total number of valid votes, the number of votes for and against each resolution and, as the case may be, the number of abstentions. The resolutions approved and the result of the voting shall be published in full on the Company website within the five days following the end of the Shareholders' Meeting.

Shareholder shall not exercise their voting rights correspondent to its shares when the resolution to be approved releases this shareholder from any obligation or grants this shareholder any kind of financial assistance,

including the execution of guarantees or the waiver of obligations linked to its duty of loyalty.

Shares of the shareholders in a situation of conflict of interests mentioned above shall be deducted from the share capital from the base for calculated the above mentioned majority.

Shareholders entitled to attend as holding at least 50 shares or having grouped with others with whom they jointly hold at least 50 shares in the terms of the previous article 16, may cast their vote on the proposals concerning points included in the Agenda of any General Meeting of Shareholders by:

- a) postal delivery or correspondence, sending the Company their attendance card and right to vote duly signed (or along with the voting form provided therefor by the Company, as the case may be), or any other written means which, in the opinion of the Board of Directors in an agreement adopted thereon, might duly allow the identity of the shareholder exercising their right to vote to be identified, or
- b) correspondence or electronic communication with the Company, to which the attendance card and vote are attached in electronic format (or along with the voting form provided therefor by the Company, as the case may be), which will bear the electronic signature or another kind of identification of the shareholder in the terms established by the Board of Directors in agreement adopted therefor, to provide this system of vote casting with the necessary guarantees of authenticity and identification of the shareholder exercising their right to vote.

For this to be valid, the representation conferred by any of the above means must be received by the Company earlier than midnight on the third day prior to the date provided for the General Meeting of Shareholders in its first call. In the resolution of the announcement of the General Meeting in question, the Board of Directors may reduce the advance notice required by giving this the same publicity that is given to the announcement of the holding of the Meeting.

Any shareholders issuing their vote from a distance in the terms indicated herein will be considered present for the effects of constituting the General Meeting of Shareholders. As a result, all delegations carried out before this vote issue will be understood to be revoked and those conferred thereafter will be deemed not effected.

All votes issued from a distance, as referred to in this article, will be left without effect by the physical attendance at the meeting of the shareholder who has issued them.

The Board of Directors may develop the above provisions by establishing the instructions, rules, means and procedures for instrumenting the vote issue

and granting the representation by distance communication, adapting to the state of the art and, as the case may be, to any rules that might be determined thereon and what is provided in these Articles of Association. All rules of development adopted by the Board of Directors hereunder will be published on the Web site of the Company.

Likewise, in order to avoid possible duplication, the Board of Directors may take all necessary measures to ensure that whosoever has issued the vote from a distance or delegated their representation is duly legitimated for this according to these Articles of Association.

Without prejudice to the above provisions, the Company may authorise remote attendance at the General Meeting using real-time telematic means that ensure authentication of the person's identity, as well as electronic voting during the General Meeting, providing that this is possible given the current state of technology and that it is agreed by the Board of Directors. In this event, the notice of meeting will detail the deadlines, formats and means for shareholders to exercise their rights, as stipulated by the Board of Directors to enable the General Meeting to be conducted in an orderly manner.

The Regulations of the General Meeting may assign the Board of Directors the power to regulate any procedural aspects necessary, in accordance with the law, the Articles of Association and the Regulations of the General Meeting.

Article 22.- REQUIREMENTS, DURATION AND APPOINTMENT OF BOARD MEMBERS. REMUNERATION

The Company will be governed and administered by a Board of Directors, subject to the privative competences of the General Meeting of Share holders. The Board of Directors will carry out its functions independently of the Company Management, giving all shareholders the same treatment and guided by the interests of the Company, maximising the economic value of the Company in a sustained manner.

The Board of Directors will be formed by two different kinds of members: executive and external, and within the latter, representative and independent, according to the applicable law and to the rules of good governance applicable at all times. In exceptional cases, appointed external members may be people not considered representative or independent according to the rules and recommendations of good governance applicable at all times and provided they are not considered executive according to the aforementioned rules and recommendations. Persons appointed as directors must be of good repute and must have the knowledge and experience necessary to perform their functions. They must also satisfy the requirements demanded by law as well as those stipulated in these Articles of Association and the Company's other regulations.

In the proposed appointments raised to the General Meeting of Share holders, the Company Board of Directors will ensure as far as possible that the

composition of the Board of Directors should ~~not~~ allow the number of external or non-executive members to constitute a broad majority over that of executive members.

