



**ACTIVITY REPORT OF THE APPOINTMENTS AND REMUNERATION
COMMITTEE OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.**

FINANCIAL YEAR 2023



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1. INTRODUCTION

The Appointments and Remuneration Committee (the "**Committee**" or the "**NRC**") of Fomento de Construcciones y Contratas, S.A. ("**FCC**" or the "**Company**"), in accordance with the provisions of articles 41.6 of the Bylaws and article 38.7 of the Regulations of the Board of Directors, prepares this report on its activities and operation during financial year 2023 (the "**NRC Report**"), taking as a reference for these purposes the provisions of the CNMV Technical Guide 1/2019 on Appointment and Remuneration Committees (the "**Technical Guide 1/2019**"), as well as generally accepted good corporate governance practices.

2. REGULATION AND PRACTICAL GUIDELINES BEING FOLLOWED

The composition, powers and functioning of the NRC are regulated in articles 41 of the Articles of Association and 38 of the Board of Directors' Regulations, on the basis of the provisions of article 529 quincecies of the consolidated text of the Spanish Companies Act ("**LSC**") and the recommendations of the Good Governance Code of Listed Companies approved by the CNMV on 18 February 2015 and revised on 26 June 2020 (the "**Good Governance Code**").

In the exercise of its functions, the NRC is based on the provisions of the Code of Good Governance and has also taken into account the basic principles and recommendations of the Technical Guide 1/2019. In particular, this report includes the information contained in section three, section 11 of the Technical Guide 1/2019.

3. COMPOSITION

In accordance with the provisions of articles 41.1 of the Articles of Association and 38.1 of the Regulations of the Board of Directors, the Board of Directors must have an Appointments and Remuneration Committee without executive functions and with information, advisory and proposal-making powers within its scope of action, which shall be composed of a minimum of four (4) and a maximum of six (6) directors, appointed by the Board of Directors, for a period not exceeding their term of office as directors and without prejudice to their being eligible for re-election indefinitely, insofar as they are also re-elected as directors.

All members of the NRC must be non-executive directors, at least two (2) of whom must be independent directors. The Committee shall appoint the Chairman from among its independent members. The Committee shall also have a Secretary with voice but no vote, who need not be a director.

As at 31 December 2023, the composition of the NRC was as follows:

Name	Category	Cargo	Date of last appointment
Manuel Gil Madrigal	Independent Director	President	14/06/2023
Dominum Desga, S.A. represented by Ms. Esther Alcocer Koplowitz	Proprietary Director	Vocal	02/06/2020
Mr Juan Rodríguez Torres	Proprietary Director	Vocal	02/06/2020
Álvaro Vázquez de Lapuerta	Independent Director	Vocal	14/06/2023
Felipe Bernabé García Pérez	Secretary	Non-vocal	

The professional profile of the members of the NRC is available on the Society's corporate website (www.fcc.es).

4. OPERATION

The functioning of the Commission is governed by the following basic principles: independence and scepticism, constructive dialogue promoting freedom of expression, sufficient internal dialogue and analytical capacity, and the use of external expert advice when deemed appropriate.

The Secretary of the NRC assists the Chairman and provides for the smooth running of the NRC, ensuring that the proceedings of the meetings, the content of the deliberations and the resolutions adopted are duly recorded in the minutes. Minutes of each meeting are drafted by the Secretary or whoever performs his or her functions and signed by the Secretary of the Commission with the approval of the Chairman.

The NRC is validly constituted when the majority of its members are present or represented, and its resolutions are adopted by an absolute majority of its members present or represented, with the Chairman having the casting vote in the event of a tie, in accordance with the provisions of article 38.3 of the Board of Directors' Regulations and 41.5 of the Articles of Association.



Articles 41.4 of the Articles of Association and 38.7 of the Board Regulations provide that the NRC shall meet at the discretion of its Chairman, or at the request of two of its members, as often as necessary to perform its duties and at least once a quarter.

Pursuant to article 41.6 of the Articles of Association, the NRC shall draw up an action plan for the year, which it shall submit to the Board of Directors, as well as a report on its activities during the year, which shall serve as the basis for the evaluation to be carried out by the Board of Directors.

5. COMPETENCIES

The NRC is vested with the powers set out in articles 41.3 of the Articles of Association and 38.4 of the Board of Directors' Regulations, in accordance with article 529 quindecies of the LSC.

