



REPORT ON THE OPERATION OF THE  
RISK AND MANAGEMENT COMMISSION

FISCAL YEAR 2020



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## REPORT ON THE PERFORMANCE OF THE MANAGEMENT AND RISK COMMISSION DURING THE 2020 FISCAL YEAR

### 1. INTRODUCTION

The revised text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010, of July 2, 2010 (“LSC”) establishes in Article 529 nonies that the Board of Directors must annually evaluate its operation and that of its Commissions, and Recommendation 36 of the Good Governance Code of Listed Companies (the “Good Governance Code”) establishes that the evaluation of the Commissions shall be based on the report they submit to the Board of Directors.

Based on the foregoing, the Risk and Management Commission of Técnicas Reunidas, S.A., (the “Company”) prepares this report on its operation during the 2020 financial year, which will be available to shareholders and other interested parties on the Company’s website as from when formal notice of the Ordinary General Shareholders’ Meeting has been sent out, in accordance with Recommendation 6 of the Good Governance Code.

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

The Company’s Risk and Management Commission is regulated in Articles 30 bis of the Company’s Bylaws and 15 of the Regulations of the Board of Directors. These documents are permanently published for consultation on the Company’s corporate website ([www.tecnicasreunidas.es](http://www.tecnicasreunidas.es)).

### 3. COMPOSITION

In accordance with the aforementioned Articles 30 bis of the Company’s Bylaws and 15 of the Board Regulations, the Risk and Management Commission must be comprised of a minimum of three and a maximum of eight directors, appointed by the Board of Directors, and may include an executive director.

Likewise, the Chairperson of the Risk and Management Commission shall be elected by the Board of Directors for a term of four years and may be re-elected one or more times for terms of the same duration.

During the 2020 financial year, the Risk and Management Commission has changed its composition. In this regard, between January 1 and September 30, 2020, the composition of the Commission was as follows:

Director	Position	Category
Mr. Juan Lladó Arburúa	Chairperson	Executive
Mr. Pedro Luis Uriarte Santamarina	Vice-Chairperson	Independent
Mrs. Petra Mateos-Aparicio Morales	Member	Independent
Mr. Fernando de Asúa Álvarez	Member	Other external
Mr. José Manuel Lladó Arburúa	Member	Proprietary
Mr. José Nieto de la Cierva	Member	Independent
Mr. Rodolfo Martín Villa	Member	Other external
Non-Director Secretary: Mrs. Laura Bravo Ramasco.		

Since as of September 30, 2020, the Risk and Management Commission had seven members and in order to ensure that the Chairperson of each of the other two Commissions of the Board of Directors was also a member of the Risk and Management Commission, it was decided to appoint Mr. Alfredo Bonet Baiget a member of this Commission. Consequently, between September 30 and December 31, the composition of the Commission was as follows:

Director	Position	Category
Mr. Juan Lladó Arburúa	Chairperson	Executive
Mr. Pedro Luis Uriarte Santamarina	Vice-Chairperson	Independent
Mrs. Petra Mateos-Aparicio Morales	Member	Independent
Mr. Fernando de Asúa Álvarez	Member	Other External
Mr. José Manuel Lladó Arburúa	Member	Proprietary
Mr. José Nieto de la Cierva	Member	Independent
Mr. Rodolfo Martín Villa	Member	Other External
Mr. Alfredo Bonet Baiget	Member	Independent
Non-Director Secretary: Mrs. Laura Bravo Ramasco.		

- Mr. Juan Lladó Arburúa (Chairperson) is an executive director. He was re-elected as a director at the General Meeting held on June 25, 2020 and appointed member and Chairperson of the Commission on July 28, 2020, subsequent to the formalization of the Commission in the Company's Bylaws.

Mr. Lladó Arburúa holds a degree in Economics from Georgetown University (Washington DC) and an MBA from the University of Austin (Texas). As for his professional career, Mr. Lladó Arburúa has extensive experience in administration and management in several leading national and international private companies. He has held senior executive positions in several companies, such as Treasurer of Argentaria (1997-1998) and Chairman of the Spain-China Foundation, as well as Vice-Chairman of the Company since 1999.

- Mr. Pedro Luis Uriarte Santamarina (member) is an external independent director. He was re-elected as a director at the General Meeting held on June 25, 2020 and appointed member and Vice-Chairperson of the Commission on July 28, 2020, subsequent to the formalization of the Commission in the Company's Bylaws.