The Members will hold their posts for a term of four years, unless they are removed by the General Meeting of Shareholders. They may be re-elected once or more times for the same period.

All Board Members ending their mandate or resigning from their post for any other reason may not be a member or hold executive positions in any other entity that has the same corporate purpose as that of the Company for a period of two years. If it considers it appropriate, the Board of Directors may do away with this obligation for the leaving Board member or shorten the duration of the prohibition.

~~The~~ Members of the Board of Directors will receive ~~on this condition a statutory remuneration the maximum amount of which for all the members of the Board of Directors will be resolved by the General Meeting of Shareholders and will be updated according to indices or variables defined by the General Meeting. This remuneration shall be composed by their membership of the Board of Directors and its Committees comprising~~ the following ~~amounts~~ items: (i) a fixed ~~amount~~ annual allocation for membership of the Board of Directors; (ii) ~~an additional fixed annual allocation for chairing any delegated or advisory committees to which they belong~~; and ~~(ii) – diemsiii) expenses for effective attending the meetings of the Board of Directors and its delegate any delegated or advisory commissions to which they belong.~~

The Board of Directors shall determine yearly the way and time of payment and the distribution among the members of the Board of Directors of the global amount correspondent to the ~~statutory~~ remuneration mentioned below. The distribution could be individualized according to the objective roles, duties and responsibilities which the Board deems appropriate.

~~The executive Directors will receive, for the performance of executive delegated functions or delegated by the Board of Directors, the remuneration established by the Board. This remuneration shall be in accordance with the remuneration policy resolved by the General Meeting and be reflected in the contract between the executive Directors and the Board.~~

In addition, directors may be remunerated by the award of Company shares, share options or remuneration linked to the value of the shares. This remuneration must be agreed at the General Meeting and the corresponding resolution must include the maximum number of shares that may be awarded in each fiscal year under this remuneration scheme, the directors to whom it applies, the exercise price or the system for calculating the exercise price of share options, the value of any shares used as references and the duration of the plan.

In addition to the provisions above, directors with executive functions assigned through any position will receive remuneration for the performance of these



functions, which will be determined by the Board on the basis of the following items: (i) a fixed component, appropriate to the services and responsibilities assumed; (ii) an annual variable component, correlated to a performance indicator for the director or Company; (iii) long-term variable remuneration, correlated to a performance indicator for the director or Company; (iv) a benefit component, which can include welfare and insurance schemes and, where appropriate, Social Security schemes; (v) the award of Company shares, share options or other remuneration linked to the value of the shares; (vi) remuneration in kind linked to the provision of services inherent in the performance of their functions; and (vii) compensation in the event of removal or any other form of termination of the legal relationship with the Company which is not due to non-compliance attributable to the director, exclusivity agreements, post-contractual non-compete agreements and/or length of service or loyalty agreements.

The remuneration of directors with executive functions with respect to the items of remuneration described above must conform to the Directors' Remuneration Policy approved at the General Meeting. In addition, the items of remuneration applicable to directors with executive functions must be stipulated in the contract between the director and the Company under the legally established terms. The director may not receive any remuneration for the performance of executive functions which does not correspond to the items or amounts stipulated in this contract or in the Directors' Remuneration Policy.

The maximum amount of annual remuneration for all Directors, both for their membership of the Board of Directors and its Committees and for their executive duties, must be approved by the General Meeting either by express agreement in this regard or by approving the Directors' Remuneration Policy and will remain in force as long as the General Meeting does not resolve its modification, and may be updated based on the indexes or magnitudes that the General Meeting itself defines.

The Company shall be entitled to hire a civil liability insurance.

Article 25.- CHAIRPERSON, VICE-CHAIRPERSON AND SECRETARY.  
DELEGATION OF POWERS

The Board of Directors will choose a Chairperson and one or more Vice-~~Chairmen~~Chairpersons from among its members.

~~Should the Chairperson be~~The Chairperson is the most senior officer and is responsible for the effective functioning of the Board of Directors. In all cases, and without prejudice to the powers granted by the law, these Articles of Association and the Regulations of the Board of Directors, they will have the following powers: (a) to convene and chair meetings of the Board of Directors, setting the agenda for the meetings and leading its discussions and deliberations; (b) to chair the General Meeting of Shareholders, unless expressly decided otherwise; (c) to ensure that the directors receive sufficient



information in advance of meetings to be able to discuss the items on the agenda; and (d) to encourage debate and directors' active participation during meetings, ensuring their freedom of expression.