The NRC shall have powers of information, advice and proposal within its competencies, and in addition to the functions established by law, the Articles of Association or in accordance with the Regulations of the Board of Directors, it shall be responsible for the following:

- a) Assess the skills, knowledge and experience required on the Board of Directors. To this end, it shall define the functions and skills required of the candidates to fill each vacancy and assess the time and dedication necessary for them to perform their duties effectively, ensuring that the non-executive Directors have sufficient time available for the proper performance of their duties.
- b) Examine and organise the succession of the Chairman of the Board of Directors and the chief executive and, if necessary, make proposals to the Board of Directors to ensure that this succession takes place in an orderly and planned manner.
- c) To submit to the Board of Directors proposals for the appointment of independent Directors for appointment by co-option or for submission to the decision of the General Meeting of Shareholders, as well as proposals for the re-election or removal of such Directors by the General Meeting of Shareholders.
- d) Report on proposed appointments of the remaining Directors for appointment by co-option or for submission to the decision of the General Shareholders' Meeting, as well as proposals for their re-election or removal by the General Shareholders' Meeting.
- e) Report on proposals for the appointment and removal of senior officers, as well as propose the basic conditions of their contracts, which the chief executive proposes to the board, proposing the persons or positions that should be considered senior officers of the company, in addition to those contemplated in article 2.2 of the Board of Directors' Regulations, and preparing the proposals for reprimands referred to in article 19.2.d) of the aforementioned Regulations.



It shall also report in advance on appointments to posts or positions whose annual remuneration is equal to or greater than the figure established by the Committee in each case, and shall inform the Board of Directors of such appointments.

- f) Propose to the Board of Directors the remuneration policy for Directors and general managers or those who perform their senior management duties under the direct supervision of the Board, the Executive Committee or the Chief Executive Officer, as well as the individual remuneration and other contractual conditions of executive Directors, verifying compliance therewith.

Likewise, the NRC shall report and make proposals on multi-year incentive plans affecting the Company's Senior Executives and, in particular, those that may be established in relation to the value of the shares.

- g) Report to the Board of Directors, in advance, on the individual determination of the remuneration of each Director in his capacity as such within the framework of the Articles of Association and the remuneration policy, as well as on the individual determination of the remuneration of each Director for the performance of the executive duties attributed to him within the framework of the remuneration policy and in accordance with the provisions of his contract.
- h) Periodically review the remuneration policy applied to Directors and Senior Executives, including, where appropriate, share-based remuneration schemes and their application, and ensure that their individual remuneration is proportionate to that paid to other Directors and Senior Executives of the Company, as well as verify the information on remuneration of Directors and Senior Executives contained in the various corporate documents, including the Annual Report on Directors' Remuneration.
- i) Drawing up and keeping a register of the situations of FCC Directors and Senior Executives.
- j) Assist the Board in its function of ensuring that the procedures for selecting its members favour diversity with respect to matters such as age, gender, disability or professional training and experience and do not suffer from implicit biases that could imply any discrimination and, in particular, that they facilitate the selection of female Directors in a number that allows a balanced presence of women and men to be achieved, so that the company deliberately seeks and includes among potential candidates women with the desired professional profile, and the Board should explain, if appropriate, through the Annual Corporate Governance Report, the reason for the low or non-existent number of female directors and the initiatives adopted to correct this situation.

For this purpose, the NRC should set a target for representation of the under-represented sex on the Board of Directors and develop guidance on how to achieve this target.



- k) To report on proposals for the appointment of members of the Board of Directors' Committees.
- l) To report on the appointment of the Chairman of the Board and the Vice-Chairmen, as well as to report on the appointment and removal of the Secretary and, where appropriate, Deputy Secretary of the Board.
- m) Verify the category of Directors in accordance with article 6.3 of the Regulations of the Board of Directors.
- n) To report, in advance, to the Board of Directors on all matters provided for by law, the Articles of Association and these Regulations of the Board.
- o) Receive and keep the register of situations referred to in section g) above and the personal information provided by the Directors, as established in article 25 of the Regulations of the Board of Directors.
- p) Request, where appropriate, the inclusion of items on the agenda of Board meetings, under the conditions and within the time periods established in article 34.3 of the Regulations of the Board of Directors.
- q) Ensure that potential conflicts of interest do not impair the independence of the external advice provided to the Commission.

6. ACTIVITIES

a) Meetings held.

The NRC has met a total of six (6) times during the financial year 2023.

The calendar of NRC meetings held during the financial year 2023 is reported below:

First trimester	Second quarter	Third trimester	Fourth quarter
18 January	21 April	27 July	28 November
23 February	14 June		

The meetings of the NRC have been convened with the advance notice established in the regulations. The prior and sufficient dedication of its members to analyse and evaluate the information is highlighted. The members of the NRC regularly attend the meetings.

The Company provides the necessary resources to the members of the Committee for the responsible knowledge of the matters to be discussed at the meetings and their active



participation therein, as well as for the due fulfilment of the Committee's own functions and competencies.

