

Activity Report of the Remuneration Committee

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Activity Report of the Remuneration 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. (“ACS” or the “Company”) has an Remuneration Committee for which the standards of operation, composition, powers and privileges are regulated in Article 22a of the Company Bylaws, having been elaborated on, through Article 27 of the Rules 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 Remunerations Committee of the Company will be made up of a minimum of two and a Chair. At least two members of the Remuneration Committee will be Independent Directors and the Chairperson 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.

In 2020, there were no changes to the composition of the Remuneration Committee. On 31 December 2020, the members of the Remuneration Committee were as follows:

Name	Position	Category	Seniority	
			Date of first appointment on the Board	Date of first appointment on the Committee

ANTONIO BOTELLA GARCÍA	CHAIR	Independent	28/04/2015	11/05/2017
MR. EMILIO GARCÍA GALLEGO	BOARD MEMBER	Independent	13/11/2014	11/05/2017
JOSÉ ELADIO SECO DOMÍNGUEZ	BOARD MEMBER	Independent	13/11/2014	11/05/2017
MRS. MARÍA SOLEDAD PÉREZ RODRÍGUEZ	BOARD MEMBER	Proprietary	13/11/2014	11/05/2017
MIGUEL ROCA JUNYENT	BOARD MEMBER	Other External	14/10/2003	11/05/2017
MR. JOSÉ LUIS DEL VALLE	NON-MEMBER SECRETARY			

ANTONIO BOTELLA GARCÍA (Chair). He holds a degree in Law from the Universidad de Murcia, and he became a State Counsel in 1974.

He served as State Counsel at the Supreme Court, in the Revenue Service Delegation and at the Courts of Oviedo, in the Revenue Service Delegation and at the Courts of Albacete, in the Office of the President of the National Government attached to the Department of Parliamentary Relations, in the Legal Office of the Ministry of Transport, Tourism and Communications, and at the National High Court. He has also served as Technical General Secretary to the Ministry of Transport, Tourism and Communications, and to the Ministry of Agriculture, Fisheries and Food, while also having served as the Junior Secretary of the Ministry of Agriculture and Conservation. He has been Professor of Law at the Instituto de Empresa at the Universidad de Oviedo and at the Universidad a Distancia de Albacete.

He has been a Lecturer in Law at the Business Institute of the University of Oviedo and at the Correspondence University of Albacete. He has also sat on the Boards of Caja Postal de Ahorros (subsequently Argentaria and now part of BBVA), AVIACO (subsequently merged with IBERIA LAE) and ALDESASA, as well as serving as Secretary to the Board in numerous companies. He is a practising Attorney.

JOSE ELADIO SECO DOMINGUEZ (Member). He graduated as a Civil Engineer from the Escuela Superior de ICCP de Madrid [Madrid School of Engineering], specializing in Transportation, Ports and Town Planning.

He began his professional career in 1972 in the public engineering company INECO, where he held various positions until he became International Director. In 1988 he joined RENFE, where he held various positions and in 2000 he was appointed Executive Chair of INECO until 2002, when he was appointed Chair

and CEO of AENA, a position he held until 2004 when he was appointed Advisor to the Office of the Presidency of RENFE.

He has also acted as Senior Advisor to OCA, POINTEC, COLLOSA, INCOSA, NATIONAL EXPRESS-ALSA and MENZIES AVIATION, and has been Chairman of the Spanish consortium for the concession and operation of the high-speed Río de Janeiro-Sao Paulo-Campinas (Brazil) railroad. He is currently Senior Advisor at INDRA, AT KEARNEY and STADLERRAIL.

EMILIO GARCÍA GALLEGO (Member). Qualified as a civil engineer (Madrid 1971), he holds a Law Degree (Barcelona 1982) and has taken doctorate studies at the Universidad Politécnica de Catalunya. He has also completed the following official courses: Groundwater Hydrology at the School of Industrial Engineers of Barcelona; Management Improvement (1984-85) at the School of Public Administration of Catalonia; Coastal Engineering at the School of Civil Engineering of Catalonia (ETSICCP); and Port Engineering and Oceanographic Engineering at the School of Civil Engineering of Catalonia.

