

Report prepared by the Appointments and Remuneration Committee of Obrascón Huarte Lain, S.A. regarding the proposal to amend the Remuneration Policy for directors, which is submitted for approval under item Seven on the Agenda of the Ordinary General Shareholders' Meeting to be held on 29 June 2023, at first call, or on 30 June 2023, at second call.

Introduction and purpose of the report

This report is prepared by the Appointments and Remuneration Committee (the "**ARC**") of OBRASCÓN HUARTE LAIN, S.A. (the "**Company**" or "**OHLA**") pursuant to the provisions of article 529 novodecies of the LSC¹ to justify and explain the proposed amendment of the directors' remuneration policy (the "**Remuneration Policy**" or the "**Policy**"), applicable from the date of approval by the General Shareholders' Meeting in 2022 until 31 December 2025.

In this regard, in accordance with the provisions of article 16.2.h) of the OHLA Board of Directors' Regulations, the ARC is attributed, among others, the duty of proposing the Directors' remuneration policy to the Board of Directors. Therefore, the ARC prepares this report justifying the modification of the Policy.

In compliance with article 529 novodecies of the Capital Companies Act, the ARC has prepared this report (the "**Report**") on the proposed amendment of the applicable Policy, which will amend the current Policy (as approved by the General Meeting of OHLA on 2 June 2022) as reflected herein.

2. Appointments and Remuneration Committee

In accordance with the provisions of the Regulations of the Board of Directors of OHLA, the ARC shall be composed of a minimum of three and a maximum of seven directors who shall be appointed by the Board of Directors. All of the members of the ARC must be directors who are neither executives of the Company, nor maintain a contractual relationship other than that for which they are appointed, and at least two of them must be independent.

As of the date of this report, the ARC is composed of the following directors:

- Ms Reyes Calderón Cuadrado - President (Independent).
- Mr Juan Villar-Mir de Fuentes (Proprietary).
- Mr Luis Fernando Martín Amodio Herrera (Proprietary).
- Mr Francisco García Martín (Independent).
- Mr Juan Antonio Santamera Sánchez (Independent).

¹ Royal Decree Law 1/2010, of 2 July 2010, approving the revised text of the Law of Capital Companies ("**Ley de Sociedades de Capital**" or "**LSC**").

Without prejudice to other tasks assigned to it by the Governing Board, the NRC has the following competences:

- To propose to the Board of Directors the remuneration policy for directors and general managers or those who perform senior management duties reporting directly to the Board, executive committees or managing directors, as well as the individual remuneration and other contractual conditions of executive directors and the criteria for the rest of the Group's management personnel, ensuring compliance therewith.
- To periodically review remuneration programmes, assessing their suitability and performance.
- To ensure transparency of remuneration.

The purpose of this report is to fulfil the first of the above-mentioned tasks of the ARC in the sense of informing the Board of Directors of the proposed amendment of the Policy.

3. Remuneration Policy Report

In the exercise of its duties, the ARC has analysed OHLA Directors' Remuneration Policy applicable to date and has submitted to the Board a proposal to amend the same.

The Company will submit for the approval of the General Meeting of Shareholders the amendment of the current Policy approved by the General Meeting on 2 June 2022, in order to proceed:

- (i) To the update of the maximum annual amount to be distributed by the Board of Directors among all the external directors of OHLA (the "**Maximum Annual Remuneration**") in view of the creation of an Executive Committee, as a delegated body of the Board, which will foreseeably increase the dedication of the directors significantly, and with the aim of aligning it with the current market practice followed by other comparable companies in the construction sector, ensuring in any case that such remuneration is in line with the responsibility and effective dedication of the external directors, but without constituting an obstacle to their independence in the exercise of their functions.
- (ii) Likewise, it has been decided to simplify the distribution of the Maximum Annual Remuneration in accordance with the functions and responsibilities attributed to the directors in line with the provisions of article 529 septdecies of the LSC, but giving flexibility to the Board of Directors to distribute it on an annual basis.

The criteria for the distribution of the Maximum Annual Remuneration shall be as follows:

- By the Chairmanship of the Governing Board.
- By Vice-Chairman of the Governing Board.
- For membership of the Board of Directors.
- By chairmanship of a Commission or Committee of the Board of Directors.
- By vice-chairmanship of a Commission or Committee of the Board of Directors.
- For membership of a Committee or Commission of the Board of Directors.
- If applicable, for the performance of the office of Coordinating Director.

The Company will report on the final distribution of such Maximum Annual Remuneration in the Annual Report on Directors' Remuneration for the relevant financial year.

- (iii) To update the objectives to which the annual variable remuneration of executive directors is linked for the financial year 2023.
- (iv) To introduce certain adjustments to the Remuneration Policy.

In accordance with the Board Regulations, the Board of Directors is the competent body directly responsible for decisions regarding directors' remuneration, within the framework of the Articles of Association and the remuneration policy approved by the General Meeting.

In view of the above, the ARC proposes to the Board of Directors to submit the amendment of OHLA Directors' Remuneration Policy to the approval of the General Meeting.

