DIRECTOR REMUNERATION POLICY OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (2022-2025)

1. Introduction

Pursuant to article 529 novodecies 1) of the Consolidated Text of the Corporate Enterprises Act (Ley de Sociedades de Capital, or "**LSC**"), the General Shareholders' Meeting of listed companies is responsible for approving the remuneration policy for its directors, as a separate item on the agenda, and for applying that policy over a maximum term of three years. However, the General Meeting may determine that proposals for new remuneration policies shall apply from the date of approval and for the following three years.

The Board of Directors of Fomento de Construcciones y Contratas, S.A. (the "**Company**" or "**FCC**"), at its meeting of 26 April 2022 and acting upon the recommendation of the Appointments and Remuneration Committee, appraised and agreed to submit this Directors Remuneration Policy for the remainder of financial year 2022 and for financial years 2023 to 2025 (the "**Remuneration Policy**") for the approval of shareholders at the Annual General Meeting to be held in 2022.

This new Remuneration Policy follows on from the previous policy, which shall remain in force until the 2022 Annual General Meeting approves this policy, regarding the principles, structure and content of the remuneration package for directors (both in their capacity as such and for the discharge of executive duties). The previous policy was widely accepted by the shareholders in 2021, with 92.047% of the capital present or represented at the General Shareholders' Meeting voting in favour.

The changes set out in this Policy are essentially related to the amendments made to the Spanish Corporate Enterprises Act by the reform ushered in by Act 5/2021, of 12 April, amending the revised text of the Spanish Corporate Enterprises Act, enacted by Royal Legislative Decree 1/2010 of 2 July, and other financial regulations there to encourage the long-term engagement of shareholders at listed companies. In particular, this Policy has been drawn up in accordance with Article 529 novodecies of the Corporate Enterprises Act and Article 38 of the Company's Articles of Association.

2. General principles

The general principles and foundations of the Remuneration Policy are as follows:

- The remuneration policy must respect the criteria set forth in Article 28 of the Regulations of the Board of Directors:

i. Directors' remuneration should be sufficient to attract and retain directors with the desired profile and to reward the dedication, qualifications and responsibility required for the position, but should not be so high as to compromise the independent judgement of non-executive directors;

ii. Where remuneration exists in the form of shares in the Company or Group companies, options or rights on shares or instruments referenced to the value of the share, variable remuneration linked to the Company's performance and personal performance or long-term savings systems such as pension plans, retirement systems or other social welfare systems, such remuneration should be limited to executive directors, unless, if shares are delivered as remuneration to non-executive directors, this is conditional upon the directors holding the shares until they cease to be directors;

iii. Remuneration related to the Company's profit and loss should take into account any qualifications in the external auditor's report that reduce said profit and loss; and

iv. In the case of variable remuneration, remuneration policies should include the necessary technical precautions to ensure that said remuneration is related to the professional performance of its beneficiaries and is not simply a result of general market performance or trends in the Company's sector or other similar circumstances.

- In accordance with Article 38 of the Articles of Association, the Remuneration Policy for FCC directors takes into account the duties and responsibilities discharged by each one of them on the Board itself and on its committees.

  The Director Remuneration Policy ensures that they receive a competitive and market-based remuneration, which is consistent with that paid by companies of a similar size and activity. This remuneration is periodically reviewed by the Appointments and Remuneration Committee so that it may propose to the Board any adjustments or changes deemed appropriate.

- The Remuneration Policy has been prepared by analysing the remuneration of the different levels of the Company's employees, taking into account the size of the Company and market standards at peer companies, and proceeding along the same lines with respect to the directors.

  In particular, the remuneration of employees, in both managerial and non-managerial positions, is based on the criteria of position, functions and skills, professional merit and degree of responsibility, as well as on the circumstances of the company, the country and the market in which each employee is located. Based on these criteria, the Group maintains, at all levels, what is considered to be a fair and reasonable remuneration system.

  As set forth in this Remuneration Policy, the guidelines implemented at FCC's investee companies to determine the variable remuneration of management personnel are also used to set the targets that determine the variable remuneration of executive directors.

- Article 38 of the Bylaws, in particular shows the relative importance of the variable remuneration items with respect to the fixed remuneration items and the criteria followed to determine the different components of the directors' remuneration package (*remuneration mix*).

The variable remuneration will be established, applied and maintained in line with the Company's commercial and risk management strategy, its risk profile, its objectives, its risk management practices, and the performance and interests in the short, medium and long term of FCC as a whole, and will include measures aimed at avoiding conflicts of interest.

