

**APPENDIX 1**

**ANNUAL REPORT ON REMUNERATION OF DIRECTORS  
OF LISTED PUBLIC LIMITED COMPANIES**

**ISSUER'S IDENTIFYING DATA**

<b>END DATE OF RELEVANT FINANCIAL YEAR</b>	31/12/2014
--	------------

<b>Corporate Tax Identification Number</b>	A-28092583
--	------------

<b>CORPORATE NAME</b>
TÉCNICAS REUNIDAS, S.A.

<b>REGISTERED OFFICE</b>
ARAPILES 14, MADRID

**ANNUAL REPORT TEMPLATE ON REMUNERATION OF DIRECTORS OF  
LISTED PUBLIC LIMITED COMPANIES**

**A. THE REMUNERATION POLICY OF THE COMPANY FOR THE YEAR IN PROGRESS**

A.1 Explain the remuneration policy of the Company. This heading will include information on the following:

- Principles and general rules of remuneration policy.
- The most important changes made to the remuneration policy taking as a reference the policy applied during the previous financial year and the modifications made during the year with regard to the conditions under which options which have already been granted are exercised.
- Criteria used and the composition of the comparable corporate groups whose remuneration policies have been examined in order to establish the remuneration policy of the company.
- Relative importance of the variable remuneration items in comparison to the fixed items and the criteria followed to determine the different components of the remuneration packages of the directors (remuneration mix).

**Explain the remuneration policy**

The remuneration policy of Técnicas Reunidas, S.A. (the "Company") is based on the following principles: (i) to reflect the dedication, qualification, and sense of responsibility required to exercise the office of Director, offering incentives for their dedication but without this remuneration being so high as to compromise their independence; (ii) remuneration for the effective dedication of the director; (iii) moderate remuneration based on market demands; (iv) attracting, retaining and motivating directors with outstanding and appropriate professional profiles to help achieve the Company's strategic targets.

The criteria used to set the remuneration of members of the Board of Directors of the Company are set out in article 22 of the Articles of Association of the Company and in article 25 of the Board Regulations.

These articles set out that remuneration of members of the Board of Directors shall comprise a maximum fixed amount which shall be determined for each financial year by a resolution of the General Meeting, following a favourable report from the Appointments and Compensation Committee, in accordance with the committees of the Board on which the directors sit, the positions they occupy and the amount of time they dedicate to the service of the Company. In the event that the General Meeting has not established the specific distribution of the maximum overall remuneration among members of the board, the Board of Directors itself shall distribute among its members, in the form in which it sees fit, the above-mentioned amount agreed upon by the General Meeting.

Directors and members of the committees shall be compensated by means of the procedure involving fees for attendance at each meeting and/or by means of remuneration consisting of a fixed annual amount which shall be determined for each financial year by a resolution of the General Meeting.

The overall amount of the above-mentioned fee shall be established by the General Meeting and as long as the General Meeting does not modify this fee, it shall be increased annually in accordance with the Consumer Price Index.

Furthermore, in the particular case of remuneration of external directors, the Board of Director shall adopt all possible measures to ensure that their remuneration is in accordance with the following guidelines: (i) remuneration in accordance with their effective time spent ; (ii) exclusion of the benefit system financed by the Company for cases of removal from office, death or others ; (iii) remuneration that offers incentives for the time spent but which does not jeopardise their independence ; (iv) remuneration without prejudice to the additional amounts director may receive as fees or salary based on the provision of professional services or an employment link to the Company, as appropriate.

In 2014, no significant change has been introduced into the Company's remuneration policy with regard to the policy applied in 2013. Furthermore, as at the date of this report the Company does not intend to introduce any major changes in 2015 with regard to the basic principles of the remuneration policy for directors described in this report and which were

applied the previous year, with the exception of an update of the fixed element of the remuneration for the performance of senior management duties by the executive Deputy-chairman I, in light of the situation of other comparable companies, through a 10% increase to the amount of this fixed element with regard to the amount received in 2014.

As regards the remuneration mix, the Company offers (i) a fixed component; (ii) variable remuneration items; (iii) benefits systems; and (iv) other conditions set out in the contracts of those who exercise senior management duties as executive directors. The Company has not given any share options.

Moreover, as regards the proportion between the variable and fixed remuneration items, the Company believes that the fixed remuneration of the Deputy-chairman I represents a significant proportion with regard to the overall remuneration paid to this person. Taking into consideration the overall remuneration of the Deputy-chairman I (1,083 thousand euros) and the maximum amount to be received from the bond (350,000 euros), the variable remuneration would account for 32% of the total.

A.2 Information on preparatory work and the decision making process which has been followed to determine remuneration policy, and the role played, when warranted, by the Compensation Committee and other supervisory bodies in the configuration of remuneration policy. This information shall include, when appropriate, the mandate and the composition of the Compensation Committee and the identity of the external consultants whose services have been used to define remuneration policy. Likewise, the characteristics of the directors who, when warranted, have helped to define remuneration policy shall be set out.