The proposed amendment to the Remuneration Policy is set out below:

I. Amendments to paragraph 1

It is proposed to amend paragraph 1 (relating to the introduction), in order to state that the Board of Directors, on the proposal of the ARC, has agreed to submit to the General Meeting the amendment of the Policy, the text of which is as follows:

*"In accordance with the provisions of article 529 novodecies of the Capital Companies Act¹ regarding the approval of the directors' remuneration policy, article 16 of the Regulations of the Board of Directors of Obrascón Huarte Lain, S.A. ("**OHLA**" or the "**Company**") establishes, among the powers of the Appointments and Remuneration Committee ("**ARC**"), to propose to the Board of Directors the directors' remuneration policy, to be submitted for approval by the General Shareholders' Meeting.*

Following the amendments introduced by Law 5/2021² the LSC maintains the obligation for the general shareholders' meeting of a listed company to approve a directors' remuneration policy at least every three (3) years.

The first transitory provision of the aforementioned Law 5/2021 establishes that listed companies must submit a new directors' remuneration policy, adapted to the new requirements established in article 529 novodecies of the LSC, for approval at the first general shareholders' meeting held after the entry into force of the aforementioned Law.

*In view of the above, the Board of Directors of OHLA, at the proposal of the ARC, submitted for the approval of the General Meeting of Shareholders (the "**General Meeting of Shareholders**" or the "**General Meeting**") the remuneration policy for the Company's directors (the "**Remuneration Policy**" or the "**Policy**") applicable from the date of approval by the General Meeting in 2022 until 31 December 2025.*

The Board of Directors of OHLA, at the proposal of the ARC, has agreed to submit to the General Meeting the amendment of the aforementioned Policy. This proposed amendment is accompanied by a reasoned report from the ARC and, if approved by the General Meeting, the Policy will be applicable from the financial year 2023 until 31 December 2025.

Pursuant to section 4 of article 529 novodecies of the LSC, the Policy together with the supporting Report of the ARC which must accompany it, will be available to the shareholders on OHLA's website as from the call of the General Shareholders' Meeting.

Any other amendment or replacement of this Remuneration Policy during its period of validity shall require the approval of the General Shareholders' Meeting, in accordance with the provisions of applicable law. In the event of a revision of the Policy, all significant changes shall be described and explained and how the votes taken and views received from shareholders on the Policy and the Annual Directors' Remuneration Reports since the date of the most recent vote on the Remuneration Policy at the General Shareholders' Meeting have been taken into account".

II. Amendments to paragraphs 6.1 and 6.2

It is proposed to amend sections 6.1 (relating to the Maximum Annual Remuneration approved by the General Shareholders' Meeting) as regards the amount of such remuneration and 6.2 (relating to the Fixed Annual Allowance as members of the Board of Directors and/or any of its committees) as regards the distribution of such amount :

6.1 Maximum Annual Remuneration approved by the General Meeting of Shareholders".

The Ordinary General Meeting of Shareholders held on 2 June 2022 approved the Remuneration Policy which served as a means of setting the Maximum Annual Remuneration in the amount of 1,550,000 euros.

Once the General Meeting of Shareholders approves the modification of this Policy, the Maximum Annual Remuneration limit for each of the financial years 2023, 2024 and 2025 will amount to 2,500,000 euros per year, and will remain in force until the Board of Directors proposes its modification to the General Meeting of Shareholders and it is approved. In this regard, in accordance with the provisions of OHLA's Articles of Association, unless the General Shareholders' Meeting sets the Maximum Annual Remuneration in an "ad hoc" resolution, the approval of the Remuneration Policy will serve as a means of setting the Maximum Annual Remuneration, in which case it will be valid for three years, unless it has a shorter duration.

During the term of the Remuneration Policy, the Maximum Annual Remuneration fixed by the General Shareholders' Meeting shall be distributed only among External Directors who do not perform executive functions in the Company. The items and amount of Executive Directors' remuneration are set out in section 7 below.

The Company shall report on the remuneration finally paid to each of the directors in their capacity as such in the relevant Annual Directors' Remuneration Report.

6.2 Fixed annual allowance as members of the Board of Directors and/or of one of its Committees

The Maximum Annual Remuneration to be paid to all External Directors amounts to 2,500,000 euros and shall be distributed among the External Directors according to the following objective factors:

- *By the Chairmanship of the Governing Board.*
- *By Vice-Chairman of the Governing Board.*
- *For membership of the Board of Directors.*
- *By chairmanship of a Commission or Committee of the Board of Directors.*
- *By vice-chairmanship of a Commission or Committee of the Board of Directors.*
- *For membership of a Committee or Commission of the Board of Directors.*
- *If applicable, for the performance of the office of Coordinating Director.*

In addition, travel expenses incurred by External Directors resident outside the Autonomous Community where the Company has its registered office shall be included in the Maximum Annual Remuneration.

The Board of Directors will annually set, following a report from the ARC, within the maximum amount that constitutes the Maximum Annual Remuneration approved by the OHLA General Shareholders' Meeting the specific amount that will correspond to each of the factors defined in the Remuneration Policy to be distributed among its members and will report on the remuneration finally paid in the corresponding Annual Report on Remuneration of the directors.

