

# **Activity Report of the Appointments Committee**

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# Activity Report of the Appointments Committee

## 1. REGULATIONS.

The revised text of the Spanish Corporate Enterprises Act [*Ley de Sociedades de Capital*] establishes in its section 529(l) that publicly traded companies must establish a one or two separate Appointments and Remuneration Committees, with section 529(n) of the Corporate Enterprises Act regulating their composition, operation and powers.

ACS, Actividades de Construcción y Servicios, S.A. (hereinafter, “ACS” or the “Company”) has an Appointments Committee for which the standards of operation, composition, powers and privileges are regulated in Article 22 of the Company's Articles of Association, having been elaborated on, through Article 26 of the Rules of Order of the Board of Directors.

This activity report corresponding to the 2020 period of the ACS Appointments Committee has been prepared in accordance with Recommendation 6 of the Code of Good Governance [*Código de Buen Gobierno*], and in accordance with the recommendations of the Technical Guide 1/2019 on appointments and remuneration committees of entities of the CNMV, while also taking into account the best corporate governance practices. The report will be published on the corporate website in advance of the holding of the Ordinary General Shareholders' Meeting by the Company.

## 2. COMPOSITION.

In accordance with the provisions of the Company's Articles of Association and the Rules of Order of the Board of Directors of ACS, the Appointments Committee of the Company will be made up of a minimum of two and a Chair. At least two members of the Appointments Committee will be Independent Directors and the Chair of the Committee will be appointed from among the constituent Independent Directors. In any case, the number of components of the Committee will be determined by the Board directly by express agreement or indirectly upon filling the vacant positions or the appointment of new members within the established maximum.

From 1 January 2020 to 22 March 2020, the Appointments Committee consisted of the following members:

Name	Position	Category	Seniority	
			Date of first appointment on the Board	Date of first appointment on the Committee
MRS. CATALINA MIÑARRO BRUGAROLAS	CHAIR	Independent	28/04/2015	11/05/2017
MRS. CARMEN FERNÁNDEZ ROZADO	BOARD MEMBER	Independent	28/02/2017	11/05/2017
MR. JAVIER ECHENIQUE LANDIRIBAR	BOARD MEMBER	Proprietary	20/05/2004	11/05/2017
MR. MARÍANO HERNÁNDEZ HERREROS	BOARD MEMBER	Proprietary	05/05/2016	13/12/2018
MR. JOSÉ MARÍA LOIZAGA VIGURI	BOARD MEMBER	Other External	28/06/1989	11/05/2017
MR. PEDRO JOSÉ LÓPEZ JIMÉNEZ	BOARD MEMBER	Other External	28/06/1989	11/05/2017
MR. JOAN DAVID GRIMÁ TERRÉ	BOARD MEMBER	Other External	14/10/2003	11/05/2017
MR. JOSÉ LUIS DEL VALLE	NON-MEMBER SECRETARY			

**CATALINA MIÑARRO BRUGAROLAS (Chair).** She holds a degree in Law awarded in 1986 by the Universidad Complutense de Madrid, and she passed the examination to become a State Counsel in 1989.

As State Counsel, a body from which she is currently on leave, she served on the Legal Service of the Spanish Government in the National Court [Division of Supreme Court of Spain] and on the Court of Auditors, in the Directorate General of the Treasury and Finance Policy, as Secretary to the Madrid Regional Financial and Administrative Court, for the Legal Service of the Spanish Government before the Ministry of Health and Consumer Affairs, and for the Legal Service of the Spanish Government before the Superior Court of Justice of Madrid. She has also served as Technical General Secretary to the Office of the Presidency of the Autonomous Community of Madrid, Chief Legal Officer of the State holding company Sociedad Estatal de Participaciones Estatales, Secretary to the Board of Sociedad Estatal de Transición al Euro, Secretary of the Board of Directors of Saeta Yield and a Director of Autoestradas de Galicia, S.A. Currently, she is an independent Board Member of MAPFRE, S.A.

