

---

**ISSUER'S IDENTIFICATION DATA**

---

Date of fiscal year end:

[ 31/12/2020 ]

Company Tax No. CIF:

[ A-28092583 ]

Corporate Name:

[ **TECNICAS REUNIDAS, S.A.** ]

Registered office:

[ ARAPILES, 14 MADRID ]

**A. OWNERSHIP STRUCTURE**

A.1. Complete the following table on the company's share capital:

Date of last modification	Capital share (€)	Number of shares	Number of voting rights
30/05/2006	5.589.600,00	55.896.000	55.896.000

Indicate whether there are different share classes with different associated rights:

Yes

No

A.2. Provide details of the direct or indirect holders of significant shares at the close of the fiscal year, excluding directors:

Name or Corporate name of the shareholder	% voting rights corresponding to shares		% voting rights through financial instruments		% total voting rights
	Direct	Indirect	Direct	Indirect	
ARIEL INVESTMENTS, LLC	0,00	3,01	0,00	0,00	3,01
FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED	0,00	3,00	0,00	0,00	3,00
NORGES BANK	2,96	0,00	1,35	0,00	4,31
ARAGONESAS PROMOCIÓN DE OBRAS Y CONSTRUCCIONES, S.L.U.	5,10	0,00	0,00	0,00	5,10
ARALTEC CORPORACIÓN, S.L.U.	31,99	0,00	0,00	0,00	31,99
COLUMBIA MANAGEMENT INVESTMENT ADVISERS LLC	3,12	0,00	0,00	0,00	3,12

Name or corporate name of indirect shareholder	% of voting rights corresponding to shares		% of voting rights through financial instruments		% total voting rights
	Direct	Indirect	Direct	Indirect	
JOSÉ LLADÓ FERNÁNDEZ-URRUTIA	0,11	37,09	0,00	0,00	37,20

Breakdown of indirect shareholding:

Name or Corporate name of indirect shareholder	Name or Corporate name of direct shareholder	% of voting rights corresponding to shares	% of voting rights through financial instruments	% of total voting rights
ARIEL INVESTMENTS, LLC	ARIEL INVESTMENTS, LLC	3,01	0,00	3,01
FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED	FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED	3,00	0,00	3,00
JOSÉ LLADÓ FERNÁNDEZ-URRUTIA	ARALTEC CORPORACIÓN, S.L.U.	31,99	0,00	31,99
JOSÉ LLADÓ FERNÁNDEZ-URRUTIA	ARAGONESAS PROMOCIÓN DE OBRAS Y CONSTRUCCIONES, S.L.U.	5,10	0,00	5,10

Indicate the most significant changes in the shareholding structure during the fiscal year:

Most significant changes

Columbia Management Investment Advisers LLC entity holds a significant share at the year-end.

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

**A.3.** Complete the following tables on members of the company's board of directors with voting rights from company shares:

Name or Corporate name of the Director	% of voting rights corresponding to shares		% of voting rights through financial instruments		% of total voting rights	% of voting rights transferable through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR. FERNANDO DE ASÚA ÁLVAREZ	0,02	0,00	0,00	0,00	0,02	0,00	0,00
MR. PEDRO LUIS URIARTE SANTAMARINA	0,01	0,01	0,00	0,00	0,02	0,00	0,00
MR. RODOLFO MARTÍN VILLA	0,00	0,00	0,00	0,00	0,00	0,00	0,00
MR. IGNACIO SÁNCHEZ-ASIAÍN SANZ	0,00	0,02	0,00	0,00	0,02	0,00	0,00
<b>% of total voting rights held by the board of directors</b>							<b>0,06</b>

Breakdown of indirect shareholding:

Name or Corporate name of Director	Name or Corporate name of direct shareholder	% of voting rights corresponding to shares	% of voting rights through financial instruments	% of total voting rights	% of voting rights transferable through financial instruments
MR. PEDRO LUIS URIARTE SANTAMARINA	CASTILLO DEL POMAR, S.L.	0,01	0,00	0,01	0,00
MR. IGNACIO SÁNCHEZ-ASIAÍN SANZ	MRS. MARÍA ISABEL ALONSO MENDIGUREN	0,02	0,00	0,02	0,00

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

**A.4.** Indicate, where applicable, any familiar, commercial, contractual or corporate relationships between significant shareholders, to the extent that these are known to the company, unless they are of negligible relevance or derive from the ordinary course of business, with the exception of those detailed in section A.6:

:

Name or Corporate name	Type of relationship	Brief description
No data		

**A.5.** Indicate, where applicable, any commercial, contractual or corporate relationships between significant shareholders and the company and/or its group, unless these are of negligible relevance or derive from the ordinary course of business:

Name or Corporate name	Type of relationship	Brief description
No data		

**A.6.** Describe any relationships, unless they are of negligible relevance to the two parties, between the significant shareholders or shareholders represented on the board and the directors, or their representatives, in the case of legal entities.

Explain, where appropriate, how significant shareholders are represented. Specify any directors who have been appointed on behalf of significant shareholders and any directors whose appointments were promoted by significant shareholders or were linked to significant shareholders and/or entities in their group, detailing the nature of these relationships. In particular, indicate the existence, identity and position of any members of the board or representatives of directors of the listed company who are also members of the board of directors, or their representatives, of companies with significant shareholdings in the listed company or in entities from the significant shareholder's group:

Name or Corporate name of the related Director or representative	Name or Corporate name of the related significant shareholder	Corporate name of the company in the significant shareholder's group	Description of relationship/position
MR. JOSÉ MANUEL LLADÓ ARBURÚA	ARAGONESAS PROMOCIÓN DE OBRAS Y CONSTRUCCIONES, S.L.U.	ARAGONESAS PROMOCIÓN DE OBRAS Y CONSTRUCCIONES, S.L.U.	Mr. José Manuel Lladó Arburúa was re-elected in the General Meeting held on 25/06/2020 as proprietary director of the company at the proposal of the significant shareholder Aragonesas Promoción de Obras y Construcciones, S.L.U.

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

**A.7.** Indicate whether the company has been informed of any shareholders' agreements which might affect it, in accordance with the provisions of Articles 530 and 531 of the Companies Act. Where applicable, describe these briefly and list the shareholders bound by the agreement:

:

Yes  
 No

Indicate whether the company is aware the existence of concerted actions between its shareholders. If applicable, describe these briefly:

Yes  
 No

If any modification or termination of these agreements or concerted actions has occurred during the fiscal year, provide details below:

**A.8.** Indicate whether there is any natural or legal person who exercises or may exercise control over the company in accordance with Article 5 of the Securities Market Act. Where applicable, identify:

Yes  
 No

**A.9.** Complete the following tables on the company's own shares:

At fiscal year-end:

Number of direct shares	Number of indirect shares(*)	Total % of share capital
2.198.034		3,93

(\*) Held through:

Name or Corporate name of the direct shareholder	Number of direct shares
No data	

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

Explain any significant changes during the fiscal year:

### Explain the significant changes

There were no significant changes during the fiscal year.

The Company has issued quarterly reports on the transactions carried out under the liquidity agreement with Santander Investment Bolsa which entered into force on 11 July 2017, in accordance with the provisions of National Securities Market Commission Circular 1/2017 of 26 April on Liquidity Agreements, for the purposes of their classification as an accepted market.

#### A.10. Provide details on the conditions and term of the current resolution by general meeting of shareholders authorizing the board of directors to issue, buy back or transfer own shares:

The Ordinary General Meeting of Shareholders on 25 June 2020 adopted the following resolutions:

##### Ninth

To delegate to the Board of Directors, in accordance with the general rules on bond issues and pursuant to the provisions of Articles 297.1.b), 417 and 511 of the Capital Companies Act, Article 319 of the Mercantile Registry Regulations, and Articles 6 and 20.p) of the Company's Social Statutes, the power to issue negotiable securities in accordance with the following conditions:

1. Securities to be issued.- The marketable securities referred to in this delegation may be bonds, debentures and other fixed-income securities of a similar nature, convertible into newly issued shares of the Company or exchangeable for outstanding shares of the Company, as well as warrants and other financial instruments that incorporate the right of option to subscribe new shares or to acquire outstanding shares of the Company and any securities or financial instruments that grant a participation in the Company's profits.
2. Term of the delegation.- The issuance of the securities that are the object of the delegation may be carried out once or several times, at any time, within a maximum period of five (5) years from the date of adoption of this resolution.
3. Maximum amount of the delegation.- The maximum total amount of the issue or issues of debentures, bonds and other convertible or exchangeable fixed-income securities, as well as warrants or other financial instruments that may be agreed under this delegation shall be two hundred million euros (€200,000,000) or its equivalent in another currency at the time of issue.
4. Scope of the delegation.- The Board of Directors, by virtue of the delegation of powers agreed herein and by way of illustration only, shall be responsible for determining, for each issue, its amount, within the aforementioned overall quantitative limit, the form of disbursement, the place of issue - domestic or foreign - and the currency or currency and, if foreign, its equivalence in euros; the denomination or form, whether bonds or debentures or warrants (which may in turn be settled by physical delivery of the shares or, if applicable, by differences), or any other form permitted by law; the date or dates of issue; the number of securities and their par value, which shall not be less than the par value of the shares; in the case of warrants and similar securities giving the right to subscribe or acquire shares, the issue price and/or premium, the exercise price -which may be fixed (determined or determinable) or variable- the conversion and/or exchange ratio and the procedure, term and other conditions applicable to the exercise of the subscription right of the underlying shares or, if applicable, the exclusion of such right; the interest rate, fixed or variable, dates and procedures for payment of the coupon; the redemption term and the maturity date or dates; the guarantees, the redemption rate, premiums and lots; the form of representation, by physical or book-entry securities or any other system permitted by law; the anti-dilution clauses; the subscription system; the order of priority of the securities and any subordination clauses; the legislation applicable to the issue; to request, as the case may be, the admission to trading on domestic or foreign secondary markets of the securities to be issued with the requirements demanded in each case by the regulations in force; and, in general, any other condition of the issue, as well as, if applicable, appointing the commissioner and approving the fundamental rules that will govern the legal relations between Técnicas Reunidas and the syndicate of holders of the securities issued, if it is necessary or it is decided to create said syndicate.

In addition, the Board of Directors is empowered, when it deems appropriate, and subject, if applicable, to obtaining the appropriate authorizations and the approval of the assemblies of the corresponding unions or equivalent bodies of the holders of the securities, to modify the conditions of the securities issued.

5. Bases and modalities of conversion and/or exchange.- For the purpose of determining the bases and modalities of conversion and/or exchange, it is agreed to establish the following criteria:

(i) The securities issued under this agreement will be convertible and/or exchangeable into shares of the Company in accordance with a fixed or variable conversion and/or exchange ratio, determined or determinable, the Board of Directors being empowered to determine whether they are convertible and/or exchangeable, as well as to determine whether they are necessarily or voluntarily convertible and/or exchangeable, at the discretion or not of the issuer, subject to conditions or only in certain scenarios, and in the event that they are voluntarily so, at the option of the holder or of Técnicas Reunidas, with the periodicity and for the term established in the issue, which may not exceed fifteen (15) years from the date of issue.

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

[Continues in section H]

### A.11. Estimated free float:

	%
Estimated free float	62,80

A.12. Indicate whether there are any restrictions (of a statutory, legislative or other nature) on the transfer of securities and/or any restrictions on voting rights. Specifically, indicate the existence of any kind of restriction which might hinder the takeover of the company through the acquisition of its shares on the market, as well as any prior notice or authorization systems which, with respect to the acquisition or transfer of the company's financial instruments, are applicable to the company under sectoral regulations.

Yes  
 No

A.13. Indicate whether the General Meeting has resolved to adopt any neutralization measures against potential takeover bids, in virtue of the provisions of Law 6/2007.

Yes  
 No

If applicable, explain the approved measures and the terms under which the restrictions will become ineffective:

A.14. Indicate whether the company has issued any securities that are not traded on a regulated European Union market.

Yes  
 No



## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

Where applicable, indicate the different share classes and, for each share class, their corresponding rights and obligations:

### B. ANNUAL GENERAL MEETING

**B.1.** Indicate and, where applicable, provide details of any differences between the required minimums set out in the Companies Act and the quorum for general meetings:

Yes  
 No

**B.2.** Indicate and, where applicable, provide details of any differences from the system for passing company resolutions set out in the Companies Act:

Yes  
 No

	Enhanced majority different from that established in article 201.2 of the Companies Act for the circumstances set out in article 194.1 of the Act	Other circumstances for enhanced majority
% established by the entity for passing resolutions	0,00	50,01

The last paragraph of Article 20 of the Articles of Association stipulates that the Annual General Meeting may only issue instructions to the Board of Directors or submit for its authorization the adoption of decisions on management matters by means of resolutions that comply with the information and majority requirements for amendments to the articles of association set out in Articles 194, sections 1 and 2, and 201.2 of the Companies Act.

**B.3.** Indicate the rules applicable to amendments to the company's articles of association. Specifically, report the majorities required for amendment of the articles of association and, where applicable, the rules set out for the protection of shareholders' rights in the amendment of the articles of association.

Art. 20.g) of the Articles of Association and 7.g) of the Regulations of the General Meeting stipulate that the General Meeting is competent to amend the Articles of Association. The rules applicable to amendments to the Company's Articles of Association are those laid down in the Companies Act. In this regard, the first call for the Annual General Meeting requires attendance by shareholders, whether in person or by proxy, who hold at least 50% of the subscribed capital with voting rights, in which case the resolution may be passed by an absolute majority. The second call requires attendance of 25% of the subscribed capital, in which case this will require a vote in favour by 2/3 of the capital present or represented at the Meeting when the shareholders in attendance represent at least 25% but less than 50% of the subscribed capital with voting rights.

Without prejudice to the above, the Board is competent to change the registered office within the national territory in accordance with the provisions of Article 285.2 of the Companies Act and Article 3 of the Articles of Association.

Shareholders' rights in relation to General Meetings are those set out in the Companies Act, reflected in Articles 14, 16 and 17 of the Articles of Association and detailed in the Regulations of the General Meeting as follows:

Right to information

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

Article 12 of the Regulations establishes that from the date of publication of the notice of the General Meeting and up to and including the fifth day prior to the date scheduled for the General Meeting, shareholders may request such information or clarifications as they deem necessary regarding the items on the agenda or submit in writing such questions as they deem pertinent. In addition, with the same notice and in the same manner, the shareholders may request from the administrators any clarifications they deem necessary regarding the information accessible to the public that has been provided by the Company to the National Securities Market Commission since the holding of the last General Shareholders' Meeting and regarding the auditor's report.

Requests for information may be made by delivering the request at the registered office, or by sending it to the Company by mail or other means of remote electronic communication addressed to the address specified in the corresponding notice of call or, in the absence of such specification, to the Office of the Shareholder. Those petitions in which the electronic document by virtue of which the information is requested incorporates the legally recognized electronic signature used by the petitioner, or other mechanisms which, by means of a resolution adopted for this purpose in advance, the Board of Directors considers that it meets adequate guarantees of authenticity and identification of the shareholder exercising his right to information, shall be admitted as such.

Whichever means is used to issue the requests for information, the shareholder's request must include his name and surname, accrediting the shares he owns, so that this information may be compared with the list of shareholders and the number of shares in his name provided by the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear) for the General Meeting in question, by the Company. The shareholder shall be responsible for proving that the request has been sent to the Company in due time and form. The Company's web page will detail the pertinent explanations for the exercise of the shareholder's right to information, under the terms set forth in the applicable regulations.

The requests for information regulated in this article shall be answered in writing, once the identity and shareholder status of the applicant has been verified, up to the date of the General Shareholders' Meeting.

The directors are obliged to provide the information in writing up to the day of the meeting, except in cases in which:

- (i) the information requested is unnecessary for the protection of the rights of the shareholder, there are objective reasons to consider that it could be used for non-company purposes or its disclosure would be detrimental to the Company or related companies.
- (ii) the request for information or clarification does not refer to matters included in the agenda or to information accessible to the public that has been provided by the Company to the Comisión Nacional del Mercado de Valores since the last Shareholders' Meeting was held.
- (iii) the information or clarification requested deserves to be considered abusive; or
- (iv) this is the result of legal or regulatory provisions or court rulings.

However, the exception indicated in (i) above shall not apply when the request is supported by shareholders representing at least twenty-five percent (25%) of the capital.

[Continues in section H].

#### B.4. Indicate the attendance details for the general meetings held during the fiscal year to which this report corresponds and for the two previous fiscal years:

Date of general meeting	Attendance details					Total
	% present		% remote voting		Total	
	in person	represented by proxy	Electronic vote	Others		
27/06/2018	0,17	61,18	0,00	0,00	61,35	
Including free float	0,06	23,93	0,00	0,00	23,99	
26/06/2019	3,95	60,24	0,01	0,00	64,20	
Including free float	0,06	21,32	0,01	0,00	21,39	
25/06/2020	6,57	61,81	0,01	0,00	68,39	
Including free float	6,46	24,72	0,01	0,00	31,19	

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

**B.5.** Indicate whether there were any items on the agenda at the general meetings held during the fiscal year which were not, for any reason, approved by the shareholders:

Yes  
 No

**B.6.** Indicate whether there are any restrictions in the articles of association establishing a minimum number of shares required to attend the general meeting or to cast a remote vote:

Yes  
 No

Number of shares required to attend the general meeting	50
Number of shares necessary to cast a remote vote	50

**B.7.** Indicate whether it has been established that certain decisions, other than those set out by law, which entail the acquisition, disposal or transfer to another company of essential assets or other similar corporate transaction must be submitted for approval at the annual general meeting:

Yes  
 No

**B.8.** Indicate the company's web address and how to access the information on corporate governance and other information about general meetings that must be made available to shareholders through the company website:

The Company's website is [www.tecnicasreunidas.es](http://www.tecnicasreunidas.es).

Information on corporate governance can be accessed by clicking on the 'Shareholders and Investors/Corporate Governance' tab and then the 'Corporate Governance documents' tab. Information on Annual General Meetings can be found in the same section.

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

**C. COMPANY ADMINISTRATION STRUCTURE**

**C.1. Board of directors**

C.1.1 Maximum and minimum number of directors provided for in the articles of association and the number fixed at the general meeting:

Maximum number of directors	15
Minimum number of directors	7
Number of directors fixed at the meeting	14

C.1.2 Complete the following table detailing the members of the board:

Name or Corporate name of the director	Representative	Category of director	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
MR. FERNANDO DE ASÚA ÁLVAREZ		Other external	3 <sup>rd</sup> . DEPUTY CHAIRPERSON	10/05/2006	27/06/2018	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MRS. PETRA MATEOS-APARICIO MORALES		Independent director	DIRECTOR	29/02/2016	25/06/2020	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. WILLIAM BLAINE RICHARDSON		Other external	DIRECTOR	22/06/2011	25/06/2020	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. PEDRO LUIS URIARTE SANTAMARINA		Independent director	DIRECTOR	22/06/2011	25/06/2020	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. JUAN MIGUEL ANTOÑANZAS PÉREZ-EGEA		Other external	2 <sup>nd</sup> . DEPUTY CHAIRPERSON	10/05/2006	27/06/2018	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. ALFREDO BONET BAIGET		Independent director	DIRECTOR	27/06/2018	27/06/2018	VOTE AT GENERAL MEETING OF SHAREHOLDERS

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

Name or Corporate name of the director	Representative	Category of director	Position on the Board	Date of first appointment	Date of last appointment	Election procedure
MR. JOSÉ NIETO DE LA CIERVA		Independent Director	INDEPENDENT COORDINATOR DIRECTOR	27/06/2018	27/06/2018	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. JUAN LLADÓ ARBURÚA		Executive	PRESIDENT	10/05/2006	25/06/2020	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. JOSÉ MANUEL LLADÓ ARBURÚA		Shareholder Director	DIRECTOR	10/05/2006	25/06/2020	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. FRANCISCO JAVIER GÓMEZ-NAVARRO NAVARRETE		Other External Director	DIRECTOR	10/05/2006	27/06/2018	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. RODOLFO MARTÍN VILLA		Other External Director	DIRECTOR	26/06/2019	26/06/2019	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. ADRIÁN RENÉ LAJOUS VARGAS		Independent Director	DIRECTOR	29/06/2016	25/06/2020	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MRS. INÉS ELVIRA ANDRADE MORENO		Independent Director	DIRECTOR	25/06/2020	25/06/2020	VOTE AT GENERAL MEETING OF SHAREHOLDERS
MR. IGNACIO SÁNCHEZ-ASIAÍN SANZ		Independent Director	DIRECTOR	25/06/2020	25/06/2020	VOTE AT GENERAL MEETING OF SHAREHOLDERS

Total number of directors	14
---------------------------	----

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

Indicate any terminations, whether as a result of resignation or removal or for any other reason, within the board of directors during the reporting:

Name or Corporate name of director	Category of the director at the time of termination	Date of last appointment	Date of termination	Specific committees of which they were members	Indicate whether the termination occurred before the end of their mandate
MR. JOSÉ LLADÓ FERNÁNDEZ-URRUTIA	Executive	29/06/2016	25/06/2020	None	NO
MR. ÁLVARO GARCÍA-AGULLÓ LLADÓ	Shareholder director	29/06/2016	25/06/2020	None	NO

Cause of the removal, when it occurred before the end of the term of office and other observations; information on whether the director has sent a letter to the rest of the members of the board and, in the case of removals of explanation or opinion of the director who has been removed by the general shareholders' meeting

In order to facilitate the appointment of the new independent directors proposed by the Appointments and Remuneration Committee, Mrs. Inés Elvira Andrade Moreno and Mr. Ignacio Sánchez-Asiáin Sanz, and considering that their term of office as directors finished on 29/06/2020 and the date of the General Shareholders' Meeting was scheduled for 25/06/2020, Messrs. LLadó Fernandez-Urrutia and Garcia-Agulló stated at the Board of Directors' meeting held on 25/05/2020 immediately prior to the start of the General Shareholders' Meeting, their desire not to continue as members of the Board of Directors of Técnicas Reunidas, S.A. with effect from the aforementioned General Shareholders' Meeting.

C.1.3 Complete the following tables on the members of the board of directors and their categories:

**EXECUTIVE DIRECTORS**

Name or Corporate name of director	Position within the company structure	Profile
MR. JUAN LLADÓ ARBURÚA	Executive Chairman	Degree in Economics from Georgetown University, Washington DC. Master of Business Administration from the University of Texas at Austin. Treasurer at Argentaria Bank (1997-1998). 1st Deputy Chairperson at Técnicas Reunidas S.A. since 1998 and Executive Chairman since June 25th, 2020.

Total number of executive directors	1
% of total of the board	7,14

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

**EXTERNAL SHAREHOLDER DIRECTORS**

Name or Corporate name of director	Position within the company structure	Profile
MR. JOSÉ MANUEL LLADÓ ARBURÚA	ARAGONESAS PROMOCIÓN DE OBRAS Y CONSTRUCCIONES, S.L.U.	BSBA from Georgetown University and MBA from the University of Chicago. Manager of the International Corporate Finance Division at Citibank N.A. (1986-1990), General Manager at Chase Manhattan Bank with responsibility for Global Market Sales for Spain (1990-2001). Assistant Deputy General Manager at Banesto, with responsibilities for the International and Treasury divisions (2001-2004). Founding partner of Summa Financial Services (2004-present). Managing Director at Ideon Financial Services (2008-present). Member of the board of directors at Aragonesas Promoción de Obras y Construcciones, S.L. (director), Araltec, S.L. (deputy chairperson), Layar Castilla, S.A. (chairperson), Summa Investment Solutions, S.A. (chairperson), Choice Financial Solutions, S.L. (director), Fintonic Servicios Financieros, S.L. (director) and León Valores S.A., SICAV (director).

Total number of shareholders directors	1
% of total of the board	7,14

**INDEPENDENT EXTERNAL DIRECTORS**

Name or Corporate name of director	Profile
MRS. PETRA MATEOS-APARICIO MORALES	Doctorate (cum laude) in Economics and Business Studies from the Complutense University of Madrid and Professor of Financial Economics. Vice President of the Executive Committee of the Spain-US Chamber of Commerce since July 2011 and member of the Board of Directors of Unicaja Banco since February 2014. Executive Chairperson at Hispasat (2004-2012), Non-executive Chairperson at Hisdesat (2005-2011), Director at Hispamar Satélites (Brazil), Director at Xtar LLC (United States) (2005-2012) and Independent Member of the Board of Directors at Solvay (2009-2013). From 1983 to July 1985, she was a director at Iberia and Banco Exterior de España, where she was Assistant General Manager from 1985 to 1987. She was also a director at Banco CEISS (2004-2018) in the Unicaja Group, from 2014 until its merger with Unicaja in September 2018. Her extensive academic experience (1982-2015) includes positions as Professor in Financial Economics at the Department of Business Economics and Accounting in the Faculty of Economics and Business Studies at the National Distance Education University and Professor of Financial Economics at the Colegio Universitario de Estudios Financieros. She has been a member of the National Executive Committee of the Spanish Institute of Financial Analysts (IEAF) (2011-2017) and a member of the Board of ANECA (2009 to 2015). She has also been awarded various distinctions including among others Knight of the Legion of Honour of the French Republic, Business Leader of the Year (2010) from the Spain-US Chamber of Commerce and the Women Together Award (2009) from the United Nations Economic and Social Council (ECOSOC).