**Explain the process involved in the determination of remuneration policy**

In accordance with the internal regulations of the Company, the Board of Directors is the body that approves the remuneration policy of the entity, based on the proposal of the Appointments and Compensation Committee.

In this regard, the Appointments and Remunerations Committee is the body that assists the Board of Directors in remunerative issues, performing a major role in preparing the policy of remuneration to directors, as it undertakes an internal process of assistance and proposal, to guarantee alignment with the best corporate governance practices and the regulations in force.

In compliance with the provisions set out in article 14.2 of the Board Regulations, the Appointments and Compensation Committee has notified the Board of Directors about the systems and the amount of annual remuneration to directors and senior management, which has been forwarded to the Board of Directors for approval, where necessary.

The Articles of Association and the Board Regulations set out that the Appointments and Compensation Committee of the Company shall comprise a minimum of three and a maximum of five directors, the majority of which shall be non-executive. Furthermore, the Articles of Association set out that the Chairman shall be an independent director.

At 31 December 2014, the Committee comprises the following members, all of whom are external directors and the majority are independent directors (including its Chairman):

- Fernando de Asúa Álvarez (Chairman and independent director).
- Diego del Alcázar y Silvela (Board member, independent director)
- José Manuel Lladó Arburúa (Board member, proprietary director)
- Francisco Javier Gómez-Navarro Navarrete (Board member, independent director)
- Antonio de Hoyos González (Board member, independent director).

In 2014 there have been no changes in the composition of the Appointments and Compensation Committee.

Furthermore, the Company's internal regulations set out that the Committee shall ordinarily meet once a year to prepare the information on the remuneration of directors to be approved and published by the Board of Directors. Moreover, the Committee shall meet whenever it is convened by its Chairman, who must do so whenever the Board or its Chairman requests the issue of a report or the take-up of proposals and, under any circumstances, whenever this is appropriate for the proper performance of its duties.

Although the Regulations enable the Appointments and Compensation Committee to request advice from external experts whenever deemed appropriate for due compliance with its functions, the Company has not requested the services of external advisers at the time of defining the remuneration policy in 2014, although on other occasions it has resorted to outsourced consultancy.

A.3 Indicate the amount and nature of the fixed components, with a breakdown, where appropriate, of the compensation paid to executive directors for the performance of senior-management duties, of additional remuneration given to the chairman or member of a board committee, of the fees paid for participation on the board of directors and its committees, and other fixed compensation paid to directors, in addition an estimate of the annual fixed compensation to which the above give rise. Identify other non-cash benefits and the basic parameters that condition their granting.

<b>Explain the fixed components of the remuneration</b>
---

The General Meeting of Shareholders, scheduled to be held in June 2015, will decide on whether or not to approve total remuneration in favour of members of the Board of Directors and its committees for 2015 of 3,000,000 euros allocated to members of the Board of Directors for the joint performance of their duties as directors. This amount must be approved by the General Meeting of Shareholders, pursuant to the provisions set out in the Company's Articles of Association, and shall be distributed amongst members of the Board of Directors taking into account the committees on which they sit, the post they hold, the amount of time spent at the service of the Company and other objective circumstances deemed appropriate.

This amount shall be broken down as follows:

- Sitting on the Board of Directors: 55,478 euros.
- Being chairman of the Audit and Control Committee and the Appointments and Compensation Committee: 15,384 euros annually.
- Fee for attending a meeting of the Board of Directors: 2,500 euros. Fee for attending a meeting of the Audit Committee: 2,500 euros.
- Fee for attending a meeting of the Appointments and Compensation Committee: 5,000 euros.

For informative purposes, the Board of Directors met 7 times in FY 2014; the Audit and Control Committee, 6 times, and, finally, the Appointments and Compensation Committee of the Company met 4 times.

Furthermore, the estimated fixed remuneration for the performance of senior-management duties by the executive directors stands at 121,143.79 euros in the case of the Chairman and 715,000 euros in the case of Deputy-chairman I.

Additionally, the executive directors receive life-insurance premiums for an overall amount of 12,829 euros.

These amounts have not changed with reference to the amounts paid to members of the Board of Directors in 2014. Consequently, for 2015, the Board has agreed to maintain the overall maximum amounts, as the distribution of remuneration among the different members of the Board and the two committees.

A.4 Explain the amount, the nature, and the principal characteristics of the variable components of the compensation systems.

Specifically:

- Identify each of the remuneration plans of which the directors are beneficiaries, their scope, their date of approval and introduction, the period during which they are in force, and their principal characteristics. With regard to stock option plans and other financial instruments, the general characteristics of the plan shall include information on the conditions under which these options and financial instruments are exercised for each plan.
- Indicate all forms of remuneration paid in the form of profit sharing or bonus payments and the reason why such profit sharing or bonus payments were granted.