- Lastly, as stipulated in Article 38 of the Articles of Association, the remuneration of directors should be in reasonable proportion to the importance of the company, its economic situation at all times and the market standards for comparable companies. The remuneration system established must be aimed at promoting the long-term profitability and sustainability of the Company and incorporate the necessary precautions to avoid excessive risk taking and the rewarding of unfavourable results.

3. Process for determining the Director Remuneration Policy

In accordance with the law and the Articles of Association, the Company's Appointments and Remuneration Committee is responsible for reporting and proposing to the Board of Directors on the Director Remuneration Policy and for ensuring its observance.

Thus, in determining this Policy, the Board of Directors of the Company, which is responsible for the reasoned decision regarding the proposal for its approval by the General Meeting of Shareholders, on the basis of the law and the Articles of Association and the principles indicated above, prepares the proposal for the Director Remuneration Policy, with the Appointments and Remuneration Committee in turn issuing the mandatory specific report.

The appropriate management of any potential conflict of interest is ensured in the process of preparing, determining, reviewing and applying the Remuneration Policy in effect at any given time. In this regard:

(i) No executive directors sit on the Appointments and Remuneration Committee, which makes decisions relating to the Director Remuneration Policy, and moreover the committee is chaired by an independent director, who may be assisted by external advisers when deemed appropriate.

(ii) Every year, the Appointments and Remuneration Committee reviews the monitoring of the policy in force and compliance with the budgets established for the accrual of variable remuneration of executive directors, and submits a report to the Board of Directors.

(iii) Executive directors do not take part in debates and discussions on the resolutions adopted annually by the Board of Directors to implement the Remuneration Policy in force at any given time.

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4. Annual remuneration received by directors due to their seats on the Board and its various committees

Pursuant to Article 529 septdecies of the Spanish Corporate Enterprises Act, remuneration for the duties that directors are called upon to perform in their capacity as such, as members of the collegiate body or its committees, must comply with the remuneration system provided for in the Articles of Association as stipulated in the Spanish Corporate Enterprises Act and this Remuneration Policy. The Policy shall establish at least the maximum amount of annual remuneration payable to all directors in their capacity as such and the criteria for its apportionment in accordance with the duties and responsibilities ascribed to each of them; the Board of Directors will be responsible for fixing the individual remuneration of each director in their capacity as such, subject to a report from the Appointments and Remuneration Committee.

In accordance with the foregoing, Article 38 of the Articles of Association establishes the following criteria in relation to the remuneration of directors in their capacity as such:

i. The remuneration of directors in their capacity as such shall consist of a share in the net profits, which may not exceed two per cent (2%) of the profit for the year attributed to the Company in the consolidated financial statements of the Group of which it is the parent company, once the legal reserve has been covered, and if a minimum dividend of four per cent (4%) of the nominal value of the shares has been recognised for the shareholders.

ii. Directors will also receive allowances for attending meetings of the Board of Directors and its internal committees.

iii. The Board shall set the individual remuneration for each director in their capacity as such, apportioning amongst its members the remuneration agreed by the General Meeting, taking into account the functions and responsibilities exercised by each of them within the Board itself or its internal committees and other criteria set out in the Regulations of the Board of Directors.

The maximum limit of annual remuneration payable to all directors for their membership of the Board and its various committees shall be 800,000 euros.

This creates a mixed system of remuneration consisting of two components:

4.1. Remuneration based on a share of net profits.

The annual remuneration received by directors for sitting on the Board or on its various committees shall consist of a share in the net profit for the year shown in the consolidated financial statements of the Group, which may in no case exceed 2% of such profit, after covering the legal reserve and after having paid shareholders a dividend of at least 4% of the par value of the shares.

The General Meeting shall ultimately decide upon the percentage that corresponds to each financial year, always within the framework provided for in the Articles of Association and the provisions of this Remuneration Policy.

4.2. Remuneration for effective attendance at meetings of the Board of Directors and its committees.

Directors will receive remuneration, in the form of an allowance, for effective attendance, personally or by remote means of communication (such as videoconferencing or conference calls), at meetings held by the Board or its committees.

Every year, the Board of Directors shall decide on the specific amount of the allowances for actual attendance at meetings of the Board, the Executive Committee, the Audit and Compliance Committee and the Appointments and Remuneration Committee.

For the year 2022, as from the approval of this Remuneration Policy by the General Meeting of Shareholders, the amount of such remuneration per meeting shall be as follows:

REMUNERATION FOR EFFECTIVE ATTENDANCE	AMOUNT IN EUROS PER MEETING
Board of Directors	3,250 euros
Executive Committee	2,050 euros
Audit and Control Committee	2,000 euros
Appointments and Remuneration Committee	2,000 euros

The remuneration of non-executive directors does not include variable remuneration items linked to the value of FCC shares or any other instrument.