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

INDEPENDENT EXTERNAL DIRECTORS	
Name or Corporate name of director	Profile
MR. PEDRO LUIS URIARTE SANTAMARINA	Degree in Economics and Law from the Universidad Comercial de Deusto in Bilbao. His extensive professional experience over his 52-year career encompasses 9 years in industry, 23 years in finance, during which he was Deputy Chairperson and CEO at BBV and BBVA, 14 years in consultancy, 2 years in R&D&I and 4 years in Public Administration, as Regional Minister for Economy and Finance in the first Basque Government, from 1980 to 1984. He was a professor at the Universidad Comercial de Deusto for seven years, lecturing in subjects related to business transformation and advanced management. Subsequently, he has collaborated with various business schools, including Deusto Business School, IESE and ESADE. Since 2002, he has been Executive Chairperson at Economía, Empresa, Estrategia, a strategic consulting company that he founded. He combines this position with his duties as director and advisor at various companies and cooperates in different university-based and social activities.
MR. ALFREDO BONET BAIGET	Degree in Economics and Business Studies from the Complutense University of Madrid and State Economics and Trade Expert. Economic and Trade Advisor for Spain in Miami (1987-1991) and Milan (1993-1997). Director General of Altair Asesores (1997-2001). General Manager of Promotion of the Spanish Institute for Foreign Trade (ICEX) (2001-2004). Secretary General for Foreign Trade and member of the Board 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). Chief Economic and Trade Adviser to the Spanish Delegation to the OECD (2012-2015). International Director at the Spanish Chamber of Commerce (2015-2018). Secretary General of the Círculo de Empresarios (2018-present).
MR. JOSÉ NIETO DE LA CIERVA	Degree in Economics and Business Studies from the Complutense University of Madrid. His career has included holding the following positions: KPMG Spain - Consulting Department (1988-1989), JP Morgan (1989-2002) - Director at the Chase Manhattan Bank (1998-2002) and Managing Director of Corporate Banking at the Chase Manhattan Bank in Spain (1998-2002), Banesto (2002-2010) - Assistant General Manager of Business Banking (2002) and General Manager of Wholesale Banking (2006), Banca March Group (2010-2017) - President of Banco Inversis and CEO at Banca March, Director and member of the Audit Committee at Corporación Financiera Alba, director and member of the Executive Committee at Ebro, director at Consulnor and director at Aegon España. He is also Assistant General Manager at Banco Sabadell (2018-present).
MR. ADRIÁN RENÉ LAJOUS VARGAS	Degree in Economics from the Autonomous University of Mexico and Master's Degree in Economics from King's College, University of Cambridge. Full-time lecturer and researcher at the College of Mexico (1971-76). He worked at the Energy Secretariat of Mexico between 1977 and 1982, where he was Director General for Energy. In 1983 he joined Pemex, holding a number of executive positions: Executive Coordinator of Foreign Trade, Corporate Director of Planning, COO and Manager of Refining. In 1994 he was appointed CEO of Pemex and chairperson of the boards of directors of Pemex's operating companies, positions from which he resigned in December 1999. Adrián Lajous is currently a visiting researcher at the Center on Global Energy Policy at Columbia University, chairperson at Petrométrica SC, and non-executive director at Ternium and Técnicas Reunidas,



**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

INDEPENDENT EXTERNAL DIRECTORS	
Name or Corporate name of director	Profile
	as well as the Oxford Institute of Energy Studies and the Mario Molina Centre. He is also a member of the board at the College of Mexico Foundation. He has chaired the Oxford Institute of Energy Studies and has been a member of the boards of directors at Schlumberger, Repsol, Trinity Industries, the Federal Electricity Commission and other state-owned industrial and financial companies. From 2001 to 2011 he was an advisor at McKinsey & Company and also an advisor to the World Bank.
MRS. INÉS ELVIRA ANDRADE MORENO	Degree in Finance and International Business from Georgetown University and has also completed a Finance and International Trade Program at Oxford University. Professionally, she has been assistant to the Deputy Chairperson of the Financial Analysis, Mergers and Acquisitions Department at JP Morgan, founding partner of Citius, S.A., head of marketing at Socios Financieros, participated in Inversiones Ibersuizas, investment director of iNova Capital and managing director of Grupo Rio Real. Currently, Ms. Andrade is group Vice Chair and partner of Altamar Capital Partners Group.
MR. IGNACIO SÁNCHEZ-ASIAÍN SANZ	Degree in Economics and Business Administration from the Universidad Comercial de Deusto and MBA with a specialization in Financial Intermediation from The Wharton School - University of Pennsylvania. of Pennsylvania. Professionally, Mr. Ignacio Sánchez-Asiaín Sanz has been a stock market analyst at Prescott Ball & Turben, project manager in Europe, member of the European Senior Advisory Board and Senior Advisor for Iberia at Oliver Wyman & Co., Director of International Business Development, General Manager of Private Banking, General Manager of Systems and Operations and member of the Management Committee at BBVA Group, General Manager of BBK - Bilbao Bizkaia Kutxa, Corporate General Manager of Kutxabank and CEO of Banco Popular. Currently, Mr. Ignacio Sánchez-Asiaín Sanz is Chairman and Director of Gobertia Global, Gobertia CEE, Gobertia España and Gobertia Perú.

Total number of independent directors	7
% of total of the board	50,00

Indicate whether any independent director receives any payment or benefit from the company or its group other than their remuneration as director, and whether they maintain or have maintained a business relationship with the company or any company within its group during the last fiscal year, either in their own name or as a significant shareholder, director or senior manager of a company that maintains or has maintained such a relationship.

Where appropriate, include a reasoned statement from the board, setting out the reasons why it considers that this director may perform their duties as an independent director.

Name or Corporate name of director	Description of relationship	Reasoned statement
No data		

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

OTHER EXTERNAL DIRECTORS			
Identify the other external directors and provide reasons why they may not be considered shareholder directors or independent directors, indicating their links with the company, its managers or its shareholders:			
Name or Corporate name of director	Reasons	Company, manager or shareholder with whom they are linked	Profile
MR. JUAN MIGUEL ANTOÑANZAS PÉREZ-EGEA	Mr. Antoñanzas has served the position of independent director for a continuous period exceeding 12 years.	TÉCNICAS REUNIDAS, S.A.	<p>Doctorate in Industrial Engineering.</p> <p>He was General Manager of Manufacture and Assembly at Barreiros-Chrysler for 10 years. He also worked for five years at ITT as Operations Manager for Spain and was CEO of Marconi Española and Deputy Chairman of ITT España. He was Director of Planning and President of Instituto Nacional de Industria 1973-1976, CEO of Seat 1977-1984 and Chairperson of the Board of Directors of Uralita 1998-2002.</p>
MR. FERNANDO DE ASÚA ÁLVAREZ	Mr. de Asúa has served the position of independent director for a continuous period exceeding 12 years.	TÉCNICAS REUNIDAS, S.A.	<p>Qualified in Economics and Computer Science at the Complutense University of Madrid and graduated in Business Administration and Mathematics at the University of California (USA). His professional experience involves an extensive career at IBM and IBM España between 1959 and 1991, including positions as General Manager for the South America Area and later Europe, CEO of IBM España and director at IBM World Trade Corp. He was Deputy Chairperson of the Board of Grupo Banco Santander from 2004 to February 2015.</p>
MR. FRANCISCO JAVIER GÓMEZ-NAVARRO NAVARRETE	Mr. Gómez-Navarro has served the position of independent director for a continuous period exceeding 12 years.	TÉCNICAS REUNIDAS, S.A.	<p>Degree in Industrial Engineering, specializing in Chemistry, from the Madrid School of Industrial Engineers and studies in Economics,.</p>

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

OTHER EXTERNAL DIRECTORS			
Identify the other external directors and provide reasons why they may not be considered shareholder directors or independent directors, indicating their links with the company, its managers or its shareholders:			
Name or Corporate name of director	Reasons	Company, manager or shareholder with whom they are linked	Profile
			<p>He has held various executive and managerial positions at Editorial Tania (1979-1983), the International Tourism Trade Fair (1980-1983), of which he is founder, and Viajes Marsans (1983-1985), where he is Chairperson and CEO. In the public sphere, he was appointed Secretary of State and President of the National Sports Council (1987-1993) and later Minister for Trade and Tourism and International Cooperation (1993-1996), as well as Governor, on behalf of Spain, of the Inter-American, Asian and African Development Banks from 1993 to 1996. He was subsequently appointed President of the Spanish High Council of Chambers of Commerce, Industry and Navigation (2005-2011) and Executive Chairperson at Aldeasa (2005-2012). He currently heads the consulting firm MBD, dedicated to business consulting, mergers and acquisitions, and has been a director of Promotora de Informaciones, S.A. since November 2017. He holds several important Spanish and international decorations, including the Grand Cross of the Order of Carlos III, the Order of Civil Merit and the Royal Order of Sporting Merit and the Gold Medal for Tourism, as well as the highest category of Order of Merit from France, the Gold Olympic Order and the Order of the Condor of the Andes from Bolivia.</p>

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

OTHER EXTERNAL DIRECTORS			
Identify the other external directors and provide reasons why they may not be considered shareholder directors or independent directors, indicating their links with the company, its managers or its shareholders:			
Name or Corporate name of director	Reasons	Company, manager or shareholder with whom they are linked	Profile
MR. WILLIAM BLAINE RICHARDSON	Mr. Richardson has a contractual relationship with the Company.	TÉCNICAS REUNIDAS, S.A.	Degree in Political Science from Tufts University (Medford/Somerville), 1970. Master's Degree in Foreign Affairs from the Fletcher School of Law and Diplomacy at Tufts University, 1971. Member of the House of Representatives for the State of New Mexico (1983-1997). United States Ambassador to the United Nations (1997-1998). Secretary of State for Energy (1998-2001). Governor of the State of New Mexico in 2002 and re-elected in 2006. President of the International Advisory Council at APCO Worldwide. Member of numerous advisory boards at for-profit and non-profit entities (1983- 1997).
MR. RODOLFO MARTÍN VILLA	Mr. Martín Villa was a member of the Board of Directors of Initec Plantas Industriales, S.A.U., a wholly-owned subsidiary of Técnicas Reunidas, S.A., at the time of his appointment as a director and had received various amounts during the last few years as a director of this entity.	TÉCNICAS REUNIDAS, S.A.	Industrial engineer. Member of the State Financial Inspectorate. Civil Governor of Barcelona (1974-1975). Minister for Trade Union Relations (1975-1976), Minister of the Interior (1976-1979) and Minister for Territorial Administration (1980-1981). Vice-President of the Government (1981-1982) Member of Parliament (1979-1983 and 1989-1997) Chairperson of the Budget Committee (1989-1996), the Justice and Home Affairs Committee (1996-1997) and the Toledo Pact for public pensions.

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

OTHER EXTERNAL DIRECTORS			
Identify the other external directors and provide reasons why they may not be considered shareholder directors or independent directors, indicating their links with the company, its managers or its shareholders:			
Name or Corporate name of director	Reasons	Company, manager or shareholder with whom they are linked	Profile
			President at Ibercobre (1979-1980), U.C.B. Spain (Union Chimique Belge) (1990-97) and the Madrid Savings Bank Control Commission (1993-1997). President at Endesa, S.A. (1997-2002), Endesa Italia (2001-2003) and Enersis (Chile) (1997-1999). Chairperson of Sogecable (2004-2010). Member of the Board of Trustees at the Pontifical University of Salamanca, the Colegio Libre de Eméritos Universitarios and the Ramón Menéndez Pidal Foundation

Total number of other external directors	5
% of total of the board	35,71

Indicate any changes that have occurred during the period with regard to the category of each shareholder:

Name or Corporate name of director	Date of change	Previous category	Current category
No data			

C.1.4 Complete the following table with information regarding the number of female directors at the end of the last 4 fiscal years, as well as the category of such directors:

	Number of female directors				% of total directors in each category			
	Fiscal year 2020	Fiscal year 2019	Fiscal year 2018	Fiscal year 2017	Fiscal year 2020	Fiscal year 2019	Fiscal year 2018	Fiscal year 2017
Executive directors					0,00	0,00	0,00	0,00
Shareholder directors					0,00	0,00	0,00	0,00
Independent directors	2	1	1	1	28,57	20,00	16,67	12,50
Other external directors					0,00	0,00	0,00	0,00
Total	2	1	1	1	14,29	7,14	7,14	7,69

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

C.1.5 Indicate whether the company has diversity policies in force in relation to the company's board of directors, with respect to aspects such as age, gender, disability, training and professional experience. Small and medium-sized entities, as defined in the Law on Auditing, must at least provide information on any policy they have implemented in relation to gender diversity.

- Yes  
 No  
 Partial policies

If yes, describe these diversity policies, including their targets and measures, how they have been implemented and their outcomes during the fiscal year. Also state the specific measures taken by the board of directors and the appointments and remuneration committee to achieve balance and diversity among the directors.

If the company does not have a diversity policy, explain why not.

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

### Description of the policies, including targets and measures, how they have been implemented and the outcome

During the 2020 financial year, the Company approved several Corporate policies, including the Policy for the Selection of Directors and Diversity on the Board of Directors of Técnicas Reunidas, S.A. (the "Policy").

The purpose of this Policy is to determine the criteria that the Board of Directors of Técnicas Reunidas will take into account in the selection, appointment and re-election processes of the members of the Company's Board of Directors, as well as the criteria and requirements for an adequate and diverse composition of the Board of Directors. In addition, its general principles include promoting the appropriate composition of the Board for the best performance of its functions, the promotion of diversity in its composition of the Board and its Committees (among other aspects, in terms of knowledge, experience, geographical origin, age and gender), non-discrimination and equal treatment (whereby the selection procedures shall not suffer from implicit biases that may imply any discrimination of any kind, be it race, sex, age, disability or for any other reason), transparency in the selection of candidates and compliance with the principles of good governance.

Furthermore, in accordance with Article 14.2 of the Board Regulations, the Appointments and Remuneration Committee is responsible for setting a representation target for the underrepresented sex on the Board of Directors and for drawing up guidelines on how to achieve this target.

In particular, the Company makes a special effort to seek female candidates meeting the required profile for future vacancies, as detailed in section C.1.6 below.

C.1.6 Explain the measures, if any, that the appointments committee has agreed to ensure that the selection procedures do not suffer from implicit biases that hinder the selection of female directors, and that the company deliberately seeks and includes among the potential candidates, women who meet the professional profile sought and that allows a balanced presence of women and men to be achieved. Also indicate whether these measures include encouraging the company to have a significant number of female directors, a significant number of female senior managers.

### Explanation of the measures

In those cases in which the Company has had the opportunity to initiate a selection procedure due to the existence of a vacancy or other factors, this procedure has taken into account the aforementioned diversity criteria incorporated in the corporate texts and, in particular, the avoidance in the selection procedures of any type of discrimination based on gender and, in this sense, has encouraged the possibility of female candidates. and, in particular, the avoidance in the selection procedures of any type of discrimination based on gender and, in this sense, has promoted the possibility of female candidates. In addition, during the 2020 financial year, the Company has approved the Policy for the Selection of Directors and Diversity in the Company, of Directors and Diversity in the Board of Directors of Técnicas Reunidas, S.A. (the "Policy"), which (the "Policy") which, with regard to the selection of female directors, contains the principles mentioned in point C.1.5.

Similarly, with respect to measures to encourage the Company to have a significant number of female senior managers, the Policy expressly states that "(...) in order to promote gender diversity, the Company shall endeavor to establish measures that encourage the Company to have a significant number of senior Company to have a significant number of senior managers, without prejudice to the essential criteria of merit and ability that must govern in all personnel selection processes of the Company and its Group. It shall also ensure cultural diversity and the presence of members with international knowledge and experience".

When, in spite of the measures adopted, if any, there are few or no female directors or senior managers, explain the reasons for this:

### Explanation of the reasons

In accordance with the provisions of the preceding sections, in the event of the existence of a new vacancy on the Board, as occurred at the Ordinary General Meeting of June 25, 2020 due to the non-re-election of two of the eight directors who finalized their term of office. The selection procedures for filling such vacancies initiated by the Appointments and Remuneration Committee included among its criteria the compliance with the principle of diversity, without prejudice to the other requirements of competence, experience, availability, personal conditions of freedom of judgment and criteria for the proper performance of the position that the members of the Board of Directors of the Company must meet, also taking into account the needs and composition of the Board of Directors as a whole and not only the individual suitability of its members and also the convenience of providing the structure of the Board of Directors with a certain stability that guarantees a better performance of its functions in the medium term.

In this regard, and without prejudice to the fact that the Company always prioritizes the suitability of the candidates to be appointed as directors regardless of their gender, taking into account the needs of the Company at that time, after an adequate and complete assessment by the Appointments and Remuneration Committee and the Board of Directors, finally the proposal for new appointments submitted to the Ordinary General Meeting of June 25, 2020 included a female Director among the candidates considered most suitable, thus increasing the presence of women on the Board of Directors of the Company.

As a result of this process, in which corporate bodies such as the Appointments and Remuneration Committee and, ultimately, the Board of Directors participated, the Company submitted to the consideration of the Ordinary General Shareholders' Meeting the proposal for the

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

appointment of a female and a male director (Ms. Inés Andrade Moreno and Mr. Ignacio Sánchez-Asiain Sanz). These proposals were approved practically unanimously (99.73 % of votes in favor in the case of Ms. Inés Andrade Moreno and 99.66 % in the case of Mr. Ignacio Sánchez-Asiain Sanz).

Likewise, the Company has focused on the search for female executives when updating its organization chart. In this sense, the Company has made numerous appointments of female executives during the year 2020 in positions which, although they do not meet all the requirements established by the applicable regulations to be considered as senior executives, are in a step immediately below this one, something which increases their possibilities of being considered senior executives in the future.

### C.1.7 Explain the findings of the nominating committee on verification of compliance with the policy aimed at favoring an appropriate composition of the board of directors.

The Company's Appointments and Remuneration Committee has concluded that the policy aimed at favoring an appropriate composition of the Board of Directors, formalized after the approval by the Company's Board of Directors of the Policy for the Selection of Directors and Diversity on the Board of Directors of Técnicas Reunidas, S.A., has worked satisfactorily, as it has allowed an increase in gender diversity (the percentage of female directors has increased from 7.14 % to 14.28 %) and a reduction in the average age of the Board of Directors during the financial year 2020, incorporating suitable candidates for the Board of Directors. gender diversity (the percentage of female directors has increased from 7.14 % to 14.28 %) and to reduce the average age of the Board of Directors during the 2020 financial year, incorporating suitable candidates according to the characteristics of the vacancies to be filled and the composition of the Company's governing bodies.

### C.1.8 Explain, if applicable, the reasons for the appointment of proprietary directors at the request of shareholders whose shareholding interest is less than 3% of the share capital:

Name or Corporate name of shareholder	Reason
No data	

Indicate whether formal requests for presence on the Board from shareholders whose shareholding is equal to or greater than that of others at whose request proprietary directors have been appointed have not been met. If so, explain the reasons why these requests have not been met:

Yes  
 No

### C.1.9 Indicate, if any, the powers and authorities delegated by the board of directors to directors or board committees:

Name or Corporate name of director or committee	Brief description
JUAN LLADÓ ARBURÚA	The Board of Directors delegated to its Executive Chairman all the delegable powers of the Board of Directors except those set forth in Article 25 of the Company's Bylaws regarding the election of the Chairman and Deputy Chairmen or those that cannot be delegated by law or by the Company's internal rules and regulations. Likewise, as established in the same article of the Company's Bylaws, the Chairman, in the event of being an executive Director, shall be considered as the Company's senior executive and shall be vested with the powers necessary for the exercise of this authority, which shall be delegated to him by the Board of Directors. The powers delegated to the Chairman may be delegated to third parties.

### C.1.10 Identify, if applicable, the members of the board who assume positions as directors, representatives of directors or executives in other companies that are part of the listed company's group:

Name or Corporate name of director	Corporate name of the entity	Position	Do they have executive functions?
------------------------------------	------------------------------	----------	-----------------------------------



**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

MR. JUAN LLADÓ ARBURÚA	Española de Investigación y Desarrollo, S.A.	Deputy Chairperson	NO
MR. JUAN LLADÓ ARBURÚA	Técnicas Reunidas Internacional, S.A.	1 <sup>st</sup> . Deputy Chairperson	NO
MR. JUAN LLADÓ ARBURÚA	Master SA de Ingeniería y Arquitectura	Director	NO
MR. JUAN LLADÓ ARBURÚA	Técnicas Reunidas Proyectos Internacionales, S.A.U.	Joint Administrator	YES

C.1.11 List, if applicable, the directors or representatives of directors who are legal persons of your company, who are members of the board of directors or representatives of directors who are legal persons of other entities listed on regulated markets other than your group, which have been reported to the company:

Name or Corporate name of director	Corporate name of the listed entity	Position
No data		

C.1.12 Indicate and, if applicable, explain whether the company has established rules on the maximum number of company boards of which its directors may form part, identifying, if applicable, where it is regulated:

Yes  
 No

C.1.13 Indicate the amounts of the following items relating to the overall remuneration of the Board of Directors:

Remuneration paid during the year in favor of the Board of Directors (thousands of euros)	4.240
Amount of the accrued entitlements corresponding to pension rights accumulated by current directors (thousands of euros)	
Amount of the accrued entitlements corresponding to pension rights accumulated by former directors (thousands of euros)	

C.1.14 Identify the members of senior management who are not executive directors and indicate the total remuneration accrued in their favor during the fiscal year:

Name or Corporate name	Position(s)
MR. EDUARDO SAN MIGUEL GONZÁLEZ DE HEREDIA	Chief Financial Officer
MR. MIGUEL PARADINAS MÁRQUEZ	Assistant General Manager
MRS. LAURA BRAVO RAMASCO	Secretary of the Board of Directors
MR. JOSÉ MARÍA GONZÁLEZ VELAYOS	Internal Auditor
MR. ARTHUR W. CROSSLEY SANZ	Chief Commercial Officer
MR. HUGO MÍNGUEZ CAMPOS	Chief Human Resources and General Services Officer
MR. JESÚS ANTONIO RODRÍGUEZ RODRÍGUEZ	Chief Operations Officer
MR. GONZALO PARDO MOCOROA	Energy Division Operations Manager
MR. JUAN JOSÉ FRANCO MERINO	Industrial Division Operations Manager

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

MR. PABLO ANDRÉS SAEZ	Upstream Division Operations Manager
MR. EMILIO GÓMEZ ACEVEDO	Legal Counsel Director

Number of women in senior management	1
Percentage over total members of senior management	9,09

Total senior management remuneration (thousands of euros)	4.877
---	-------

C.1.15 Indicate whether any changes were made to the regulations of the board during the fiscal year:

Yes  
 No

### Description of modification

The Board of Directors of the Company has approved two amendments to the Regulations of the Board of Directors during the 2020 financial year:

- Reform approved in June 2020.

The main purpose of the amendment of the Board Regulations was to incorporate Technical Guides 3/2017 and 1/2019 of the CNMV in relation to the Board Committees:

In relation to the Audit and Control Committee, certain basic principles of the CNMV Technical Guide 3/2017 on Audit Committees ("Technical Guide 3/2017") were incorporated in relation to the composition, functions and operation of the Committee, resystematizing the functions of article 13 in accordance with the criteria followed by Technical Guide 3/2017. Likewise, certain CBG Recommendations were expressly incorporated regarding the functions/competencies of the Committee that the Company was already fulfilling but which were not included in its corporate texts.

The current name of the Committee was changed to "Audit and Control Committee", which in turn required the amendment of Articles 3, 5.1.(xii), 12, 36 (former 35) and 40 (former 39) of the Regulations, thus adapting the nomenclature of the Committee to that used in the regulations and recommendations applicable to the Company, among others, the LSC and Technical Guide 3/2017 and thus unifying the name of the Board's Advisory Committees.

In relation to the Appointments and Remuneration Committee, certain basic principles of the CNMV's Technical Guide 1/2019 on Appointments and Remuneration Committees ("Technical Guide 1/2019") were incorporated in relation to the composition, functions and operation of the Committee, resystematizing the functions of Article 14 in accordance with the criteria followed by Technical Guide 1/2019.

The composition of the Board (Article 7) is adapted to the number of members provided for in the Bylaws: between 7 and 15 members.

Likewise, articles 10 and 11 were modified to establish that the Secretary and Vice-Secretary of the Board shall also be the Secretary and Vice-Secretary of all the Delegated or Advisory Committees of the Board, in coordination with the proposed modification to Article 25 of the Company's Bylaws in this regard.

On the other hand, article 8 was modified to flexibilize the figure of the Chairman of the Board by allowing the position of Chairman to be held by both an executive and a non-executive director (in line with the proposed modification of Article 25 of the Bylaws).

Likewise, the diversity-related aspects contemplated in the LSC were incorporated into Articles 6 and 14 of the Regulations by Law 11/2018, of December 28, also introducing among the functions of the Appointments and Remunerations Committee that of "Proposing to the Board of Directors the diversity policy on the basis, among others, of the criteria of age, disability, training, professional experience and gender, establishing the objectives in this regard", also in accordance with article 529 quincecies.3.b) LSC.

A new Article 15 was incorporated regarding the new Board Risk and Management Committee, adapting its regime to the recommendations of Technical Guides 3/2017 and 1/2019 of the CNMV in coordination with the regulation of the Audit and Control and Appointments and Remuneration.

In addition, the possibility was added in Article 16 -formerly Article 15- of holding meetings of the Board of Directors by any non-attendance means by using a technical procedure that ensures the authenticity and real-time plurilateral connection of remote attendees.

The remuneration regime for directors provided for in Article 26, formerly Article 25, was adapted to the criteria established in this regard in the Supreme Court Ruling of February 26, 2018, thereby coordinating the Bylaws/Board Regulations, the Directors' Remuneration Policy and the contracts of executive directors.

-Reform approved in December 2020.

The main purpose of the amendment of the Board Regulations was to adapt this corporate text to the provisions of the partial revision of the Good Governance Code for listed companies of June 2020, which updates various recommendations of the Good Governance Code, and to CNMV Circular 1/2020, published in the BOE on October 12, 2020, which modifies the models of the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration.

C.1.16 Indicate the procedures for the selection, appointment, re-election and removal of directors.

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

List the competent bodies, the procedures to be followed and the criteria to be used in each of the procedures.

Article 23 of the Company's Bylaws establishes that the Board of Directors shall be composed of a minimum of 7 members and a maximum of 15, with the General Shareholders' Meeting being responsible for fixing the number of members.

With regard to the selection and appointment of the Board Members, Article 18 of the Board Regulations establishes that the Board Members shall be appointed, following a report from the Appointments and Remuneration Committee, by the General Meeting or by the Board of Directors in accordance with the provisions contained in the Capital Companies Act. In this regard, the proposals for appointment and re-election of directors submitted by the Board of Directors to the consideration of the General Shareholders' Meeting and the appointment resolutions adopted by said body by virtue of the powers of co-optation legally attributed to it shall be subject, in all cases, to the policy of diversity on the Board of Directors and selection of directors approved by the Board at any given time and must be preceded by:

- a) the corresponding proposal of the Appointments and Remuneration Committee, in the case of independent directors; and
- b) the corresponding proposal of the Board of Directors, in the case of the remaining directors, which must be accompanied by a supporting report evaluating the competence, experience and merits of the proposed candidate, which shall be attached to the minutes of the General Shareholders' Meeting or of the Board itself. The proposal for appointment or re-election of any non-independent director must also be preceded by a report from the Appointments and Remuneration Committee.

In turn, Article 19 of the Board Regulations establishes, with respect to the appointment of external directors, that the Board of Directors shall endeavor to ensure that the selection of candidates is made by persons of recognized solvency, competence and experience, and shall be extremely rigorous with respect to those called upon to fill the independent directorships contemplated in Article 6 of the Regulations. This article also provides that the Board of Directors shall ensure that the procedures for the selection of its members favor diversity with respect to issues such as age, gender, disability or professional training and experience, and do not suffer from implicit biases that could imply any discrimination and, in particular, that they facilitate the selection of the members of the Board of Directors. Likewise, the persons appointed as Board Members must be persons of recognized commercial and professional honorability and must possess adequate knowledge and experience to perform their duties and be in a position to exercise good governance in the entity. Likewise, in addition to the conditions required by Law and the Bylaws, they must also meet the conditions set forth in the Regulations, formally undertaking at the time of taking office to comply with the obligations and duties set forth herein.

For the re-election of directors, in addition to the above requirements, Article 20 of the Board Regulations provides that the Board of Directors, before proposing the re-election of directors to the Shareholders' Meeting, shall evaluate, with the abstention of the affected parties, the quality of the work and dedication to the position of the proposed directors during the previous term of office.

In accordance with Article 21 ("Term of office"), the directors shall hold office for a term of four years, without prejudice to the possibility of earlier removal by the Board. At the end of their term of office, they may be re-elected one or more times for terms of the same duration.

The appointment of the directors will expire when, once the term has expired, the next Meeting has been held or the legal term for holding the Meeting that must resolve on the approval of the previous year's financial statements has elapsed.

Any vacancies that may occur may be filled by the Board by co-optation, in accordance with the law. In the event of vacancies occurring after the Meeting has been convened and before it is held, the Board shall retain the power to co-opt until the next General Meeting is held.