The Company, under the terms contemplated in the Articles of Association, may take out civil liability insurance for all directors arising from the performance of their duties, on usual market conditions and proportionate to the circumstances of the Company itself".

III. Amendments to paragraph 7.3.1

It is proposed to amend section 7.3.1 (relating to Annual Variable Remuneration) as regards the objectives to which the annual variable remuneration of executive directors is linked for the financial year 2023:

" Executive Directors have an Annual Variable Remuneration linked to the achievement of specific business objectives, determined and weighted in each case, which are set annually by the Board, at the proposal of the Appointments and Remuneration Committee.

The Annual Variable Remuneration of the Executive Directors is linked, among other

parameters, to the achievement of specific, predetermined and quantifiable economic-financial, industrial and operational objectives of the Company, the division or the corresponding business unit for which the Executive Director is responsible. These objectives will be aligned with the interests of OHLA's shareholders and with the Company's strategic plan.

In this regard, for the financial year 2023 the quantitative objectives to which the Annual Variable Remuneration is linked will have a weight of 70 percent and the qualitative objectives will have a weight of 30 percent.

The objectives that make up the quantitative objectives and their weighting are detailed below:

- *Target of cash budget, with a weighting of 30 per cent.*
- *Target to generate EBITDA, with a weighting of 15 per cent.*
- *Objective debt/EBITDA ratio, with a weighting of 15 per cent.*
- *Target of recruitment, with a weighting of 10 percent.*

With an overall relative weight of 30 per cent, the Board of Directors has set qualitative targets for the divestments envisaged in the Company's roadmap for the financial year 2023.

In addition, the Annual Variable Remuneration may also be linked to the individual performance of the Executive Directors, without prejudice to the possibility of considering other objectives, particularly in the area of corporate governance and corporate social responsibility, which may be of a quantitative or qualitative nature.

In relation to the form of payment of the Annual Variable Remuneration, the remuneration system for Executive Directors contemplates an Annual Variable Remuneration linked to the achievement of specific business objectives. For the financial year 2023, assuming that 100 per cent of the objectives are met, the target variable remuneration, set in the Chief Executive Officer's contract, is 100 per cent of the Fixed Remuneration. It is also possible that, in the event that extraordinary results are achieved that significantly exceed the objectives set, the Chief Executive Officer may receive an amount of up to 40 per cent in addition to the target variable remuneration. Taking all of the above into account, at the end of the year, the Board of Directors, at the proposal of the Appointments and Remuneration Committee, will determine the Annual Variable Remuneration accrued in the year based on the level of achievement of the targets. In the event of certain exceptional events due to circumstances both external and internal to the Company, the ARC may propose to the Board of Directors adjustments to the Variable Remuneration. These adjustments will be appropriately disclosed in the Annual Directors' Remuneration Report.

The part of the Annual Variable Remuneration whose payment depends on the results of the Company or any of its divisions shall take into account any qualifications in the external auditor's report that reduce such results.

IV. Amendments to paragraph 13

It is proposed to amend paragraph 13 (concerning the validity of the Remuneration Policy):

"This modification of the Remuneration Policy will be applicable, if approved by the General Shareholders' Meeting of OHLA, from the financial year 2023 until 31 December 2025. In accordance with the provisions of the Capital Companies Act, any amendment or replacement of the Policy during its term will require the prior approval of the General Shareholders' Meeting of the Company".

4. Conclusion

In view of the foregoing, the Appointments and Remuneration Committee considers that the current Policy, once the amendments envisaged herein have been included and submitted to the vote of the shareholders, and which is attached as Appendix I to this report, is in accordance with the current remuneration system provided for in the Articles of Association, and allows the Company to have a remuneration policy that is appropriate to its current situation and aligned with the long-term interests of the shareholders and with the usual market practice in remuneration matters.

All of the above, according to the criteria of the ANR, allows OHLA to have an adequate Remuneration Policy for the coming years, aligned with the interests of the shareholders and which promotes the long-term sustainability of the Company.

Pursuant to the above, in accordance with the provisions of article 529 novodecies of the LSC, the CNR submitted to the Board of Directors on 24 May 2023 this report on the proposed amendment of the current Policy in the terms set out above.

5. Proposed resolution to be submitted for deliberation and approval by the General Shareholders' Meeting

The Board of Directors, on 24 May 2023, in view of this Report, endorses the terms set out therein, and resolves to submit the following proposal to the consideration of the General Meeting of Shareholders for approval:

"To approve, in accordance with the provisions of article 529 novodecies of the Capital Companies Act, the amendment of the Remuneration Policy for Directors of OBRASCON HUARTE LAIN, S.A. currently in force, applicable from the financial year 2023 and until 31 December 2025 which includes the amount of the maximum annual remuneration for external directors".

Appointments and Remuneration Committee

24 May 2023

Annex

**Proposed amendment of the Remuneration Policy by the
Board of Directors approved by the Ordinary General Meeting
of Shareholders of 2 of June 2 022**