Non-official English translation for information purposes only. Spanish version shall prevail.

Auditor's Report on Elecnor, S.A. and Subsidiaries

Consolidated Annual Accounts
31 December 2020

Consolidated Directors' Report
2020

(With Independent Auditor's Report Thereon)

Prepared in accordance with
International Financial Reporting Standards adopted
by the European Union

[*Logo*] KPMG KPMG Auditores, S.L.
Torre Iberdrola
Plaza Euskadi, 5
Planta 17
48009 Bilbao

Audit Report on Consolidated Annual Accounts issued by an Independent Auditor

To the shareholders of Elecnor, S.A.

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of Elecnor, S.A. (the parent company) and its subsidiary companies (the Group), which comprise the statement of financial position at 31 December 2020, the results account, the global result statement, the statement of changes in net worth, the cash flow statement and the notes to the consolidated annual accounts, all of them consolidated, for the year ended on that date.

In our opinion, the accompanying consolidated annual accounts express, in all the significant aspects, the true and fair picture of the equity and financial position of the Group at 31 December 2020, and of its results and cash flows, all of them consolidated, for the year ended on that date, in accordance with the International Financial Reporting Standards, adopted by the European Union (IFRS-EU), and other provisions of the regulatory framework for financial reporting that are applicable in Spain.

Basis for the opinion

We conducted our audit in accordance with the regulations governing the accounts auditing activity in force in Spain. Our responsibilities in accordance with those regulations are described below in the *Auditor's responsibilities in relation to the audit of the consolidated annual accounts* section of our report.

We are independent from the Group in accordance with the ethics requirements, including those regarding independence, applicable to our audit of consolidated annual accounts in Spain, as laid down in the regulations governing the accounts auditing activity. In this respect, we have not provided services other than those of accounts auditing, nor have there been situations or circumstances that, as set forth in the aforesaid regulatory standards, have affected the necessary independence so that it was compromised.

We believe that the audit evidence that we have obtained provides a sufficient and adequate basis for our opinion.

Susan Meredith
Traductora - Intérprete Jurada de Inglés
Nº 343

Key audit matters

Key audit matters are those that, in our professional opinion, were of most significance in our audit of the consolidated annual accounts for the current period. These matters were dealt with in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion about them, and we do not express an opinion separately on these matters.

Revenue from Construction contracts See Note 3.u to the consolidated annual accounts	
The key audit matter	*How the matter was addressed in our audit*
A large part of the revenues of the Elecnor Group are generated by construction and services provision contracts, in which the revenue is recognised over time by the resources method based on the costs incurred over the total costs expected, i.e. on the basis of the degree of performance of the contract at the end of each accounting period, it being necessary, for determining the revenue to be recognised, for the Group to make estimates of the costs and result foreseen for each of the contracts. The application of this method therefore requires a high degree of judgment on the part of the directors and exhaustive control of the estimates made and of the deviations that may occur throughout the duration of the contract. The estimates should take into account all the costs and revenues related to the contracts, including any additional cost to the one initially budgeted, and the risks or claims that are in dispute. In this respect, the revenues are only recognised when it is probable that the Group will receive economic profits from the transaction and the costs incurred and those to be incurred, and the degree of performance of the contract, on the closing date, **can be assessed reliably.** Because of the uncertainty associated with the aforesaid estimates and the fact that changes in them might give rise to material differences in the revenues registered, it was considered a key audit matter.	Our auditing procedures included, among others, the following: - Evaluating the design and implementation of controls related to the process of recognition and valuation of revenue by the resources method and with the budgetary control process and verification of the effectiveness of the key controls identified; - Checking that the methodology used by the Group for determining the revenue, calculated taking as a basis the proportion of services performed with respect to the total of services to be rendered, is one of the methodologies accepted by the applicable regulatory framework for financial information; - On the basis of certain quantitative and qualitative selection criteria, we selected a sample of the construction contracts in order to assess the estimates made in drawing up the forecast of results of the contract and in the recognition of revenue. In this respect, we obtained the contracts and the support documentation on which those estimates are based and the judgements made by the Group; - Retrospective analysis comparing the margin of the contracts completed in the year with the margin estimated in the previous year for those contracts; - On the basis of certain quantitative and qualitative selection criteria, assessing whether the provisions recognised at the close of the year relating to each of the contracts reasonably reflect present obligations which will probably generate a departure from financial profits in future, as laid down in the contracts and obtaining the documentary support that accounts for their recognition and assessing the judgment applied by the Group in its estimates; and -/-

Susan Meredith
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Revenue from Construction contracts See Note 3.u to the consolidated annual accounts	
The key audit matter	*How the matter was addressed in our audit*
	- Assessing whether the information disclosed in the consolidated annual accounts meets the requirements of the regulatory framework for financial information applicable to the Group.