Directors appointed by cooptation shall have their position ratified on the date of the first General Meeting immediately following.

A director who terminates his term of office or for any other reason ceases to hold office may not be a director or hold executive office in another entity having a corporate purpose similar to that of the Company for a period of two years. The Board, if it deems it appropriate, may exempt the outgoing director from this obligation or shorten the period of duration.

[Continues in section H]

**C.1.17 Explain to what extent the annual evaluation of the board has led to significant changes in its internal organization and in the procedures applicable to its activities:**

### Description of modifications

With respect to the evaluation of directors, Article 5.6 of the Board Regulations establishes that the Board of Directors shall conduct an annual evaluation of its performance (based on the report submitted by the Appointments and Remuneration Committee) and that of its Committees, as well as that of its Chairmen, and shall propose, on the basis of its result, an action plan to correct the deficiencies detected (the result of the evaluation shall be recorded in the minutes of the meeting or incorporated as an annex thereto).

Although the annual evaluation of the Board of Directors showed that the composition, internal organization, operation and frequency of the meetings of the Board of Directors was accurate, the Company carried out several actions as a result of the conclusions of the aforementioned annual evaluation, among which the projection of presentations referring to several aspects of the Company that could be improved during the 2020 fiscal year stands out, such as (i) to have an impact on the information sent to the directors - especially considering the information related to the status of the projects-, (ii) to deepen the Company's strategic plan, considering the possible changes in the environment to anticipate the Company's positioning in the medium term, (iii) to deepen the interaction between directors and the management team, and (iv) finally, to deepen the risk control activities.

Describe the evaluation process and the areas evaluated by the board of directors, assisted, if

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

applicable, by an external consultant, with respect to the operation and composition of the board and its committees, and any other area or aspect that has been the object of the evaluation.

### Description of the evaluation process and the areas assessed

The evaluation of the 2020 fiscal year of the different Committees was based on the report they submitted to the Board of Directors and, for the Board of Directors, on the report submitted by the Appointments and Remuneration Committee.

In addition, as part of the process, an evaluation questionnaire was sent to all directors which, after having been completed by each director, was analyzed in order to obtain a homogeneous result of the members of the Board of Directors.

In the evaluation process, the Board of Directors has been assisted by the external consultant Ackermann International, which has held individual interviews with the members of the Board as part of the evaluation process.

The areas evaluated during the Board's evaluation process have included the following aspects:

- Efficiency of the operation and diversity in the composition of the Board of Directors.
- The skills and powers of the Board of Directors.
- The functioning and composition of its Committees.
- The performance of the Executive Chairman and the Secretary of the Board of Directors and the performance and contribution of each director.

C.1.18 Provide a breakdown, for the fiscal years in which the evaluation has been assisted by external consultants, of any business relationships between the consultants or any company in their group and the company or any company in its group.

The external consultant Ackermann International has not provided the Company and other companies of its group during the 2020 financial year with services other than assistance in the evaluation of the Board of Directors and its Committees.

C.1.19 Indicate the cases in which directors are obliged to resign.

As indicated in section C.1.16 above, as established in Article 22.2 of the Regulations of the Board of Directors, the directors must tender their resignation to the Board of Directors and formalize, if the latter deems it appropriate, the corresponding resignation in the following cases:

- a) When they cease to hold the executive positions with which their appointment as Board Member was associated.
- b) When they are involved in any of the cases of incompatibility or prohibition provided for by law.
- c) When they are seriously reprimanded by the Board of Directors for having breached their obligations as Board Members.
- d) When their continuance on the Board may jeopardize the interests of the Company or when the reasons for which they were appointed cease to exist (for example, when a shareholder director disposes of his interest in the Company).

Likewise, the directors shall immediately inform the Board when situations arise that affect them, whether or not related to their performance in the Company itself, that may damage the credit and reputation of the Company and shall report in particular on criminal cases in which they are under investigation, as well as their subsequent procedural vicissitudes.

The Board of Directors, having been informed or having otherwise become aware of any of the situations mentioned in this section, shall examine the case as soon as possible and, taking into account the specific circumstances, shall decide, following a report from the Appointments and Remuneration Committee, on the measures to be adopted, such as opening an internal investigation, requesting the resignation of the director or proposing his or her removal to the General Shareholders' Meeting. This will be reported in the Annual Corporate Governance Report, unless there are special circumstances that justify it, which must be recorded in the minutes. This is without prejudice to the information that the Company must disclose, if appropriate, at the time of the adoption of the corresponding measures.

Similarly, Article 22.1 of the Regulations of the Board of Directors of the Company establishes that the independent external directors of the Company shall cease to hold office "(...) when they have held such office for an uninterrupted period of 12 years (...)".

C.1.20 Are qualified majorities, other than legal majorities, required for any type of decision?

- Yes  
 No

If applicable, describe the differences.

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

**Description of the differences**

Article 25 of the Company's Bylaws (and, in the same sense, Article 8.3 of the Regulations of the Board of Directors) establishes that the position of Chairman of the Board of Directors may be held by an executive Director, in which case the appointment of the Chairman shall require the favorable vote of two thirds of the members of the Board of Directors. For this resolution, provided for in Article 245.2 of the 245.2 of the Capital Companies Act, Article 248.1 of the same text requires an absolute majority of the directors attending the meeting.

**C.1.21 Explain whether there are specific requirements, other than those relating to directors, for appointment as chairperson of the board of directors:**

- Yes  
 No

**C.1.22 Indicate whether the articles of association or the regulations of the board establish any age limit for directors:**

- Yes  
 No

**C.1.23 Indicate whether the articles of association or the regulations of the board establish a limited term of office or any other requirement that is more stringent than those established by law for independent directors, other than that set out in the regulations:**

- Yes  
 No

**C.1.24 Indicate whether the bylaws or the regulations of the board of directors establish specific rules for proxy voting in the board of directors in favor of other directors, the manner of doing so and, in particular, the maximum number of proxies that a director may hold, as well as whether any limitation has been established as to the categories in which it is possible to delegate, beyond the limitations imposed by law. If so, give a brief description of these rules.**

Article 26 of the Company's Bylaws establishes that any director may authorize in writing another director to represent him/her. Non-executive directors may only delegate their representation to another non-executive director.

Likewise, Article 17 of the Regulations of the Board of Directors provides that the directors shall make every effort to attend the meetings of the Board and, when they are unable to do so in person, they shall endeavor to grant their representation in writing and specifically for each meeting to another member of the Board, including the appropriate instructions and informing the Chairman of the Board of Directors thereof.

**C.1.25 Indicate the number of meetings held by the Board of Directors during the fiscal year. Also indicate, if applicable, the number of times the board has met without the attendance of its chairman. In the computation, attendances shall be considered to be the representations made with specific instructions.**

Number of board meetings	9
Number of board meetings without the chairperson's assistance	4

Indicate the number of meetings held by the coordinating director with the other directors, without the attendance or representation of any executive director:

Number of meetings	0
--------------------	---

Indicate the number of meetings held during the year by the various board committee:

Number of meetings of the Audit and Control Committee	9
---	---

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

Number of meetings of the Management and Risk Committee	5
---	---

Number of meetings of the Nomination and Compensation Committees	7
--	---

The meetings that the Chairman of the Company was unable to attend during the 2020 financial year were in any event chaired by the 1st. Deputy Chairman, in accordance with the provisions of Article 9.1 of the Regulations of the Board of Directors .

C.1.26 Indicate the number of meetings held by the Board of Directors during the fiscal year and the attendance data of its members:

Number of meetings attended in person by at least 80% of the board members	9
% of in-person attendance out of total votes during the fiscal year	96,83
Number of meetings attended in person, or by proxies with specific instructions, by all directors	9
% of votes cast through in-person attendance and by proxies with specific instructions, out of total votes during the fiscal year	100,00

The Board of Directors is composed of 14 members and has held 9 meetings (126 maximum attendances), with 4 absences, so that the number of attendances is 122 out of 126 (96.8254 %).

C.1.27 Indicate whether the individual and consolidated financial statements submitted to the Board for formulation have been previously certified:

Yes  
 No

Identify, if applicable, the person(s) who has/have certified the individual and consolidated financial statements of the company, for their preparation by the board:

Name	Position
MR. EDUARDO SAN MIGUEL GONZÁLEZ DE HEREDIA	Chief Financial Officer

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to ensure that the financial statements that the Board of Directors submits to the General Shareholders' Meeting are drawn up in accordance with accounting regulations.

The Board of Directors of the Company, in exercise of the powers conferred by the Capital Companies Act and the Company's Bylaws, has approved a Regulation of the Board of Directors which establishes various mechanisms to ensure that the annual accounts that the Board of Directors submits to the General Shareholders' Meeting are prepared in accordance with accounting standards.

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

In particular, Article 13 of the Regulations of the Board of Directors establishes in Article 13.2 that, in relation to the supervision of financial and non-financial information, the Audit and Control Committee is responsible for: a) to report to the General Shareholders' Meeting on the matters that arise within its competence and, in particular, on the result of the audit, explaining how the audit has contributed to the integrity of the financial information and the role that the Committee has played in this process; b) to supervise and evaluate the process of preparation and presentation of the mandatory financial and non-financial information relating to the Company and, where appropriate, the group, including the periodic financial and non-financial information that, as a listed company, the Company must provide to the markets and their supervisory bodies, ensuring that the interim accounts are prepared under the same accounting criteria as the annual accounts, with the direct collaboration of the external and internal auditors, and submitting, where appropriate, recommendations or proposals to the Board of Directors aimed at safeguarding their integrity; and c) to ensure that the annual accounts that the Board of Directors submits to the General Shareholders' Meeting are drawn up in accordance with accounting regulations. In those cases, in which the auditor has included a qualification in its audit report, the Chairman of the Audit and Control Committee shall clearly explain at the General Shareholders' Meeting the opinion of the Committee on its content and scope, making a summary of said opinion available to the shareholders at the time of publication of the notice of the Meeting, together with the rest of the proposals and reports of the Board.

In addition, Article 13.2 of the Board of Directors Regulations establishes that the Audit and Control Committee shall be responsible for "(...) supervising compliance with the audit contract, ensuring that the opinion on the annual accounts and the main contents of the audit report are drafted clearly and accurately, as well as evaluating the results of each audit and, likewise, ensuring that the Company and the external auditor comply with the rules in force on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, the other rules established to ensure the independence of the auditors".

C.1.29 Is the secretary of the board also a director?

Yes

No

If the secretary is not a director, complete the following table:

Name or Corporate name of the secretary	Representative
MRS. LAURA BRAVO RAMASCO	

C.1.30 Indicate the specific mechanisms established by the company to safeguard the independence of external auditors, as well as any mechanisms to safeguard the independence of financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.

Article 40 of the Board Regulations establishes that the Audit and Control Committee shall refrain from proposing to the Board of Directors, and the Board in turn shall refrain from submitting to the Shareholders' Meeting, the appointment as auditors of the Company of any auditing firm that is subject to a cause of incompatibility in accordance with the legislation on auditing of accounts, as well as those firms in which the fees that the Company expects to pay them, for all concepts, are greater than five percent of their total income during the last fiscal year.

The Audit and Control Committee is, therefore, responsible for relations with the Company's external auditors, receiving information on matters that may jeopardize their independence and any other matters related to the auditing process, as well as any other communications provided for in auditing legislation and technical auditing standards (Article 29.e) of the Company's Bylaws and Article 13.2 of the Board of Directors Regulations).

In addition, the Audit and Control Committee has agreed, in order to safeguard the auditor's independence, to limit the amount of services invoiced by the audit firm for non-audit work.

On the other hand, Article 39 of the Board Regulations regulates the Company's relations with the markets in general. In this regard, Técnicas Reunidas' relationship with financial analysts and investment banks, among others, is based on the principles of transparency and non-discrimination. The Company coordinates its dealings with them, handling both their requests for information and those of institutional or individual investors.

With respect to rating agencies, the Company is not subject to credit rating.

C.1.31 Indicate whether during the fiscal year the Company has changed its external auditor. If so, identify the incoming and outgoing auditors:

Yes

No

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

If there were any disagreements with the outgoing auditor, explain their basis:

- Yes  
 No

C.1.32 Indicate whether the auditing firm carries out any non-audit work for the company and/or its group and, where applicable, state the fees for this work and the percentage this represents of all fees invoiced to the company and/or its group:

- Yes  
 No

	Company	Companies in the group	Total
Fees for non-audit work (thousands of euros)	522	92	614
Fees for non-audit services/auditing fees (%)	26,44	4,66	31,10

C.1.33 Indicate whether the audit report on the financial statements for the previous fiscal year includes any reservations or qualified opinions. If applicable, indicate the explanations given to shareholders at the General Meeting by the chairperson of the audit committee on the content and scope of these reservations or qualified opinions.

- Yes  
 No

C.1.34 Indicate the number of consecutive years that the current auditing firm has been auditing the individual and/or consolidated annual accounts of the company. Also indicate the percentage that the number of fiscal years audited by the current auditing firm represents over the total number of fiscal years in which the annual accounts have been audited:

	Individuals	Consolidated
Number of consecutive years	4	4

	Individuals	Consolidated
No. of years audited by the current audit firm / No. of years that the company or its group has been audited. (in %)	20,00	20,00

Since the fiscal year 2017, the Company has had a joint audit system for its annual accounts developed by the auditing firms PricewaterhouseCoopers and Deloitte. PricewaterhouseCoopers has audited the individual and consolidated financial statements for all fiscal years since the Company's IPO (fiscal year 2006), while Deloitte has audited the individual and consolidated financial statements since the fiscal year 2017.



## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

C.1.35 Indicate and, where applicable, detail whether there is any procedure for ensuring that directors can obtain the information needed in sufficient time to prepare for meetings of the management bodies:

- Yes  
 No

### Details of the procedure

According to Article 27.a) of the Board Regulations, among the duties of the director is to inform himself and adequately prepare the meetings of the Board and, if applicable, of the delegated bodies to which he belongs.

In this regard, among the duties of the Secretary of the Board is to provide the directors with the necessary advice and information, assisting the Chairman so that the directors receive the relevant information for the performance of their duties sufficiently in advance and in the appropriate format, all in accordance with the provisions of Article 10 of the Board Regulations.

In addition, Article 24 ("Powers of information and inspection") of the Regulations of the Board of Directors establishes the following procedure for the director to exercise his right to information:

1. The director may request information on any aspect of the Company and examine its books, records, documents and other documentation. The right to information is extended to investee companies whenever possible.
2. The request for information shall be addressed to the Secretary of the Board of Directors, who shall forward it to the Chairman of the Board of Directors and to the appropriate contact person within the Company.
3. The Secretary shall advise the director of the confidential nature of the information he/she requests and receives and of his/her duty of confidentiality in accordance with the provisions of these Regulations.
4. The Chairman may refuse to provide the information if he considers: (i) that it is not necessary for the proper performance of the duties entrusted to the director or (ii) that its cost is unreasonable in view of the importance of the issue and the Company's assets and revenues.

On the other hand, Article 25 of the Board Regulations, which regulates the assistance of experts to external directors, establishes that the director may request the hiring of legal, accounting, financial or other experts at the Company's expense. The assignment must necessarily deal with specific problems of a certain importance and complexity that arise in the performance of the position.

The decision to hire must be communicated to the President of the Company and may be vetoed by the Board of Directors if it is proven that:

- a) That it is not necessary for the full performance of the functions entrusted to the external directors;
- b) That its cost is not reasonable in view of the importance of the problem and the assets and income of the Company; or
- c) That the technical assistance sought can be adequately provided by experts and technicians of the Company.

C.1.36 Indicate and, if applicable, provide details on whether the company has established rules that oblige directors to inform and, if applicable, resign when situations arise that affect them, whether or not related to their performance in the company that could damage the credit and reputation of the company:

- Yes  
 No

### Explain the rules

Article 22.2.d) of the Regulations of the Board of Directors of the Company establishes that directors must tender their resignation to the Board of Directors and formalize, if the Board deems it appropriate, the corresponding resignation (...) when their remaining on the Board may jeopardize the interests of the Company or when the reasons for which they were appointed disappear (for example, when a shareholder director disposes of his interest in the Company).

In addition, Article 22.3 of the Board Regulations establishes that directors shall immediately inform the Board when situations arise that affect them, whether or not related to their performance in the Company itself, that may damage the credit and reputation of the Company and shall report in particular on criminal cases in which they are under investigation, as well as their procedural vicissitudes.

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

C.1.37 Indicate, unless there have been special circumstances that have been recorded in the minutes, whether the board has been informed or has otherwise become aware of any situation affecting a director, whether or not related to his or her performance in the company, that could damage the credit and reputation of the company:

- Yes  
 No

C.1.38 List any significant agreements entered into by the company that come into force, are amended or terminate in the event of a change of control of the company following a takeover bid, and their effects.

The Company has not signed agreements of this type.

C.1.39 Identify, on an individual basis in the case of directors and on an aggregated basis in other cases, any agreements between the company and its directors and managers or employees that provide for compensation, guarantees or golden handshakes on their resignation or unfair dismissal, or if the contractual relationship is terminated because of a public takeover bid or other type of operation.

Number of beneficiaries	2
Type of beneficiary	Description of the agreement
Honorary Chairman and Executive Chairman	The employment contract of the Honorary Chairman and the Executive Chairman provides for financial compensation in the event of separation from the position of director or any other form of termination of the legal relationship with the Company that serves as the basis for the remuneration of delegated or executive functions not due to a breach attributable to the director, for a maximum amount equivalent to the amount of the last two annual payments of (a) the fixed remuneration, (b) the variable remuneration, and (c) the amounts received by virtue of the special agreements with the Social Security which, if applicable, have been signed. The aggregate amount of these 2 indemnities would amount to 5,765 thousand euros.

Indicate whether, in addition to the cases provided for in the regulations, these contracts must be reported to and/or approved by the bodies of the company or its group. If so, specify the procedures, the cases envisaged and the nature of the bodies responsible for their approval or for making the communication:

	Board of Directors	General Meeting
Body authorizing the clauses	√	

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

	Yes	No
Is the general meeting notified of the clauses?	√	

**C.2. Committees of the board of directors**

C.2.1 Provide details of all the committees of the board of directors, their members and their proportions of executive, shareholder, independent and other external directors:

Committee for Audit and Control		
Name	Position	Category
MRS. PETRA MATEOS-APARICIO MORALES	CHAIRPERSON	Independent
MR. PEDRO LUIS URIARTE SANTAMARINA	MEMBER	Independent
MR. JOSÉ NIETO DE LA CIERVA	MEMBER	Independent
MR. JOSÉ MANUEL LLADÓ ARBURÚA	MEMBER	Shareholder director
MR. IGNACIO SÁNCHEZ-ASIAÍN SANZ	MEMBER	Independent

% of executive directors	0,00
% of shareholder directors	20,00
% of independent directors	80,00
% of other external directors	0,00

Explain the functions, including, if applicable, those additional to those provided by law, attributed to this committee, and describe the procedures and rules of organization and operation of the same. For each of these functions, indicate its most important actions during the fiscal year and how it has exercised in practice each of the functions attributed to it, either by law or in the bylaws or in other corporate resolutions.

The main functions of the Committee, its procedures and rules of organization and operation are set forth in art. 13 of the Board Regulations and art. 29 of the Bylaws:

The Chairman of the Committee is elected by the Board from among the independent directors for a term not to exceed 4 years and must be replaced at the end of that term and may be re-elected after a period of 1 year has elapsed since he ceased to hold office.

Without prejudice to any other functions attributed by law or assigned from time to time by the Board, the Committee shall perform the following functions:

In connection with the monitoring of financial and non-financial information:

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

b) Supervise and evaluate the process of preparation and presentation of the mandatory financial information relating to the Company and, where appropriate, the group, including the periodic financial and non-financial information that, as a listed company, the Company must provide to the markets and their supervisory bodies, ensuring that the interim accounts are prepared under the same accounting criteria as the annual accounts, with the direct collaboration of the external and internal auditors, and submitting, where appropriate, recommendations or proposals to the Board of Directors aimed at safeguarding its integrity.

c) To ensure that the annual financial statements that the Board of Directors seeks to present to the General Shareholders' Meeting are prepared in accordance with accounting regulations. In those cases, in which the auditor has included in its audit report any qualification, the Chairman of the Audit and Control Committee shall clearly explain at the General Meeting the opinion of the Committee on its content and scope, making available to the shareholders at the time of publication of the notice of the Meeting, together with the rest of the proposals and reports of the Board, a summary of such opinion.

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

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

d) Periodically supervise the effectiveness of the Company's internal control and internal audit, as well as discuss with the auditor any significant weaknesses in the internal control system detected in the course of the audit, all of the above without breaching his/her independence. For such purposes, and where appropriate, they may submit recommendations or proposals to the Board of Directors and the corresponding deadline for their follow-up.

e) In relation to the information and internal control systems: (i) to know and supervise the Company's internal control systems, verify their adequacy and integrity and review the appointment or replacement of those responsible for them; (ii) ensuring in general that the policies and systems established for internal control are effectively implemented in practice; (iii) review compliance with regulatory requirements, the adequate delimitation of the consolidation perimeter and the correct application of accounting criteria; and (iv) ensure the independence and effectiveness of the internal audit function, proposing the selection, appointment, re-election and removal of the head of the internal audit function, proposing the selection, appointment and dismissal of the head of the internal audit service, as well as proposing the budget for said service; approve the annual guidance and work plan, ensuring that its activity is primarily focused on the Company's relevant risks (including reputational risks); to receive periodic information on its activities and to verify that senior management takes into account the conclusions and recommendations of its reports.

f) To supervise the unit that assumes the internal audit function that ensures the proper functioning of the information and internal control systems and that functionally reports to the Chairman of the Audit and Control Committee.

The head of the unit in charge of the internal audit function shall submit its annual work plan to the Audit and Control Committee, inform it directly of any incidents arising during its implementation and submit an activity report at the end of each fiscal year.

g) Establish and supervise a mechanism that allows employees and other persons related to the Company, such as Board Members, shareholders, suppliers, contractors or subcontractors, to report any irregularities of potential importance, including financial and accounting irregularities, or any other irregularities related to the Company that they may notice within the Company or its Group. This mechanism must guarantee confidentiality and, in any case, provide for cases in which communications may be made anonymously, respecting the rights of the whistleblower and the reported party.

In relation to the statutory auditor:

h) To submit to the Board of Directors proposals for the selection, appointment, re-election and replacement of the auditor, being responsible for the selection process in accordance with the provisions of the applicable regulations, as well as the terms and conditions of his engagement, and for such purpose, shall:

1°. define the procedure for the selection of the auditor; and

2°. issue a reasoned proposal containing at least two alternatives for the selection of the auditor, except in the case of the re-election of the same.

(Continues in section H).

Identify any members of the audit committee who were appointed considering their knowledge and experience of accounting, auditing or both, and indicate the date of appointment of the current chairperson of this committee.

Name of the directors with experience	MRS. PETRA MATEOS-APARICIO MORALES / MR. PEDRO LUIS URIARTE SANTAMARINA / MR. JOSÉ NIETO DE LA CIERVA / MR. JOSÉ MANUEL LLADÓ ARBURÚA / MR. IGNACIO SÁNCHEZ-ASIAÍN SANZ
Date of appointment of the current chairperson	31/07/2018

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

Committee for Management and Risk

Name	Position	Category
MR. JUAN LLADÓ ARBURÚA	CHAIRMAN	Executive director
MR. PEDRO LUIS URIARTE SANTAMARINA	DEPUTY CHAIRMAN	Independent director
MRS. PETRA MATEOS-APARICIO MORALES	MEMBER	Independent director
MR. RODOLFO MARTÍN VILLA	MEMBER	Other external director
MR. JOSÉ MANUEL LLADÓ ARBURÚA	MEMBER	Shareholder director
MR. FERNANDO DE ASÚA ÁLVAREZ	MEMBER	Other external director
MR. JOSÉ NIETO DE LA CIERVA	MEMBER	Independent director
MR. ALFREDO BONET BAIGET	MEMBER	Independent director

% of executive directors	12,50
% of shareholder directors	12,50
% of independent directors	50,00
% of other external directors	25,00

Explain the functions delegated or attributed to this committee other than those already described in section C.1.9 and describe the procedures and rules of organization and operation of the same. For each of these functions, indicate its most important actions during the fiscal year and how it has exercised in practice each of the functions attributed to it, either in the law, in the bylaws or in other corporate resolutions.

The main functions of the Committee, its procedures and rules of organization and operation are set forth in Article 15 of the Board Regulations and Article 30 Bis of the Company's Bylaws:

The Chairman of the Commission is elected by the Board for a term not to exceed 4 years and may be reelected one or more times for terms of equal duration.

Without prejudice to any other functions attributed by law or assigned from time to time by the Board, the Committee shall perform the following functions:

In relation to the supervision of financial information:

- a) Periodically review the impact of the operations and planning of the Company and its Group.
- b) Analyze the financial and resource efficiency of each project of the Company and its Group.
- c) Analyze the guidelines of the commercial policies and analyze the conditions of the most relevant offers of the Company and its Group.
- d) Periodically monitor the Company's projects, and in particular, those that are most relevant for economic, technical or reputational reasons.
- e) To monitor periodic analyses of the geopolitical situation of the countries in which the Company and its Group operate.
- f) Develop periodic analyses of customer and supplier solvency ratios.
- g) Develop and monitor the risk map of the Company and its Group.
- h) Analyze and report on the overall approach and strategy of the Company and its Group.
- i) With respect to all the foregoing points, to promote the regulatory compliance system and activities of the Company and its Group.

During the fiscal year 2020, the Risk and Management Committee carried out the following activities:

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

Monitoring of the evolution and management of the group's various projects. Including the analysis of all of them, in a more detailed way the most relevant ones, and the implementation of the Plan 100 and the TR-ansforma Plan, aimed at improving efficiency and analysis of the new integrated structure of the company. Likewise, monitoring of the circumstances of each these projects, including the reprogramming of relevant projects in the Middle East, Asia and North Africa as a result of the Covid-19 pandemic, which has led to a slowdown in the sales figure accrued in 2020 and the need to adapt the company's resources to the specific needs of these projects.

Analysis of the market and the opportunities it offers, by type of project, geographic area and most significant clients. Follow-up of the various tenders for FEED and EPC projects.

Monitoring of the group's economic, financial and treasury planning, including the forecast of results and procedures in progress and the reprogramming of relevant projects during the 2020 financial year to adapt their execution to the circumstances arising from Covid-19.

Analysis of the Company's assets, the management of human resources structure and general services, in particular with regard to the evolution of resources and their adaptation to the circumstances of the execution of specific projects, and the adaptation of the office space required for them.

Monitoring and management of exchange orders and deposits on account and of ongoing procedures. The Commission regularly monitors exchange orders and payments on account. During the 2020 financial year, the criteria for recording these exchange orders, the specific movements and the overall evolution of contractual modifications and negotiations with certain particularly significant customers were analyzed in detail.