The position of Chairperson of the Board of Directors may be held by an executive director, in which case the appointment of the Chairperson will require a vote in favour by two thirds of the members of the Board of Directors. In addition, if the Chairperson is an executive Directors, the Board, with the abstention of the executive Directors, shall appoint a coordinating Directors among the independent members of the Board, who will be specially entitled to ask for the call of a meeting of the Board or the inclusion of new items on the agenda of a meeting of the Board already called, coordinate and gather the non executive Directors and direct, in case, the periodic evaluation of the Chairperson.

When the Chairperson is an executive director, they will be considered the Company's most senior executive and will be conferred with all necessary powers to exercise this authority, which will be delegated by the Board of Directors. The powers delegated to the Chairperson may be delegated to third parties.

Likewise, the Board of Directors will choose a Secretary, who may or may not be a member of the Board of Directors and who will also serve as Secretary for all its delegated and advisory committees.

The Board of Directors may similarly appoint a Vice-Secretary, who may or may not be a member of the Board and who will also serve as Vice-Secretary for all its delegated and advisory committees.

Likewise, the Board of Directors may permanently delegate all or part of its powers to one or more delegated committees, within the limits established by the applicable regulations and without prejudice to the powers which it may confer on any person, as well as appoint the directors who will serve on the delegated committee and, where appropriate, the form in which the delegated powers may be exercised. The permanent delegation to one or more delegated committees of any of the Board of Directors' powers which may be delegated in accordance with the regulations in force, and the appointment of the directors who will serve on the delegated committee must be approved by the Board of Directors with a vote in favour by two thirds of its members.

Where a member of the Board of Directors is assigned executive functions by virtue of any position, a contract must be entered into by this director and the Company, which must be approved by the Board of Directors with a vote in favour by two thirds of its members. The director concerned must refrain from both attending the deliberations and participating in the voting, and the approved contract must be incorporated into the minutes as an annex.

Finally, the Board of Directors may create advisory committees from among its members, with powers to report, advise and make proposals on matters

determined by the Board of Directors, as well as designate the directors that will serve on them.

#### Article 26.- MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors will meet with the frequency that the Company matters may require and, in any case at least once every two months, and on the initiative of the Chairperson or of the Coordinating Director, as many times as they might require for the operation of the Company. The Board of Directors shall also meet when required to do so by at least a third of its members, in which case it will be convened by the Chairperson, who will indicate the agenda, to meet within the following month of the request. If upon expiration of this time limit without the Chairperson having made the call for the meeting for no justified reasons, the Directors making at least a third of the members of the Board may call the meeting in the city of the registered address.

Unless otherwise by the applicable laws or by the Bylaws, the agreements of the Board of Directors will be adopted by the overall majority of the Members present or represented at the session. In the event of a tie, the Chairperson will have the deciding vote.

The meetings of the Board of Directors will be called by the Secretary on the order of the Chairperson or of the Coordinating Director, and in the event of absence or incapacity of these last ones thereof, on the order of the First and Second Vice-Chairperson, successively.

All of the members of the Board of Directors will be called individually by letter, electronic mail, fax or telephone and at least five days before the date set for the meeting.

The call for extraordinary meeting of the Board can be also executed even by phone and without the term and other requirements mentioned above when, up to the criteria of the Chairperson or of the coordinating Directors, the circumstances would require it.

The notice of meeting may, when circumstances require it, establish that the session be held by any means of distance communication using any technical procedure (including but not limited to telephone, conference call and videoconference) that ensures the identification and real-time plurilateral connection of the remote attendees. In these cases, the session will be understood to be held at the registered office.

The Board of Directors will be validly constituted when half plus one of its members are in attendance, either present or represented. Any Board member may authorise another member to represent them in writting. The non executive members of the Board shall only authorize their representation to another non executive member.

The Board of Directors will also be validly constituted without any need for a call when all of the members are present and unanimously agree to form the Board of Directors.

The resolutions adopted by the Board of Directors will be recorded in the minutes of the meeting, which will be prepared and signed by the Secretary of the Board and, in his absence, by the Deputy Secretary. In the absence of these, it will be prepared and signed by the Director who has been appointed as secretary of the session. In any case, the approval of the person who would have acted in it as president will be recorded in the minutes.

The Chairperson, the Vice-Chairpersons, the Secretary and the Deputy Secretary of the Board of Directors will be permanently empowered, in solidarity and without distinction, to submit the agreements recorded in the minutes to a public document.

#### Article 28.- HONORARY CHAIRPERSON

The Board of Directors may award the distinction of Honorary Chairperson to any person who has served as Chairperson of the Board of Directors and who deserves this level of recognition on the basis of extraordinary merit and dedication to the Company.