Mr. Uriarte Santamarina holds a degree in Economics and Law from the Deusto Business School in Bilbao. He has extensive experience after 52 years of professional career in the industrial sector (9 years), financial sector (23 years), where he became Vice-Chairperson and CEO of the Board of Directors of BBV and BBVA, consultancy (14 years), R&D&I (2 years) and 4 years in the Public Administration, as Minister of Economy and Finance in the first Basque Government, from 1980 to 1984. In addition, for seven years he was a university professor at the Commercial University of Deusto, in subjects related to the transformation of the company and advance management, and subsequently he has collaborated with different business schools (Deusto Business School, IESE, ESADE, etc.). Since 2002, he has been Executive Chairperson of Economía, Empresa, Estrategia, a strategic consulting firm that he himself created. He combines this position with that of Director and Advisor to different companies and cooperates with different university and social activities.

- Mrs. Petra Mateos Aparicio (member) is an external independent director. She was re-elected as a director at the General Meeting held on June 25, 2020 and appointed as member of the Commission on July 28, 2020, after the formalization of the Commission in the Company's Bylaws.

Mrs. Mateos Aparicio holds a PhD "cum laude" in Economics and Business Administration from the Complutense University of Madrid and is a Professor of Financial Economics. She has been Vice President of the Spain-U.S. Chamber of Commerce since July 2011. She has been the Executive Chairperson of Hispasat (2004-2012), Non-Executive Chairperson of Hisdesat (2005-2011), Director of Hispamar Satélites (Brazil), Director of XTAR LLC (USA) from 2005 to 2012, and a Member of the Board of Directors of Solvay (2009-2013). From 1983 to July 1985, she was a Director of Iberia and Banco Exterior de España, where she was Deputy Managing Director from 1985 to 1987. She was also a Director of Banco CEISS (2004-2018), a part of the Unicaja Group, from 2014 until its merger with Unicaja in September 2018. With extensive academic experience, she has been (1982-2015) Professor of Financial Economics at the Department of Business Economics and Accounting in the Faculty of Economics and Business Studies of the National Distance

Education University (UNED); Professor of Financial Economics at the University College of Financial Studies (CUNEF), as well as member of the National Board of Directors of the Spanish Institute of Financial Analyst (IEAF) since 2011 and member of the Board of ANECA during the period 2009-2015.

She has also received various awards and distinctions, such as the Knight of the Order of the Legion of Honor of the French Republic; Business Leader of the Year (2010), awarded by the Spain-U.S. Chamber of Commerce; and the Women Together Foundation Award (2009), awarded by the United Nations Economic and Social Council (ECOSOC).

- Mr. Fernando de Asúa Álvarez (member) is another external director. He was re-elected as a director at the General Meeting held on June 25, 2020 and appointed member of the Commission on July 28, 2020, after the formalization of the Commission in the Company's Bylaws.

Mr. de Asúa Álvarez holds a degree in Economics and Computer Science from the Complutense University of Madrid and a degree in Business Administration and Mathematics from the University of California (USA). His professional experience is centered on a long career at IBM and IBM Spain between 1959 and 1991, having been General Manager of the South America Area and later Europe, President and CEO of IBM Spain and director of IBM World Trade Corp. He has been First Vice President of Banco Santander Group from 2004 to February 2015.

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

Mr Lladó Arburúa has a BSBA from Georgetown University and an MBA from the University of Chicago. In his professional career, he has been manager of the international corporate finance division of Citibank N.A. (1986-1990) Managing Director of The Chase Manhattan Bank, with responsibility for Global Market Sales for Spain (1990-2001); and Deputy Managing Director of Banesto, with responsibility for the International and Treasury area (2001-2004). He is a founding Partner of Summa Financial Services (2004-present) and Managing Director of Ideon Financial Services (2008-present). He is a member of the Board of Directors of Aragonesas Promoción de Obras y Construcciones, S.L.; Layar Castilla, S.A. (Chairman); Summa Investment Solutions, S.A. (Chairman); Choice Financial Solutions, S.L. (Director); Fintonic

Servicios Financieros, S.L. (Director); León Valores S.A., SICAV (Director); Araltec, S.L. (Deputy Chairman) and Aragonesas Promoción de Obras y Construcciones (Director).

- Mr. José Nieto de la Cierva (member) is an external independent director. He was appointed director at the General Meeting of June 27, 2018 and appointed member of the Commission on July 28, 2020, subsequent to the formalization of the Commission in the Company's Bylaws.