- Explain the basic parameters and basis for any annual bonus systems.
- The categories of directors (executive directors, external proprietary directors, independent external directors, or other external directors) who are the beneficiaries of remuneration plans or plans which incorporate variable remuneration.
- The basis of these variable remuneration systems or plans, the criteria chosen to assess performance, as well as the components and assessment methods used to determine whether or not the assessment criteria have been fulfilled, and an estimate of the absolute amount of the variable remuneration which would result from the current remuneration plan, based on the degree of fulfilment of the hypotheses and objectives to which the plan refers.
- If appropriate, information shall be provided regarding deferral or postponement periods that have been established and/or share retention periods or other financial instruments which may exist.

**Explain the variable components of the remuneration plan**

In 2015, there is only one variable remuneration plan, the beneficiary of which is Juan Lladó Arburúa, in his capacity as Deputy-chairman I of the Company. This plan was approved by the Company's Board of Directors on 13 May 2013, following a favourable report from the Appointments and Compensation Committee, and successively renewed each year since 2013.

It consists of an annual bonus system for the amount of 350,000 euros for FY 2015 and serves to supplement the fixed compensation payable to the Deputy-chairman I. It shall be paid once the financial year ends in accordance with profits for the year. The basic parameters of this system, which was already introduced and executed in financial year 2013 and 2014 under these same conditions, include the assessment of the Company's performance FY 2015, taking into account elements such as contracting by the Company during this period, the state of the order book, its income, profit, and the dividends paid to shareholders during this period, among other elements.

A.5 Explain the principal characteristics of the long-term savings systems, including retirement plans and any other survivor's pension, financed either partially or wholly by the company, whether internally or externally funded, with an estimation of their amount or equivalent annual cost, indicating the type of scheme, whether it is a defined benefit or contribution scheme, the vesting of the economic rights in favour of the directors, and the compatibility of the schemes with any type of indemnities in the event of early termination or termination of the contractual relationship between the company and the director.

Also indicate contributions to directors' defined contribution pension schemes or increases in directors' vested rights, when contributions to defined benefit schemes are involved.

**Explain the long-term savings scheme**

In 2014, the Company has not made any contribution to directors' pension schemes and has no intention of doing so in 2015.

A.6 Indicate any indemnities which have been paid or agreed upon in the event of termination of one's duties as director.

**Explain the indemnities**

At the date of this report, there is no indemnification or compensation agreed by the Company in the event of directors ceasing to perform their duties, in their capacity as directors, irrespective of the provisions made for executive directors pursuant to section A.7.

A.7 Indicate the conditions which must appear in the contracts of those who perform senior-management duties as executive directors. Among other conditions, information must be provided with regard to the term of the contract, the amounts of the indemnities, minimum-stay clauses, the notice periods, payment as a replacement for the above-mentioned notice period, any other clauses relative to hiring bonuses, as well as indemnities or golden parachutes due to early termination or termination of the contractual relationship between the company and the executive director. Include, among other conditions, covenants or agreements with regard to not working in companies with similar objects for specific time periods after contract termination, exclusivity agreements, loyalty agreements, and post-contractual non-competition covenants.

**Explain the conditions governing the contracts of executive directors**

The contracts of executive directors are of indefinite duration and Deputy-chairman I shall receive financial compensation in the event that he is removed from office by the Company for reasons not involving a failure to fulfil his obligations. He shall be paid an amount equivalent to two years' gross salary stipulated in his contract, as compensation for having accepted the contractual covenant to the effect that he shall not work for a company with similar corporate purpose for a period of two years subsequent to his termination.

A.8 Explain any supplementary remuneration paid to directors as consideration for the rendering of services other than those which are inherent to their office.

**Explain the supplementary remuneration**

On the date of this report, the directors have not received supplementary remuneration as consideration for the rendering of services not included among the duties of their office, without prejudice to the provisions set out in section A.12.

A.9 Indicate any compensation in the form of advances, credits, and guarantees granted, indicating the interest rate, their essential characteristics, the amounts whose return is anticipated, and the obligations in the form of guarantees, assumed on behalf of directors.

**Explain the advances, credits, and guarantees granted**

On the date of this report, no compensation has been paid to directors in the form of advances, credits or guarantees that entail conditions outside of customary conditions or market conditions.

A.10 Explain the principal characteristics of remuneration in kind.

**Explain the remuneration in kind**

Only executive directors receive remuneration in kind, and of the amount received, which is insignificant, we would highlight the life insurance premiums for the aggregate annual amount of approximately 13 thousand euros.

A.11 Indicate the remuneration received by the director resulting from payments which the listed company makes to a third-party entity in which the director renders services, when the purpose of these payments is to compensate the director for services provided to the company.

**Explain the remuneration received by the director resulting from payments made by the listed company to third-party entities in which the director renders services**

No payments of this nature have been made.

A.12 Any other remuneration received other than that mentioned above, regardless of its nature and the entity which pays it, particularly when it is deemed a related-party transaction or its issuance distorts the true and fair view of the total remuneration received by the director.

**Explain the other compensation items**

There are no other remuneration items other than the aforementioned ones, without prejudice to the existence of related-party transactions with executive directors or with the director William Blaine Richardson, detailed in the Annual Corporate Governance Report, the annual financial statements and the six-monthly financial reporting of the Company.