Other information: Consolidated management report

The other information comprises exclusively the consolidated management report for the year 2020, the drawing up of which is the responsibility of the directors of the parent company and which does not form an integrated part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility for the information contained in the consolidated management report, as laid down by the rules regulating the accounts auditing activity, consists of:

a) Checking only that the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report, to which the Accounts Auditing Act refers, was provided in the manner provided for in the regulation applicable or otherwise to report on it.

b) Evaluating and reporting on the consistency of the rest of the information included in the consolidated management report with the consolidated annual accounts, and evaluating and reporting on whether the content and presentation of this part of the consolidated management report are in keeping with the regulations that prove to be applicable. If, on the basis of the work that we have carried out, we conclude that there are material misstatements, we are bound to report that fact.

On the basis of the work carried out, as described above, we have established that the information mentioned in sub-section a) above is furnished in the manner provided for in the regulations applicable and that the other information contained in the consolidated management report is consistent with that of the consolidated annual accounts for the year 2020 and its content and presentation are in line with the regulations that prove to be applicable.

Responsibility of the directors and the audit committee in relation to the consolidated annual accounts

The directors of the parent company are responsible for drawing up the accompanying consolidated annual accounts, so that they express the true picture of the equity, financial position and consolidated results of the Group, in accordance with the IFRS-EU and other provisions in the regulatory framework for financial information applicable to the Group in Spain, and for the internal control that they deem necessary to enable consolidated annual accounts to be prepared that are free from material misstatement, due to fraud or error.

Susan Meredith
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In preparing the consolidated annual accounts, the directors of the parent company are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as appropriate, the matters related to a going concern and using the going-concern accounting principle unless the aforesaid directors intend to wind up the Group or discontinue its operations, or there is no other realistic alternative.

The audit committee of the parent company is responsible for supervising the process of preparing and presenting the consolidated annual accounts.

Responsibilities of the auditor with respect to auditing consolidated annual accounts

Our objectives are to obtain reasonable assurance that the consolidated annual accounts are as a whole free from material misstatement, whether due to fraud or error, and to issue an audit report containing our opinion.

Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with the regulations governing the accounts auditing activity that are in force in Spain will always detect a material misstatement when one exists. Misstatements may be due to fraud or error and are considered material if, individually or in aggregate, they can reasonably be expected to influence the economic decisions that users make on the basis of the consolidated annual accounts.

As part of an audit in compliance with the regulations governing the accounts auditing activity that are in force in Spain, we apply our professional judgment and maintain an attitude of professional scepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the consolidated annual accounts, whether due to fraud or error, we design and apply audit procedures to respond to those risks and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than it is in the case of a material misstatement due to error, as fraud may involve collusion, forgery, deliberate omissions, intentionally erroneous statements or the circumvention of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate according to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- We evaluate the appropriateness of accounting policies applied and the reasonableness of accounting estimates and related information disclosed by the directors of the parent company.

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- We conclude on the appropriateness of the parent company directors' use of the going-concern accounting principle and, based on the audit evidence obtained, we conclude on whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related information disclosed in the consolidated annual accounts or, if such disclosures are inadequate, to express a modified opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. Nevertheless, future events or conditions may cause the Group to cease to be a going concern.

- We evaluate the overall presentation, structure and content of the consolidated annual accounts, including the information disclosed, and whether the consolidated annual accounts represent the underlying transactions and events in such a way that they manage to give the true picture.

- We obtain sufficient and appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We are solely responsible for our audit opinion.

We communicate with the parent company audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, as well as any significant deficiency in internal control that we identify during the audit.

We also provide the parent company audit committee with a statement to the effect that we have complied with the ethical requirements applicable, including those of independence, and have communicated with it to report matters that may reasonably be a threat to our independence and, where applicable, related safeguards.

Among the matters communicated to the parent company audit committee, we determine those that were of most significance in the audit of the consolidated annual accounts for the current period and which are, consequently, the key audit matters.

We describe those matters in our audit report unless the legal or regulatory provisions prohibit public disclosure of the matter.