His teaching activity has included the position of professor in charge of the “Soil Mechanics and Special Foundations” course at the Barcelona School of Architecture (1974-1982) and professor in charge of the doctorate course entitled “Consolidation of soft and weak ground” at the Barcelona School of Architecture (1979-1980).

He has been an engineer for the River Policing Authority of the Eastern Pyrenees, engineer for Fomento de Obras y Construcciones, representative in the Catalonia region for the company “Grandes Redes Eléctricas, S.A.”, Head of the Ports Service of the Regional Government of Catalonia, Secretary of the Ports Commission of Catalonia and Co-director of the Plan de Puertos de Catalunya, as well as the Director-General for Infrastructure and Transportation of the Xunta de Galicia, Director-General of Transport of the Government of Catalonia, Deputy Director of the Sanitation Board and Deputy Director of the Water Board of the Regional Government, Director-General of Public Works of the Regional Government of Galicia and Chair of the Water Board of Galicia, Chair of the Entity Managing Railway Infrastructures, under the mandate of the Ministry of Development and was in charge of executing the entire High Speed railway infrastructure. He currently works as a freelance Civil Engineer.

MARÍA SOLEDAD PÉREZ RODRÍGUEZ (Member). She holds a Degree in Chemistry and a Degree in Pharmacy from the Universidad Complutense de Madrid.

She has been a professor in colleges in Madrid and a technical advisor for GEBLASA, SA, a chemical products import and export company, as well as an associate pharmacist in the Pharmacy Office of Madrid (Oficina de Farmacia de Madrid). She is currently a Board Member for, in addition to ACS Actividades de Construcción y Servicios, SA, its subsidiaries ACS Servicios Comunicaciones y Energía, SL and DRAGADOS, S.A.

MIGUEL ROCA JUNYENT (Member). He has a Law degree from the Universidad de Barcelona and has Honorary Doctorates from the Universidades de Educación a Distancia, León, Girona and Cádiz.

Professor of Constitutional Law at the Universidad Pompeu Fabra in Barcelona; Member of the Congress of Deputies representing Barcelona and President of the Catalan Parliamentary Group in the Spanish Parliament (1977-1995). Member of the Commission that drafted the Constitution of 1978, and also the Commission that drafted the Statute of Autonomy of Catalonia. He has been a practising Attorney since 1962: Managing Partner of the Roca Junyent legal firm, with offices in Barcelona, Palma de Majorca, Girona, Lleida and Shanghai. Has provided counsel for the defense of the insurer Catalana Occidente since March 1996. Non-Board Member Secretary for Banco Sabadell, for Albertis Infraestructuras, for TYPESA, and for Accesos de Madrid, S.A.; Board Member of ENDESA.

As a whole, the members of the Remuneration 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 27 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 Recommendations 47, 50 and 51 of the Code of Good Governance, and 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 27 of the Board's Rules of Order attributes the following duties to the Committee:

- a) To report to the Board of Directors on policy regarding the remuneration of directors and general managers or other persons discharging senior management functions and reporting directly to the Board of Directors, executive committees or Executive Board Members, and to verify compliance with the policy established.
- b) To make proposals for the distribution among the members of the Board of Directors of the global remuneration agreed upon in the General Meeting.
- c) To propose the individual remuneration and other contractual conditions of executive directors, and to propose the basic conditions of the contracts of senior executives with regard to remuneration, in coordination, as necessary, with the Appointments Committee, verifying that they are consistent with current remuneration policies.

- d) To make proposals for long-term plans that may be established in accordance with share value, such as stock option plans.
- e) To periodically review the remuneration policy applied to Directors and Senior Executives, including share-based remuneration systems and their application, and to ensure that their individual remuneration is proportionate to what is paid to other Directors and Senior Executives of the Company.
- f) To verify the information on remuneration of Directors and members of the management team contained in the various corporate documents, including the Annual Report on Directors' Remuneration.
- n) To ensure 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 27 of the Rules of the Board of Directors, the Secretary of the Company's Board of Directors shall attend Remuneration Committee meetings with voice but not vote, and shall take the minutes, copies of which shall 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 Remuneration Committee will meet at least twice a year, at the prior notice of its Chair, and whenever possible, the Committee meetings will be held sufficiently in advance of the meetings of the Board of Directors.