In particular, the Company has signed a consultancy contract with the director William Blaine Richardson through which he received 133,582 euros in 2014.

A.13 Explain the actions taken by the company with regard to the system of remuneration to reduce exposure to excessive risks and adjust it to the long term objectives, values, and interests of the company, which shall include, if appropriate, a reference to: planned measures which ensure that the company's long-term results are taken into account in the formulation of the remuneration policy, measures that establish an appropriate balance between fixed and variable components of the remuneration, measures adopted in connection with those categories of personnel whose professional activities have a material impact on the risk profile of the entity, recovery formulas or clauses which make it possible to seek the return of the variable remuneration components when their payment was based on data whose inaccuracy has subsequently been conclusively demonstrated, and measures put in place in order to avoid conflicts of interest, in the event that they arise.

**Explain the actions taken to reduce risks**

In the process of compiling and approving the remuneration systems to directors, the Company has introduced measures that enable excessive risks to be controlled and to adapt the systems to the objectives, values and long-term interests of the Company. In particular, the Appointments and Remunerations Committee is responsible for the supervision and continuous review of the remuneration policy of its directors, as it is responsible for reporting on the systems and the amount of annual remuneration of directors and senior executives and for compiling the information to be included in the annual public report on remuneration of directors. Furthermore, the Board of Directors is responsible for approving the general strategies and policies of the Company and for certain operational decisions, such as the policy of remuneration and assessment of the performance of senior executives, the remuneration of directors and, in the case of executives, additional remuneration for their executive duties and the approval of their contracts and the risk management control policy.

As a result of the foregoing, the Company's remuneration systems to directors implicitly include measures to control excessive risks, given that (i) the remuneration paid to directors is limited to a fixed allocation approved by the General Meeting; (ii) the variable components of the remuneration are restricted to executive directors; (iii) the current shareholding structure of the Company ensures that the Interests of the Company and of the Executive Directors are aligned.

In addition to the foregoing, the annual bonus detailed in point A.4 above diversifies the remuneration package offered to the Deputy-chairman I through the inclusion of an income supplement which is added to the fixed compensation and is paid at the end of the financial year. Through this measure, the Company believes it achieves a balance between the different forms of remuneration; similarly, it covers important elements in order to guarantee the attainment of the long-term objectives of the Company, given that a high percentage of the projects have a multi-year implementation period.

As regards potential conflicts of interest, the Board Regulations of the Company regulate conflicts of interest and set out that any such conflicts shall be reported to the Board by those affected, who shall refrain from intervening in the operation to which the conflict refers.

## **B. PLANNED REMUNERATION POLICY FOR FUTURE FINANCIAL YEARS**

B.1 Provide a general outlook regarding remuneration policy for future financial years which describes this policy in respect of: fixed components, variable compensation, fees, the relationship between remuneration and results, pension schemes, terms of contracts involving executive directors, and the forecasting of the most important changes in remuneration policy in respect of previous financial years.

### **The general outlook with regard to remuneration policy**

In principle, no major changes are planned for the remunerations policy which, during this year and future years, shall maintain the aforementioned criteria with the exception of any mandatory criteria in compliance with the regulations applicable to listed companies or as a consequence of the developments of the Company's corporate governance system.

Notwithstanding the foregoing, the company has decided to review the fixed component of the remuneration for the performance of senior management duties performed by the executive director Deputy-chairman I, through a 10% increase of the amount of this fixed component with regard to the amount received in 2014. By the same token, the Company may assess additional measures for the same corporate positions to continue to ensure the natural alignment of the interests of the Company's shareholders and those of the executive directors to date.

The results of this analysis could lead to modifications to the Company's remuneration policy as referred to above.

B.2 Explain the decision-making process used to establish the remuneration policy applicable to future financial years and the role played, when applicable, by the Compensation Committee.

### **Explain the decision-making process used in the establishment of the remuneration policy**

Section A.2 of this report sets out the current decision-making process of the Company. However, to comply with the provisions introduced as a consequence of the approval of Law 31/2014, of 3 December, which amends the Corporate Enterprises Act to improve corporate governance, the Company has started the process of reform and modification of its internal regulations.

In particular, pursuant to the new article 529 *novodecies* of the Corporate Enterprises Act concerning the approval of the policy of remunerations to directors, the Board of Directors must approve the remunerations policy, at the proposal of the Appointments and Compensation Committee, which shall be subject to approval by the General Meeting together with a reasoned proposal and accompanied by a report from the Appointments and Compensation Committee. This documentation must be made available to shareholders from the time when the General Meeting is called.

The General Meeting shall approve said remuneration policy to directors, as a separate item on the agenda and this shall be binding, at least every three years. Any amendment or substitution of the remuneration policy during this period shall require prior approval from the General Meeting.