Appointments and Retributions Committee		
Name	Position	Category
MR. FERNANDO DE ASÚA ÁLVAREZ	MEMBER	Other external director
MR. ALFREDO BONET BAIGET	CHAIRMAN	Independent director
MR. JOSÉ MANUEL LLADÓ ARBURÚA	MEMBER	Shareholder director
MR. RODOLFO MARTÍN VILLA	MEMBER	Other external director
MRS. INÉS ELVIRA ANDRADE MORENO	MEMBER	Independent director

% of executive directors	0,00
% of shareholder directors	20,00
% of independent directors	40,00
% of other external directors	40,00

Explain the functions, including, if applicable, those additional to those provided by law, attributed to this committee, and describe the procedures and rules of organization and operation of the same. For each of these functions, indicate its most important actions during the fiscal year and how it has exercised in practice each of the functions attributed to it, either by law or in the bylaws or in other corporate resolutions.

The main functions of the Committee, as well as its procedures and rules of organization and operation, are set forth in Article 30 of the Company's Bylaws and are further developed in Article 14 of the Regulations of the Board of Directors.

The Chairman of the Committee shall be appointed by the Board from among its members, for a term of 4 years, and may be re-elected one or more times for periods of the same duration. The Chairman shall be an independent director.

Pursuant to Article 14.2 of the Board Regulations, and without prejudice to other functions that may be assigned to it by the Board, the Committee has, among others, the following basic responsibilities:

In relation to the composition of the Board:

- a) Evaluate the skills, knowledge and experience required on the Board of Directors. To this end, it shall define the functions 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.
- b) Ensure that corporate policies are oriented towards a goal of representation for the underrepresented sex on the Board of Directors and prepare guidelines on how to achieve this goal, as well as propose to the Board of Directors the policy on diversity of directors.
- c) Periodically verify the category of the directors.

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

In connection with the selection of directors and senior management:

- d) To submit to the Board of Directors proposals for the appointment of independent directors for their appointment by cooptation or for submission to the decision of the General Shareholders' Meeting, as well as proposals for the re-election or removal of such directors by the General Shareholders' Meeting.
- e) To 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 Shareholders' Meeting, as well as the proposals for their re-election or removal by the General Shareholders' Meeting.
- f) To report on proposals for the appointment of natural persons to represent a director who is a legal person.
- g) Annually verify compliance with the director selection policy.
- h) To analyze, formulate and periodically review the proposed policies for hiring, loyalty and dismissal of executives, as well as to 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.
- i) Report on proposals for the appointment and removal of senior management.

In relation to the positions on the Board and the composition of the Committees:

- j) Propose the members that should form part of each of the Committees, taking into account the knowledge, aptitudes and experience of the directors and the duties of each Committee.
- k) To report to the Board of Directors on the appointment of the Chairman, Deputy Chairmen, members of the Executive Committee and the Honorary Chairman, if any.
- l) To report to the Board of Directors on the appointment and, as the case may be, removal of the Secretary and Vice Secretary of the Board of Directors.
- m) To propose, as the case may be, the appointment of the Coordinating Director.
- n) Examine and organize the succession of the Chairman 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.

In relation to the remuneration of directors and senior management:

- o) Propose to the Board of Directors the compensation policy for directors and general managers or those who perform their senior management duties under the direct supervision of the Board or delegated committees, verifying compliance therewith.
- p) To analyze, formulate and periodically review the compensation policy applied to directors and senior managers, including share-based compensation systems and their application, weighing their adequacy and performance, as well as to ensure that their individual compensation is proportionate to that paid to other directors and senior managers of the Company.
- q) 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.
- r) Propose the basic conditions of senior management contracts, verifying that they are consistent with current compensation policies.
- s) 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.

Other functions:

- t) Lead the annual evaluation of the Board regarding the operation and composition of the Board and its Committees 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.
- u) To report annually to the Board of Directors on the evaluation of the performance of the Company's senior management.
- v) To design and organize periodic programs to update the knowledge of the Board Members.

(Continues in section H).

**C.2.2 Complete the following table with the information regarding the number of female directors who are members of the Board of Directors' Committees at the end of the last four fiscal years:**

	Number of female directors							
	Fiscal year 2020		Fiscal year 2019		Fiscal year 2018		Fiscal year 2017	
	Number	%	Number	%	Number	%	Number	%
Audit and Control Committee	1	20,00	1	20,00	1	20,00	1	20,00

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

	Number of female directors							
	Fiscal year 2020		Fiscal year 2019		Fiscal year 2018		Fiscal year 2017	
	Number	%	Number	%	Number	%	Number	%
Management and Risk Committee	1	12,50	1	12,50	1	12,50	0	0,00
Appointments and Remunerations Committee	1	20,00	0	0,00	0	0,00	0	0,00

C.2.3 Indicate, if applicable, the existence of regulations of the board committees, the place where they are available for consultation, and any amendments that have been made during the fiscal year. In turn, indicate whether an annual report on the activities of each committee has been prepared on a voluntary basis.

The rules of organization and operation of the Audit and Control Committee and the Appointments and Remuneration Committee are set forth in the Company's Bylaws and in the Regulations of the Board of Directors, documents that are published for consultation on the Company's website ([www.tecnicasreunidas.es](http://www.tecnicasreunidas.es)), under the "Shareholders and Investors/Corporate Governance" tab in the "Corporate Governance" section. During the 2020 financial year, the Company has made modifications to the Regulations of the Board of Directors and in the Company's Bylaws, in order to adapt their wording and contents to the Technical Guide 3/2017 on audit committees of public interest entities and the Technical Guide 1/2019 on appointments and remuneration committees of the CNMV. Likewise, the Regulations of the Board of Directors of the Company have been modified on a second occasion with the finality of incorporating the modifications derived from the Good Governance Code of Listed Companies.

The Audit and Control Committee, the Appointments and Remuneration Committee and the Risk and Management Committee prepare reports on their activities and performance during the year, which are made available to the shareholders at the Annual General Meeting.



## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

### D. RELATED-PARTY AND INTRAGROUP OPERATIONS

#### D.1. Explain, if applicable, the procedure and competent bodies for the approval of related-party and intragroup transactions.

Article 5 of the Regulations of the Board of Directors of the Company establishes the following:

“Except in matters reserved to the competence of the General Meeting, the Board of Directors is the highest decision-making body of the Company, and shall assume those powers legally reserved to its direct knowledge, as well as those others necessary for a responsible exercise of the general supervisory function, including among others and without limitation the functions attributed to it by the Capital Companies Act and, in particular, the following functions assumed on a non-delegable basis:

(...)

(xii) the approval, subject to a report from the Audit and Control Committee, of transactions that the Company, or companies in its group, carries out with directors, executives or shareholders holding, individually or in concert with others, a significant interest, including shareholders represented on the Board of Directors, of the Company or of other companies forming part of the same group or with persons related thereto ("Related-Party Transactions").

The directors affected or who represent or are related to the shareholders affected must abstain from participating in the deliberation and voting on the resolution in question.

However, the authorization of the Board of Directors shall not be required for those Related-Party Transactions that simultaneously meet the following three conditions:

- 1ª. under contracts whose terms and conditions are standardized and applied en masse to a large number of customers ;
- 2ª. that are carried out at market prices or rates, fixed generally by the party acting as supplier of the good or service in question;
- 3ª. the amount of the transaction does not exceed one percent (1%) of the annual revenues of the Company .

The approval of Related Transactions shall require a prior favorable report from the Audit and Control Committee. The Board Members affected, in addition to not exercising or delegating their voting rights, shall absent themselves from the meeting room while the Board of Directors deliberates and votes on the transaction”.

On the other hand, Article 13.2 of the Board Regulations establishes that without prejudice to any other duties that may be assigned to it from time to time by the Board of Directors, the Audit and Control Committee has the duty to report to the Board, prior to the adoption by the latter of the corresponding decisions, on transactions that imply or may imply conflicts of interest, and, in particular, Related-Party Transactions, under the terms provided by Law, the Bylaws or these Regulations, establishing in the same way that the report, if any, issued by the Audit and Control Committee on related-party transactions, shall be published on the Company's website sufficiently in advance of the Ordinary General Shareholders' Meeting.

In addition, Article 36 ("Transactions with significant shareholders") of the Board Regulations provides that the execution by the Company of any transaction with directors and significant shareholders shall be subject to authorization by the Board of Directors, following a report from the Audit and Control Committee. Likewise, the Board of Directors, before authorizing the performance by the Company of transactions of this nature, shall assess the operation from the point of view of equal treatment of shareholders and market conditions.

In addition, the Company has commissioned the advice of an expert third party (Gómez Acebo & Pombo) in relation to the Company's related party transactions during the 2020 financial year, which has prepared the corresponding report.

#### D.2. Provide details of any transactions that are significant by reason of their amount or material relevance which have been carried out between the company or entities in its group and the company's significant shareholders:

Name or Corporate name of the significant shareholder	Name or corporate name of the company or entity in the group	Nature of the relationship	Type of transaction	Amount (thousands of euros)
No data				N.A.

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

**D.3.** Provide details of any transactions that are significant by reason of their amount or material relevance which have been carried out between the company or entities in its group and the company's directors or managers:

Name or corporate name of the director or manager	Name or corporate name of the related party	Link	Type of transaction	Amount (in thousands of euros)
MR. JOSÉ NIETO DE LA CIERVA	Banco de Sabadell, S.A.	Mr. Nieto de la Cierva is Managing Director of Banco de Sabadell, S.A.	Financing agreements: loans	10.000
MR. JOSÉ NIETO DE LA CIERVA	Banco de Sabadell, S.A.	Mr. Nieto de la Cierva is Managing Director of Banco de Sabadell, S.A.	Guarantee	77.000
MR. JOSÉ NIETO DE LA CIERVA	Banco de Sabadell, S.A.	Mr. Nieto de la Cierva is Managing Director of Banco de Sabadell, S.A.	Others	5.401
MR. JOSÉ NIETO DE LA CIERVA	Banco de Sabadell, S.A.	Mr. Nieto de la Cierva is Managing Director of Banco de Sabadell, S.A.	Interest paid	3
MR. JOSÉ NIETO DE LA CIERVA	Banco de Sabadell, S.A.	Mr. Nieto de la Cierva is Managing Director of Banco de Sabadell, S.A.	Interest charged	493

At 12/31/2020 the Company had the following transactions with Banco de Sabadell, S.A.:

- Undrawn credit facility: €5,000 thousand.
- Syndicated credit line: 5,000 thousand euros (of which 5,000 thousand euros have been used).
- Guarantee facility: EUR 47,000 thousand (of which EUR 19,064 thousand have been used).
- Syndicated guarantee facility: EUR 30,000 thousand (of which EUR 17,693 thousand were used).
- Cash and cash equivalents: 5,400.60 thousand euros.
- Interest and commissions paid: 493.26 thousand euros.
- Interest paid: 3.14 thousand euros.

**D.4.** Provide details of any relevant transactions carried out by the company with other entities belonging to the same group, provided these are not eliminated in the preparation of the consolidated financial statements and do not form part of the company's normal business in terms of their purpose and applicable conditions.

In any case, report on any intragroup transaction carried out with entities based in countries or territories considered tax havens:

Corporate name of the entity in the group	Brief description of the transaction	Amount (in thousands of euros)
No data		N.A.

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

**D.5.** Provide details of any significant transactions carried out between the company or entities in its group and other related parties which have not been reported in the sections.

Corporate name of the related party	Brief description of the transaction	Amount (in thousands of euros)
No data		N.A.

**D.6.** Provide details of the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, managers or significant shareholders.

The Board Regulations and the Internal Code of Conduct regulate the mechanisms established to detect and regulate possible conflicts of interest.

In relation to the Board Members, the mechanisms established to detect possible conflicts of interest are regulated in the Board Regulations. Article 30 of the Board Regulations establishes that the Board Member must notify the existence of conflicts of interest to the Board and refrain from attending and intervening in deliberations that affect matters in which he/she has a personal interest. A director's personal interest shall also be deemed to exist when the matter affects any of the following persons:

- The spouse or person with an analogous relationship of affectivity.
- The ascendants, descendants and siblings of the director or of the director's spouse.
- The spouses of the ascendants, descendants and siblings of the director.
- Companies in which the director, either personally or through an intermediary, is in any of the situations contemplated in section one of article 42 of the Code of Commerce.

In the case of a director who is a legal entity, the following shall be deemed to be related parties:

- Shareholders who are, with respect to the legal entity director, in any of the situations contemplated in section one of article 42 of the Code of Commerce.
- The directors, de jure or de facto, the liquidators and the attorneys-in-fact with general powers of attorney of the director legal entity.
- Companies forming part of the same group and their partners.
- Persons who, with respect to the representative of the legal entity director, are considered to be related to the director in accordance with the provisions of the preceding paragraph.

In addition, the Board Regulations establish other obligations relating to the duty to avoid situations of conflict of interest of the directors, and in particular, the following:

- Art. 29 ("Non-competition obligation") establishes that a director may not hold the position of director or executive in companies with the same, similar or complementary type of activity as the Company or perform activities on his own account or on behalf of others that involve effective competition, whether actual or potential, with the Company or that in any other way place him in a permanent conflict with the interests of the Company, unless expressly authorized by the Company, by resolution of the General Shareholders' Meeting, under the terms established by law and with the exception of the positions he may hold, if any, in companies belonging to the group. Notwithstanding the foregoing, the director may provide professional services to entities whose corporate purpose is totally or partially analogous to that of the Company, provided that he/she previously informs the Board of Directors of his/her intention, which may refuse to authorize such activity, stating the reasons for such refusal.

- Article 31 ("Use of Company Assets") of the Regulations provides that a director may not make use of the Company's assets, including the Company's confidential information, or use his position in the Company to obtain a financial advantage, unless he has obtained the corresponding waiver or authorization from the Company under the terms established by law.

- Article 33 ("Business opportunities") establishes that a director may not take advantage of a business opportunity of the Company for his own benefit or that of a person related to him under the terms established in the aforementioned Article 30 of the Regulations, unless he has obtained the corresponding waiver or authorization from the Company under the terms established by law. For these purposes, a business opportunity is understood to be any possibility of making an investment or commercial transaction that has arisen or has been discovered in connection with the director's performance of his duties, or through the use of means and information of the Company, or under circumstances such that it is reasonable to believe that the third party's offer was in fact directed to the Company.

- Article 34 ("Indirect Transactions") of the Board Regulations establishes that a director violates his duties of fidelity to the Company if, knowing in advance, he permits or fails to disclose the existence of transactions carried out by the persons mentioned above and indicated in Article 30.1 of the Regulations, which have not been subject to the conditions and controls provided for in the preceding articles.

The Company may authorize in singular cases the execution by a director of a transaction with the Company, which authorization must be approved by the Shareholders' Meeting or the Board of Directors in accordance with the provisions of Article 230 of the LSC.

Likewise, the Director must also inform the Company of the positions he/she holds on the Board of other listed companies and, in general, of the facts, circumstances or situations that may be relevant to his/her performance as a director of the Company. In relation to senior executives, the mechanisms established to detect and regulate possible conflicts of interest are regulated in the Internal Code of Conduct, which is also applicable to the directors. Art. 11 of the Internal Rules of Conduct provides that subject persons and insiders must act at all times with freedom of judgment, with loyalty to the Company and its shareholders and independently of their own or other people's interests. Consequently, they shall refrain from prioritizing their own interests at the expense of those of the Company or those of some investors at the expense of others, and shall therefore refrain from intervening or interfering in the making of decisions that may affect persons or entities with which there is a conflict and from accessing confidential information affecting such conflict.

(Continues in section H.1)

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

**D.7.** Indicate whether the company is controlled by another entity within the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relationships with such entity or any of its subsidiaries (other than those of the listed company) or engages in activities related to those of any of them.

- Yes  
 No

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

### E. RISK MANAGEMENT AND CONTROL SYSTEMS

#### E.1. Explain the scope of the company's Risk Control and Management System, including those of a fiscal nature:

The Group, at the request of the Audit and Control Committee, has a catalog of key risks, described in section E.3 and drawn up in accordance with the COSO 2013 methodology.

Técnicas Reunidas ("TR") has adopted policies to management of these risks, which include the adoption of the following measures, among others.

- Risks related to cost variations in projects.

Multiple factors can have an impact on the variation of cost estimates in turnkey projects (a total price is locked in at the beginning while the execution costs can suffer deviations), such as the volatility of raw material prices, changes in scope of projects, the performance in terms of time and quality of construction and assembly subcontractors, customer and supplier litigation, geopolitical decisions with immediate impact or weather conditions, among others.

The assessment of all these factors involves a high level of judgment and estimation.

Failure to meet delivery deadlines may result in compensation to the customer.

Control and management mechanisms:

- Development of new contracting formulas to mitigate risks.
- Inclusion of liability exclusion clauses in contracts with suppliers and subcontractors.
- Intensive procurement in the first months of execution of critical equipment with a high level of sensitivity to the price of raw materials.
- Derivative contracts that allow the forward purchase of certain raw materials and essential equipment.
- Distribution of work execution among several subcontractors and incorporation of subcontractors as project partners.
- Increased supervision of construction and assembly contractors.
- Inclusion in the budgets of contingencies for deviations.
- Use of the opinion of external advisors in the preparation of estimates and judgments.
- Close monitoring of project execution deadlines to detect delays, allowing the implementation of acceleration and penalty risk mitigation mechanisms.

- Risks related to variations in the price of crude oil.

The price of crude oil, in addition to other factors, influences the investment, awarding and execution decisions of the Group's customers, as well as those of suppliers, competitors and partners.

Recent drops in crude oil prices have pushed customers to offer worse payment terms and to be more demanding in negotiating scope changes and claims.

The group's commercial activity is conditioned by the investment efforts of our customers.

Control and management systems:

- Predominance of NOCs (national oil companies) over IOCs (private oil companies) in the portfolio (which incorporate into their decision criteria other factors beyond purely economic ones, such as geopolitical and social criteria).
- Product and geographic diversification.
- Risk mitigation with customers and suppliers through early detection of issues that could lead to a change in contract price.

- Risks related to the execution of projects in multiple geographies.

TR's projects are developed in multiple geographies, each of which presents a different risk profile to mitigate: political and social tensions, locations with limited access, limited legal security, local content requirements, increasing tax pressure in all the geographies in which the Group operates or the complexity of the margin allocation process in projects developed simultaneously in multiple geographies, etc.

The development of projects for the first time in a given geography increases the risk of deviation in margins.

Control and management systems:

- Project selection based on a detailed analysis of the client, our previous experience in each geography and other aspects such as project-specific margins and risks.
- Use of modular construction schemes in geographies where labor shortages or site conditions allow for savings over other options.
- Inclusion in contracts, whenever possible, of referral of disputes to courts or arbitrators in countries where TR has experience.
- Inclusion in contracts, whenever possible, of clauses that allow for price revisions in the event of changes in the law.
- Flexibility to adapt to local content requirements.
- Development of BEPS policies.
- The Group's Internal Tax Risk Manual, establishes the Group's tax strategy and internal tax risk management procedures, including training actions and internal investigation plans.
- In the offer phase, risk-minimizing tax strategies are defined with local advisors including in the Group's usual markets.
- In the execution phase, the tax assessments submitted are monitored with the support of local advisors and events or deviations from the initial strategies are identified in order to correct them with the support of the operations area.

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

Continues in section H.1

### E.2. Identify the company's bodies responsible for the development and implementation of the Risk Management and Control System, including the tax department:

Article 5 of the Regulations of the Board of Directors establishes that the Board of Directors is responsible for approving the risk control and management policy, including tax risks, as well as the periodic monitoring of internal information and control systems.

The Audit and Control Committee, in accordance with Article 13 of the Regulations of the Board of Directors, is responsible for supervising the effectiveness of the internal control systems and the financial risk management systems. In addition, it shall supervise the preparation and presentation process, as well as the integrity of the financial information, reviewing the Group's internal control systems, verifying their adequacy and integrity. To perform these functions, he/she will be assisted by internal and external auditors.

The basic responsibilities of the Company's Risk and Management Committee, in accordance with Article 15 of the Regulations of the Board of Directors, include, among others, periodically reviewing the impact of the Company's and its Group operations and planning, periodically monitoring the Company's projects and, in particular, those that are most relevant for economic, technical or reputational reasons. To monitor periodic analyses of the geopolitical situation of the countries in which the Company and its Group carry out their activities and to develop and monitor the risk map of the Company and its Group.

### E.3. Point out the main risks, including tax risks and, to the extent significant those derived from corruption (the latter understood with the scope of Royal Decree Law 18/2017), which may affect the achievement of business objectives:

The main risks are:

- Project cost variations.
- Variations in the price of crude oil.
- Execution of projects in multiple geographies.
- Concentration on a small number of customers.
- Environmental and safety requirements.
- Economic variables.
- Information technology.

### E.4. Identify whether the entity has risk tolerance levels, including the fiscal risk:

Given the nature of the group's core business, the construction of oil and gas related plants in multiple geographies via EPC contracts, risk assessment measures are systematically applied for each of the contracts in the bid or execution phase within the framework of internal risk control and management procedures:

a) Project and bid analysis phase (i) the procedure starts with a risk identification process in which the proposal department and the technical office identify and evaluate the technical risks of the engineering, procurement and construction activities, and the contracts department reviews the client's draft contracts and prepares a report on problematic points or omissions; the corporate development team makes a first decision on the appropriate modifications to the bid; (ii) the contingency evaluation and, if applicable, approval process is then put in place, in which the corporate development team reviews the technical bid and contract report, adjusts the risks and contingencies from a commercial risk perspective, and prepares a draft bid; the executive committee reviews the draft bid and, if applicable, validates it by setting the final price; (iii) the final contract negotiation process follows, in which the offer and comments on the draft contracts are sent to the client, new versions of the contracts are reviewed and discussed with the client and, finally, the final versions of the contracts are submitted to the executive committee; the executive committee reviews and, if appropriate, accepts the final versions of the contracts and approves the offer.

b) Project execution phase: (i) during the execution of a project there is a process for monitoring risks in which the project team controls the evolution of the risks identified in the contractual documentation and identifies new risks that may arise; the team and the project leader raise the relevant information to the Group's management, being the responsibility of the project leader to report to the management on the evolution of the project and the monitoring of the risks; (ii) the deviation analysis process is then implemented in which the project team analyzes the probability of the risks materializing and their possible impact, following historical and economic analysis criteria; the project team also ranks the risks by their level of probability and identifies those that require decisions or measures to be taken; (iii) finally, the corrective action process is applied, in which the project team identifies and analyzes the causes behind the probable contingencies, evaluates the alternative means, estimates the cost of each measure and selects the specific measure to be adopted.

### E.5. Indicate which risks, including tax risks, have materialized during the fiscal year:

The uncertainty associated with the Covid environment has materialized multiple risks, such as:

- Variation in the price of crude oil.
- Variation of economic variables, mainly currency.
- Project cost variation. In this regard, relevant projects have been reprogrammed and new costs associated with the pandemic have been incurred.

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

The Company has incurred in margin deviations arising from the turnkey project structure, which fixes the selling price and leaves open the potential costs associated with the construction of the plant.

**E.6. Explain the response and monitoring plans for the entity's main risks, including tax risks, as well as the procedures followed by the company to ensure that the board of directors responds to new challenges that arise:**

Técnicas Reunidas is organized into different divisions with their respective areas of competence in Risk Management of the company's activities.

In Operations Management, the Planning, Cost Control and Risk and Opportunity Management Area is responsible for establishing the processes for the execution of Risk and Opportunities (R&O) Management during: (1) the proposal phase of a project until project award; (2) the "OBE" phase of a project until project conversion; (3) the project execution phase, from contract signature to project completion (according to contractual terms). Project R&O Management includes the processes related to the realization of R&O management planning, identification, analysis, response and Tracking/Monitoring and Control in a project.

The Financial Management is responsible for the implementation of the ICFR, which aims to control the process of preparing the individual and consolidated financial statements contained in the published reports and their correctness, reliability, sufficiency and clarity.

The Audit and Control Committee, in accordance with Article 13 of the Regulations of the Board of Directors, shall supervise the effectiveness of the internal control systems and the financial risk management systems. In addition, it shall supervise the preparation and presentation process, as well as the integrity of the financial information, reviewing the Group's internal control systems, verifying their adequacy and integrity. To perform these functions, it shall be assisted by internal and external auditors.

The risk control systems are in a permanent process of revision in relation to the activities carried out by the Company.

In addition, the Company has implemented a "Lessons Learned" policy by virtue of which, at the conclusion of each project, the wrong aspects in the execution of a project are identified and the best procedures to be applied in similar situations in the future are established.

Risks and control systems associated with COVID-19

Given the nature of the Projects, mostly *Lump Sum EPC* of Industrial Plants located in several countries, the limitations of national and international mobility have affected the execution of projects, both in the "Home Office" phase, which takes place mainly in Madrid and in the foreign offices (Saudi Arabia, United Arab Emirates, Chile, Oman, India, among others), and in the construction and start-up phase of the plants, in the different sites where the works are located (UK, Saudi Arabia, Kuwait, United Arab Emirates, Oman, Algeria, Peru, among others).

Despite the global nature of the crisis, COVID-19 has spread at different times and at different rates in each country and region. In addition, the reactions of each State or Administration have been different, for example, in terms of flight limitations, duration of quarantines, duration of curfews, etc., adding an additional element of complexity.

The Company has local offices in each country, and specialized professionals with experience in the problems associated with each country, region and client, at the technical, legal, contractual, logistical, etc. level, which has allowed a better adaptation and response to COVID-19.

Contextually with the implementation of the general measures, the Project Teams, with the support of the regional structures, have activated all the necessary mechanisms to:

- At a very early stage of the outbreak, coordinate the implementation of the first measures of temporary closure of activities, total prohibition of access to the works, confinement of personnel or curfew that have directly affected the works in progress in the different countries;
- Coordinate with customers and local authorities the health control, prevention and health protection measures for our own personnel, subcontractors and collaborators;
- Implement measures to reduce activity, maintain interpersonal distance, control access, increase logistics and transportation associated with each site and its facilities (workshops, camps, offices, etc.);
- Manage and modulate labor volume as efficiently as possible to avoid or limit productivity loss;
- Manage personnel flows within each country, as well as limitations to international mobility (staff expatriation extensions, redistribution of tasks among available staff, quarantine planning, etc.);
- Effectively manage contractual communications with customers, suppliers and subcontractors under general guidelines.

From the outset, the Company has been equipped from the beginning with a set of tools focused on:

- Detect and report in a unified and immediate way the events with impact on each project;
- Classify and monitor such events according to the type of impact;
- Define single criteria for economic impact assessment;
- Facilitate decision making at project and corporate level.

Among these tools are:

- Standardize record of events per project;
- Specific economic calculation methodology associated with COVID-19;
- Simulation of impact in time, providing an estimate of the possible time extension of the project and associated economic impact;
- Methodology for reporting information both in central offices and on site to the different Area Managements, allowing the continuous evaluation of impacts in terms of time and cost based on the visibility available at any given time.

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

[Continues on section H]



## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

### F. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS RELATED TO THE FINANCIAL INFORMATION ISSUANCE PROCESS (ICFR)

Describe the mechanisms that make up the control and risk management systems in relation to the process of issuing financial information (ICFR) of your entity.

#### F.1. Entity's control environment.

Report, indicating its main characteristics, at least:

F.1.1 Which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) its implementation; and (iii) its supervision.

Article 5 of the Regulations of the Board of Directors establishes among its competencies the approval of the risk control and management policy, as well as the periodic monitoring of the internal information and control systems, from which it follows that the Board of Directors is ultimately responsible for the existence of an adequate and effective Internal Control over Financial Reporting System ("ICFR").