**CARMEN FERNÁNDEZ ROZADO (Board Member).** She holds a Degree in Business and Economic Sciences and in Political and Sociology Sciences from the Universidad Complutense de Madrid, as well as a PhD in Government Taxation from the aforementioned university. She has completed the Senior Management Program (PADE) at the IESE Business School (Universidad de Navarra). Government Tax Inspector and Auditor.

As a State Tax Inspector, she began work at the Ministry of Economy and Finance in 1984, where she held various positions in the State Tax Administration Agency.

In 1999, she was appointed as a member of the Board of Directors of the National Energy Commission (Comisión Nacional de la Energía), a position she held until 2011. Since then, she has been an international consultant for the development and execution of Business Plans in Energy and Infrastructure in a variety of countries of Latin America and Asia.

During 2012 and 2013 she was a member of the Advisory Board of EY. Since April 2015, she has been an advisor and board member of the Audit Committee of EDP (Energías de Portugal) in Lisbon and a member of the Advisory Board of Beragua Capital Advisory.

She is a professor at various Spanish and foreign universities and business schools, and the author of numerous articles and publications on Taxation, Energy and Sustainability.

**JAVIER ECHENIQUE LANDRÍBAR (Board Member).** Graduate in Economic and Actuarial Sciences. He has been Board Member - General Manager of Allianz-Ercos and General Manager of the BBVA Group; and he currently holds the position of Vice President of Banco Sabadell, Board Member of Actividades de Construcción y Servicios (ACS) S.A. and of Grupo Empresarial ENCE S.A.

He is also a member of the Fundación Novia Salcedo and Fundación Altuna Trusts. He is also a board member and deputy chair of Telefónica S.A.

**MARIANO HERNÁNDEZ HERREROS (Board Member).** He holds a degree in Medicine and Surgery from the Universidad Complutense de Madrid and also specialized in Psychiatry at the same university, having spent his entire career as a psychiatrist at the López-Ibor clinic.

He is the author of several scientific publications and has spoken at many international conferences.

He has been a Board Member of the Dragados Group, Iberpistas S.A. and Autopistas AUMAR, S.A., and is currently a Board Member of Dragados, S.A. and ACS, Servicios y Concesiones, S.L.

**JOSÉ MARIA LOIZAGA VIGURI (Board Member).** He started his career at Banco Vizcaya with a series of different executive positions. In 1968, he took on the General Manager position at Zardoya and in 1972 he led the merger with Schneider Otis. Until 1980, he was the head of Otis Elevator for Southern Europe. In 1980 he founded Banco Hispano Industrial (BHA Group) and in 1982 he was appointed Vice President and Chief Executive Officer of Banco Unión which merged with Banco Urquijo where he remained until 1985. At this time, he founded Mercapital, SA, a group which he chaired until 2008.

Among others, he has held positions such as Chair of Bodegas Lan and Bodegas Barón de Ley, Board Member of Banque Privée Edmond de Rothschild, Suez International, Otis International, Amorim Investment, Lácteos G<sup>a</sup> Baquero, Unión Fenosa, Mecalux, Board Member of Cartera Industrial Rea and Vice Chair of the Board of Zardoya Otis.

**PEDRO LÓPEZ JIMÉNEZ (Board Member).** Civil Engineer (graduated in 1965). Partial studies in Journalism and Social Sciences at the Instituto Social León XIII (1960-1962). Program in Senior Business Administration (PADE) at the IESE Business School (1995-1996). Awarded the Grand Cross of the Order of Isabel la Católica. He has been: Director of Construcción Centrales Térmicas. Hidroeléctrica Española (1965/70); Board Member and General Manager of Empresarios Agrupados; Board Member of GHESA; Deputy-Secretary of MOPU, Director General of the Porta Authority; Board Member of UE and ENHER; Board Member of INI (1978/79); Chair of ENDESA (1978/82); Board Member of ATLAS COPCO, SEMI, TECMED, CONTINENTAL AUTO, VIAS Y CONSTRUCCIONES, ENAMSA, TRACTEBEL ESPAÑA, HILATURA DE PORTOLIN; Chair of UNION FENOSA; Vice-President of INDRA; Board Member of CEPSA; Board Member of LINGOTES ESPECIALES; Chair and Board Member of GTCEISU CONSTRUCCIÓN S.A. (TERRATEST Group); Board Member of ENCE; Board Member of KELLER GROUP, plc.; and Member of the Board of the UNIVERSIDAD DE ALCALÁ DE HENARES. He is currently: Board Member, Deputy Chair of the Executive Committee and Member of the Appointments Committee and Member of the Audit Committee of ACS Actividades de Construcciones y Servicios S.A.; Deputy Chair of Dragados S.A.; Deputy Chair and Acting Chair of ACS Servicios y Concesiones S.A.; Deputy Chair of ACS Servicios, Comunicaciones y Energía; Chair of the Supervisory Board, of the Human Resources Committee, and of the Appointments Committee of HOCHTIEF; Member of the Board of Directors, of the Remuneration and Appointments Committee, and of the Ethics, Compliance and Sustainability Committee of CIMIC.