4.3. Other remuneration.

Pursuant to Article 38 of the Company's Articles of Association, the Company shall maintain directors' third-party liability insurance under the usual conditions and in accordance with the circumstances of the Company.

An accident policy has been taken out for all directors, both in the exercise of their duties and for their personal life, which covers:

- Accidental death
- Death due to traffic accident

The duration of this policy is one year, renewable annually and with a premium of 5,361.60 euros.

5. Director remuneration for discharging executive duties.

According to Article 529 octodecies of the Spanish Corporate Enterprises Act, remuneration for the executive duties of the chief executive officer and other directors to whom such duties are ascribed by virtue of other titles must be aligned with the Articles of Association and, invariably, with this Policy and the contracts approved in accordance with the provisions of the Spanish Corporate Enterprises Act. The Policy must specify at least the amount of the fixed annual remuneration corresponding to the directors for the performance of their executive duties and other provisions established by law.

Executive directors shall be entitled to receive such remuneration (including, where applicable, salaries, bonuses, indemnities for early termination of such duties and amounts for insurance premiums to be paid by the Company) as may be deemed appropriate, following a report from the Appointments and Remuneration Committee and by resolution of the Board of Directors, subject to the limits provided for under prevailing legislation, the Articles of Association and this Policy, for the discharge of their executive duties.

The Company's Remuneration Policy includes the following principles applicable to the remuneration of executive directors:

1. Remuneration must be consistent with shareholders' interests, with a view to long-term value creation and be aligned with appropriate risk management, as well as with FCC's strategy, values and long-term interests.

2. The variable part of the remuneration must be commensurate with the achievement of the agreed objectives within the framework of prudent risk management.

3. Overall remuneration must be competitive, with the objective of attracting and retaining employees.

4. Conflicts of interest must be avoided.

The Policy seeks to establish an attractive remuneration scheme for directors who have executive duties, with a view to attracting and retaining talent, and to strike an appropriate balance between the Company's results and the taking of risks. Variable remuneration that is tied, in addition to other criteria, to the Company's results, contributes effectively to the achievement of the Company's interests and sustainability, promoting the creation of value for the different stakeholders.

5.1. Fixed items.

Independently of the right of Board members, as mentioned above, to receive remuneration based on a share in the net profits of the Company, and attendance fees based on their actual attendance at meetings of the Board of Directors and its Committees, directors performing executive duties shall receive an annual fixed amount for the performance of such duties.

Executive directors will receive fixed annual remuneration for the performance of their executive duties which is commensurate with their duties, level of responsibility and professional profile.

The Chief Executive Officer is the only director who receives fixed remuneration for the performance of his executive duties.

In 2022, the Chief Executive Officer will receive fixed annual remuneration, as determined by the Board of Directors, of €541,275.

This fixed annual remuneration shall be reviewed annually by the Appointments and Remuneration Committee.

The agreed increases must be justified based on the following criteria:

- The contribution made by the executive director in discharging his duties.
- Remuneration to be commensurate with the remuneration payable to the rest of the management team.
- The Company's performance.
- Remuneration practices at peer companies.

These possible updates of the annual fixed remuneration of the Chief Executive Officer may not exceed 20% of the annual fixed remuneration in force at the time the update is agreed.

These increases in remuneration shall be duly disclosed in the Annual Report on Director Remuneration, which is submitted to the advisory vote of the General Meeting of Shareholders on an annual basis.

5.2. Variable items.

The Chief Executive Officer is the only executive director of the Company who receives variable remuneration, which may reach up to 50% of his fixed remuneration if the targets set for him are met.

The calculation of the variable remuneration for each business year will be based on the actual fixed salary received during that year (from January to December).

The variable remuneration of the Chief Executive Officer is structured as follows:

a. Fifty per cent (50%) of his remuneration will depend directly on the fulfilment of the corporate objectives, which will be measured based on the performance of EBITDA and operating cash flow in the corresponding financial year, following the guidelines followed by FCC's investee companies in determining the variable remuneration of their management personnel.

b. The remaining fifty per cent (50%) of the variable remuneration will depend directly on the degree of achievement, by the Chief Executive Officer, of the targets set for him, particularly with respect to the Company's long-term sustainability objectives referred to in section 6 of this Policy. The decision regarding the specific amount shall be made by the Company's Board of Directors, upon the recommendation of the Appointments and Remuneration Committee.

At the end of each financial year, the Company's Appointments and Remuneration Committee shall assess the performance of the Chief Executive Officer and the degree of achievement of the targets set to determine his variable remuneration, and shall submit the corresponding report to the Board of Directors. The Board of Directors, on the basis of the committee's report, shall then determine the variable remuneration payable to the Chief Executive Officer. All these matters will be duly reported in the Company's Annual Remuneration Report.