Lastly, and within the framework of the remunerations policy agreed by the Meeting, the Board of Directors shall be responsible for determining the individualised and specific remuneration of each director, based on their duties and responsibilities, the committees that they sit on and other objective circumstances considered relevant, as well as the remuneration of directors for the performance of executive duties and the terms and conditions of their contracts.

B.3 Explain the incentives the company has placed in the remuneration scheme in order to reduce excessive risk exposure and to adjust the scheme to its long-term objectives, values, and interest.

### **Explain the incentives created to reduce risks**

The Company considers that the currently anticipated remuneration scheme, which is broken down in paragraph A.13, duly takes into account those elements that are critical for the protection of the company's long-term interests, because the elements are based on the company's results, which ensure the correct functioning of the scheme over the course of every



financial year. Consequently, at the date of preparing this report there are no plans to introduce new incentives or to modify those that already exist.

## **C. COMPREHENSIVE SUMMARY ON HOW THE COMPENSATION POLICY WAS APPLIED DURING THE LAST FINANCIAL YEAR**

C.1 Summarize the principle characteristics of the structure and compensation items of the remunerations policy applied during the last financial year, which leads to the breakdown of the individual forms of compensation received by each of the directors. These appear in section D of this report. Also, provide a summary of the decisions taken by the board for the application of these items.

**Explain the structure and compensation items of the remuneration policy applied during the financial year**

It should be noted that the remuneration received by the Directors is consistent with the established remuneration policy since, firstly, at the General Meeting of Shareholders held on 26 June 2014, the maximum annual amount of the fixed quantity established as statutory compensation for the Board of Directors as a whole was set at 3,000,000 euros, in accordance with the proposal from the Appointments and Compensation Committee.

The same General Meeting agreed to allow the Board of Directors to set the specific amount corresponding to each member of the Board of Directors, within the aforementioned fixed limit. In this way, the allocation of the amounts specified was carried out, in accordance with the provisions of article 22 of the Articles of Association, subsequent to the issuance of a report by the Appointments and Compensation Committee, which established a fixed annual amount for each Director, with the aggregate amount standing at 55,478 euros. To this end, the Board of Directors consider the committees on which the director sits, the positions held and, in general, the amount of time spent on administrative tasks or in the service of the Company or the remuneration they could receive as fees or salary for the rendering of professional services or through an employment relationship.

In addition, by means of a resolution passed by the Board of Directors and also in accordance with the report from the Appointments and Compensation Committee, it was agreed that additional compensation would be paid to Directors who participated on the Board Committees (the Audit and Control Committee and the Appointments and Compensation Committee), in order to underscore the importance of the work performed by these Committees, whilst considering the criteria of commitment, recognition of work undertaken, and moderation.

With regard to the compensation paid to executive directors, the Appointments and Compensation Committee has approved the fixed compensation for 2014 and the criteria for variable compensation for 2014.

By means of their incorporation into the general system of salaries and social benefits of the Company, pension schemes have been applied to executive directors, leading to life insurance premiums for the amount of 12,829 euros in 2014.

With regard to the basic conditions governing the contracts of those who perform senior- management duties as executive directors, the application of the criteria mentioned in the remuneration policy has continued without change.

The structure and compensation items of the remuneration policy applied during FY 2014 are those which were referred to above in the paragraphs under point A and which highlight the following points:

- The fixed components. The distribution of these amounts attempts to calibrate the amounts received by each of the directors in accordance with their participation or lack thereof on delegated bodies of the Board, the offices they hold on the Board or, in general, with their dedication to the tasks of managing or providing services to the Company.
- To date, the variable compensation items are received only by the Deputy-chairman I, who has the status of executive director, and his variable compensation is provided to him in acknowledgement of his performance and influence on the company's results, the objective being to achieve a repetition of these results in the following financial years.
- As regards pension schemes, the Company contributes the amounts indicated in paragraphs A.10 and D.1.i) to the life insurance policies of each of the executive directors.

- The basic conditions found in the contracts of those who perform senior-management duties as executive directors.

#### D. DETAIL OF INDIVIDUAL COMPENSATION PAID TO EACH OF THE DIRECTORS

Name	Typology	Period of payment FY 2014
JOSÉ LLADÓ FERNÁNDEZ-URRUTIA	Executive	From 01/01/2014 to 31/12/2014
JUAN LLADÓ ARBURÚA	Executive	From 01/01/2014 to 31/12/2014
JUAN MIGUEL ANTOÑANZAS PÉREZ-EGEA	Independent	From 01/01/2014 to 31/12/2014
FERNANDO DE ASÚA ÁLVAREZ	Independent	From 01/01/2014 to 31/12/2014
ANTONIO DE HOYOS GONZÁLEZ	Independent	From 01/01/2014 to 31/12/2014
DIEGO DEL ALCÁZAR Y SILVELA	Independent	From 01/01/2014 to 31/12/2014
FRANCISCO JAVIER GÓMEZ-NAVARRO NAVARRETE	Independent	From 01/01/2014 to 31/12/2014
JAVIER ALARCÓ CANOSA	Other External	From 01/01/2014 to 31/12/2014
JOSÉ MANUEL LLADÓ ARBURÚA	Proprietary	From 01/01/2014 to 31/12/2014
PEDRO LUIS URIARTE SANTAMARINA	Independent	From 01/01/2014 to 31/12/2014
WILLIAM BLAINE RICHARDSON	Other External	From 01/01/2014 to 31/12/2014
ÁLVARO GARCÍA-AGULLÓ LLADÓ	Proprietary	From 01/01/2014 to 31/12/2014

D.1 Complete the following tables containing the remuneration paid to each of the directors (including the remuneration for the performance of executive duties) during the financial year.