In particular, for the effective performance of the NRC's duties, members have the right and the duty to obtain information from the various Company executives and, in particular, from those responsible for internal governance areas. Thus, during the 2023 financial year, the NRC met, at the invitation of the Chairman, with the following executives and professionals in formal session:

- Directorate-General for Administration and Finance FCC, up to five times.
- HR Directorate, on up to four occasions.

The NRC duly complies, through its Secretary, with its obligation to draw up minutes of its meetings, duly reflecting the development of the meetings and the content of the deliberations and the resolutions adopted. The resolutions have been adopted unanimously in all cases.

b) Significant activities carried out.

(i) In relation to corporate governance.

- Assess the skills, knowledge and experience required on the Board, defining the roles and skills required of the candidates to fill each vacancy and assessing the time and dedication necessary for them to perform their duties well, ensuring that non-executive directors have sufficient time available for the proper performance of their duties.
- Approve the Report on the functioning of the NRC during the financial year 2022, as well as the Report verifying the current categories (proprietary, independent or executive) of Board members.
- Approve the Report of the NRC on the Chairwoman of the Board of Directors and the Report of the NRC on the Chief Executive Officer, for the evaluation by the Board of Directors of the performance of their duties during the 2022 financial year, which is submitted to the Board of Directors, so that this body may carry out the evaluation referred to in article 34.9 of its Regulations.
- To approve the NRC's activity report for the financial year 2022.
- Report favourably to the Board on the approval of the new Equal Opportunities and Safe Environments, Diversity and Inclusion Policy.

(ii) In relation to the Remuneration policy.

- Propose to the Board of Directors the remuneration policy for executive directors, the terms and conditions of the Chief Executive Officer's contract, and being in accordance with the Company's remuneration policy.

- Propose to the Board of Directors the remuneration policy for Directors and general managers or those who perform their senior management duties under the direct supervision of the Board, the Executive Committee or the Chief Executive Officer, as well as the individual remuneration and other contractual conditions of executive Directors, verifying compliance therewith.
- Report to the Board of Directors, in advance, on the individual determination of the remuneration of each Director in his capacity as such within the framework of the Articles of Association and the remuneration policy, as well as on the individual determination of the remuneration of each Director for the performance of the executive duties attributed to him within the framework of the remuneration policy and in accordance with the provisions of his contract.
- To report favourably on the Report-Proposal on the statutory remuneration of the Board of Directors for the financial year 2022.
- To report favourably on the FCC Group's proposed salary policy for 2023.
- Approve the Variable Remuneration Plan for the year 2023.
- Approve the application of the Variable Remuneration Plan for the financial year 2022.
- To propose to the Board of Directors the "Annual Report on Remuneration of the Directors of Fomento de Construcciones y Contratas, S.A., corresponding to financial year 2022.
- Periodically review the remuneration policy applied to Directors and Senior Executives, including, where appropriate, share-based remuneration schemes and their application, and ensure that their individual remuneration is proportionate to that paid to other Directors and Senior Executives of the Company, as well as verify the information on remuneration of Directors and Senior Executives contained in the various corporate documents, including the Annual Report on Directors' Remuneration.

(iii) *In relation to the Appointments Policy.*

- Approve the Report to the Board provided for in article 529 decies of the LSC, regarding the proposed appointment of Directors.
- Report on the proposed appointment and re-election of directors and members of the Board of Directors' Committees.



- Report on the appointment of Senior Executives and other positions that fall within the first three levels, as well as those with remuneration equal to or greater than €75,000.
- Approve the Company's Succession Plan.
- Approve the Company's staff selection procedure.

It is hereby stated that during the 2023 financial year there have been no deviations in the performance of its duties with respect to the procedures adopted by the Company, nor has the Committee reported to the Board of Directors any irregularities in the matters within the Committee's competence, as it is not aware of any such irregularities having occurred.

7. EVALUATION AND CONCLUSIONS

The NRC has issued this report on its activities and operation during the 2023 financial year so that the Board of Directors may proceed with its evaluation, in compliance with the provisions of article 34.9 of the Board of Directors' Regulations, which incorporates recommendations 36 and 42 to 44 of the Code of Good Governance, and article 529 nonies of the LSC.

The aforementioned evaluation concludes that the NRC duly complies with its formal obligations and is organised and functions effectively for the performance of its duties and the ultimate achievement of its purposes. Notwithstanding the foregoing, this committee shall inform the Board of Directors, whenever it deems it appropriate, of those aspects of improvement that may contribute to a better performance by the Committee of its functions.

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

This report on the activities of the Appointments and Remuneration Committee during the financial year 2023 was drawn up by the Committee on 16 May 2024, having been submitted to the Board of Directors of the Company at its meeting held on the same date.