The agreement to designate an Honorary Chairperson by the Board of Directors must be preceded by the corresponding report from the Appointments and Remuneration Commission.

The distinction of Honorary Chairperson is an honorary title and the Honorary Chairperson does not, therefore, need to be a member of the Board of Directors. Nevertheless, the Honorary Chairperson must comply with the legally imposed obligations derived from directors' duty of loyalty.

The designation of an Honorary Chairperson may be overruled by the Board, in light of the circumstances of each case.

The Honorary Chairperson may attend all meetings of the Board of Directors, when called by the Chairperson of the Board of Directors.

The Company may grant the Honorary Chairperson any personal or material means necessary for the performance of this function.

#### Article 29.- AUDIT AND CONTROL COMMITTEECOMMISSION

The Board of Directors will create among its own members an Audit and Control CommitteeCommission formed by at least three and no more than five members designated by the Board of Directors itself. All of them must be non executive members, the majority of which, at least, must be independent and one of them will be appointed considering the knowledge and experience on accounting, auditing or both of them.

Globally considered, the members of the Audit and Control [CommitteeCommission](#) will have the relevant expertise in relation to the activity sector to which belongs the audited entity.

The Chairperson of the Audit and Control [CommitteeCommission](#) will be elected by the Board of Directors among the independent members of the [CommitteeCommission](#) for a term than will not exceed four years, and he must be replaced at the end of said term. He may be re-elected one year after the date of his departure.

Without prejudice to any other duties established by the applicable law or that may be assigned from time to time by the Board of Directors, the Audit and Control [CommitteeCommission](#) shall exercise, at least, the following functions:

(a) Report to the General Meeting on issues raised at it on matters within its competence and, in particular, on the outcome of the audit explaining how this has contributed to the integrity of financial reporting and the role the [CommitteeCommission](#) has played in this process.

(b) To monitor the efficiency of the internal control system of the Company, the internal audit and the risk management systems, as well as addressing, together with the auditor, the most significant weaknesses of the internal control system detected during the audit, all without undermining their independence. For this purpose, when appropriate, the [CommitteeCommission](#) may submit recommendations or proposals to the Board of Directors and the corresponding term for its monitoring.

(c) To monitor the development and preceptive financial reporting process, and submit recommendations or proposals to the Board of Directors, aimed to safeguarding its integrity.

(d) Put forward to the Board of Directors the proposals of selection, appointment, renewal and replacement of the external Auditor, [supervising the selection process in accordance with the provisions of the applicable legislation, as well as their contracting conditions](#), as well as to the conditions of its contract and request to the Auditor, on a regular basis, information about the audit plan and its execution, as well as to guarantee its independence on the execution of its duties.

(e) Establish the necessary relations with external Auditors to receive information on those issues that could form a threat for their independence for consideration by the [CommitteeCommission](#) and any others related to the performance of the audit and, when applicable, the authorization of services different of those forbidden [under the terms stipulated in the applicable legislation](#), as well as other communications provided for in auditing legislation and in auditing standards. In any case, they must receive annually from the external auditors declaration of their independence in relation with the Company or the entities directly or indirectly linked to it, as well as

information in detail and on an individual basis on any type of additional services provided to these entities and the fees received by the external auditor, or by persons or entities linked to them, in accordance with regulations governing the activity of auditing.

(f) Annually, issue, prior to issuance of the Audit Report, a report which will express an opinion on if the independence of the Auditor or auditing firm is jeopardized. This report shall, in any case, contain the motivated valuation on the provision of each and every additional services referred on item e) above, individually and jointly considered, different from those correspondents to legal auditing and in relation with the independence status or with the normative of auditing.

(g) The authority of control and monitorization of the compliance of the policy of control and risk management. In performing this authority, the Audit and Control ~~Committee~~Commission may agree the establishment of one or more Sub-~~committees~~commissions for the control and monitorization of the compliance with the policy of control and risk management.

(h) Report, previously, to the Board of Directors about all the matters included in auditing normative, the Bylaws and the Regulations of the Board of Directors and, in particular, on: (i) financial information which must be made public on a regular basis; (ii) incorporation or acquisition of special purpose participated entities or addresses in tax havens; and (iii) related parties transactions, under the terms provided for by law.