Board Member of ABERTIS INFRAESTRUCTURAS, S.A.; Member of the Trust and Executive Board of the Piscasso Museum Málaga; Deputy Chair of the Trust of the Spanish Royal National Library; Deputy Chair of Real Madrid Football Club and Deputy Chair of the European Club Association (ECA).

**JOAN DAVID GRIMÀ TERRÉ (Board Member).** He has a Doctorate in Economics and Business Administration from the Universidades Autónoma de Barcelona (UAB), and has also studied in the US at Baylor University and Harvard Business School. Professional career: Between 1982 and 1992 he worked at McKinsey & Co., where he was a partner. From 1992 to 2010 he was the General Manager of Banco Santander. In January 2002 he was appointed as Deputy Chair and Chief Executive Officer of the AUNA Group, a position which he held, in addition to his duties at Banco Santander, until November 2005. He is a Board Member of ACS, Actividades de Construcción y Servicios, S.A, and of Cory Environmental Holdings Ltd. (UK). He is a Trustee of the Pluralism and Coexistence Foundation (under the mandate of the Ministry of Justice), and a Board Member of Golf La Moraleja.

He has sat on the Boards of companies such as Antena 3TV, Teka, Banco Santiago (Chile) and Banco Tornquist (Argentina).

Due to the death of José María Loizaga on 22 March 2020, the Appointments Committee came to consist of six members. At 31 December 2020, the Appointments Committee had the following members:

- Catalina Miñarro Brugarolas (Chair)
- Javier Echenique Landiribar (Member)
- Carmen Fernández Rozado (Member)
- Joan David Grimá Terré (Member)
- Mariano hernández Herreros (Member)
- Pedro López Jiménez (Member)

As a whole, the members of the Appointments Committee have the knowledge and experience required to perform the functions of the Committee. On the corporate website of the Company, detailed information on the members of the Committee and their professional career is available to shareholders, investors and other interested parties.

### **3. DUTIES.**

The duties of the Appointments Committee are set out in Article 26 of the Rules of Order of the Board of Directors, which was amended pursuant to the agreement of the Board of Directors at its meeting held on 26 March 2020 with the objective being to incorporate the basic principles on the composition, duties and functioning of the Committee according to the CNMV's **Technical Guide 1/2019** on Appointments and Remuneration Committees.

In this regard, the aforementioned Article 26 attributes the following duties to the Committee:

- In relation to the composition of the Board of Directors:

a) To evaluate the capabilities, expertise and experience required by the Board of Directors. For these purposes, the Appointments and Remuneration Committee will define the necessary skills and abilities of the candidates to cover any vacancy and will evaluate the time and dedication required to discharge the related duties effectively, ensuring that non-executive board members have sufficient time available to perform their duties properly.

To this end, the Committee must prepare and periodically update a matrix with the necessary skills of the Board that defines the aptitudes and expertise of the candidates for the Board, especially those of executive and independent directors.

b) To propose the diversity policy to the Board of Directors based on the criteria of age, disability, education, professional experience: and gender, among others, establishing the objectives in this regard.

c) To verify the Board Members' categories each year.

- In relation to selecting Directors and Senior Managers:

To make proposals to the Board of Directors for the appointment of independent Boards of Directors by co-option or by approval at the shareholders' General Meeting, as well as proposals for the re-election or removal of such Board Members by the General Meeting.