The Audit and Control Committee, in accordance with Article 13 of the Regulations of the Board of Directors, shall perform the functions of supervising the effectiveness of the Company's internal control, internal audit and risk management systems, as well as discussing with the statutory auditor any significant weaknesses in the internal control system detected in the course of the audit, all of the foregoing without infringing his/her independence. In order to perform these functions, the Audit and Control Committee may count on the collaboration of the internal areas in charge of risk management and external auditors.

In this respect and in relation to the aforementioned risk management and control supervision functions, the Audit and Control Committee takes into account the criteria of the supervisory bodies for the prevention of corruption and other irregular practices, as well as for the identification, management and control of the potential associated impacts, acting in this respect under a principle of maximum rigor.

Senior Management, through the Finance Department, is responsible for the implementation of the ICFR, which aims to control the process of preparing the individual and consolidated financial statements contained in the published reports and their correctness, reliability, sufficiency and clarity.

F.1.2 Whether the following elements exist, especially with regard to the financial reporting process:

Departments and/or mechanisms in charge of: (i) of the design and review of the organizational structure; (ii) of clearly defining the lines of responsibility and authority, with an adequate distribution of tasks and functions; and (iii) of ensuring that there are sufficient procedures for their proper dissemination in the entity

The Board of Directors is the body in charge of designing and reviewing the organizational structure of the corporate group. This organizational structure contains the mechanisms in charge of defining the internal control structure of the same, being the Operations and Finance Departments of the corporate group responsible for implementing the internal control systems over the key processes, both operational and financial reporting.

The Operations Management, through the Standardization and Procedures Department, issues the procedures that regulate the different processes associated with project management, including the engineering, procurement, construction and project control. Periodic audits are conducted on the adequacy of the implementation of these procedures.

The Operations Control Department is responsible for the adequacy of information management from the different operational areas and projects.

The Finance Department is responsible for the different transition processes from the information reported by the Operations Department to the preparation of accounting and financial information to ensure its adequacy and integrity. Periodic audits are conducted on the adequacy of the implementation of these procedures.

Code of conduct, approving body, degree of dissemination and instruction, principles and values included (indicating whether there are specific mentions of the recording of transactions and preparation of financial information), body in charge of analyzing non-compliance and proposing corrective actions and sanctions:

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

The Técnicas Reunidas Code of Conduct (the "Code of Conduct") has remained in force during the 2020 financial year, and the Company has carried out specific training actions on this matter. The body responsible for its approval is the Board of Directors, and the document is available on the Company's website [www.tecnicasreunidas.es](http://www.tecnicasreunidas.es). The Company has disseminated this document among the members of the organization through online training, dissemination on the corporate intranet and the execution of face-to-face training actions related to certain chapters of the document.

The principles and values on which the Code of Conduct is based, and which should inspire the behavior of Técnicas Reunidas with regard to the stakeholders with which it related in the exercise of its activity, are, among others:

### Integrity:

- Respect for legality, human rights and values.
- Use and protection of assets.
- Justification of expenses.
- Information and knowledge processing.
- Regarding free competition in the market.
- Prevention of money laundering and financing of terrorism.
- Image and reputation.
- Prevention of conflicts of interest.

### Professionalism:

- Quality and innovation.
- Customer orientation.
- Relations with companies, collaborators and suppliers.

### Other Principles:

- Professional development, non-discrimination and equal opportunities.
- Training.
- Privacy protection.
- Occupational health and safety.
- Rejection of child forced or compulsory labor.
- Respect for the environment.
- Social commitment.
- Shareholder relations.
- Neutrality.

The Code of Conduct contains specific references to the recording of transactions and the preparation of financial information in section 4.1.5, which is partially reproduced below:

The TR Group considers information and its knowledge as an essential asset for the management of its business, which is why it must be especially protected.

Likewise, it declares that the truthfulness of the information (in particular, financial information, which shall faithfully reflect the economic, financial and equity reality of the Group) shall be one of the basic principles in all its actions.

The Group's Professionals shall share and communicate in a transparent and truthful manner all the information they must transmit internally or externally, and in no case shall they knowingly provide to third parties, or introduce into the computer systems, information that is incorrect, inaccurate or in any way likely to mislead the recipient.

Likewise, all economic transactions of the TR Group must be accurately and clearly reflected in the corresponding records in each case and shall be in accordance with the applicable international financial reporting standards.

With regard to the information that, as a listed entity, Técnicas Reunidas must transmit to the market, the TR Group undertakes to act with total transparency, adopting specific procedures to guarantee the correctness and truthfulness of corporate communications and to prevent the commission of corporate crimes and market abuses. This information shall be all that is necessary to ensure that investors' decisions can be based on knowledge and understanding of corporate strategies and operations. In particular, all information transmitted to the market must be characterized not only by respect for the applicable regulations, but also by an accessible language, an objective, truthful, exhaustive and timely nature and respect for the uniformity of information for all investors. Relevant information must be identified, prepared and communicated in a timely and appropriate manner.

The TR Group promotes that all the knowledge generated in the company is conveniently distributed among all its Professionals and departments, in order to facilitate the best management of its activities and enhance the development of people. In the same way, employees will facilitate the dissemination of the company's knowledge to other Professionals of the Group and will include it in the knowledge management systems that the Group sets up for this purpose.

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

The Company has a body responsible, i.e., the Regulatory Compliance area, for ensuring compliance with these principles and is in charge of analyzing non-compliance and proposing corrective actions and sanctions as appropriate.

### - Regulatory Compliance Policies

In order to reinforce the dissemination and commitment of its professionals and business partners to the values and principles of its Code of Conduct, Técnicas Reunidas has implemented various policies, procedures and training and awareness programs that enable them to know the behavior expected of them in the performance of their activities.

### - Third-party due diligence

Técnicas Reunidas has reinforced its Due Diligence procedures in its supply and subcontracting chain, the objective of which is to obtain an Integrity Assessment Report from third parties, prior to establishing a commercial relationship, to prevent and/or detect potential risks at an early stage, as well as their subsequent and continuous monitoring.

- Whistle-blowing channel, which allows the communication to the audit committee of irregularities of a financial and accounting nature, in addition to possible breaches of the code of conduct and irregular activities in the organization, informing, where appropriate, whether it is confidential in nature and whether it allows anonymous communications, respecting the rights of the whistle-blower and the reported party:

The Code of Conduct has implemented a whistle-blowing channel established for this purpose, which allows for the reporting of financial and accounting behavior, in addition to possible breaches of the Code of Conduct and irregular activities in the organization. This whistle-blowing channel is confidential.

During the 2020 financial year, work began on adapting the organization's *Whistleblower Channel User Guide* to the EU European Directive (2019/1937/EU) on whistleblower protection, for which EU Member States have until the end of 2021 to implement the Directive in their own national legislation.

- Training and periodic updating programs for personnel involved in the preparation and review of financial information, as well as in the evaluation of the ICFR, covering at least accounting standards, auditing, internal control and risk management:

Training courses are planned and conducted annually for people involved in the preparation and review of financial information, including programs for updating accounting standards, as well as other processes that allow a better understanding of the management of financial information. In the 2020 fiscal year, several training actions were carried out specifically for people involved in the generation of financial information.

In addition, within the global training framework implemented in the group by the Human Resources Department, specific financial courses are given to relevant personnel from operational areas involved in processes with an impact on the financial information of the Company and its group.

## F.2. Assessment of financial information.

Provide information, of at least:

### F.2.1 What are the main characteristics of the risk identification process, including those of error or fraud, in terms of:

- If the process exists and is documented:

The Group, at the request of the Company's Audit and Control Committee, has a catalog of key risks, including those with an impact on the internal control over financial reporting. The methodology used for the preparation of this catalog is that of COSO 2013. The homogeneity of the projects carried out over time and the presence of a relatively small number of contracts gives rise to a certain stability in the catalog of key risks related to internal control over financial reporting.

In the process of adapting the ICFR to the recommendations issued by the National Securities Market Commission ("CNMV"), the traceability between the Group's catalog of key risks with an impact on financial information and the key business processes that may affect the financial statements was supervised, verifying that most of the key risks impact and/or are managed in the processes within the foreseen scope.

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

· Whether the process covers all financial reporting objectives (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), whether it is updated, and how often:

The Group has defined the activities and processes that cover transactions that may affect the financial statements, as well as the objectives and risks associated with them, the existing controls and the procedures implemented associated with such controls.

The process covers the objectives of financial reporting (existence and occurrence, completeness, valuation, presentation, disclosure and comparability, and rights and obligations).

· The existence of a process to identify the scope of consolidation, taking into account, among other aspects, the possible existence of complex corporate structures, instrumental or special purpose entities:

In the consolidated group there are no complex corporate structures, or instrumental or special purpose entities, and therefore it is not considered an area of risk that could affect the financial information. However, the Financial Management reviews the consolidation perimeter on a quarterly basis and the external auditors proceed to review it on a half-yearly basis.

The accounting treatment corresponding to the different group entities as subsidiaries, associates or jointly controlled entities, is in accordance with group regulations and is reviewed by the Financial Management and the external auditors.

· Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, fiscal, reputational, environmental, etc.) to the extent that they affect the financial statements:

Internal control over the operations performed requires the assessment of associated risks of different nature (legal, technological, environmental, etc.). The process of generating financial information is fed by the information model for the control of operations, which incorporates an adequate assessment of risks.

· Which governing body of the entity oversees the process:

The Risk and Management Committee, and specially the representatives of the Operations and Finance Departments.

Transactions not linked to normal operations are subject to specific analysis by the group's senior management, requesting the assistance of third-party experts when necessary.

### F.3. Control activities.

Report, indicating its main characteristics, whether it has at least:

F.3.1 Procedures for the review and authorization of the financial information and the description of the ICFR, to be published in the securities markets, indicating those responsible, as well as documentation describing the flow of activities and controls (including those related to fraud risk) of the different types of transactions that may materially affect the financial statements, including the procedure for closing the accounts and the specific review of relevant judgements, estimates, valuations and projections.

The Company's senior management, mainly through the Finance Department, is responsible for reviewing the financial information. The individual and consolidated financial statements and the half-yearly financial reports are reviewed by the Audit and Control Committee, with the collaboration of the external auditors, who submit their recommendations. The Executive Director reviews and authorizes the annual financial statements, which are subsequently prepared by the Board of Directors. The financial information corresponding to the first and third quarters is also reviewed by the Audit and Control Committee. The Audit and Control Committee is the body in charge of supervising the ICFR, for which it is supported by the Company's internal and external auditors.

The Group has procedures and controls over activities covering the main transactions that may affect its financial statements.

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

- The Management Committee is responsible for assessing processes that incorporate specific components of judgements, valuations and relevant short and medium-term projections including cash flow projections, economic, planning, portfolio forecasting, workload adaptation, review of judgement components associated with assets and liabilities, among others. There is a process of periodic reporting of relevant information to the Company's Risk and Management Committee.
- The Operations Management with the Project Risk and Control Management is responsible for assessing the processes associated with the execution budget estimates the different project phases during the execution of the projects (estimation of results and determination of project progress), including the management of risks and opportunities inherent to the development of projects with average maturities of five years, as well as the valuation of assets under negotiation with clients and subcontractors and the estimation of the closing of such negotiations.
- The Finance Department is responsible for the specific review of the judgements involved in the valuation processes associated with currency management, cash management and forecasting, taxation, including the valuation of deferred taxes, as well as reporting and consolidation processes, among others.

The procedures considered essential contain a detailed description of the activities and sub-activities, as well as the manner in which they are to be executed. They also define the different levels of responsibility associated with the execution of the various activities. The GWIs (general work instructions) or procedures drawn up by the Company for internal control are available on the Group's corporate intranet.

The Finance Department provides the Operations Department with the accounting criteria contained in the internal valuation standards and the IFRS necessary for the preparation of its estimates.

### F.3.2 Internal control policies and procedures for information systems (including, among others, access security, change control, operation, operational continuity and segregation of duties) that support the entity's relevant processes in relation to the preparation and publication of financial information.

The financial information gathering system used by Técnicas Reunidas is the SAP system ("Systems, Applications and Products in Data Processing"). The SAP system is within the scope of the Company's Information Security Management System, which has been certified in accordance with international standard ISO/IEC 27001:2013. Access to the system is protected by secure individualized passwords that must be changed quarterly.

Currently, the SAP system has development, test and production environments. Any changes to the programs or parameterization that make up the system is made in the development environment; they are then transported to the test environment and, once their validation has been completed, to the production environment. In this way, every change in the system is recorded in the transport process to the production environment.

The documentation related to the SAP system, which is part of the Information Security Management System in force is as follows:

- The Information Security Policy.
- The Information Security Management System Manual.
- The procedures for change control, access control, operation, continuity and segregation of duties in IT.

All the aforementioned documentation is available on the Técnicas Reunidas corporate intranet.

The group also uses specific applications in the processes of the entire materials and procurement management cycle, activity control and the planning and consolidation of financial statements. For these, there are also security, access control and continuity assurance policies.

### F.3.3 Internal control policies and procedures designed to supervise the management of activities outsourced to third parties, as well as those aspects of evaluation, calculation or validation entrusted to independent experts, which may materially affect the financial statements.

At year-end 2020, there were no activities carried out by third parties, nor were any processes outsourced that could be considered relevant to the process of preparing the financial information. Independent experts have been entrusted with evaluations, calculations or valuations that may materially affect the financial statements, mainly those related to valuations of labor liabilities, those of advisors related to litigation and those of advisors in the course of tax inspection. In these cases the services are provided by specialized firms of recognized prestige. The Legal Department supervises the valuations performed by third parties.

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

### F.4. Information and communication.

Report, stating its main characteristics, whether it has at least:

F.4.1 A specific function in charge of defining and keeping accounting policies up to date (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining fluid communication with those responsible for operations in the organization, as well as an updated accounting policy manual communicated to the units through which the entity operates.

The Accounting and Consolidation unit, which reports to the Finance Department, is responsible for identifying and updating the Group's accounting policies, as well as resolving doubts or conflicts arising from their interpretation.

The Company has local charts of accounts to comply with the accounting, tax, commercial and regulatory requirements of the different legislations of the country in which it operates.

These local charts of accounts are part of the chart accounts of Técnicas Reunidas, which includes the corresponding accounting criteria.

The Accounting and Consolidation Unit is responsible for periodically updating this plan in order to adapt it to changes in IFRS-EU regulations and the group's accounting structure, ensuring traceability between the individual charts of accounts of the group's subsidiaries and Técnicas Reunidas' chart of accounts, which serves as the basis for preparing financial information reports.

Likewise, the Financial Management is responsible for informing the Audit and Control Committee of any regulatory changes that may have a significant impact on the financial statements of the TR Group, as well as for resolving doubts regarding the accounting treatment of those transactions that may be raised by those responsible for the Company's financial information.

The Group's financial information control policy includes the performance of external audits, whether mandatory or voluntary, on practically all the subsidiaries included in the consolidation perimeter, even when they are not material subsidiaries. These audits are carried out by prestigious international firms.

F.4.2 Mechanisms for the capture and preparation of financial information with homogeneous formats, applicable and used by all units in the entity or the group, which support the main financial statements and notes, as well as the information detailed on the ICFR.

The SAP BPC application, which is an SAP tool for the consolidation management process, is used to prepare the consolidated financial information and its breakdowns.

The process of consolidation and preparation of financial information is carried out in a centralized manner, ensuring homogeneity, consistency and rationalization.

The centralized financial reporting system, which is managed directly by the TR Group's Finance Department, covers more than 95% of the group's turnover.

The remaining financial information comes from financial statements previously reviewed by external auditors, and the Finance Department is responsible for the homogenization process of these financial statements.

The TR Group has control mechanisms in place to ensure that the financial information includes the necessary disclosures for its proper interpretation by the market.

### F.5. Supervision of the operation of the system.

Provide information on the following, indicating their main characteristics:

F.5.1 The ICFR monitoring activities carried out by the Audit Committee, as well as whether the entity has an internal audit function whose competencies include supporting the committee in its work of monitoring the internal control system, including ICFR. Likewise, information shall be provided on the scope of the ICFR evaluation carried out during the fiscal year and the procedure by which the person in charge of carrying out the evaluation reports its results, whether the entity has an action plan detailing any corrective measures, and whether its impact on the financial information has been considered.

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

The Audit and Control Committee annually approves the work plan of the Internal Audit Department, which in turn presents the report on the activities carried out, as well as the incidents identified during the execution of the work plan.

The annual work plan of the Internal Audit Department includes a review of the ICFR. The results of this evaluation are reported to the Audit and Control Committee, as well as the plan of recommendations for improvements to be implemented for subsequent follow-up.

**F.5.2** Whether there is a discussion procedure whereby the auditor (in accordance with the provisions of the TAS), the internal audit function and other experts can inform senior management and the audit committee or directors of the entity of any significant internal control weaknesses identified during the review of the annual accounts or any other processes entrusted to them. It shall also report whether it has an action plan that to correct or mitigate the weaknesses observed.

In order to comply with the powers entrusted to it by the Board of Directors, the Audit and Control Committee held a total of 9 meetings during the 2020 financial year, attended by the heads of the Finance Department and the Internal Audit Department, at the invitation of the Chairman and to deal with certain items on the agenda. These include meetings held prior to the publication of the Company's periodic financial information in order to obtain and analyze such information. At these meetings, the individual and consolidated annual accounts, the half-yearly and quarterly financial reports, the informative notes on results sent to the CNMV and any other information considered to be of interest to the Company are reviewed. On the occasion of the meetings of the Audit and Control Committee for the review of the annual accounts, in which presence of external auditors is required, at the invitation of the Chairman to deal with certain items on the agenda, they present a set of recommendations related to, among other things, the internal control resulting from their ordinary work as auditors of the Group's accounts.

Annually, the external auditors are entrusted with the performance of specific work, together with the Internal Audit Department, aimed at assessing the ICFR implemented.

### **F.6. Other relevant information.**

There is no relevant information not included in the previous sections.

### **F.7. External auditor report.**

Report by:

**F.7.1** Whether the ICFR information submitted to the markets has been reviewed by the external auditor, in which case the entity should include the corresponding report as an Annex. If this is not the case, it should provide its reasons\*.

During the fiscal year 2020, the external auditor issued his report on the review of the ICFR for the fiscal year 2019. Said report has been published on the Company's website and on the website of the National Securities Market Commission. During the fiscal year 2021, the external auditor will also proceed with the review of the ICFR for the fiscal year 2020.

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

### G. EXTENT OF ADHERENCE TO CORPORATE GOVERNANCE RECOMMENDATIONS

---

Indicate the extent to which the company follows the recommendations in the Good Governance Code for listed companies.

In the event that any recommendation is not followed or is partially followed, a detailed explanation of the reasons should be included so that shareholders, investors and the market in general, have sufficient information to assess the company's actions. Explanations of a general nature will not be acceptable.

1. The bylaws of listed companies should not limit the maximum number of votes that may be cast by a single shareholder, nor contain other restrictions that make it difficult to take control of the company by acquiring its shares on the market.

Complies  Explain

2. That, when the listed company is controlled, within the meaning of Article 42 of the Commercial Code, by another entity, whether listed or not, and has, directly or through its subsidiaries, business relations with such entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of them, it should publicly disclose precisely the following information:

- a) The respective areas of activity and any business relationships between, on the one hand, the listed company or its subsidiaries and, on the other hand, the parent company or its subsidiaries.
- b) The mechanisms provided for resolving possible conflicts of interest that may arise.

Complies  Partially Complies  Explain  Not applicable

The Company is not controlled by another entity.

3. That during the ordinary general meeting, as a complement to the written dissemination of the annual corporate governance report, the chairman of the board of directors should verbally inform the shareholders, in sufficient detail, of the most relevant aspects of the company's corporate governance and, in particular:

- a) Changes that have occurred since the previous annual general meeting.
- b) The specific reasons why the company does not follow any of the recommendations of the Corporate Governance Code and, if they exist, the alternative rules it applies in this matter.

Complies  Partially complies  Explain

The Company explained during its general meeting the changes that have occurred in corporate governance matters since the previous ordinary general meeting, but not the specific reasons why the Company does not follow certain recommendations of the Corporate Governance Code, considering that it already provides its shareholders with sufficient information on this matter. In particular, on the occasion of the call of its ordinary general meeting it makes available to its shareholders various documentation, including the Annual Corporate



## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

Governance Report, where it explains in detail the specific reasons for partial compliance or failure to follow some of the Recommendations of the Corporate Governance Code.

4. That the company defines and promotes a policy regarding communication and contacts with shareholders and institutional investors in the context of their involvement in the company, as well as with proxy advisors that is fully respectful of the rules against market abuse and gives similar treatment to shareholders who are in the same position. And that the company makes this policy public through its website, including information regarding the way in which it has been put into practice and identifying the interlocutors or those responsible for carrying it out.

And that, without prejudice to the legal obligations regarding the dissemination of inside information and other types of regulated information, the company also has a general policy regarding the communication of economic-financial, non-financial and corporate information through the channels it considers appropriate (media, social networks or other channels) that contributes to maximizing the dissemination and quality of the information available to the market, investors and other stakeholders.

Complies  Partially complies  Explain

5. The board of directors should not submit to the general meeting a proposal to delegate powers to issue shares or convertible securities, excluding preemptive subscription rights, for an amount exceeding 20% of the capital at the time of delegation.

And that when the board of directors approves any issue of shares or convertible securities with exclusion of the pre-emptive subscription right, the company immediately publishes on its website the reports on such exclusion referred to in commercial legislation.

Complies  Partially complies  Explain

The Board of Directors submitted to the General Meeting held on June 25, 2020 a proposal to delegate powers to issue shares or convertible securities excluding preemptive subscription rights, for an amount of 50 % of the capital at the time of delegation. This percentage of 50 % is a maximum, so that at the time of the issue the Board of Directors may modulate it, if necessary, if it considers that the corporate interest so requires. On the other hand, with this decision, the Board of Directors has preferred not to self-limit the Company's financing capacities.

Notwithstanding the foregoing, no issue of shares or convertible securities with preemptive subscription rights will be made so far and during the year 2020.

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

6. Listed companies that prepare the following reports, whether mandatory or voluntary, should publish them on their website sufficiently in advance of the ordinary general meeting, even if their dissemination is not mandatory:

- a) Report on auditor Independence .
- b) Reports on the operation of the Audit committee and the appointments and remuneration committee.
- c) Audit committee report on related party transactions.

Complies  Partially complies  Explain

7. That the company broadcasts live, through its website, the holding of the general shareholders' meetings.

And that the company has mechanisms that allow the delegation and exercise of votes by telematic means and even, in the case of highly capitalized companies and to the extent proportionate, the attendance and active participation in the General Shareholders' Meeting.

Complies  Partially complies  Explain

8. The audit committee should ensure that the financial statements that the board of directors submits to the general shareholders' meeting are drawn up in accordance with accounting regulations. In those cases, in which the auditor has included a qualification in its audit report, the chairman of the audit committee should clearly explain to the general meeting the audit committee's opinion on its content and scope, making a summary of said opinion available to the shareholders at the time of publication of the notice of the meeting, together with the rest of the proposals and reports of the board.

Complies  Partially complies  Explain

9. The company should publish on its website, on a permanent basis, the requirements and procedures it will accept for accrediting ownership of shares, the right to attend the general shareholders' meeting and the exercise or delegation of voting rights.

And that such requirements and procedures favor attendance and the exercise of their rights by shareholders and are applied in a non-discriminatory manner.

Complies  Partially complies  Explain

10. That when any shareholder entitled to do so has exercised, prior to the holding of the general shareholders' meeting, the right to complete the agenda or to submit new proposals for resolutions, the company shall:

- a) Immediately disseminate such supplementary items and new agreement proposals.
- b) Make public the model attendance card or proxy or remote voting form with the necessary modifications so that new items on the agenda and alternative proposals for resolutions can be voted on in the same terms as those proposed by the board of directors.
- c) Submit all such alternative items or proposals to a vote and apply the same voting rules to them as to those formulated by the board of directors, including, in particular, presumptions or deductions as to the direction of the vote.
- d) Subsequent to the general shareholders' meeting, communicate the breakdown of the vote on such supplementary items or alternative proposals.

Complies  Partially complies  Explain  Not applicable

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

11. In the event that the company plans to pay premiums for attendance at the general shareholders' meeting, it should establish, in advance, a general policy on such premiums and that such policy should be stable.

Complies [ ] Partially complies [ ] Explain [ ] Not applicable [ X ]

The Company has not paid any attendance fees for its General Shareholders' Meeting, nor does it plan to do so in 2021.

12. The board of directors should perform its duties with unity of purpose and independence of judgment, treat all shareholders in the same position equally, and be guided by the corporate interest, understood as the achievement of a profitable and sustainable business in the long term, which promotes its continuity and the maximization of the economic value of the company.

In the pursuit of the social interest, in addition to compliance with laws and regulations and behavior based on good faith, ethics and respect for commonly accepted customs and good practices, it should seek to reconcile its own social interest with, as appropriate, the legitimate interests of its employees, suppliers, customers and other stakeholders that may be affected, as well as the impact of the company's activities on the community as a whole and on the environment.

Complies [ X ] Partially complies [ ] Explain [ ]

13. The board of directors should have the necessary size to achieve an efficient and participatory operation, which makes it advisable for it to have between five and fifteen members.

Complies [ X ] Explain [ ]

14. The board of directors should approve a policy aimed at promoting an appropriate composition of the board of directors and that:

- a) Be specific and verifiable.
- b) ensures that proposals for appointment or reelection are based on a prior analysis of the competencies required by the board of directors; and
- c) favors diversity of knowledge, experience, age and gender. For these purposes, measures that encourage the company to have a significant number of female senior managers are considered to favor gender diversity.

The result of the prior analysis of the competencies required by the board of directors should be included in the nomination committee's report published when convening the general meeting of shareholders to which the ratification, appointment or re-election of each director is submitted.

Compliance with this policy will be verified annually by the nominating committee and reported in the annual corporate governance report.

Complies [ X ] Partially complies [ ] Explain [ ]

15. The proprietary and independent directors should constitute an ample majority of the board of directors and the number of executive directors should be the minimum necessary, taking into account the complexity of the corporate group and the percentage interest held by the executive directors in the company's capital.

And that the number of female directors should account for at least 40% of the members of the board of directors by the end of 2022 and thereafter, not being previously less than 30%.

Complies [ ] Partially complies [ X ] Explain [ ]

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

The number of shareholder directors and independent directors is 8 directors out of a total of 14, due to the presence of a high number (5) of directors with the category of other external directors who, for the most part, are directors who finalized in 2018 their term of office of 12 continuous years as independent directors and who were re-elected with the category of other external directors by the General Shareholders' Meeting of the Company held in 2018 as the Company's Nomination and Remuneration Committee considered that the extensive experience and knowledge of the Company of these directors made their re-election advisable.

The number of executive directors is one, i.e., the Executive Chairman of the Company, Mr. Juan Lladó Arburúa.

In addition, the number of female directors is currently 2 (14.29 %). In 2020 the Company appointed a new director and a new female director and in December 2020 approved the Policy for the Selection of Directors and Diversity on the Board of Directors of Técnicas Reunidas, S.A., which contains express provisions on diversity in the composition of the Board of Directors and establishes that "(...) in particular, with regard to the presence of female directors on the Board of Directors of the Company, the Board will promote compliance with the objective established at all times by the Good Governance Recommendations".