#### a) Compensation paid in the company that is the subject of this report:

##### i) Cash compensation (in thousands of euros)

Name	Salaries	Fixed remuneration	Fees	Short term variable remuneration	Long term variable remuneration	Remuneration due to membership on the Board committees	Indemnities	Other items	Total year 2014	Total year 2013
JOSÉ LLADÓ FERNÁNDEZ URRUTIA	121	55	18	0	0	0	0	3	197	197
JUAN LLADÓ ARBURÚA	650	55	18	350	0	0	0	10	1,083	1,334
JUAN MIGUEL ANTOÑANZAS PÉREZ-FERNANDO DE ASÚA ÁLVAREZ	0	55	18	0	0	15	0	0	88	93
	0	55	18	0	0	58	0	0	131	154

ANTONIO DE HOYOS GONZÁLEZ ARBURÚA	0	55	18	0	0	20	0	0	93	103
DIEGO DEL ALCÁZAR Y SILVELA	0	55	18	0	0	20	0	0	93	103
FRANCISCO JAVIER GÓMEZ-NAVARRO NAVARRETE	0	55	18	0	0	20	0	0	93	105
JAVIER ALARCÓ CANOSA	0	55	18	0	0	15	0	0	88	93
JOSÉ MANUEL LLADÓ ARBURÚA	0	55	18	0	0	20	0	0	93	103
WILLIAM BLAINE RICHARDSON	0	55	18	0	0	0	0	134	207	209
ÁLVARO GARCÍA-AGULLÓ LLADÓ	0	55	18	0	0	15	0	0	88	93
PEDRO LUIS URIARTE SANTAMARINA	0	55	18	0	0	23	0	0	96	93

ii) Share based compensation schemes

iii) Long term savings schemes

iv) Other benefits (in thousands of €)

JOSÉ LLADÓ FERNÁNDEZ URRUTIA			
Compensation in the form of advances, credits granted			
Interest rate for the operation		Essential characteristics of the operation	
Amounts possibly returned			
0.00		Not applicable	
Not applicable		Not applicable	
Life insurance premiums		Guarantees extended by the company to the directors	
Financial year 2014	Financial year 2013	Financial year 2014	Financial year 2013
3	3	Not applicable	Not applicable

<b>JUAN LLADÓ ARBURÚA</b>			
<b>Compensation in the form of advances, credits granted</b>			
<b>Interest rate for the operation</b>		<b>Essential characteristics of the operation</b>	<b>Amounts possibly returned</b>
0.00		Not applicable	Not applicable
<b>Life insurance premiums</b>		<b>Guarantees extended by the company to the directors</b>	
<b>Financial year 2014</b>	<b>Financial year 2013</b>	<b>Financial year 2014</b>	<b>Financial year 2013</b>
10	11	Not applicable	Not applicable

**B) Compensation paid to the directors of the company due to membership on boards of other companies in the group**

**i) Cash compensation (in thousands of €)**

Name	Salaries	Fixed remuneration	Fees	Short term variable compensation	Long term variable compensation	Remuneration due to membership on the Board committees	Indemnities	Other items	Total year 2014	Total year 2013
JOSÉ LLADÓ FERNÁNDEZ URRUTIA	0	0	0	0	0	0	0	0	0	0
JUAN LLADÓ ARBURÚA	0	0	0	0	0	0	0	0	0	0
JUAN MIGUEL ANTOÑANZAS PÉREZ	0	0	0	0	0	0	0	0	0	0
FERNANDO DE ASÚA ÁLVAREZ	0	0	0	0	0	0	0	0	0	0
ANTONIO DE HOYOS GONZÁLEZ	0	0	0	0	0	0	0	0	0	0
DIEGO DEL ALCÁZAR Y SILVELA	0	0	0	0	0	0	0	0	0	0
FRANCISCO JAVIER GÓMEZ-NAVARRO NAVARRETE	0	0	0	0	0	0	0	0	0	0
JAVIER ALARCÓ CANOSA	0	0	0	0	0	0	0	0	0	0
JOSÉ MANUEL LLADÓ ARBURÚA	0	0	0	0	0	0	0	0	0	0
PEDRO LUIS URIARTE SANTAMARINA	0	0	0	0	0	0	0	0	0	0
WILLIAM BLAINE RICHARDSON	0	0	0	0	0	0	0	0	0	0
ÁLVARO GARCÍA-AGULLÓ LLADÓ	0	0	0	0	0	0	0	0	0	0

**ii) Share based compensation schemes**

**iii) Long term savings schemes**

**C) Compensation summary (in thousands of €):**

All of the amounts corresponding to compensation items included in this report which have been paid to the director must be included in this summary, in thousands of euros.