To make proposals for the appointment of other Board Members by co-option or by approval at the shareholders' General Meeting, as well as proposals for the re-election or removal of such Board Members by the General Meeting.

f) To make proposals for the appointment or removal of Senior Executives, especially those who will form part of the Group's Management Committee, and to propose the basic conditions of their contracts, in coordination, where necessary, with the Remuneration Committee.

g) To periodically verify the criteria for selecting Board Members.

- In relation to Board Members' positions:

h) To make proposals for appointing the Chair, and the case being, the Deputy Chair of the Board.

i) To make proposals for the appointment of the Secretary to the Board of Directors.

j) To make proposals, where necessary, for the appointment of the Coordinating Board Member.

k) To examine and organize the succession of the Chair of the Board of Directors and of the Chief Executive Officer of the Company and, if applicable, to make proposals to the Board of Directors for such succession to occur in an orderly and well-planned fashion, drawing up a succession plan in this regard.

- Other duties:

l) To lead, in coordination with the Chair of the Board and with assistance from the coordinating Board Member where applicable, the Board's annual evaluation of its functioning and composition, its Committees and the Board Members of the Company.

m) To periodically design and organise knowledge update programmes for the Board Members, in coordination where necessary with the Remuneration Committee.

n) Ensuring that any conflicts of interest will not harm the independence of the eventual advice provided to the Committee.

#### **4. COMPLIANCE OF THE DUTIES.**

##### **4.1. MEETINGS HELD AND ATTENDEES.**

In compliance with the provisions of Article 26 of the Rules of Order of the Board of Directors, the Secretary of the Company's Board of Directors will attend Appointments Committee meetings with voice but not vote, and will take the minutes, copies of which will be sent upon approval to each of the members of the Board of Directors.

In addition, the Committee meeting will only be deemed to be convened when the majority of its members attend and agreements will be adopted by majority vote of those attending, with the Chair having the casting vote in the event of a tie.

The ACS Appointments Committee will meet, when convened by the Chair, at least three times a year.

From 1 January 2020 to 31 December 2020, the **Appointments Committee held a total of five meetings**, with all the members of the Committee having attended, by either being present or represented, at three of the meetings. The only exceptions were the meetings of 17 January and 27 February 2020, in which Joan David Grima Terré excused his absence.

##### **4.2. SIGNIFICANT ACTIVITIES PERFORMED DURING THE 2020 PERIOD.**

The Appointments Committee has performed the following significant activities during the 2020 period:

**a) With regard to the appointment of Board Members.**

With regard to the **appointment or re-election of Board Members who are not Independent Directors**, it is the Appointments Committee's role to make proposals for the appointment of Board Members by co-option or by approval at the shareholders' General Meeting, as well as proposals for the re-election or removal of such Board Members by the General Meeting.

As part of this duty to inform, in its meeting of 26 March 2020, the Appointments Committee resolved, with the abstention of the Members affected in each case, **to issue a favourable report on the re-election proposals to ACS's General Shareholders Meeting** for Mariano Hernández Herreros and Javier Echenique Landiribar as Proprietary Directors.

Similarly, in its meeting of 14 May 2020, the Committee nominated Pedro López Jiménez to the Audit Committee to cover the vacancy caused by the death of José María Loizaga Viguri.

Lastly, in its meeting of 28 October 2020, the Committee issued a favourable report on the appointment of Carmen Fernández Rozado to the Executive Committee to cover the vacancy caused by the death of José María Loizaga Viguri.

**b) With regard to the appointment and removal of Senior Executives.**

The Appointments Committee is responsible for reporting the appointment and removal of senior executives and, in this regard, at its meeting on 17 January 2020, it reported favourably the appointment of the CEO of Servicios, Comunicaciones y Energía S.L.

In its meeting of 27 February 2020, the Committee dismissed Adolfo Valderas Martínez, at his own request, from the Board of Dragados.