Susan Meredith
Traductora - Intérprete Jurada de
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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Additional report for the parent company audit committee

The opinion expressed in this report is consistent with what is stated in our additional report for the parent company audit committee dated 25 February 2021.

Period of engagement

The Ordinary General Meeting of Shareholders held on 20 May 2020 appointed us as the Group's auditors for the period of one year, counted from the year that ended on 31 December 2019.

Previously, we were appointed by resolutions of the General Meeting of Shareholders for the period of 3 years and renewed annually so we have been performing the account auditing work continuously since the year ended 31 December 2013.

KPMG Auditors, S.L.
Registered in the Official Register of
Accounts Auditors [*R.O.A.C.*] no. S0702

[*Sticker*] Auditors
Institute of Chartered
Accountants of Spain

KPMG AUDITORES, S.L.
2021 No. 03/21/00278
Corporate seal 96,00 EUR
Account audit report
subject to Spanish
or international account
auditing regulations

[*Signature mark*]
Alberto Fernández Solar
Registered in the *R.O.A.C.*: 22,472

25 February 2021

I, Susan Meredith, Accredited Translator (Spanish-English), appointed by the Spanish Ministry of Foreign Affairs and for Cooperation, hereby certify that the translation above is a true and full rendering in English of a document drawn up in Spanish.

Madrid, 15 April 2021

Doña Susan Meredith, Traductora/Intérprete Jurada de inglés, nombrada por el Ministerio de Asuntos Exteriores y de Cooperación, certifica que la que antecede es traducción fiel y completa al inglés de un documento redactado en español.

En Madrid, a 15 de abril de 2021

Susan Meredith
Traductora - Intérprete Jurada de
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Susan Meredith

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Informe de Auditoría de Cuentas Anuales Consolidadas emitido por un Auditor Independiente

A los accionistas de Elecnor, S.A.

INFORME SOBRE LAS CUENTAS ANUALES CONSOLIDADAS

Opinión

Hemos auditado las cuentas anuales consolidadas de Elecnor, S.A. (la Sociedad dominante) y sus sociedades dependientes (el Grupo), que comprenden el estado de situación financiera a 31 de diciembre de 2020, la cuenta de resultados, el estado del resultado global, el estado de cambios en el patrimonio neto, el estado de flujos de efectivo y la memoria, todos ellos consolidados, correspondientes al ejercicio terminado en dicha fecha.

En nuestra opinión, las cuentas anuales consolidadas adjuntas expresan, en todos los aspectos significativos, la imagen fiel del patrimonio y de la situación financiera del Grupo a 31 de diciembre de 2020, así como de sus resultados y flujos de efectivo, todos ellos consolidados, correspondientes al ejercicio terminado en dicha fecha, de conformidad con las Normas Internacionales de Información Financiera, adoptadas por la Unión Europea (NIIF-UE), y demás disposiciones del marco normativo de información financiera que resultan de aplicación en España.

Fundamento de la opinión

Hemos llevado a cabo nuestra auditoría de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España. Nuestras responsabilidades de acuerdo con dichas normas se describen más adelante en la sección *Responsabilidades del auditor en relación con la auditoría de las cuentas anuales consolidadas* de nuestro informe.

Somos independientes del Grupo de conformidad con los requerimientos de ética, incluidos los de independencia, que son aplicables a nuestra auditoría de las cuentas anuales consolidadas en España, según lo exigido por la normativa reguladora de la actividad de auditoría de cuentas. En este sentido, no hemos prestado servicios distintos a los de la auditoría de cuentas ni han concurrido situaciones o circunstancias que, de acuerdo con lo establecido en la citada normativa reguladora, hayan afectado a la necesaria independencia de modo que se haya visto comprometida.

Consideramos que la evidencia de auditoría que hemos obtenido proporciona una base suficiente y adecuada para nuestra opinión.

Susan Meredith
Traductora - Intérprete Jurada de Inglés
Nº 343 Sm 15/04/2021

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Cuestiones clave de la auditoría

Las cuestiones clave de la auditoría son aquellas cuestiones que, según nuestro juicio profesional, han sido de la mayor significatividad en nuestra auditoría de las cuentas anuales consolidadas del periodo actual. Estas cuestiones han sido tratadas en el contexto de nuestra auditoría de las cuentas anuales consolidadas en su conjunto, y en la formación de nuestra opinión sobre éstas, y no expresamos una opinión por separado sobre esas cuestiones.