5.3. Remuneration in kind.

The Chief Executive Officer receives the following items as remuneration in kind:

a. Travel insurance:

An accident insurance for trips taken by aeroplane, train or boat whilst discharging his professional responsibilities within the company, which the Company has established for all its employees.

Specifically, the policy has coverage of €601,012.10 per person, with a maximum of €6,000,000 for each claim. The company pays the premium in full.

b. Insurance for accidental death or total permanent disability:

An insurance policy for accidental death or total permanent disability that the Company has established for all its employees and which is intended to cover an accident resulting in death or total permanent disability, within or outside working hours, under the terms and conditions of the current policy.

Coverage for both contingencies will cover the amount of one year of their respective fixed salaries and the company will cover the premium payment in full.

c. Medical Insurance:

The Company will cover 50% of the cost of health insurance, as is the case for all employees.

5.4. Severance and termination benefits for the Chief Executive Officer.

If the contractual relationship is terminated upon the wishes of the CEO for any of the following causes:

- Substantial changes in working conditions that are notoriously detrimental to his professional training, that are detrimental to his dignity, or that are decided with serious transgression of good faith, by the company.
- Failure to pay for three consecutive months or six alternate months, or continued delay in the payment of the remuneration agreed under the contract.
- Succession of a company or significant change in ownership of the same, which has the effect of a renewal of its governing bodies or the content of its main activity, provided that the termination occurs within three months of the occurrence of such changes.
- Any other serious breach of the contractual obligations by the Company, unless caused by force majeure, in which case no termination benefits will be paid.

As in the case of free and unilateral withdrawal by the company, the Chief Executive Officer will be entitled to an indemnity comprising the sum of the following two items:

a) The amount resulting from liquidating the employment relationship that the Executive Director previously had with any company of the FCC Group calculated from the beginning of the contractual employment relationship (and in accordance with the applicable regulations on that date).

b) The amount resulting from multiplying seven days of salary by the number of years elapsed from the date of commencement of the contractual relationship until the time of termination thereof.

The early termination of the previous relationship, unless there is justifiable cause of dismissal, will entail compensation under the terms established by the Workers' Statute in relation to unfair dismissal.

5.5. Other conditions applicable to the Chief Executive Officer.

- **Term:** The contract shall have an indefinite term.
- **Exclusivity and non-competition**: dedication must be exclusive and as such he may not enter into service contracts with other companies or entities.

  There is a non-compete clause for a period of one year following termination of the contract. Certain prohibitions on competition and walking away with clients, employees and suppliers are envisaged that are enforceable for one year after its termination.
- **Notice**: written notice must be given at least three months ahead of the contract termination date, whether instigated by the CEO or whether the company unilaterally terminates the contract.
- **Code of conduct**: the provisions of the code of conduct on the subject of confidentiality, professional ethics and conflict of interests must be strictly observed.

- **Conflicts of interest**: Articles 22 and 23 of the Regulations of the FCC Board of Directors state that directors must refrain from attending and taking part in deliberations that affect matters in which they may have a direct or indirect interest and from voting in the corresponding decisions. Likewise, the directors must inform the Board in due course, doing so through the Corporate Responsibility Department or any other department that may replace it, of any situation that could lead to a conflict with the interests of the Company or those of the group of companies that comprise the FCC Group or its related companies.
- **Liability:** in accordance with Article 29.1 of the Regulations of the Board, directors shall respond to the Company, to shareholders and to stakeholders for the damage caused by acts or omissions contrary to the law or the Articles of Association, or for those made in breach of the inherent duties under their charge in the event of intent or fault.

6. Contribution of the Remuneration Policy to the strategy, interests and long-term sustainability of the Company

As mentioned above, the Company's profitability and sustainability are among the principles on which the Director Remuneration Policy is based.

In this regard, the Policy aims to provide long-term incentives for the sustainable achievement of results and alignment with the interests of the Company's shareholders and all stakeholders.

The Remuneration Policy has been and will continue to be a fundamental instrument for making sustainability an integrated concept in the day-to-day work across all areas of the Company. Along these lines, FCC designs, carries out and efficiently and sustainably manages environmental services, comprehensive water management and the construction of large infrastructure with the ultimate aim of contributing to the business strategy and to the long-term interests and sustainability of the Company.

In addition, the CEO's remuneration will incentivise performance and professional performance and reward long-term value creation. In particular, the variable components of the Chief Executive Officer's remuneration shall be linked to pre-determined and measurable objectives set by the Board of Directors in accordance with the principles of this Policy. These objectives take due account of the risk assumed in order to achieve a given outcome or result , make the Company more sustainable and there to achieve a balance between the achievement of short-, medium- and long-term objectives.