In that same meeting of 27 February 2020, the Appointments Committee also issued favourable reports on the **appointment** of Eugenio Llorente Gómez and José María Castillo Lacabex to the Board of Dragados and of José María Castillo Lacabex also as Executive Chair of Dragados. It also resolved to approve the appointment to have the current Board of ACS Servicios, Comunicaciones y Energía, S.L., and that company's current positions in those same functions to also hold them in the company that may be created and to which the Group's shares in Dragados, S.A. and ACS Servicios, Comunicaciones y Energía, S.L. will be contributed.

**d) In relation to other functions of the Committee.**

At the meeting on 26 March 2020, the Appointments Committee reported favourably on the Company's 2019 Annual Corporate Governance Report and on the Committee's 2019 Activities Report.

## **5. EVALUATION OF THE FUNCTIONING AND PERFORMANCE OF THE APPOINTMENTS COMMITTEE.**

In compliance with the obligation to evaluate the functioning of the Board of Directors and its Committees, as established by Article 4 of the Rules of Order of the Board of Directors, which, in turn, develops the provisions of section 529(h) of Law 31/2014, of December 3, which amends the Spanish Corporate Enterprises Act for the improvement of corporate governance, and in the Recommendation 36 of the CNMV's Code of Good Governance for Listed Companies [*Código de Buen Gobierno de las Sociedades Cotizadas*], the Appointments Committee prepares this report for the purposes of evaluating its functioning during the 2020 period.

Furthermore, as part of the evaluation of the Board of Directors and its Committees, and in line with the provisions in Recommendation 36 of the Code of Good Governance, which states that: *“every three years, the board of directors will be assisted in its evaluation by an external consultant, the independence of which will be verified by the appointments committee”*, with regard to the evaluation for the 2019 period, ACS was aided by PwC Tax & Legal Services, whose evaluation report concluded in the 2020 period. In this report, concerning the Appointments Committee, PwC Tax & Legal Services concluded that *“the Appointments Committee engages in very limited activities essentially directed toward compliance with its legal obligations”*.

With this in mind, and in relation to its functioning, the Committee continues to highlight, among other aspects, the importance of the submissions of the Board of Directors' Chair in order to fully report on the activity and matters within its remit and, in addition, the importance of providing supplementary training and support for external advisors to its members, in accordance with Articles 26.9 and 10 of the Board of Directors' Regulation, to allow them to perform their duties better.

## **6. GOOD GOVERNANCE PRACTICAL GUIDES BEING FOLLOWED.**

The Appointments Committee, in the exercise of its functions, follows both the provisions of the **Code of Good Governance**, as well as the guidelines and recommendations of the **Technical Guide 1/2019, of the CNMV**, on Appointments and Remuneration Committees, published on 20 February 2019, while also addressing the best corporate governance practices.

In this regard, in its meeting of 26 March 2020, the Board of Directors approved amendments to the Rules of Order of the Board of Directors including to add to article 26 on the regulation of the Appointments Committee, the basic principles on composition,

duties and functioning of the Committee pursuant to **Technical Guide 1/2019** of the CNMV on Appointments and Remuneration Committees.

## **7. CONCLUSIONS.**

The ACS Appointments Committee is composed of six Board Members, all of whom are non-executive board members, with two of them being Independent Board Members, including its Chair, by which the composition requirements set forth in section 529(n) of the Corporate Enterprises Act are met.

Moreover, the Appointments Committee has met five times, thereby complying with the provisions of Article 26 of the Board of Directors' Statute, which establish the Committee's obligation to meet at least twice a year.

Of the five Committee meetings, three were attended by all its members in person or duly represented, and at only one meeting was one of the Committee members unable to attend, sending apologies for his absence.

The members of the Committee have had at their disposal, prior to the meetings, the necessary information in relation to the respective items on the Agenda.

Concerning the duties and powers assigned, the Committee considers that it has deliberated and adopted resolutions on the main matters within its remit.

In conclusion, the ACS Appointments Committee assesses the activities carried out during the 2020 period as being very positive.

## **8. DATE OF FORMULATION BY THE APPOINTMENTS COMMITTEE OF THE REPORT AND DATE OF APPROVAL BY THE BOARD OF DIRECTORS.**

The present report of the ACS Appointments Committee for the 2020 period was formulated by the Committee on 31 March 2021, having been unanimously approved by the Board of Directors of the Company, at its meeting held on 31 March 2021.