Ingresos por Contratos de construcción

Véase Nota 3.u. de las cuentas anuales consolidadas

Cuestión clave de la auditoría	*Cómo se abordó la cuestión en nuestra auditoría*
Una gran parte de los ingresos del Grupo Elecnor se generan por contratos de construcción y prestación de servicios, en los que el ingreso se reconoce a lo largo del tiempo por el método de recursos basado en los costes incurridos sobre los costes totales esperados, es decir, en base al grado de realización del contrato al final de cada periodo contable, siendo necesario para determinar el ingreso a reconocer, que el Grupo realice estimaciones de los costes y resultado previstos de cada uno de los contratos. La aplicación de este método, por tanto, exige un elevado grado de juicio por parte de los Administradores y un exhaustivo control de las estimaciones realizadas y de las desviaciones que se puedan producir a lo largo de la duración del contrato. Las estimaciones deben tener en cuenta todos los costes e ingresos relacionados con los contratos, incluyendo cualquier coste adicional al inicialmente presupuestado, así como los riesgos o reclamaciones que se encuentren en disputa. En este sentido, los ingresos se reconocen únicamente cuando, es probable que el Grupo reciba beneficios económicos de la transacción y los costes incurridos y los pendientes de incurrir, así como el grado de realización del contrato, en la fecha de cierre, **se pueden valorar de manera fiable**. Debido a la incertidumbre asociada a las citadas estimaciones y a que los cambios en las mismas podrían dar lugar a diferencias materiales en los ingresos registrados, se ha considerado una cuestión clave de la auditoria.	Nuestros procedimientos de auditoría han incluido, entre otros, los siguientes: – Evaluación del diseño e implementación de los controles relacionados con el proceso de reconocimiento y valoración de ingresos por el método de recursos y con el proceso de control presupuestario y verificación de la efectividad de los controles claves identificados; – Comprobación de que la metodología utilizada por el Grupo para la determinación de los ingresos, calculados tomando como base la proporción de los servicios realizados respecto al total de servicios a prestar, es una de las metodologías aceptadas por el marco normativo de información financiera aplicable; – A partir de determinados criterios de selección cuantitativos y cualitativos, hemos seleccionado una muestra de los contratos de construcción para evaluar las estimaciones realizadas en la elaboración de la previsión de resultados del contrato y en el reconocimiento de ingresos. En este sentido, hemos obtenido los contratos y la documentación soporte en la que se basan dichas estimaciones y los juicios realizados por el Grupo; – Análisis retrospectivo comparando el margen de los contratos finalizados en el ejercicio con el margen estimado en el ejercicio anterior para dichos contratos; – A partir de determinados criterios de selección cuantitativos y cualitativos, evaluación de si las provisiones reconocidas al cierre del ejercicio relativas a cada uno de los contratos reflejan de manera razonable obligaciones presentes que es probable que generen una salida de beneficios económicos en el futuro, de acuerdo con lo establecido en los contratos y obteniendo el soporte documental que justifica su reconocimiento y evaluando el juicio aplicado por el Grupo en sus estimaciones; y

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Ingresos por Contratos de construcción Véase Nota 3.u. de las cuentas anuales consolidadas	
Cuestión clave de la auditoría	*Cómo se abordó la cuestión en nuestra auditoría*
	– Evaluación de si la información revelada en las cuentas anuales consolidadas cumple con los requerimientos del marco normativo de información financiera aplicable al Grupo.

Otra información: Informe de gestión consolidado

La otra información comprende exclusivamente el informe de gestión consolidado del ejercicio 2020, cuya formulación es responsabilidad de los administradores de la Sociedad dominante y no forma parte integrante de las cuentas anuales consolidadas.

Nuestra opinión de auditoría sobre las cuentas anuales consolidadas no cubre el informe de gestión consolidado. Nuestra responsabilidad sobre la información contenida en el informe de gestión consolidado, de conformidad con lo exigido por la normativa reguladora de la actividad de auditoría de cuentas, consiste en:

a) Comprobar únicamente que el estado de la información no financiera consolidado y determinada información incluida en el Informe Anual de Gobierno Corporativo, a los que se refiere la Ley de Auditoría de Cuentas, se ha facilitado en la forma prevista en la normativa aplicable y en caso contrario, a informar sobre ello.

b) Evaluar e informar sobre la concordancia del resto de la información incluida en el informe de gestión consolidado con las cuentas anuales consolidadas, a partir del conocimiento del Grupo obtenido en la realización de la auditoría de las citadas cuentas, así como evaluar e informar de si el contenido y presentación de esta parte del informe de gestión consolidado son conformes a la normativa que resulta de aplicación. Si, basándonos en el trabajo que hemos realizado, concluimos que existen incorrecciones materiales, estamos obligados a informar de ello.