Finally, in the current circumstances, there are 5 directors who finalize their term of office before the end of 2022, so that, if the Nomination and Remuneration Committee and the Board of Directors deem it appropriate, each in its area of competence, the Company will have the opportunity to appoint more female directors before that date.

16. The percentage of shareholder directors out of the total number of non-executive directors should not be greater than the proportion between the capital of the company represented by such directors and the rest of the capital.

This criterion may be relaxed:

- a) In large cap companies in which there are few shareholdings that are legally considered significant.
- b) In the case of companies in which there is a plurality of shareholders represented on the board of directors and they are not related to each other.

Complies  Explain

17. The number of independent directors should be at least half of the total number of directors.

However, when the company is not a large cap company or when, even if it is a large cap company, it has one or more shareholders acting in concert that control more than 30% of the capital stock, the number of independent directors should represent at least one third of the total number of directors.

Complies  Explain

18. Companies should publish the following information about their board members on their websites and keep them up to date:

- a) Professional and biographical profile.
- b) Other boards of directors to which they belong, whether or not they are listed companies, as well as other remunerated activities of any kind.
- c) An indication of the category of director to which they belong, stating, in the case of shareholder directors, the shareholder they represent or with whom they are related.
- d) Date of their first appointment as a director of the company, as well as any subsequent re-elections.
- e) Company's shares, and any options on these shares.

Complies  Partially complies  Explain

19. The annual corporate governance report, after verification by the nomination committee, should disclose the reasons for the appointment of shareholder directors at the request of shareholders whose equity interest is less than 3% of capital; and explain any rejection of a formal request for a presence on the board from shareholders whose equity interest is equal to or greater than that of others whose requests for shareholder directors have been denied, as the case may be.

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

Complies [ ]      Partially complies [ ]      Explain [ ]      Not applicable [ X ]

The Company has not appointed any shareholder director at the request of shareholders whose shareholding is less than 3% of the capital stock, nor has it received formal requests for presence on the board from shareholders whose shareholding is equal to or greater than that of others at whose request shareholder directors have been appointed.

20. Shareholder directors should resign when the shareholder they represent transfers its entire shareholding interest. They should also do so, in the appropriate number, when said shareholder reduces its shareholding to a level that requires a reduction in the number of shareholder directors.

Complies [ X ]      Partially complies [ ]      Explain [ ]      Not applicable [ ]

21. The board of directors should not propose the removal of any independent director before the expiration of the term of office for which he/she was appointed, except where just cause is found by the board of directors, based on a report from the appointments committee. In particular, just cause shall be understood to exist when the director takes on new positions or incurs new obligations that prevent him/her from dedicating the necessary time to the performance of the functions inherent to the position of director, fails to comply with the duties inherent to his/her position or incurs in any of the circumstances that cause him/her to lose his/her independent status, in accordance with the provisions of the applicable legislation.

The removal of independent directors may also be proposed as a consequence of takeover bids, mergers or other similar corporate operations that entail a change in the capital structure of the company, when such changes in the structure of the board of directors are prompted by the proportionality criterion set forth in recommendation 16 above.

Complies [ X ]      Explain [ ]

22. Companies should establish rules that oblige directors to inform and, if necessary, resign when situations arise that affect them, whether or not related to their performance in the company, that could damage the credit and reputation of the company and, in particular, that oblige them to inform the board of any criminal case in which they are under investigation, as well as the procedural vicissitudes thereof.

And that, having been informed or having otherwise become aware of any of the situations mentioned in the preceding paragraph, the board should examine the case as soon as possible and, in view of the specific circumstances, decide, following a report from the appointments and remuneration committee, whether or not to adopt any measure, such as opening an internal investigation, requesting the resignation of the director or proposing his or her removal. And to report thereon in the annual corporate governance report, unless there are special circumstances that justify it, which must be recorded in the minutes. This without prejudice to the information that the company must disseminate, if appropriate, at the time the corresponding measures are adopted.

Complies [ X ]      Partially complies [ ]      Explain [ ]

23. All directors should clearly express their opposition when they consider that any proposed decision submitted to the Board of Directors may be contrary to the corporate interest. In particular, independent directors and other directors who are not affected by the potential conflict of interest should do the same in the case of decisions that could be detrimental to shareholders not represented on the board of directors.

And that when the board of directors adopts significant or reiterated decisions about which the director has expressed serious reservations, the director should draw the appropriate conclusions and, if he/she chooses to resign, explain the reasons in the letter referred to in the following recommendation.

This recommendation also applies to the secretary of the board of directors, even if he/she is not a director.

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

Complies       Partially complies       Explain       Not applicable

24. When, either by resignation or by resolution of the general meeting, a director leaves office before the end of his term, he/she should sufficiently explain the reasons for his/her resignation or, in the case of non-executive directors, his/her opinion on the reasons for the removal by the board, in a letter to be sent to all members of the board of directors.

And that, notwithstanding the fact that all this is reported in the annual corporate governance report, to the extent that it is relevant for investors, the company publishes the resignation as soon as possible, including sufficient reference to the reasons or circumstances provided by the director.

Complies       Partially complies       Explain       Not applicable

In order to facilitate the appointment of the new independent directors proposed by the Appointments and Remuneration Committee, Mrs. Inés Elvira Andrade Moreno and Mr. Ignacio Sánchez-Asián Sanz and considering that their term of office as directors would finalize on 06/29/2020 and the date of the General Shareholders' Meeting was scheduled for 06/25/2020, at the meeting of the Board of Directors held on 05/25/2020 immediately prior to the start of the General Shareholders' Meeting it was stated that Mr. Lladó Fernandez-Urrutia and Mr. Garcia-Agulló Lladó did not wish to continue as members of the Board of Directors of Técnicas Reunidas, S.A. with effect from the aforementioned General Shareholders' Meeting.

25. The appointments committee should ensure that non-executive directors have sufficient time available for the proper performance of their duties.

The board regulations should establish the maximum number of company boards on which directors may serve.

Complies       Partially complies       Explain

The Company considers that compliance with this Recommendation is partial, since the Board Regulations do not include the maximum number of company Boards on which its directors may sit.

This rule has not been incorporated into the Board Regulations, although it is considered that the purpose of the same is covered by expressly attributing to the Appointments and Remuneration Committee, in Article 14.2 of the Regulations, the function of ensuring that non-executive directors have sufficient time available for the proper performance of their duties". In addition, and to this end, the Regulations of the Board, in Article 35.2, establishes the obligation of the directors to inform the Company of the positions they hold on the Board of Directors of other listed companies and, in general, of the facts, circumstances or situations that may be relevant to their performance as directors of the Company in accordance with the provisions of the Regulations.

It is therefore considered that these provisions are sufficient for the purpose of assessing the time dedication that directors must have, understanding that a fixed rule regarding the maximum number of Boards could be less efficient to achieve this objective, since, taking into account the particular circumstances of each director, the set of activities in addition to the position of director in the Company and the type of dedication required in the companies in question, the limitation could be insufficient or excessive, leading to the ineligibility of persons of extreme professional value to be candidates for directorships or to be excluded from such positions.

26. The board of directors should meet with the necessary frequency to perform its functions effectively and at least eight times a year, following the schedule of dates and matters established at the beginning of the year, with each director having the right to propose other items on the agenda that were not initially foreseen.

Complies       Partially complies       Explain

The Company considers that Recommendation 26 is only partially followed, since the Company's corporate texts only state that both the Coordinating Independent Director and the Chairman or, in the absence or incapacity of the Chairman, the Deputy Chairman, may propose additional items to the agenda that were not initially foreseen, although this individual power is not attributed to the other directors.

The Company considers that it is the Coordinating Independent Director who, within the framework of his function of coordinating and bringing together the non-executive directors, as provided in Article 8.3 of the Board Regulations, coordinates and brings together the non-executive directors, who currently number 13 of the 14 members of the Board, and the Coordinating Independent Director may, when he deems it appropriate or when requested by the directors, propose the new agenda items he deems pertinent once he has maintained contact with the other non-executive directors.

Notwithstanding the foregoing, the Board of Directors of the Company is a deliberative body in which constructive dialogue among its members and the free expression of opinion are encouraged, with the directors participating freely in the deliberations and, in fact, throughout all the meetings held during the 2020 financial year, the directors have been able to raise, and have discussed, all the issues and concerns that they have considered relevant or of interest to them.

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

27. That the non-attendance of directors should be reduced to essential cases and quantified in the annual corporate governance report. And that, when they must occur, representation should be granted with instructions.

Complies [ X ]      Partially complies [ ]      Explain [ ]

28. When directors or the secretary express concerns about a proposal or, in the case of directors, about the company's performance, and such concerns are not resolved by the board of directors, at the request of the person expressing them, they should be recorded in the minutes.

Complies [ X ]      Partially complies [ ]      Explain [ ]      Not applicable [ ]

29. That the company establishes the appropriate channels for directors to obtain the necessary advice for the performance of their duties, including, if circumstances so require, external advice at the company's expense.

Complies [ X ]      Partially complies [ ]      Explain [ ]

30. That, regardless of the knowledge required of directors for the performance of their duties, companies should also offer directors refresher programs when circumstances so advise.

Complies [ X ]      Explain [ ]      Not applicable [ ]

31. The agenda of the meetings should clearly indicate those points on which the board of directors must adopt a decision or resolution so that the directors may study or obtain, in advance, the information necessary for its adoption.

When, exceptionally, for reasons of urgency, the chairman wishes to submit to the approval of the board of directors decisions or resolutions not included in the agenda, the prior express consent of the majority of the directors present shall be required, which shall be duly recorded in the minutes.

Complies [ X ]      Partially complies [ ]      Explain [ ]

32. That the directors are periodically informed of movements in shareholding and of the opinion that significant shareholders, investors and rating agencies have on the company and its group.

Complies [ X ]      Partially complies [ ]      Explain [ ]

33. The chairman, as the person responsible for the proper operation of the board of directors, in addition to the duties assigned by law and the bylaws, should prepare and submit to the board of directors a schedule of meeting dates and agendas; organize and coordinate regular evaluations of the board and, where appropriate, the company's chief executive officer; be responsible for the management of the board and the effectiveness of its operation; ensure that sufficient time is devoted to the discussion of strategic issues; and agree upon and review refresher programs for each director, when circumstances so advise.

Complies [ X ]      Partially complies [ ]      Explain [ ]

34. When there is a coordinating director, the bylaws or the regulations of the board of directors, in addition to the powers corresponding to him by law, should grant him the following: chairing the board of directors in the absence of the chairman and vice chairmen, if any; reflecting the concerns of the non-executive directors; maintaining contacts with investors and shareholders to ascertain their points of view in order to form an opinion on their concerns, particularly in relation to the corporate governance of the company; and coordinating the succession plan for the chairman.

Complies [ X ]      Partially complies [ ]      Explain [ ]      Not applicable [ ]

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

35. The secretary of the board of directors should take special care to ensure that in its actions and decisions the board of directors takes into account the recommendations on good governance contained in this Code of Good Governance that are applicable to the company.

Complies [ X ]      Explains [ ]

36. That the full board of directors should evaluate once a year and adopt, if necessary, an action plan to correct any deficiencies detected with respect to:

- a) The quality and efficiency of the operation of the board of directors.
- b) The operation and composition of its committees.
- c) The diversity in the composition and competencies of the board of directors.
- d) The performance of the chairman of the board of directors and the chief executive of the company.
- e) The performance and contribution of each director, paying special attention to the heads of the various board committees.

The evaluation of the different committees shall be based on the report they submit to the Board of Directors, and for the evaluation of the Board of Directors, on the report submitted by the Appointments Committee.

Every three years, the board of directors shall be assisted in the evaluation by an external consultant, whose independence shall be verified by the appointments committee.

The business relationships that the consultant or any company in its group maintains with the company or any company in its group shall be disclosed in the annual corporate governance report.

The process and areas evaluated shall be described in the annual corporate governance report.

Complies [ X ]      Partially complies [ ]      Explain [ ]

37. When there is an executive committee, at least two non-executive directors should sit on it, at least one of whom should be independent; and its secretary should be the secretary of the board of directors.

Complies [ ]      Partially complies [ ]      Explain [ ]      Not applicable [ X ]

The Company does not have an Executive Committee.

38. The board of directors should always be informed of the matters discussed and decisions adopted by the executive committee and all members of the board of directors should receive a copy of the minutes of the meetings of the executive committee.

Complies [ ]      Partially complies [ ]      Explain [ ]      Not applicable [ X ]

The Company does not have an Executive Committee.

39. That the members of the audit committee as a whole, and especially its chairman, are appointed taking into account their knowledge and experience in accounting, auditing and risk management, both financial and non-financial.

Complies [ X ]      Partially complies [ ]      Explain [ ]



## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

40. Under the supervision of the audit committee, there should be an internal audit unit to ensure the proper functioning of internal control and information systems, reporting functionally to the non-executive chairman of the board or the chairman of the audit committee.

Complies [ ]      Partially complies [ X ]      Explain [ ]

Notwithstanding the fact that the Company has an Internal Audit unit that oversees the proper functioning of the information and internal control systems, this unit reports functionally to the Finance Department and acts under the supervision of the Audit and Control Committee of the Company, and therefore does not report to the Chairman of the Board of Directors or to the Audit and Control Committee.

41. The head of the unit that assumes the internal audit function should submit to the audit committee, for approval by the latter or by the board, its annual work plan, report directly to it on its execution, including any possible incidents and limitations to the scope that may arise in its development, the results and follow-up of its recommendations, and submit an activities report at the end of each fiscal year.

Complies [ X ]      Partially complies [ ]      Explain [ ]      Not applicable [ ]

42. Besides those assigned by law, the audit committee should have the functions set out below:

1. With respect to the systems for internal control and reporting:

- a) Supervise and evaluate the preparation process and the integrity of the financial and non-financial information, as well as the control and management systems for financial and non-financial risks relating to the company and, if applicable, to the group -including operational, technological, legal, social, environmental, political and reputational or corruption-related risks- reviewing compliance with compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.
- b) Ensure the independence of the unit that assumes the internal audit function; propose the selection, appointment and removal of the head of the internal audit service; propose the budget for that service; approve or propose approval to the board of the orientation and annual work plan of internal audit, ensuring that its activity is focused primarily on relevant risks (including reputational); receive regular information on its activities; and verify that senior management takes into account the findings and recommendations of its reports.
- c) Establish and supervise a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to communicate irregularities of potential transcendence, including financial and accounting irregularities, or of any other nature, related to the company that they notice within the company or its group. This mechanism must guarantee confidentiality and, in any case, provide for cases in which communications can be made anonymously, respecting the rights of the whistleblower and the reported party.
- d) Ensuring in general that the policies and systems established in the area of internal control are effectively applied in practice.

2. In relation to the external auditor:

- a) In the event of resignation of the external auditor, to examine the circumstances that may have led to such resignation.
- b) Ensure that the external auditor's remuneration for its work does not compromise its quality or Independence.
- c) Supervise that the company notifies the CNMV of the change of auditor and accompanies it with a statement on the possible existence of disagreements with the outgoing auditor and, if any, their content.
- d) Ensure that the external auditor holds an annual meeting with the full board of directors to report on the

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

work performed and on the evolution of the company's accounting and risk situation.

- e) Ensure that the company and the external auditor comply with current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other regulations on auditor Independence.

Complies  Partially complies  Explain

43. That the audit committee may summon any employee or officer of the company, and even order their appearance without the presence of any other officer.

Complies  Partially complies  Explain

44. The audit committee should be informed of the structural and corporate modifications that the company plans to carry out for its analysis and prior report to the board of directors on their economic conditions and accounting impact and, in particular, if applicable, on the proposed exchange ratio.

Complies  Partially Complies  Explain  Not applicable

The Company has not approved any structural and corporate modifications transactions during the 2020 fiscal year.

45. That the risk control and management policy identifies or determines at least:

- a) The different types of risks, financial and non-financial (including operational, technological, legal, social, environmental, political and reputational, including those related to corruption) to be faced by the company, including contingent liabilities and other off-balance sheet risks.
- b) A risk control and management model based on different levels, of which a specialized risk committee shall form part when the sectorial regulations provide for it or the corporation deems it appropriate.
- c) The level of risk that the company considers acceptable.
- d) The measures foreseen to mitigate the impact of the risks identified, should they materialize.
- e) The information and internal control systems to be used to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

Complies  Partially complies  Explain

As stated in Section G of the ACGR, the Company's risk control and management systems, described in detail in Section E ("Risk Control and Management Systems") of the ACGR, analyze and develop the financial and non-financial risks related to the bid preparation phases (in particular, operational, technological, legal, social, environmental and political risks) and, if applicable, the execution of the projects by the Company, as well as the internal information and control systems used to control and manage them and the measures foreseen to mitigate the impact of the risks identified above, should they materialize.

Notwithstanding the foregoing, although the Company has implemented the necessary control systems and procedures, it is considered that compliance with this Recommendation is partial since it does not expressly include in a formal document the fixation of the level of risks that the Company considers acceptable, although there are indicators and parameters that those responsible for the different areas must evaluate and take into account.

46. That under the direct supervision of the audit committee or, as the case may be, of a specialized committee of the board of directors, there is an internal risk control and management function exercised by an internal unit or department of the company with the following functions expressly attributed to it:

- a) Ensure the proper functioning of the risk control and management systems and, in particular, that all significant risks affecting the company are adequately identified, managed and quantified.
- b) To actively participate in the preparation of the risk strategy and in the important decisions on its management.
- c) To ensure that the risk control and management systems adequately mitigate risks within the

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

framework of the policy established by the board of directors.

Complies [ ] Partially complies [ X ] Explain [ ]

Notwithstanding the fact that there is no internal function, unit or department within the Company, the Company's internal audit department performs the functions provided for in the Recommendation with respect to the Company's ICFR risks.

Non-financial risks, in accordance with the Company's risk control and management system described in section E ("Risk Control and Management Systems") of the IAGC, are assessed, if applicable, by the operational areas or non-operational departments of the Company that perform these functions in practice, without there being an express attribution of the same in the Company's corporate documentation.

The aforementioned assignment of risk control and management functions is without prejudice to the other risk control and management systems described in the aforementioned section E ("Risk Control and Management Systems") of this report.

47. That the members of the appointments and remuneration committee -or of the appointments committee and the remuneration committee, if they are separate- are appointed with the knowledge, skills and experience appropriate to the functions they are called upon to perform, and that the majority of such members are independent directors.

Complies [ ] Partially complies [ X ] Explain [ ]

The Appointments and Remuneration Committee is composed of 5 members, 2 of whom are independent directors. All of them have been appointed with the knowledge, skills and experience appropriate to the functions they are called upon to perform, such as human resources, selection of directors and executives and design of remuneration policies and plans, without prejudice to also seeking to favor gender diversity and other diversity criteria of its members.

48. Large cap companies should have a separate nomination committee and a separate remuneration committee.

Complies [ ] Explain [ ] Not applicable [ X ]

The Company does not have a large capitalization. Therefore, the Company has only one Committee which is responsible for appointments and remuneration, since it considers that, given that the members of such Committee have been chosen from among the Company's directors, taking into account the knowledge, skills and experience appropriate to the duties performed by the Committee, both in the area of appointments and remuneration.

On the other hand, the Committee currently has full functional capacity to assume both functions without there being any circumstances that would prevent the proper performance thereof and, therefore, the existence of a single Committee does not prejudice or limit the exercise of the functions that the Law attributes to the specialized supervisory Committees in matters of appointments and remuneration.

In the event that this aspect were to be modified in the future or some other reason might make it necessary, the Board of Directors would evaluate the convenience of having two separate Committees.

49. The nomination committee should consult with the chairman of the board of directors and the chief executive of the company, especially on matters relating to executive directors.

And that any director may request the appointments committee to consider potential candidates to fill vacancies on the board, in case it deems them suitable in its opinion.

Complies [ X ] Partially complies [ ] Explain [ ]

50. The remuneration committee should exercise its functions independently and, in addition to the functions attributed to it by law, it should be responsible for the following:

- a) Propose to the Board of Directors the basic conditions of senior management contracts.
- b) Verify compliance with the remuneration policy established by the company.
- c) Periodically review the remuneration policy applied to directors and senior management, including share-based remuneration systems and their application, and ensure that their individual remuneration is proportionate to that paid to other directors and senior management of the company.
- d) Ensure that any conflicts of interest do not impair the independence of the external advice provided to the

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

committee.

- e) Verify the information on remuneration of directors and senior management contained in the various corporate documents, including the annual report on directors' remuneration.

Complies  Partially complies  Explain

51. The compensation committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors and senior management.

Complies  Partially complies  Explain

52. That the rules for the composition and functioning of the supervisory and control committees figure in the regulations of the board of directors and are consistent with those applicable to legally mandatory committees in accordance with the above recommendations, including:

- a) They should be composed exclusively of non-executive directors, with a majority of independent directors.
- b) The Chairmen should be independent directors.
- c) The board of directors should appoint the members of these committees with regard to the knowledge, aptitudes and experience of the directors and the duties of each committee, deliberate on their proposals and reports; and report on their activities at the first board plenary following their meetings, and be accountable for the work performed.
- d) The committees should be able to seek external advice when they consider it necessary for the performance of their duties.
- e) Minutes should be taken at their meetings and made available to all Board members.

Cumple  Cumple parcialmente  Explicue  No aplicable

The rules governing the composition and functioning of the Risk and Management Committee are expressly set forth in the Board of Directors' Regulations for all the points indicated, except for points a) and b) (the Executive Chairman is a member of the Risk and Management Committee, which he chairs) and the final clause of letter c) "to report, at the first plenary meeting of the Board of Directors following its meetings, on its activities and to be accountable for the work performed", although the Risk and Management Committee does perform this task in practice. In addition, the Risk and Management Committee has 8 members, 4 of whom are independent.

53. The supervision of compliance with the company's environmental, social and corporate governance policies and rules, as well as internal codes of conduct, should be entrusted to one or more committees of the board of directors that could be The Audit Committee, the Appointments Committee, a committee specializing in sustainability or corporate social responsibility or any other specialized committee that the Board of Directors, in the exercise of its powers of self-organization, has decided to create. Such committee shall be composed solely of non-executive directors, the majority of whom shall be independent and be specifically attributed with the minimum functions indicated in the following recommendation.

Complies  Partially complies  Explain

54. The minimum functions referred to in the above recommendation are as follows:

- a) Supervision of compliance with corporate governance rules and the company's internal codes of conduct, also ensuring that the corporate culture is aligned with its purpose and values.
- b) The supervision of the application of the general policy regarding the communication of economic-financial, non-financial and corporate information as well as communication with shareholders and investors, proxy advisors and other stakeholders. Likewise, the way in which the entity communicates and relates to small and medium-sized shareholders shall also be monitored.
- c) The evaluation and periodic review of the corporate governance system and the company's environmental

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

and social policy, in order to ensure that they fulfill their mission of promoting the social interest and take into account, as appropriate, the legitimate interests of other stakeholders.

- d) The supervision that the company's practices in environmental and social matters are in line with the strategy and policy fixed.
- e) The supervision and evaluation of the relationship processes with the different stakeholders.

Complies  Partially complies  Explain

55. That sustainability policies in environmental and social matters identify and include at least:

- a) The principles, compromises, objectives and strategy with respect to shareholders, employees, customers, suppliers, social issues, environment, diversity, corporate responsibility, respect for human rights and prevention of corruption and other illegal conduct.
- b) The methods or systems for monitoring compliance of policies, associated risks and its management.
- c) The mechanisms for monitoring non-financial risk, including those related to ethical aspects and business conduct.
- d) The channels of communication, participation and dialogue with stakeholders.
- e) Responsible communication practices that avoid manipulation of information and protect the integrity and honor of the company.

Cumple  Cumple parcialmente  Explicite

56. Directors' remuneration should be sufficient to attract and retain directors of the desired profile and to reward the dedication, qualification and responsibility that the position requires, but not so high as to compromise the independence of judgment of non-executive directors.

Complies  Explain

57. That variable remuneration linked to the company's performance and personal performance, as well as remuneration through the delivery of shares, options or rights on shares or instruments referenced to the value of the share and long-term savings systems such as pension plans, retirement systems or other social welfare systems are limited to executive directors.

The delivery of shares as remuneration to non-executive directors may be contemplated when it is conditioned to their maintaining them until they cease to be directors. The foregoing shall not apply to shares that the director needs to dispose of, if applicable, to meet the costs related to their acquisition.

Complies  Partially complies  Explain

58. In the case of variable compensation, compensation policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector of activity or other similar circumstances.

And, in particular, that the variable components of the remunerations:

- a) Are linked to performance criteria that are predetermined and measurable and that such criteria consider the risk assumed in order to obtain a result.
- b) Promote the sustainability of the company and include non-financial criteria that are appropriate for long-term value creation, such as compliance with the company's internal rules and procedures and its policies for risk control and management.

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

- c) Are configured on the basis of a balance between meeting short-, medium- and long-term objectives, which allow performance to be remunerated for continued performance over a period sufficiently long to appreciate its contribution to the sustainable creation of value, so that the elements for measuring this performance do not revolve solely around one-off, occasional or extraordinary events.

Complies  Partially complies  Explain  Not applicable

59. That the payment of the variable components of the remuneration is subject to sufficient verification that the previously established performance or other conditions have been effectively fulfilled. The entities shall include in the annual directors' remuneration report the criteria regarding the time required and methods for such verification depending on the nature and characteristics of each variable component.

That, additionally, the entities shall consider the establishment of a reduction clause ('malus') based on the deferral for a sufficient period of time of the payment of a part of the variable components that implies their total or partial loss in the event that prior to the moment of payment, some event occurs that makes it advisable.

Complies  Partially complies  Explain  Not applicable

In accordance with the Directors' Remuneration Policy 2020-2022, the payment of the variable remuneration shall be deferred and shall only take place after the close of the fiscal year, so that the Company may carry out the evaluation and verification of compliance with the parameters established for the determination of such remuneration. The evaluation shall be carried out, among other aspects, on the basis of the annual results of the Company and its consolidated group, which shall be analyzed by the Audit and Control Committee. After such analysis, the Appointments and Remuneration Committee will submit the proposal for variable remuneration to the Board of Directors, which will approve the amount of variable remuneration, if any.

This information has been added to section A1 of the Company's Annual Report on Directors' Remuneration for the 2019 financial year and will also be included in the same section of the Annual Report on the Remuneration of the Company's Directors for the 2020 financial year.

Finally, the Company would initiate the necessary actions for the reimbursement, if applicable, by the director of remuneration received, when such remuneration has been based on data whose inaccuracy has subsequently been proven to be manifestly incorrect, even if such actions are not expressly provided for in the contract signed with the Chief Executive Officer.

60. Remuneration linked to the company's results should take into account any qualifications stated in the external auditor's report and reduce such results.

Complies  Partially complies  Explain  Not applicable

61. That a relevant percentage of the variable remuneration of executive directors is linked to the delivery of shares or financial instruments referenced to their value.

Complies  Partially complies  Explain  Not applicable

The variable remuneration of the executive director does not entail the delivery of shares or financial instruments referenced to their value, since the Company does not consider it necessary due to the fact that the executive director has a historical and shareholding relationship with the Company, so it is understood that his long-term interests are already sufficiently aligned with the Company.