Mr. Nieto de la Cierva has a degree in Economic Sciences and Business Administration from the Complutense University of Madrid. He has developed his professional career in the private sector, as a member of the consultancy department of KPMG Spain (1988-1989), subsequently part of the JP Morgan group (1989 -2002); Director of The Chase Manhattan Bank (1998-2002); and Managing Director of Corporate Banking for The Chase Manhattan Bank in Spain (1998-2002). He subsequently joined Banesto (2002-2010), where he was Deputy Managing Director of Corporate Banking (2002) and Managing Director of Wholesale Banking (2006). He has also held posts in the Banca March Group (2010-2017), where he was Chairman of Banco Inversis; Chief Executive Officer of Banca March; Director and member of the Audit Commission of Corporación Financiera Alba; Director and member of the Executive Commission of Ebro; Director of Consulnor; and Director of Aegon España. He is also currently Deputy Managing Director of Banco Sabadell since 2018.

- Mr. Rodolfo Martín Villa (member) is an external independent director. He was appointed director at the General Meeting held on June 26, 2019 and appointed member of the Commission on July 28, 2020, following the formalization of the Commission in the Company's Bylaws.

Mr. Martín Villa holds a degree in Industrial Engineering from the Universidad Politécnica de Madrid. In the public sector, Mr. Martín Villa has been, among other notable positions, Minister of Trade Union Relations, Home Office Minister, and Minister of Territorial Administration between 1975 and 1981, as well as Vice-President of the Government in 1981 and 1982, Senator from 1977 to 1979 and Deputy in two periods (1979-1983 and 1989-1997). In the business sector, Mr. Martín Villa has held senior positions in several leading companies such as Endesa (Chairperson from 1997 to 2002) and Sogecable (Chairperson from 2004 to 2010). Additionally, Mr. Martín Villa is a full member of the Royal Academy of Moral and Political Sciences since 2013.

- Mr. Alfredo Bonet Baiget (Chairperson) is an external independent director. He was appointed director at the General Meeting of June 27, 2018 and appointed member of the Commission on July 28, 2020, subsequent to the formalization of the Commission in the Company's Bylaws.

Mr. Bonet Baiget holds a degree in Economics and Business Administration from the Complutense University of Madrid and is a Commercial Technician and a State Economist. His professional career includes the positions of Economic and Commercial Counselor of Spain in Miami (1987-1991) and Milan (1993-1997). General Manager of Altair Asesores (1997-2001). General Director of Promotion of the Spanish Institute for Foreign Trade (ICEX) (2001-2004). Secretary General of Foreign Trade and member of the Boards of Directors of Instituto de Crédito Oficial (ICO) and Navantia (2004-2010). Secretary of State for Foreign Trade and President of ICEX and Invest in Spain (2010-2012) Chief Economic and Commercial Counselor at the Spanish Delegation to the OECD (2012-2015). International Director of the Spanish Chamber of Commerce (2015-2018) Since 2018 he has been Secretary General of the Círculo de Empresarios.

Detailed information on the members of the Commission and their professional background is available to shareholders, investors and other interested parties on the Company's website.

In accordance with the foregoing, the Commission has been composed entirely of directors appointed by the Board of Directors, taking into account the Commission's duties and ensuring that its composition meets the various diversity criteria, among others, those related to the knowledge, skills, professional experience, competencies, personal abilities and sectorial knowledge of its members.

Likewise, during the 2020 fiscal year, two independent directors have been members of the Commission.

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

In accordance with Article 15.2 of the Regulations of the Board of Directors, and without prejudice to other functions that may be assigned to it by the Board of Directors, the Commission has, among other, the following basic responsibilities:



- 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 commercial policy guidelines and analyze the conditions of the most relevant offers of the Company and its Group.
- d) To periodically monitor the Company's projects, and in particular, those that are most relevant for economic, technical or reputational reasons.
- e) To carry out the monitoring of periodic analysis of the geopolitical situation of the countries in which the Company and its Group operate.
- f) Develop periodic analysis 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 global 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.

In particular, during the 2020 fiscal year, the Risk and Management Commission carried out the following activities:

- 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 of these projects, including the reprogramming of the 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 bids 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 fiscal year to adapt their execution to the circumstances arising from Covid-19.
- Analysis of the company's assets, the management of the structure in human resources 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 required office space.
- 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 fiscal 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.