The Audit and Control ~~Committee~~Commission will meet, ~~normally on at least eight times~~ a quarterly basis, year for the purpose of revising the periodic financial information that must be sent to the ~~stock exchange correspondent~~ authorities, together with the information that the Board of Directors must approve and include within its annual public documents. Likewise, it will meet each time that the Chairperson convenes it, which he must do whenever the Board of Directors or the Chairperson of the Board requests the issuing of a report or the adoption of proposals and, in any event, whenever any of its members requests it or it is appropriate for the satisfactory discharge of its tasks.

The members of the management team or of the staff of the Company and its group will be obliged to attend the sessions of the ~~Committee~~Commission and to offer their collaboration and access to the information available to them when the ~~Committee~~Commission requests it. The ~~Committee~~Commission may likewise require the attendance at its meetings of the auditors of the Company's accounts.

The Board of Directors may develop and complete in its Regulations the previous rules, in accordance with the Articles of Association and the Law.

## Article 30 Bis.- MANAGEMENT AND RISKS COMMISSION

The Board of Directors will create from among its members a Management and Risks Commission comprising at least three and no more than eight members designated by the Board of Directors, which may include an executive director.

The Chairperson of the Management and Risks Commission will be appointed by the Board of Directors from among its members for a four-year term and may be re-elected one or more times for terms of equal duration.

Without prejudice to any other duties that may be assigned at any time by the Board of Directors, the Management and Risks Commission's responsibilities will include:

- (a) Periodically reviewing the impact of operations and planning by the Company and its Group.
- (b) Analysing the financial efficiency and resources of each project undertaken by the Company and its Group.
- (c) Analysing the guidelines of the commercial policies and analysing the conditions for the most relevant bids of the Company or its Group.
- (d) Carrying out regular monitoring of the Company's projects, with special focus on those which are most significant in economic, technical or reputational terms.
- (e) Monitoring the periodic analyses of any geopolitical situation of the countries where the Company or its Group operates.
- (f) Conducting periodic analyses of the solvency ratios of clients and suppliers.
- (g) Developing and monitoring the risk map of the Company and its Group.
- (h) Advising the Board of Directors on the Company's and its Group global approach and strategy.
- (i) With respect to all the previous items, bolster the compliance system and activities of the Company and its Group.

Where necessary, the Management and Risks Commission will perform its stipulated functions in coordination with the Audit and Control Commission.

The Management and Risks Commission will ordinarily meet at least eight times a year. Likewise, it will meet each time that the Board of Directors or its Chairperson requests the issuance of a report or the adoption of proposals within the scope of its competences and, in all cases, provided it is appropriate for the satisfactory fulfilment of its duties.



Meetings of the Management and Risks Commission may be attended by any person who has executive functions assigned by the Board of Directors through any position, even it is not a member of the Commission. Attendance by non-members will be in order to comply with the Commission's functions. Members of the management team or personnel from the Company and its group will be obliged to attend Management Commission meetings and to cooperate and provide access to the information available to them at the Management and Risks Commission's request.

The Board of Directors may further develop and supplement the above rules in its Regulations, in accordance with the provisions of the Articles of Association and the law.

#### Article 33.- BALANCE SHEET AND PROPOSAL OF RESULT APPLICATION

Within the legal time, the governing body will draw up the annual accounts, the management report and the proposed application of the result, so that, once checked and reported by the Statutory Auditors, as the case may be, they might be presented to the General Meeting of Shareholders for approval.

#### Article 35.- PROFIT DISTRIBUTION APPLICATION OF THE RESULT

The General Meeting of Shareholders will decide on the application of the result with the approved balance sheet, ~~and will distribute dividends.~~

Dividends may only be distributed among the shareholders in proportion to the capital they have outlaid and any other provisions established by Law or the Bylaws, charging this to the profits or the ~~freely available~~ voluntary reserves, once the legal reserve and other ~~reserves obligations~~ established by ~~Bylaws or law or the Articles of Association~~ have been covered, ~~and determining the sums that should be devoted to provide~~ the different kinds of agreed voluntary reserves, fulfilling all legal provisions in defence value of the shareholders' equity is not, nor will be as a result of the distribution, lower than that of the share capital ~~and respecting the privileges enjoyed by a certain kind of shares..~~

If the General Meeting resolves to distribute dividends, it will determine the time and form of payment. The governing body determination of these issues and any others which may be necessary for or relevant to the implementation of the resolution may be delegated to the Board of Directors.

The General Meeting may resolve that the dividend be paid wholly or partly in kind, provided that the assets or securities subject to distribution are homogenous and admitted to trading on an official market on the date on which the resolution enters into force.

The Board of Directors may agree on the distribution of amounts on account of dividends, either in cash or in kind, with the limitations and meeting the requirements established by Law.