Provisions and contributions to long term Savings Schemes will be included:

Name	Compensation paid in the Company				Compensation paid in companies of the group				Totals		
	Total cash compensation	Amount of shares granted	Gross margin on exercise options	Total financial year 2014 company	Total cash compensation	Amount of shares delivered	Gross margin on exercised options	Total FY 2014 group	Total FY 2014	Total FY 2013	Contribution to the savings scheme during FY
JOSÉ LLADÓ FERNÁNDEZ URRUTIA	197	0	0	19	0	0	0	0	197	197	0
JUAN LLADÓ ARBURÚA	1,083	0	0	1,08	0	0	0	0	1,083	1,334	0
JUAN MIGUEL ANTOÑANZAS PÉREZ-EGEA	88	0	0	88	0	0	0	0	88	93	0
FERNANDO DE ASÚA ÁLVAREZ	131	0	0	131	0	0	0	0	131	154	0
ANTONIO DE HOYOS GONZÁLEZ	93	0	0	93	0	0	0	0	93	103	0
DIEGO DEL ALCÁZAR Y SILVELA	93	0	0	93	0	0	0	0	93	103	0
FRANCISCO JAVIER GÓMEZ-NAVARRO NAVARTEE	93	0	0	93	0	0	0	0	93	105	0
JAVIER ALARCÓ CANOSA	88	0	0	88	0	0	0	0	88	93	0
JOSÉ MANUEL LLADÓ ARBURÚA	93	0	0	93	0	0	0	0	93	103	0
PEDRO LUIS URIARTE SANTAMARINA	96	0	0	96	0	0	0	0	96	93	0
WILLIAM BLAINE RICHARDSON	207	0	0	207	0	0	0	0	207	209	0
ÁLVARO GARCÍA-AGULLÓ LLADÓ	88	0	0	88	0	0	0	0	88	93	0
<b>TOTAL</b>	<b>2,350</b>	<b>0</b>	<b>0</b>	<b>2,35</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,350</b>	<b>2,680</b>	<b>0</b>

D.2 Report about the relationship between the compensation paid to directors and the results or other measures of company performance, explaining, when warranted, how the variations in the performance of the company have influenced variations in the remuneration of the directors.

The results of the Company have remained essentially stable during FY 2014 with respect to previous financial years. Notwithstanding the above, the data with respect to the performance of the Company during this period is very positive, as a result of which the Company has decided to maintain the annual variable compensation system of Deputy-chairman I.

Specifically, the order book of the Company has surpassed the record for orders, 8,412 million euros. In addition, it should be noted that the distribution of orders by geographic region and customer is increasingly balanced, thanks to the successful introduction of a diversification strategy.

In the same manner, the average amount of the annual contract awards for the Company over the course of the last 3 financial years exceeds 3,698 million euros by a wide margin, continuously exceeding 3,287 million euros in financial years 2012, 2013 and 2014, when the Company was awarded contracts for the amount of 2,287 million euros, 3,387 million euros and 4,499 million euros, respectively.

As a result of the Company's good results, the overall amount of annual dividends paid out during each of the most recent financial years stands at 75 million euros, in accordance with the best international practices and recommendations.

D.3 Report on the result of the consultative vote of the general meeting regarding the annual report on remuneration from the previous financial year, indicating the number of negative votes cast:

	<b>Number</b>	<b>% of total</b>
<b>Votes cast</b>	35,890,475	64.21%

	<b>Number</b>	<b>% of total</b>
<b>Negative votes</b>	164,350	0.46%
<b>Votes in favour</b>	34,682,367	96.63%
<b>Abstentions</b>	1,043,758	2.91%

## E. OTHER RELEVANT INFORMATION

If there are important aspects regarding remuneration of directors that have not been included in the remaining section of this report but whose inclusion is necessary in order to provide complete and reasoned information on the structure and compensation practices of the company with regard to its directors, state the information briefly below.

We attach a document showing the amount of the contract awards the volume of the order book for the last three financial years of the Company.

This annual report on remuneration was approved by the board of directors of the company at the meeting on 26/02/2015.

Indicate whether any directors have either voted against or have abstained from voting on the approval of this Report.