Sobre la base del trabajo realizado, según lo descrito anteriormente, hemos comprobado que la información mencionada en el apartado a) anterior se facilita en la forma prevista en la normativa aplicable y que el resto de la información que contiene el informe de gestión consolidado concuerda con la de las cuentas anuales consolidadas del ejercicio 2020 y su contenido y presentación son conformes a la normativa que resulta de aplicación.

Responsabilidad de los administradores y de la comisión de auditoría en relación con las cuentas anuales consolidadas

Los administradores de la Sociedad dominante son responsables de formular las cuentas anuales consolidadas adjuntas, de forma que expresen la imagen fiel del patrimonio, de la situación financiera y de los resultados consolidados del Grupo, de conformidad con las NIIF-UE y demás disposiciones del marco normativo de información financiera aplicable al Grupo en España, y del control interno que consideren necesario para permitir la preparación de cuentas anuales consolidadas libres de incorrección material, debida a fraude o error.

Susan Meredith
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En la preparación de las cuentas anuales consolidadas, los administradores de la Sociedad dominante son responsables de la valoración de la capacidad del Grupo para continuar como empresa en funcionamiento, revelando, según corresponda, las cuestiones relacionadas con empresa en funcionamiento y utilizando el principio contable de empresa en funcionamiento excepto si los citados administradores tienen intención de liquidar el Grupo o de cesar sus operaciones, o bien no exista otra alternativa realista.

La comisión de auditoría de la Sociedad dominante es responsable de la supervisión del proceso de elaboración y presentación de las cuentas anuales consolidadas.

Responsabilidades del auditor en relación con la auditoría de las cuentas anuales consolidadas

Nuestros objetivos son obtener una seguridad razonable de que las cuentas anuales consolidadas en su conjunto están libres de incorrección material, debida a fraude o error, y emitir un informe de auditoría que contiene nuestra opinión.

Seguridad razonable es un alto grado de seguridad pero no garantiza que una auditoría realizada de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España siempre detecte una incorrección material cuando existe. Las incorrecciones pueden deberse a fraude o error y se consideran materiales si, individualmente o de forma agregada, puede preverse razonablemente que influyan en las decisiones económicas que los usuarios toman basándose en las cuentas anuales consolidadas.

Como parte de una auditoría de conformidad con la normativa reguladora de la actividad de auditoría de cuentas vigente en España, aplicamos nuestro juicio profesional y mantenemos una actitud de escepticismo profesional durante toda la auditoría. También:

- Identificamos y valoramos los riesgos de incorrección material en las cuentas anuales consolidadas, debida a fraude o error, diseñamos y aplicamos procedimientos de auditoría para responder a dichos riesgos y obtenemos evidencia de auditoría suficiente y adecuada para proporcionar una base para nuestra opinión. El riesgo de no detectar una incorrección material debida a fraude es más elevado que en el caso de una incorrección material debida a error, ya que el fraude puede implicar colusión, falsificación, omisiones deliberadas, manifestaciones intencionadamente erróneas, o la elusión del control interno.
- Obtenemos conocimiento del control interno relevante para la auditoría con el fin de diseñar procedimientos de auditoría que sean adecuados en función de las circunstancias, y no con la finalidad de expresar una opinión sobre la eficacia del control interno del Grupo.
- Evaluamos si las políticas contables aplicadas son adecuadas y la razonabilidad de las estimaciones contables y la correspondiente información revelada por los administradores de la Sociedad dominante.

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- Concluimos sobre si es adecuada la utilización, por los administradores de la Sociedad dominante, del principio contable de empresa en funcionamiento y basándonos en la evidencia de auditoría obtenida, concluimos sobre si existe o no una incertidumbre material relacionada con hechos o con condiciones que pueden generar dudas significativas sobre la capacidad del Grupo para continuar como empresa en funcionamiento. Si concluimos que existe una incertidumbre material, se requiere que llamemos la atención en nuestro informe de auditoría sobre la correspondiente información revelada en las cuentas anuales consolidadas o, si dichas revelaciones no son adecuadas, que expresemos una opinión modificada. Nuestras conclusiones se basan en la evidencia de auditoría obtenida hasta la fecha de nuestro informe de auditoría. Sin embargo, los hechos o condiciones futuros pueden ser la causa de que el Grupo deje de ser una empresa en funcionamiento.
- Evaluamos la presentación global, la estructura y el contenido de las cuentas anuales consolidadas, incluida la información revelada, y si las cuentas anuales consolidadas representan las transacciones y hechos subyacentes de un modo que logran expresar la imagen fiel.
- Obtenemos evidencia suficiente y adecuada en relación con la información financiera de las entidades o actividades empresariales dentro del grupo para expresar una opinión sobre las cuentas anuales consolidadas. Somos responsables de la dirección, supervisión y realización de la auditoría del Grupo. Somos los únicos responsables de nuestra opinión de auditoría.