62. Once the shares, options or financial instruments corresponding to the remuneration systems have been assigned, executive directors may not transfer ownership or exercise them until a period of at least three years has elapsed.

An exception is made in the case in which the director maintains, at the time of the transfer or exercise, a net economic exposure to the variation in the price of the shares for a market value equivalent to an amount of at least twice his or her annual fixed remuneration through the ownership of shares, options or other financial instruments.

The foregoing shall not apply to shares that the director needs to dispose of to meet the costs related to their acquisition or, subject to a favorable appraisal by the appointments and remuneration committee, to meet extraordinary supervening situations that so require.

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR PUBLIC LIMITED COMPANIES**

Complies [ ]      Partially complies [ ]      Explain [ ]      Not applicable [ X ]

Remuneration systems do not include the delivery of shares.

63. Contractual agreements should include a clause allowing the company to claim reimbursement of variable components of remuneration when payment has not been in line with performance conditions or when they have been paid on the basis of data subsequently proven to be inaccurate.

Complies [ ]      Partially complies [ ]      Explain [ X ]      Not applicable [ ]

Although the contractual agreement does not include a clause to this effect, the Company would take the necessary measures to claim the reimbursement of the variable components of the remuneration when the payment was not in line with the performance conditions or when they were paid on the basis of data subsequently proven to be inaccurate, if applicable.

64. Payments for termination or extinction of the contract should not exceed an amount equivalent to two years of the total annual remuneration and should not be paid until the company has been able to verify that the director has complied with the criteria or conditions established for their receipt.

For the purposes of this recommendation, termination or contractual termination payments shall include any payments whose accrual or payment obligation arises as a result of or in connection with the termination of the contractual relationship between the director and the company, including amounts not previously vested in long-term savings schemes and amounts paid under post-contractual non-competition agreements.

Complies [ ]      Partially complies [ X ]      Explain [ ]      Not applicable [ ]

The Directors' Remuneration Policy limits the compensation for early termination in the event of separation from the position of director or any other form of termination of the legal relationship with the Company that serves as the basis for the remuneration of delegated or executive functions not due to a breach attributable to the director, for a maximum amount equivalent to the amount of the last two annual payments of (a) the fixed remuneration, (b) the variable remuneration, and (c) the amounts received by virtue of the special agreements with the Social Security which, if any, have been subscribed. Although it is not expressly contemplated in the Directors' Remuneration Policy or in the contract signed between the Company and the Executive Chairman, the Company shall not proceed to pay this amount until it has been able to verify that the director has complied with the criteria or conditions established for its receipt.



## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

### H. OTHER RELEVANT INFORMATION

---

1. If there is any relevant aspect regarding corporate governance in the company or group entities that has not been included in the other sections of this report, but which is necessary to include in order to provide more complete and reasoned information on the structure and practices of governance in the company or its group, briefly describe them.
2. This section may also include any other information, clarification or nuance related to the previous sections of the report to the extent that they are relevant and not repetitive.

Specifically, indicate whether the company is subject to corporate governance legislation other than Spanish legislation and, if so, include the information that it is obliged to provide and which differs from that required in this report.

3. The company may also indicate whether it voluntarily adheres to other codes of ethics or good practices, whether international, sectoral or of another scope. If applicable, identify the code and the date of adherence. Specifically, indicate whether the Company has adhered to the Code of Good Fiscal Practice of 20 July 2010:

Note on section A.2

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED is an investment management company that manages fund and client assets, among others. It is an indirect subsidiary owned by FRANKLIN RESOURCES, INC. which does not intervene through direct or indirect instructions or in any other way in the exercise of the voting rights of FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED.

For its part, ARIEL INVESTMENTS, LLC is an investment advisory firm that is the beneficiary of the shares on behalf of its clients. ARIEL INVESTMENTS, LLC is delegated the right to vote most, but not all, of those shares. ARIEL INVESTMENTS, LLC is a subsidiary of ARIEL CAPITAL MANAGEMENT HOLDINGS, INC. who does not directly or indirectly instruct it how to exercise those voting rights.

Note on section A.3

Mr. Martin Villa holds 100 shares of the Company's capital stock equivalent to 0.00018 % of the share capital.

Note on section A.10

(...)

(ii) The Board may also establish, in the event that the issue is convertible and exchangeable, that the issuer reserves the right to choose at any time between conversion into new shares or exchange for outstanding shares of Técnicas Reunidas, specifying the nature of the shares to be delivered at the time of conversion or exchange specifying the nature of the shares to be delivered at the time of the conversion or exchange, and may even opt to deliver a combination of newly issued shares with pre-existing shares of Técnicas Reunidas, and even to carry out the settlement by payment of the difference in value in cash. In any case, the issuer must respect equal treatment among all the holders of the fixed income securities converted and/or exchanged on the same date.

(iii) For the purposes of the conversion and/or exchange ratio, the securities will be valued at their nominal amount and the Company's shares at the fixed price (determined or determinable) established in the issue resolution, or at the variable price to be determined on the date or dates indicated in the Board resolution itself, based on the stock market price of the shares of Técnicas Reunidas on the date/s or period/s taken as a reference in the same resolution.

When the conversion and/or exchange ratio is fixed, the price of the Company's shares taken as a reference may not be lower than the higher of (i) the arithmetic or weighted average change, as decided in each issuance resolution, of the Company's shares in the market in which they are admitted to trading, according to the closing prices, during a period to be determined by the Board of Directors, not exceeding three months nor less than fifteen calendar days prior to the date of adoption of the resolution to issue the securities and (ii) the closing price of the shares on the day prior to the date of adoption of the resolution to issue the securities.

(iv) In the event that the conversion and/or exchange ratio is variable, the price of the Company's shares for the purposes of the conversion and/or exchange shall be the arithmetic or weighted average change, as decided in each issue resolution, of the shares in question on the market on which they are admitted to trading during a period to be determined by the Board of Directors, not exceeding three months nor less than fifteen calendar days prior to the conversion and/or exchange date, with a premium or, as the case may be, a discount on such price per share. The premium or discount may be different for each conversion and/or exchange date of each issue (or, as the case may be, each tranche of an issue), although in the event of a discount on the price per share, this may not exceed 20% of the value of the shares taken as a reference in accordance with the above provisions.

(v) When the conversion and/or exchange takes place, the fractions of shares that may correspond to the holder of the debentures shall be rounded down to the next lower whole number and each holder shall receive in cash, if so contemplated in the terms and conditions of the issue, the difference that may arise in such case.

(vi) In no case may the value of the share for the purposes of the conversion ratio of the debentures for shares be less than its par value. Likewise, in accordance with the provisions of Article 415 of the Capital Companies Act, debentures may not be converted into shares when the par value of such



## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

debentures is less than the par value of the shares.

At the time of approving an issue of convertible securities under the authorization contained in this resolution, the Board of Directors shall issue a Directors' report developing and specifying, on the basis of the criteria described above, the bases and modalities of the conversion specifically applicable to the aforementioned issue. On this report the accounts auditor other than the auditor of Técnicas Reunidas appointed for this purpose by the Mercantile Registry will issue the report referred to in article 414 of the Capital Companies Act, and both documents will be made available to the first General Shareholders' Meeting to be held.

### 6. Basis and terms and conditions for the exercise of warrants and other similar securities.-

In the case of issues of warrants, to which the provisions of the Capital Companies Act for convertible debentures shall apply by analogy, for the determination of the bases and modalities of their exercise, the Board of Directors is authorized to determine, in the broadest terms, the criteria applicable to the exercise of the rights to subscribe or acquire shares of the Company or of another company, or a combination of any of them, derived from securities of this class issued under this authorization, applying in relation to such issues the criteria set forth in section 5 above, with the necessary adaptations in order to make them compatible with the legal and financial regime of this class of securities.

The foregoing criteria shall apply, mutatis mutandis and to the extent applicable, in connection with the issuance of fixed income securities (or warrants) exchangeable into shares of other companies.

### 7. Exclusion of preemptive subscription rights and capital increase - This delegation to the Board of Directors also includes, but is not limited to, the delegation to the Board of Directors of the following Powers:

(i) The power for the Board of Directors, pursuant to the provisions of Article 511 of the Capital Companies Law in connection with Article 417 of said Law, to exclude, in whole or in part, the shareholders' pre-emptive subscription rights. In any case, if the Board of Directors decides to suppress the pre-emptive subscription rights of the shareholders in relation to a specific issue of convertible debentures or bonds, warrants and other securities similar to these, which it may decide to carry out under this authorization, it shall issue, at the time of approving the issue and in accordance with the applicable regulations, a report detailing the specific reasons of corporate interest that justify said exclusion, which will be subject to the correlative report of an independent expert appointed by the Mercantile Registry other than the auditor of Técnicas Reunidas, as referred to in articles 414, 417 and 511 of the Capital Companies Act. These reports will be published on the Company's website as soon as the conditions of the issue have been fixed and will also be made available to the shareholders and communicated to the first General Shareholders' Meeting to be held after the issue resolution.

(ii) The power to increase capital by the amount necessary to meet requests for conversion and/or the exercise of the right to subscribe shares. This power may only be exercised to the extent that the Board, adding together the capital to be increased to meet the issuance of convertible securities or securities giving the right to subscribe shares and the remaining capital increases agreed under the authorizations granted by this General Shareholders' Meeting, does not exceed the limit of half the amount of the share capital provided for in Article 297.1 (b) of the Capital Companies Act. This authorization to increase the capital includes the authorization to issue and put into circulation, on one or more occasions, the shares representing the capital necessary to carry out the conversion and/or exercise of the share subscription rights, as well as the authorization to redraft the article of the Company's Bylaws relating to the amount of the capital and, if applicable, to cancel the part of the capital increase that has not been necessary for the conversion and/or exercise of the share subscription rights.

(iii) The power to develop and specify the bases and modalities of the conversion, exchange and/or exercise of the rights of subscription and/or acquisition of shares, derived from the securities to be issued, taking into account the criteria established in sections 5 and 6 above.

(iv) The delegation to the Board of Directors includes the broadest powers required by law for the interpretation, application, execution and development of the agreements to issue securities convertible or exchangeable into shares of Técnicas Reunidas, on one or several occasions, and the corresponding capital increase, if applicable, also granting it powers to correct and complement them as necessary, as well as to comply with any requirements that may be legally required to carry them to fruition. It may correct any omissions or defects in said resolutions, pointed out by any authorities, officials or bodies, national or foreign, being also empowered to adopt as many resolutions and grant as many public or private documents as it deems necessary or convenient for the adaptation of the previous resolutions for the issue of convertible or exchangeable securities and the corresponding capital increase to the verbal or written qualification of the Mercantile Registrar or, in general, of any other competent national or foreign authorities, officials or institutions.

### 8. Admission to trading.- Técnicas Reunidas will request, where appropriate, the admission to trading on regulated or unregulated, organized or not, national or foreign, secondary markets of the debentures and/or convertible and/or exchangeable bonds or warrants issued by the Company by virtue of this authorization. by virtue of this authorization, empowering the Board of Directors, as broadly as necessary, to carry out the formalities and actions necessary for the admission to listing before the competent bodies of the different national or foreign securities markets.

It is expressly stated for the record that, in the event of a subsequent request for exclusion from trading, such request shall be adopted with the same formalities as the request for admission, insofar as applicable, and, in such event, the interest of the shareholders or bondholders who oppose or do not vote for the resolution under the terms set forth in the legislation in force shall be guaranteed. Likewise, it is expressly declared that Técnicas Reunidas is subject to the regulations that exist or may be issued in the future regarding Stock Exchanges and, especially, regarding contracting, permanence and exclusion from negotiation.

### 9. Power of substitution.- The Board of Directors is expressly authorized so that the Board of Directors, in turn, may substitute, under the provisions of the provisions of Article 249 bis of the Capital Companies Act, the powers of development, specification, execution, interpretation and correction of the issue resolutions referred to in this resolution in the First Deputy Chairman and in the Secretary of the Board of Directors, jointly and severally and indistinctly.

Likewise, the Board of Directors is empowered to guarantee, on behalf of Técnicas Reunidas and for the term and conditions set forth in this resolution, the obligations of all kinds that may arise for its subsidiaries from the issuance of negotiable securities referred to in this delegation made by them".

### Tenth Agreement:

"(i) To authorize the Board of Directors for the derivative acquisition of the Company's own shares, directly or through companies controlled by it, subject to the following limits and requirements:

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

- Forms of acquisition: acquisition by purchase and sale, by any other "inter vivos" act for valuable consideration or any other form permitted by law.
- Maximum number of shares to be acquired: acquisitions may be made, at any time, up to the maximum amount permitted by law.
- Minimum and maximum acquisition price: acquisitions may not be made at a price 5% higher or lower than that resulting from the weighted average price on the day on which the purchase is made (or the minimum and maximum prices permitted by Law at any time).
- Maximum trading volume: the maximum daily trading volume referring to the acquisition of treasury stock shall not exceed 15% of the average daily volume traded on the regulated market or the Spanish multilateral trading system in the previous thirty sessions.
- Duration of the authorization: five (5) years as from the date of this resolution.

In the development of these operations, the rules contained in the Company's Internal Rules of Conduct in the Securities Markets shall also be complied with.

(ii) To leave without effect, in the part not used, the authorization agreed on this same matter at the meeting of the General Shareholders' Meeting held on June 26, 2019.

(iii) It is expressly stated for the record that the shares acquired as a result of this authorization may be used, in whole or in part, both for their disposal or redemption and for the application of the remuneration systems that have as their object or involve the delivery of shares or stock options, in accordance with the provisions of section 1 a) of article 146 of the Capital Companies Act, and may be used for delivery to employees and directors of the Company or its Group, or as a consequence of the exercise of option rights held by them, for the achievement of potential operations or corporate or business decisions, as well as for any other legally possible purpose.

Note on section B.3

When, prior to the formulation of a specific question, the information requested is clearly, expressly and directly available to all shareholders on the Company's website in question-answer format, the Board may limit its answer to refer to the information provided in such format.

The Board may empower any of its members, its Secretary or any other person it deems appropriate to respond to requests for information from shareholders on behalf of the Board.

The means for sending the information requested by the shareholders shall be the same through which the request was made, unless the shareholder indicates a different means from among those declared suitable in accordance with the provisions of this article. In any case, the information in question may be sent by registered mail with acknowledgment of receipt or by registered fax.

Valid requests for information, clarifications or questions made in writing and the answers provided in writing by the Board will be posted on the Company's website.

Right to representation

Article 15 of the Regulations establishes that any shareholder entitled to attend may be represented at the General Meeting by another person, even if such person is not a shareholder. Likewise, shareholders owning less than fifty (50) shares may group together for the purpose of exercising their right to attend and vote at the General Meetings by conferring their representation to one of them. Representation is always revocable. In order to be enforceable, the revocation must be notified to the Company in the same terms provided for the notification of the appointment of a proxy. In any case, the attendance at the General Meeting of the represented shareholder, either physically or by remote voting, shall have the value of revocation of the proxy. The proxy shall also be revoked upon the disposal of the shares of which the Company is aware. The proxy must be granted specifically for each General Meeting, in writing or by means of remote communication, the use of which is expressly provided for by the Board of Directors in the notice of meeting, provided that the requirements set forth in the aforementioned notice are met and, in any case, the identity of the represented shareholder and the proxy and the security of the electronic communications are duly guaranteed.

Right to remote voting

Article 28 of the Regulation develops the right to cast remote votes by shareholders with the right to attend, by direct ownership or grouping, by means of postal correspondence or other means of remote electronic communication, empowering the Board to develop these provisions and establish the rules and procedures appropriate to the state of the art to implement the casting of votes and the delegation of representation by electronic means.

Note on section C.1.3

Mr. Adrián René Lajous was re-elected director of the Company with the qualification of independent external director by resolution of the General Meeting of the Company held on June 25, 2020, following the proposal of the Appointments and Remuneration Committee and with the justification report of the Board of Directors.

In the aforementioned justification report of the Board it was stated that Mr. Adrián René Lajous is not in any of the situations provided in article 529 duodecies 4 of the LSC (which includes those situations that, if present in a director, would prevent his qualification as independent), and in this sense, nor has he received from the Company or its Group, any amount or benefit other than his remuneration as director, having never maintained a business relationship of any kind with the Company or its Group, either in his own name or as significant shareholder, director or senior manager of an entity that maintains or has maintained such relationship.

In turn, the independent non-executive director Mr. Adrián René Lajous has been paid the same remuneration items as the other directors in their capacity as such in accordance with the provisions of Article 22 of the Bylaws, i.e. a fixed annual remuneration and allowances for attending the meetings of the Board and, where appropriate, of the Committees, so that no additional remuneration items have been applied to him and therefore no different from those that have been applied to the other directors in their capacity as such.

In this regard, within the maximum gross annual amount established by the General Meeting of the Company with respect to the overall remuneration corresponding to all the directors of Técnicas Reunidas for the financial year 2020 for the performance of their duties, the Board of Directors was responsible for the distribution of the individual remuneration among its members, in accordance with the provisions of Article 22 of

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

the Articles of Association, i.e. "taking into account the duties and responsibilities attributed to each Director, membership of Board Committees and other objective circumstances that the Board of Directors considers relevant", criteria that are developed and complemented in the Remuneration Policy of the Company's Directors for the financial years 2020 to 2022, in which reference is made to "the membership of the Committees, the positions they hold, their dedication to the service of the Company, as well as the particular contributions that, due to their qualifications and professional experience, such directors may make" (section IV of the Policy).

The Appointments and Remuneration Committee considers that, although the performance of the position of director as such implies the legal attribution of the same functions for all directors linked to the diligent and loyal development of the corporate purpose in accordance with the corporate interest, understood as the common interest of all shareholders, in accordance with the statutory criteria and the Remuneration Policy, it is the objective circumstances linked to the particular contributions that, due to his qualifications and professional experience, Mr. Adrián René Lajous may make to the development of the Board of Directors' own collegiate functions what justifies the annual fixed allowance specifically established for Mr. Lajous by the Board of Directors. In this sense, as shown in his curriculum vitae, available in the "Corporate Governance" section of the Company's website, in addition to the special situation derived from his residence in Mexico, his unique qualification and personal experience in the international field in the energy sector, particularly in Latam, is what gives a singular added value to his incorporation to the Board of Directors of the Company, being considered in this sense very relevant his vision as director, not only regarding the functions of the Board in general, but in particular in relation to the strategic definition of the Company given his international experience.

In addition to the foregoing, it is expressly stated for the record that Mr. Adrián René Lajous does not have any additional functions, whether management or any other type, other than those of a member of the Board of Directors, which all the directors have regardless of their category, nor does he perform any other duties within the Company.

Based on the foregoing, the Appointments and Remuneration Committee considers that the qualification corresponding to Mr. Adrián René Lajous as director is that of independent external director in accordance with the provisions of Article 529 duodecies of the Capital Companies Act.

Note on section C.1.3

Mr. Rodolfo Martín Villa waived payment of the amounts corresponding to his status as a director of Initec Plantas Industriales, S.A.U. from the time of his appointment as director of Técnicas Reunidas, S.A.

Note on sections C.1.3 and D.3

The Company considers that the transactions of Banco de Sabadell with the Company do not affect the performance of Mr. José Nieto de la Cierva as an independent external director of the Company.

Mr. José Nieto was appointed member of the Board of Directors of the Company, upon proposal of the Appointments and Remuneration Committee and with the justification report of the Board of Directors, with the qualification of independent external director by resolution of the General Meeting of the Company held on June 27, 2018.

In the aforementioned justification report of the Board, it was stated that Mr. José Nieto is appointed in view of his personal and professional conditions, being able to perform his duties without being conditioned by relationships with the Company or its Group, its significant shareholders or its executives, not being in any of the situations provided in Article 529 duodecies 4 of the LSC that would prevent him from being qualified as an independent director.

As a director of the Company, Mr. José Nieto is subject, among others, to the duty of loyalty, having to perform his duties with the loyalty of a representative, acting in good faith and in the best interest of the Company, principles that have governed his actions as a director of the Company at all times, without having been affected in any case by his condition as General Manager of Banco de Sabadell, S.A.

Likewise, and as stated in section D.1 of the ACGR, the Company has a specific procedure for the approval of transactions with related parties. In this regard, Article 5 of the Regulations of the Board of Directors of the Company establishes that the Board of Directors is responsible for approving, following a report from the Audit and Control Committee, the transactions that the Company, or companies of its Group, carries out with Directors, or with shareholders holding, individually or in concert with others, a significant interest, including shareholders represented on the Board of Directors of the Company or of other companies that form part of the same group or with persons related to them.

The directors affected or who represent or are related to the shareholders affected shall abstain from participating in the deliberation and voting on the resolution in question, and in addition to not exercising or delegating their voting rights, shall absent themselves from the meeting room while the Board of Directors deliberates and votes on the related-party transaction in.

As an exception to this rule, the authorization of the Board of Directors shall not be required for those related-party transactions that simultaneously meet the following three conditions: (i) that they are carried out under contracts whose conditions are standardized and applied en masse to a large number of customers; (ii) that they are carried out at market prices or rates, fixed on a general basis by whoever acts as supplier of the good or service in question; and (iii) that the amount of the transaction does not exceed one percent of the Company's annual revenues.

In this regard, the Company has a historical relationship with Banco de Sabadell, and the existence of such commercial relationships with Banco de Sabadell, S.A. shall in no way diminish Mr. Nieto's independence.

For its part, the Company will continue to submit to the authorization of the Board of Directors for those transactions related to Banco de Sabadell, S.A. with respect to which this authorization is required in accordance with the provisions of the applicable regulations.

Likewise, the fact that the Company carries out transactions that by their nature are considered to be related to a director, always within the limits and with the requirements established in the Law and in the corporate texts of the Company, in no case should condition the qualification of a director in one category or the other, nor does it imply, therefore, that he/she cannot be qualified as an independent director.

Note on section C.1.16

[Continued]

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

With regard to the removal of Board Members, Article 22 of the Board Regulations establishes the following:

"1. Board members shall leave office when the term for which they were appointed has elapsed and when so decided by the General Shareholders' Meeting in use of the powers legally or statutorily conferred upon it. In the case of independent directors, when they have held such position for an uninterrupted period of 12 years, from the time the Company's shares are admitted to trading on the Stock Exchange.

2. The Board Members must tender their resignation to the Board of Directors and formalize, if the Board deems it appropriate, the corresponding resignation in the following cases:

- a) When they cease to hold the executive positions with which their appointment as director was associated.
- b) When they are involved in any of the cases of incompatibility or prohibition provided for by law.
- c) When they are seriously reprimanded by the Board of Directors for having breached their obligations as Board Members.
- d) When their continuance on the Board may jeopardize the interests of the Company or when the reasons for which they were appointed cease to exist (for example, when a shareholder director disposes of his interest in the Company)".

3. The Board of Directors shall immediately inform the Board of any criminal cases in which they appear as defendants, as well as their subsequent procedural vicissitudes.

As soon as they are indicted or an order is issued to open an oral trial for any of the crimes set forth in Article 213 of the Capital Companies Act, the Board shall necessarily examine the case and, in view of the specific circumstances and its potential effect on the Company's credit and reputation, shall decide whether or not the Director should resign. The Board shall give a reasoned account of all the foregoing in the Annual Corporate Governance Report.

4. When, whether by resignation or otherwise, a director leaves office before the end of his term of office, he shall explain the reasons in a letter to be sent to all the members of the Board. The reason for the resignation shall be disclosed in the Annual Corporate Governance Report".

Finally, all these procedures have been reinforced with the approval by the Company's Board of Directors during the 2020 financial year of the Policy for the Selection of Directors and Diversity on the Board of Directors of Técnicas Reunidas, S.A., whose purpose is to determine the criteria that the Board of Directors of Técnicas Reunidas will take into account in the selection, appointment and re-election processes of the members of the Company's Board of Directors, as well as the criteria and requirements for an adequate and diverse composition of the Board of Directors, all in accordance with the applicable regulations, the Company's internal rules and the recommendations and best practices of good corporate governance.

Note on section C.1.31

The General Meeting of the Company held on June 25, 2020 approved the appointment of Deloitte, S.L. and PriceWaterhouseCoopers as auditors of the Company and its consolidated group for the financial year 2020, within a joint audit system.

Note on section C.1.34

The General Meeting of the Company held on June 25, 2020 approved the appointment of Deloitte, S.L. and PriceWaterhouseCoopers as auditors of the Company and its consolidated group for the financial year 2020, within a joint audit system. The number of uninterrupted fiscal years PWC has been auditing the Company and its consolidated group is 32 and 19, respectively. For its part, the 2017 financial year was the first audited by Deloitte, S.L. The percentage of years is calculated from the year of the Company's IPO (2006) and not from its date of incorporation (06/07/1960).

Note on section C.2.1

Continuation of the functions of the Audit and Control Committee of the Company:

i) Regularly obtain information from the auditor on the audit plan and its execution, in addition to preserving its independence in the exercise of his functions.

j) Establish the appropriate relations with the external auditor to receive information on those matters that may pose a threat to its independence, in particular any discrepancies that may arise between the auditor and the Company's management, for examination by the Committee, and any other matters related to the process of auditing the accounts and, where appropriate, the authorization of services other than those prohibited under the terms provided in the applicable regulations, as well as any other communications provided for in the legislation on auditing the accounts and in the auditing standards.

k) In any case, they shall receive annually from the external auditors a declaration of their Independence in relation to the Company or entities directly or indirectly related to it, as well as detailed and individualized information on additional services of any kind rendered and the corresponding fees received from these entities by the external auditor or by the persons or entities related to it in accordance with the provisions of the regulations governing the auditing of accounts and other auditing standards.

l) To issue annually, prior to the issuance of the Audit report, a report expressing an opinion as to whether the Independence of the auditors or Audit firms is compromised. This report shall contain, in any case, a reasoned Assessment of the provision of each and every one of the additional services referred to in the previous point, individually considered and as a whole, other than the statutory audit and in relation to the independence regime or to the regulations governing the auditing activity. This report shall be published on the Company's website sufficiently in advance of the Ordinary General Meeting.

m) In relation to the external auditor: (i) in the event of resignation of the external auditor, to examine the circumstances giving rise thereto; (ii) to ensure that the external auditor's remuneration for his/her work does not compromise his/her quality or Independence; (iii) to supervise that the Company communicates as other relevant information to the National Securities Market Commission the change of auditor and accompanies it with a statement on the possible existence of disagreements with the outgoing auditor and, if any, their content; and (iv) ensure that the external auditor holds an annual meeting with the full Board of Directors to report to it on the work performed and on the evolution of the Company's accounting and risk situation.

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

n) To supervise compliance with the Audit contract, ensuring that the opinion on the annual accounts and the main contents of the Audit report are drafted clearly and accurately, as well as to evaluate the results of each Audit and, likewise, to ensure that the Company and the external auditor comply with the rules in force on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, the other rules established to ensure the independence of the auditors.

o) Make a final assessment of the auditor's performance and how it has contributed to the quality of the Audit and the integrity of the financial information.