## 5. MEETINGS

In accordance with the provisions of Article 15 of the Board Regulations, the Commission shall ordinarily meet at least eight times a year. It shall also meet whenever the Board of Directors or its Chairperson request the issuance of a report or the adoption of proposals within the scope of its competencies and, in any case, whenever it is convenient for the proper performance of its duties.

In the period from January 1, 2020 to December 31, 2020, the Risk and Management Commission met 8 times, having been convened by the Secretary, by order of the Chairperson, through individual communication to each of its members.

All the members of the Commission attended all the meetings held, either in person or by electronic means.

In addition to its members, the following persons have attended the meetings of the Risk and Management Commission, at the invitation of the Chairperson of the Commission, to deal with certain items on the Agenda:

- Corporate General Manager.
- Chief Financial Officer.
- Chief Operating Officer.
- Human Resources Director.

- Commercial General Manager.
- HR and GS General Manager.
- Internal Audit Manager.
- Legal Counsel Director.

Likewise, when deemed appropriate, external advisors (in particular, Pérez Llorca Abogados) have participated in the meetings of the Risk and Management Commission to deal with specific matters within their competence, as indicated in section 4 above of this report, and no potential conflicts of interest have been reported by the advisors or identified by the Commission.

All the guests invited to the Commission have been invited by the Chairperson, have been present to deal with the items on the Agenda for which they have been requested and none of them have attended the deliberation and voting phases of the Commission meetings, and the minutes of the meetings have recorded the entries and exits of the various guests.

## 6. EVALUATION

As mentioned above, during the 2020 fiscal year, the evaluation process corresponding to the 2019 fiscal year of the Board of Directors and its Commissions was carried out with the assistance of the external advisor KPMG, having verified that the consultant is not the same one that advises the Company on the appointment of directors or senior executives or on compensation systems and whose independence has been verified by the Appointments and Compensation Commission.

The following areas were evaluated:

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

Regarding the methodology used, the evaluation of the different Commissions was based on the report submitted by these Commissions to the Board of Directors, and for the evaluation of the Board of Directors, on the report submitted by the Risk and Management Commission. In addition, as part of

the process, an evaluation questionnaire was sent to all the Board Members, which, after having been completed by each Board Member, was analyzed in order to obtain a homogeneous result from the members of the Board of Directors. In addition, the external consultant held interviews with the members of the Board as part of the evaluation process.

It should be noted that the evaluation of the operation of the Board of Directors and its Commissions has progressively improved over the last few years. In particular, the following aspects were rated very positively: the working environment and open dialogue, which allows free decision making and expression of the Board Members; the holding of sufficient meetings; the possibility of acting independently; the satisfactory performance of their responsibilities; and having an adequate number of Board Members.

Regarding the actions included in the action plan provided in Article 529 nonies LSC, the main areas for improvement identified by the directors were the following: continue to strengthen the monitoring of strategic objectives; promote the attendance of the management team at the Board of Directors' meetings; anticipate the sending of documentation for the meetings; and strengthen the information on risks.

In particular, with respect to the Commission, the Board members positively evaluated its operation during the year, considering that it has performed its functions adequately. Regarding the actions included in the action plan, the main recommendation of the board members was to continue strengthening the planning of the matters to be dealt with during the year.

## 7. CONCLUSIONS

Based on the foregoing, the Risks and Management Commission has evaluated its composition and operation during fiscal year 2020, considering that:

- The composition of the Commission has been adjusted to the provisions of the LSC and its internal rules, with members having the knowledge and experience appropriate to the competencies of the Commission and the sector of activity to which the Company belongs, with four of its members being independent directors, and the Executive Chairperson chairing the Commission.
- The Commission has met more frequently than that established in Article 15 of the Board Regulations, whenever necessary in view of the matters to be discussed at the meeting.
- All the meetings of the Commission have been attended by all its members.



- Finally, the Commission has deliberated and adopted agreements on matters within its competence, in an informed manner and after discussions in which there has been constructive dialogue and a critical attitude, favoring diversity of opinions. Likewise, when necessary, the Commission has benefited from the advice of external experts.

In accordance with the foregoing, the Risks and Management Commission has complied in general terms with the rules set forth in the Law and its internal rules regarding composition, frequency of meetings, attendance and informed participation of its members, and the Commission has also dealt with the matters within its competence, and its activity during the 2020 fiscal year has been very positively evaluated.

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*This Report on the operation of the Risk and Management Commission during the 2020 fiscal year was prepared by the Commission on May 11, 2021, having been submitted to the Board of Directors of the Company at its meeting held on May 26, 2021.*