From 1 January 2020 to 31 December 2020, the Remuneration Committee held a total of two meetings, with all members of the Committee attending in person the meeting of 26 March 2020, which was held by telephone due to the state of alarm declared as a result of the Covid-19 pandemic. At the meeting of 17 January 2020, Emilio García Gallego and José Eladio Seco Domínguez were absent with excuse, delegating their votes to the chair.

4.2. SIGNIFICANT ACTIVITIES PERFORMED DURING THE 2020 PERIOD.

The Remuneration Committee has performed the following activities during the 2020 period:

- a) Concerning the remuneration of the members of the Board of Directors and of the Senior Executives.**

In its meeting of 17 January 2020, after the information provided by the Secretary regarding the favourable report by the Appointments Committee regarding the nomination of José María Castillo Lacabex as CEO of ACS Servicios, Comunicaciones y Energía, S.L., the Remuneration Committee resolved to issue a favourable report on his remuneration.

Moreover, at its meeting of 26 March 2020, the Remuneration Committee reported favourably on the **2019 Annual Report on the Board of Directors' Remuneration**, prepared in compliance with the provisions of section 541 of the Corporate Enterprises Act and in the format approved by the CNMV for such proposes.

In addition, and also at the meeting held on 26 March 2020, the ACS Remuneration Committee resolved to approve the **variable remuneration corresponding to the members of the Company's Steering Committee**.

b) In relation to other functions of the Committee.

In its meeting of 26 March 2020, pursuant to Article 27.11 of the Rules of Order of the Board of Directors, the Committee passed the 2019 Committee Activities Report for subsequent submission to the Board of Directors.

5. EVALUATION OF THE FUNCTIONING AND PERFORMANCE OF THE REMUNERATION 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 Remuneration 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 Remuneration Committee, PwC Tax & Legal Services concluded that *“the Remuneration Committee also 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, on the long-term

remuneration plans and, in addition, the importance of providing supplementary training and support for external advisers to its members, in accordance with Articles 27.9 and 10 of the Board of Directors Rules of Order, to allow them to perform their duties better.

6. GOOD GOVERNANCE PRACTICAL GUIDES BEING FOLLOWED.

The Remuneration 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 27 on the regulation of the Appointments Committee, Recommendations 47, 50 and 51 of the Code of Good Governance, and the basic principles on composition, duties and functioning of the Remuneration Committee, pursuant to **Technical Guide 1/2019** of the CNMV on Appointments and Remuneration Committees.

7. CONCLUSIONS.

The ACS Remuneration Committee is composed of five board members, all of whom are non-executive board members, with three of them being Independent Board Members, including its Chairperson, by which the composition requirements set forth in section 529(n) of the Corporate Enterprises Act and Recommendation 47 of the Code of Good Governance are met.

Pursuant to Article 27.1 of the Board of Directors Rules of Order, the members of the Remuneration Committee have, as a whole, the expertise, skills and experience that are appropriate for the Committee's duties, promoting, in their various aspects, diversity in the composition of the Committee.

Moreover, the Remuneration Committee has met twice, thereby complying with the provisions of Article 27 of the Board of Directors' Rules of Order, which establish the Committee's obligation to meet at least twice yearly.

Of the Committee's meetings, one of them was attended in person, by phone, by all of its members, and in one meeting two of the Committee's members were absent but excused, delegating their votes to the chair.

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 Remuneration Committee assesses the activities carried out during the 2020 period as being very positive.

8. DATE OF FORMULATION BY THE REMUNERATION COMMITTEE OF THE REPORT AND DATE OF APPROVAL BY THE BOARD OF DIRECTORS.

The present report of the ACS Remuneration 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.