In relation to the supervision of risk management and control:

p) Periodically supervise the effectiveness of the risk management systems.

q) Directly supervise the internal risk control and management functions.

r) Re-evaluate, at least annually, the list of the most significant financial and non-financial risks and assess their level of tolerance, proposing their adjustment to the Board of Directors, as the case may be.

s) Hold, at least annually, a meeting with the heads of the business units in which they explain the business trends and associated risks.

t) Evaluate all matters relating to the Company's non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks).

u) To be informed of the tax policies applied by the Company. In this regard, to receive information from the person responsible for tax matters on the tax policies applied, at least prior to the preparation of the annual financial statements and the filing of the corporate income tax return and, when relevant, on the tax consequences of corporate transactions whose approval is submitted to the Board of Directors.

v) Control and supervise compliance with the risk control and management policy, directly or through one or more sub-committees created for this purpose. This activity shall be coordinated with that carried out by the Risk and Management Committee, as the case may be.

In relation to Corporate governance and Corporate social responsibility:

w) To examine compliance with the Company's corporate governance rules. In particular, the Audit and Control Committee shall: (i) shall supervise compliance with the Internal Rules of Conduct in the Securities Markets, these Rules, the Rules of the Audit and Control Committee, if applicable other internal codes of conduct and, in general, the Company's rules of governance, making the necessary proposals for their improvement; (ii) supervise the strategy for communication and relations with shareholders and investors, including small and medium-sized shareholders; and (iii) periodically evaluate the adequacy of the Company's corporate governance system, so that it fulfills its mission of promoting the corporate interest and takes into account, as appropriate, the legitimate interests of the remaining stakeholders.

x) To supervise compliance with the Company's Corporate social responsibility policy. In particular, the Audit and Control Committee shall: (i) shall review the Company's corporate social responsibility policy, ensuring that it is oriented towards the creation of value; (ii) shall monitor the corporate social responsibility strategy and practices and evaluate its degree of compliance; (iii) shall supervise and evaluate the relationship with the different stakeholders; and (iv) shall coordinate the reporting process of non-financial and diversity information, in accordance with applicable regulations and international reference standards.

Other functions:

y) To supervise the organization and operation of the Company's Regulatory Compliance system and area.

z) To report to the Board of Directors, prior to the adoption by the latter of the corresponding decisions, on all matters provided for in the Law, the Bylaws and the Regulations of the Board of Directors and, in particular, on:

a. the financial information that the Company must periodically disclose.

b. the creation or acquisition of interests in special purpose entities or entities domiciled in countries or territories that are considered tax havens.

c. transactions that involve or may involve conflicts of interest and, in particular, Related-Party Transactions, as provided by law, the Bylaws or these Regulations.

The report, if any, issued by the Audit and Control Committee on related-party transactions shall be published on the Company's website sufficiently in advance of the Ordinary General Meeting; and

d. the economic conditions and accounting impact and, if applicable, the proposed exchange ratio, of the structural and Corporate modification operations that the Company plans to carry out.

e. Any other reporting and proposal function that may be entrusted by the Board of Directors in general or in particular, or that may be established by the regulations in force from time to time.

During the fiscal year 2020, the Audit and Control Committee has carried out the following activities:

a) In connection with the monitoring of financial information:

• The annual accounts, individual and consolidated, were favorably reported by the Committee for consideration and, if applicable, approval by the Board of Directors. In the previous debate, emphasis was placed on certain issues that were considered particularly relevant, highlighting for these purposes as a novelty the preparation of non-financial information as part of the management report, as a result of the approval of Law 11/2018, of December 28, which was subject to verification in accordance with the provisions of the regulations in force.



## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

In addition, the external auditors, Deloitte and PricewaterhouseCoopers (PwC), stated that no significant risks additional to those identified in the planning process and presented at an earlier meeting in 2019 were brought to light during the joint Audit work and confirmed that no disagreement or scope limitation had occurred during the joint process.

- The Committee, unanimously agreed to submit to the Board of Directors the proposal for the appropriation of the profit for the year ended December 31st, 2020.
- The statement to be sent to the CNMV was analyzed, indicating that the Committee would report favorably to the Board of Director son the Annual Financial Report for the 2019 fiscal year, for its approval and submission to the CNMV.

The Committee has periodically monitored the progress of the Audit work, appearing, where appropriate, the external auditors to report on issues such as: (i) revenue recognitions; (ii) evolution of tax assessments; (iii) deferred tax assets; (iv) estimation of project cash flows; (v) evolution of deferred tax assets; (vi) review of the evolution of Project closure, focusing on the projects that have represented the most complexity, both in their execution and closure; (vii) regulatory developments that will have an impact on the Group's accounts; (viii) ongoing judicial and arbitration proceedings, both administrative and operational; and (ix) periodic public information regarding the first half of 2020 (the Committee having received from the external auditors an opinion on the limited review of such information for the first half of the year).

Likewise, at the last meeting of the 2020 Committee, the Committee was informed by the external auditors, PwC and Deloitte, of the conclusions of the preliminary review of the audit of the 2020 fiscal year, and a review was also made of relevant issues with a view to the closing, with the intervention of the Board Members requesting additional information on certain issues or making clarifications in relation to others. It was expressly stated that there had been no disagreements regarding the relationship between the two firms.

At its meetings, the Committee has supervised various issues related to financial and non-financial information, including, among others: (i) the advance of the year-end data; (ii) the Group's cash position, in which respect there were several interventions by the directors to make certain clarifications or ask questions; (iii) the periodic public information, both quarterly and half-yearly, of 2020; and (iv) financial presentations to analysts.

The Committee has been periodically informed about the Company's system of internal control over financial reporting (ICFR). In particular:

- Several reports have been presented by the internal auditor on the ICFR. In this regard, he reported the conclusions of the ICFR review (concluding that the Group has internal procedures that include the control activities related to financial information flows, establish responsibilities and define the transactions and documents supporting such controls) as well as the recommendations to be implemented (among others, regarding the multi-year economic planning of EBIT and the economic planning of equity), with the directors actively participating in the assessment of the information presented.

In addition, the Committee has periodically monitored and supervised other matters:

- Verification of the financial information contained in the Corporate website, receiving information on the regulations in force in this regard, verifying that it coincided with the information that appeared on the Company's website of the CNMV and confirming the validity of the information published on the corporate website.
- Recognition of assets for exchange orders and claims, in some cases with the collaboration of the internal auditor in their meetings.

b) In relation to the supervision of internal control and internal auditing:

The Committee unanimously approved the Report on Related-Party Transactions for the year ended December 31, 2019 to be submitted to the Board of Directors.

c) In relation to the statutory auditor

At its meeting held on February 25, 2020, the Committee approved the statement of non-financial information, as an integral part of the management report, summarizing the activity of the Company and its consolidated group in the area of Corporate social responsibility and its application during the year.

d) In connection with the supervision of risk management and risk control.

The Committee has been periodically informed of various matters within its purview, including, among others, the following:

- The area's objectives for the 2020 financial year and, in particular: design of the Compliance Management System, which includes the design aspects (review, and update of the Code of Conduct and review and approval of the quantitative limits of the Gifts and Hospitality Policy, the development of the Donations and Sponsorship Policy and the approval of the Anti-Fraud and Trade Control Policy), implementation and monitoring (implementation of the controls map and its documented monitoring, obtaining the declarations of conformity with the criminal compliance management system and its policies for positions with greater exposure to risks of a criminal nature, verification of the design and effectiveness of the System – internal audit and external review-, implementation, dissemination and monitoring of the Business Partner Liaison Policy and the deployment of the Compliance function in the Asia and Central and South America regions) and training (development and implementation of an online course for all staff on the System, specific training for members of the Board of Directors and specific training for personnel especially exposed to the risk identified in the risk matrix evaluated).

In this regard, the Committee was periodically informed of the status of execution of the Regulatory Compliance objectives, as well as of the proceedings opened, and their status, by means of communications received through the Code of Conduct Mailbox.

- In January 2020, the head of the Compliance area presented the Annual Activities Report for 2019, dealing with aspects related to the design and implementation of the Criminal Compliance Management System (reassessment of criminal risks, preparation of a compliance risk matrix and a training matrix, establishment of contractual clauses for business partners, implementation of the Code of Ethics for suppliers and subcontractors and introduction of improvements in the due diligence process with third parties, incorporating the analysis of the ultimate final beneficiaries), the resources available to the Compliance area, training activities and managers and employees (6 sessions for a total of managers and middle management, 3 face-to-face sessions for procurement and subcontract teams, face-to-face sessions in Rome and Bahrain for Bapco's project team, 35 face-to-face sessions for 643 people in Saudi Arabia and online and awareness courses for 1.500 people), due diligence processes the deployment of the compliance function in other jurisdictions and updated whistleblowing channel information.

- The head of Compliance updated the Audit and Control Committee at the meeting held on September 15, 2020 on the functioning of the

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

Compliance area. In particular, he discussed the activities by country (in Arabia, the completion of the training activity for all TR Saudi employees on Business Ethics Policy and Compliance System; in Oman, the deployment of the Compliance System in this jurisdiction was completed; in Bahrain, the Compliance Plan for the Bapco Project has been updated; in Kuwait, the risk analysis procedure has been launched and the deployment of the Compliance System has begun; In the United Arab Emirates, a target has been set to complete the deployment of the Compliance System and prepare the risk analysis before the end of the end of the year), training and awareness-raising activities (online training sessions in Saudi Arabia, United Arab Emirates, Oman and Bahrein, awareness campaigns for all employees in Saudi Arabia, development of an online course available on TR Aula for TR staff, which is being adapted to be taken by third parties outside TR), due diligence of counterparties and development of the Compliance Management System (preparation of sponsorship and donation policies, trade compliance, anti-fraud).

In addition, the Committee has been informed at various meetings by the Finance Department of various tax matters, such as the Tax Risk Manual in relation to 2019 taxes, a continuation of the implemented in 2018, within the framework of which the figure of a tax controller and a Tax Mailbox were then created to receive communications on this matter; of the Company's tax situation; and of possible negotiations with the State Tax Administration Agency (AEAT) for the signing of a Prior Agreement with the Administration.

e) In relation to Corporate governance and Corporate social responsibility.

At the meeting held on January 28, 2020, the Internal Auditor presented to the Committee the Internal Audit Annual Report for 2019, which included the following lines of action: Audit of subsidiaries, technical analysis of suppliers' economic solvency, ICFR and contractual modifications recognized as revenue on accounts. Then, at the same meeting, he presented the 2020 Annual Plan, which included the following lines of action: cost optimization Project, Audit of subsidiaries, ICFR, review of income on account derived from contractual modifications and technical analysis of economic solvency of suppliers/providers.

The Committee has periodically monitored the Internal Audit Plan (which was approved in 2018 on a multi-year basis for the years 2018 – 2020). In this regard, at one of its meetings it agreed to propose that an analysis be made by the Financial Management of the assets that could generate liquidity, reviewing the measures and the different impacts on cash. At another of its meetings, the Committee was informed by the internal auditor, among other matters, of the work carried out in Human Resources and General Services, the audit of subsidiaries, the ICFR, interim income associated with contractual modifications and the solvency analysis of suppliers and subcontractors.

f) Other functions

The Company's internal auditor provided the Committee with the Independence declarations of the joint auditors, PricewaterhouseCoopers and Deloitte, copies of which were attached to the minutes of the meeting.

Pursuant to the provisions of Article 529 quaterdecies 4.f) LSC, the Committee unanimously approved the Report on the Independence of the External Auditor in relation to the 2018 fiscal year.

After being reminded by the Chairman of the Committee of the operation of the Company's joint Audit system, executed since 2017 financial year by the Audit firms PwC and Deloitte, a proposal for the re-election of PwC as joint auditors of the Company and its consolidated Group during the 2020 financial year was submitted for the consideration of the Committee, and after a brief deliberation, unanimously approved to propose to the Board of Directors to submit to the Ordinary General Shareholders' Meeting of the Company the proposal for the re-election of PwC as joint auditors of the Company and its consolidated Group for the fiscal year 2020.

The Committee also periodically monitored the factors, if any, that may have affected the Independence of the external auditors. In this sense, it unanimously reported on the increase in the external auditors' fees for Audit work, in view of the data presented. Likewise, the Committee was presented with the Report of the Internal Audit Department on the supervision of compliance with the regulations on the provision of non-audit services and the budget for non-audit services.

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

At each meeting, the Committee reviewed compliance with the 2020 annual plan of the Audit and Control Committee.

At its last meeting, the Committee reviewed and unanimously approved the calendar of meetings for 2021, once the appropriate modifications had been made in accordance with its availability, as well as the annual plan of activities of the Audit and Control Committee for the 2021 fiscal year, which establishes the matters to be dealt with by the Committee at each of its meetings.

h) Approval of the Shareholder and Investor Engagement and Communication Policy

At the meeting held on December 21, 2020, the Committee approved the Policy on information, communication, contacts and involvement with shareholders, institutional investors, proxy advisors and other stakeholders, which develops the provisions of the Sustainability Policy Approved by the Company's Board of Directors in October 2020.

i) Other activities

The Committee, after a brief discussion, unanimously agreed to report favorably to the Board of Directors regarding the issuance of simple unsecured and unsubordinated bonds by the Company, as well as their main terms.

After the appropriate discussion among its members and the information received from the Chief Financial Officer, the Committee unanimously approved to report favorably to the Board of Directors a potential treasury stock transaction so that the Board could adopt among its resolutions, if appropriate, both the terms of the transaction and the delegation of powers, all in the terms it deems most convenient.

On the other hand, the Committee unanimously approved its operating report for the 2019 fiscal year, agreeing to submit it to the Board.

Finally, it should be noted that during the 2020 fiscal year there have been no deviations with respect to the procedures adopted by the Company, nor has the Board of Directors been informed of any irregularities in matters within the competence of the Committee, as it is not aware of any such irregularities having occurred.

Continuation of the authorities of the Company's Appointments and Remuneration Committee

w) Ensure that any conflicts of interest of the advisors do not impair the independence of the external advice provided to the Commission.

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

The main activities of the Company's Appointments and Remuneration Committee during the 2020 fiscal year were as follows:

a) Regarding the composition of the Board:

The Committee has analyzed the composition of the Board of Directors and analyzed the continuity of the 8 directors whose term of office ends in June 2020, developing the mandatory reports, decisions and recommendations about them and looking for the necessary profiles to fill, if necessary, the vacancies resulting from this analysis. In this regard, the Committee considered that it was advisable to increase the percentage of independent directors to a minimum of 50% of the members of the Board of Directors and, likewise, to increase the percentage of female directors. As a result of this analysis, the Committee considered it appropriate to propose to the Board of Directors the appointment of Ms. Inés Andrade Moreno and Mr. Ignacio Sánchez-Asiaín Sanz as new directors of the Company, directors to cover the vacancies of Mr. José Lladó Fernández-Urrutia and Mr. Álvaro García-Agulló Lladó, who were considered executive and proprietary directors, respectively. In this regard, the Company focused its search for potential candidates on those profiles that have recognized personal and professional experience, mainly in the most relevant areas for the Company, that can be considered independent directors and, finally, that allow increasing the percentage and number of female directors, which is why it has deliberately sought female candidates for these positions. Additionally, the Committee has taken into special consideration the position of Mr. José Lladó Fernández-Urrutia, due to the fact that his replacement as Executive Chairman of the Company by Mr. Juan Lladó Arburúa has activated the succession protocol of the first executive of the Company, ensuring at all times through proposals to the Board of Directors that such succession takes place in an orderly and planned manner. As a consequence of the above, the Appointments and Remuneration Committee advised to transfer to Mr. José Lladó Fernández-Urrutia a proposal for appointment as Honorary Chairman of the Company, since it is in the Company's interest to continue taking advantage of his experience and knowledge of the Company, of which he was one of the founders in 1960.

b) In relation to the positions on the Board and the composition of the Committees:

The Committee also proposed to the Board of Directors the directors who should form part of this Committee, taking into account their knowledge, skills and experience as well as the duties of the Committee. In this regard, it proposed to the Board the appointment of Mr. Ignacio Sánchez-Asiaín Sanz as a member of the Audit and Control Committee, the appointment of Ms. Inés Andrade Moreno as a member of the Appointments and Remuneration Committee, replacing Mr. José Nieto de la Cierva, as well as the appointment of Mr. Alfredo Bonet Baiget as a member of the Management and Risk Committee, by virtue of his outstanding academic training and extensive professional experience in the business and banking sectors.

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

The Committee prepared a long-term remuneration plan for executive directors, and therefore initiated the procedure for the approval of a new Directors' Remuneration Policy for the years 2020 – 2022, which as the only modification, would include the main characteristics of this long-term remuneration for executive directors.

d) Other functions:

At various meetings of the Committee, it has been informed of the existing regulatory obligations in matters within its competence and, in particular, in relation to the obligations regarding the remuneration of Board Members.

The Committee has analyzed in different sessions the progress of the new text of the directors' remuneration policy submitted for the approval of the Ordinary General Shareholders' Meeting of June 25, 2020, advised by the external consultants E&Y and Ramón y Cajal Abogados, in which the main characteristics of a long-term remuneration of executive directors were detailed. In this regard, the Committee has been informed by the external consultants on Long Term Incentives (LTI) (instruments that grant the participant the possibility of receiving a variable remuneration, after a certain period of time exceeding one year, and provided that certain conditions are met). The Committee evaluated the information received and agreed to commission an external consultant to design a proposal for the design of a LTI for the two executive directors based on the characteristics of the Company's business and the best market practices, under the premises of simplicity, market value and in accordance with the principle of prudence.

In line with the above, the Committee unanimously agreed to report favorably to the Board of Directors on the implementation of the ILP proposal presented by the external consultant E&Y. In accordance with the current director compensation policy, the ILP that the Company implements for its executive directors must be approved by the General Shareholders' Meeting.

On the other hand, and after the corresponding assessment and weighting of the variable compensation criteria for the executive directors and their different parameters (among which the evaluation of the Company's performance during the corresponding fiscal year is a fundamental issue), the Committee, following a prudent criterion, agreed on the accrual and settlement of the variable compensation corresponding to the fiscal year 2019 for each of the executive directors.

On the other hand, the Committee has been informed in different sessions, with the assistance of different managers of the Human Resources Department, of different issues related to appointments, scorecard, salary review and remuneration of senior executives, including the variable remuneration system based on objectives.

Likewise, the Committee has informed the Board about the proposal for the distribution of the total remuneration of the Board approved by the General Shareholders' Meeting, in order for the Board to set the specific amount corresponding to each of its members, taking into account the functions and responsibilities attributed to each director, the membership of Board Committees and any other objective circumstances that the Board of Directors considers relevant, in accordance with the provisions of Article 22 of the Company's Bylaws.

It is also worth mentioning the good coordination between the Appointments and Compensation Committee and the heads of the Human Resources Department, which has favored the smooth functioning of this Committee.

e) Other matters:

The Committee was informed by the Company's Chief Financial Officer of the 100 Plan, the main objective of which is to optimize the Company's resources, identifying various opportunities for improvement.

Within the framework of the evaluation of the Board and its Committees, the Committee unanimously approved its operating report corresponding to fiscal year 2019, agreeing to submit it to the Board. Additionally, in relation to the evaluation corresponding to the 2020 fiscal year, the Committee has carried out a tender, following the guidelines of the Transforma Plan, for the provision of this service, a tender that has been won by Ackermann International, which presents a methodology focused on the skills of each director and, therefore, on their involvement in the Board of Directors and



## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

their contribution or added value of it.

The Committee monitored the evolution of the Covid-19 pandemic and the actions taken by the Company in relation to its employees and facilities, as well as teleworking and the measures adopted by the Human Resources management to ensure the continuity of operations, including the introduction of teleworking measures and the creation of a Covid-19 Committee comprising various professionals from the fields of human resources, occupational health and safety and information systems. The Committee also worked on the development of resources during fiscal year 2020 and on management by objectives.

The Committee also monitored the situation of the Spanish and foreign subsidiaries and the state of liquidation of those subsidiaries whose liquidation was made possible by the Company's activity.

At its last meeting, the Commission reviewed and unanimously approved the calendar of sessions for 2021 after making the appropriate modifications in accordance with its availability.

Finally, it should be noted that during the 2020 fiscal year there have been no deviations with respect to the procedures adopted by the Company, nor has been the Board of Directors been informed of any irregularities in matters within the competence of the Committee, as it is not aware of any such irregularities having occurred.

Note on section D.6

Continued response.

Likewise, the subject persons and insiders must inform the Chairman of any possible conflicts of interest in which they are involved due to their activities outside the Company, their family relationships, their personal assets, or for any other reason, with (i) the Company or any of the companies comprising the Técnicas Reunidas Group; (ii) suppliers or significant clients of the Company or of the companies of the Técnicas Reunidas Group; or (iii) entities engaged in the same type of business or competitors of the Company or any of the companies of the Técnicas Reunidas Group. Any doubt about the possibility of a conflict of interests must be consulted with the Chairman.

As stated in section D.1 above, Article 36 ("Transactions with significant shareholders") of the Board Regulations provides that the execution by the Company of any transaction with the directors and significant shareholders shall be subject to authorization by the Board of Directors, following a report from the Audit and Control Committee. Likewise, the Board of Directors, before authorizing the execution by the Company of transactions of this nature, shall assess the operation from the point of view of equal treatment of shareholders and market conditions.

The Company's Code of Conduct also includes principles and rules for all persons to whom it applies: members of the Board of Directors, the Audit and Control Committee, the Appointments and Remuneration Committee and the other control bodies of Técnicas Reunidas or of any other company belonging to the Técnicas Reunidas business group at national or international level, as well as managers, employees and collaborators linked to the Group, regardless of the position they hold or the place where they perform their work.

In this regard, Article 4.1.1 of the Code of Conduct approved by the Company establishes that the persons subject to the Técnicas Reunidas Group Code shall act in the performance of their duties with loyalty and seeking to defend the interests of the Group. Likewise, they will try to avoid situations where the affected party is or appears to be in a conflict of interests. These conflicts of interest shall be reported to the Compliance Officer.

Note on section E.1

- Risks related to the concentration of projects in a small number of clients.

The portfolio, at certain times, may be highly concentrated in a small number of customers and, in certain countries, suppliers.

Control and management systems:

- Concentration only in markets in which the Group has sufficient prior experience.
- Diversification policy that allows TR to Access very different markets.
- Deployment of a relevant commercial action in markets and customers in which TR does not yet have a presence.
- Atomization strategies and diversification of Construction in several local and international suppliers.

- Risks related to environmental and safety requirements.

TR carries out projects in which an incorrect execution could generate risks with a high impact on the environment or sensitive health and safety risks. The Group Works to control and minimize these risks by collaborating with its customers, subcontractors and suppliers in this area.

Control and management systems:

- Existence of an Environmental and Safety Management System in TR.
- Environmental management assurance from the engineering phase. Extension of this assurance to suppliers and subcontractors through audits and training.
- Strengthening process safety from the design phase.
- Promotion of occupational safety at suppliers and subcontractors.

- Risks derived from economic variables.

Certain economic circumstances (changes in Exchange rates, interest rates, willingness to finance, taxation, etc.) may have an impact on TR's business and results.

Periods of volatility of economic variables derived from geopolitical tensions.

High weight in our clients' decisions of the entities or organizations that finance their investments.

Management and control systems:

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

- Continuous monitoring of the risks associated with the currency and contracting of exchange rate insurance.
- Management of a solid balance sheet and availability of adequate financing lines.
- Mitigation of the risk of lack of liquidity of customers through active participation in the processes of obtaining financing from them, through banks that support the operations in which TR participates, as well as through the use of export insurance through banks that support the operations in which TR participates and direct contact with our customers' financing entities, as well as through the use of export insurance.

- Risks derived from information technologies.

With the Group's increased digitalization, the risk of intrusion into its systems by cybercriminals has increased.

Management and control systems:

- Information Security Management System certified according to ISO 27001:2015.
- Cybersecurity training for employees.
- Oversight by the Information Security Committee of the implementation of the strategic cybersecurity plan, the results of audits and the main risks and measures implemented.

- Risks derived from the retention of key personnel and adaptation resources to the workload.

The loss of key personnel, as well as gaps in their training, can increase the risk of not properly executing projects. In addition, excessive project concentration or project delays can lead to inefficiencies in personnel management.

Management and control systems:

- Procedures for identifying key employees to be retained and applying policies to help them stay.
- Implementation of a flexible Human Resources structure to adapt with agility to market variations.
- Globalized human resources management to unify the criteria applied in the different subsidiaries.

- Integrity and reputational risks.

Non-integral or non-responsible behavior on the part of employees or other third parties with whom the Group collaborates (suppliers and subcontractors) may negatively affect the reputation and results of Técnicas Reunidas.

Management and control systems:

- Internal regulations and training to ensure the integrity of the professionals and the availability of a Code of Conduct and a Whistleblower Channel.
- Requirement for suppliers and subcontractors to comply with environmental, human rights and health and safety requirements.

- Risks derived from the quality of execution.

The quality of execution ensures not only the peaceful closing of the project, but also that in the future projects of a similar nature or with the same client will be obtained.

Management and control systems:

- Quality supervision mechanisms in all project phases.
- Creation of databases that collect the group's knowhow and best practices.
- Quality department responsible for the development of procedures.

Notwithstanding the foregoing, the Company's Board of Directors is permanently committed to ensuring that the aforementioned risk control and management model, particularly with respect to crime prevention, prevents or reduces as much as possible the probability of the occurrence of irregular conduct and ensures, when detected, the cessation of such practices and the demand for the corresponding responsibilities, striving for a policy of maximum rigor in this respect. In this sense, the Audit and Control Committee takes into account the aforementioned within the framework of its function of supervising the efficiency of internal control and internal auditing, in accordance with the criteria of the supervisory bodies, without prejudice, in any case, to the perceptive information to the markets through the Statement of Non-Financial Information (EINF) and through this Annual Corporate Governance Report.

Note on section E.6

Given the uncertainty caused by the pandemic situation, any forecasting of direct economic impacts due to extended project timelines involves three points:

- Measurement of cumulative productivity and production loss to date;
- Future projection and forecast of normalization scenarios;
- Impact of the tensions of the global situation on the cash flow of all the actors involved in the execution of the projects.

The detection and control tools implemented have enabled a proactive response at both corporate and project level. Decisions have been made taking into account:

- Contractual obligations and customer indications;
- The state of progress of the project and its main execution phase (engineering, procurement, construction);
- Specific impacts by COVID-19 in the country or region of execution of each project.

Based on the above, the best alternatives and scenarios have been evaluated, implementing action plans that include slowdown strategies, acceleration, demobilization, etc.). These strategies must be continuously adapted to the changing scenarios that the evolution of the pandemic itself presents both globally and specifically in each country where the projects are developed, as well as to our clients' own strategies.

## ANNUAL CORPORATE GOVERNANCE REPORT FOR PUBLIC LIMITED COMPANIES

Note on section G.40

The Company has an internal audit function which, under the supervision of the Audit and Control Committee, oversees the proper functioning of the internal control and information systems. Since 2008, the Company has had an internal auditor, who is included in the list of senior executives and who continues to perform his duties in the Company.

Note on section G.55

The Company has been a signatory to the United Nations Global Compact since November 2011 and has renewed its commitment to join annually since then.

---

This annual corporate governance report has been approved by the Board of Directors of the Company at its meeting held on:

[ 25/02/2021 ]

Indicate whether any directors voted against or abstained from voting on the approval of this report.

[ ] Yes

[  ] No