Yes  No

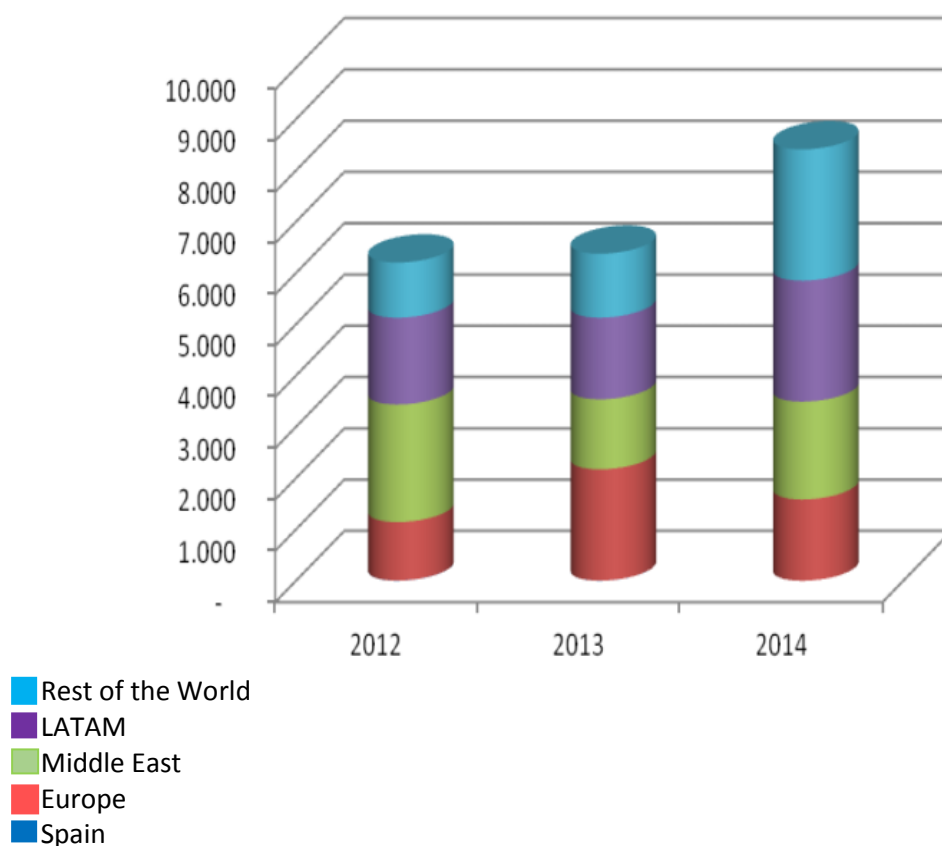


**OTHER INFORMATION OF INTEREST**

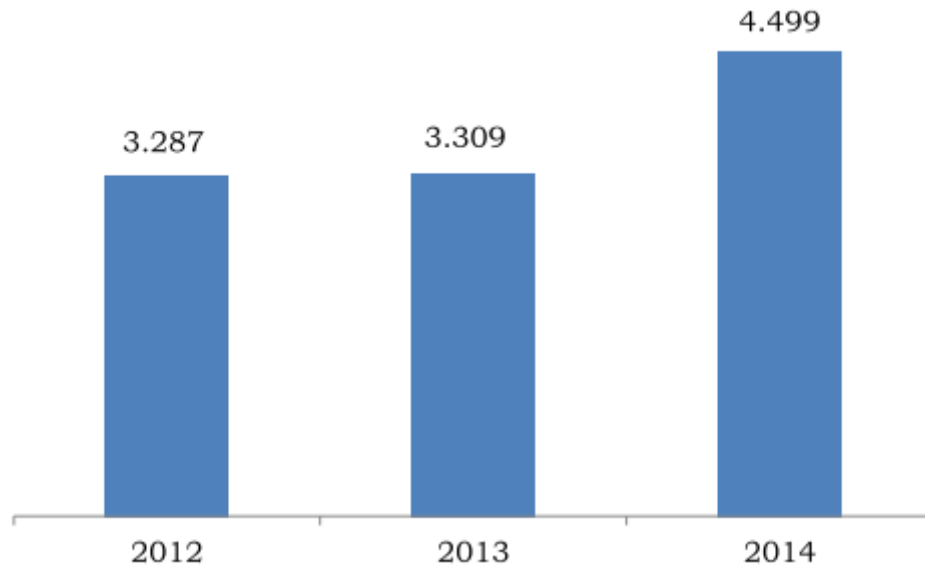
The results of the Company have remained stable during FY 2014 with regard to previous financial years. Notwithstanding the above, the data with respect to the performance of the Company during this period is very positive, as a result of which the Company has decided to maintain the remuneration scheme for the directors of the Company during FY 2015.

Specifically, the Company’s order book has surpassed the record for orders: 8,412 million euros. In addition, it should be noted that the distribution of orders by geographic region and customer is increasingly balanced, which confirms the positive results of the diversification strategy introduced some years ago:

**Order book evolution 2012-2014**



In the same manner, the average amount of the annual contract awards for the Company over the course of the last 3 financial years exceeds 4,000 million euros by a wide margin and continuously exceeds 3,000 million euros during financial years 2013, 2014 and 2015 according to the figures presented below:



As a result of the Company's satisfactory results, the overall amount of annual dividends paid out during each of the three most recent financial years stands at 75 million euros. This amount represents [ ]% of the total result for the consolidated group in financial year 2014, in accordance with the best international practices and recommendations.