Nos comunicamos con la comisión de auditoría de la Sociedad dominante en relación con, entre otras cuestiones, el alcance y el momento de realización de la auditoría planificados y los hallazgos significativos de la auditoría, así como cualquier deficiencia significativa del control interno que identificamos en el transcurso de la auditoría.

También proporcionamos a la comisión de auditoría de la Sociedad dominante una declaración de que hemos cumplido los requerimientos de ética aplicables, incluidos los de independencia, y nos hemos comunicado con la misma para informar de aquellas cuestiones que razonablemente puedan suponer una amenaza para nuestra independencia y, en su caso, de las correspondientes salvaguardas.

Entre las cuestiones que han sido objeto de comunicación a la comisión de auditoría de la Sociedad dominante, determinamos las que han sido de la mayor significatividad en la auditoría de las cuentas anuales consolidadas del periodo actual y que son, en consecuencia, las cuestiones clave de la auditoría.

Describimos esas cuestiones en nuestro informe de auditoría salvo que las disposiciones legales o reglamentarias prohíban revelar públicamente la cuestión.

Susan Meredith
Traductora - Intérprete Jurada de Inglés
Nº 343 Sy 15/04/2021

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INFORME SOBRE OTROS REQUERIMIENTOS LEGALES Y REGLAMENTARIOS

Informe adicional para la comisión de auditoría de la Sociedad dominante

La opinión expresada en este informe es coherente con lo manifestado en nuestro informe adicional para la comisión de auditoría de la Sociedad dominante de fecha 25 de febrero de 2021.

Periodo de contratación

La Junta General Ordinaria de Accionistas celebrada el 20 de mayo de 2020 nos nombró como auditores del Grupo por un período de un año, contado a partir del ejercicio finalizado el 31 de diciembre de 2019.

Con anterioridad, fuimos designados por acuerdos de la Junta General de Accionistas para el periodo de 3 años y renovados anualmente por lo que hemos venido realizando el trabajo de auditoría de cuentas de forma ininterrumpida desde el ejercicio finalizado el 31 de diciembre de 2013.

KPMG Auditores, S.L.
Inscrito en el R.O.A.C. nº S0702

Alberto Fernández Solar
Inscrito en el R.O.A.C. nº 22.472

25 de febrero de 2021

AUDITORES
INSTITUTO DE CENSORES JURADOS DE CUENTAS DE ESPAÑA

KPMG AUDITORES, S.L.

2021 Núm. 03/21/00278
SELLO CORPORATIVO: 96,00 EUR
Informe de auditoría de cuentas sujeto a la normativa de auditoría de cuentas española o internacional

Susan Meredith
Traductora - Intérprete Jurada de Inglés
Nº 343 Su 15/04/2021

Elecnor, S.A.
and Subsidiaries

Consolidated Statement of Financial Position at 31 December 2020
(Thousands of Euros)

Assets	31 December 2020	31 December 2019
Non-current assets:		
Intangible assets-		
Goodwill (Note 9)	24.853	24.878
Other intangible assets (Note 10)	16.338	17.442
	41.191	**42.320**
Right-of-use assets (Note 12)	**49.902**	**35.166**
Property, plant and equipment (Note 11)	**755.835**	**715.735**
Equity-accounted investees (Note 13)	**479.970**	**580.567**
Non-current financial assets (Note 14)		
Investments	1.971	1.744
Other financial assets	44.489	40.227
Derivative financial instruments (Note 18)	180	24
	46.640	**41.995**
Deferred tax assets (Note 21)	**80.555**	**103.427**
Total non-current assets	**1.454.093**	**1.519.210**
Current assets:		
Inventories (Note 3.p)	**5.892**	**5.759**
Customer contract assets (Note 24)	**338.880**	**306.129**
Trade and other receivables (Note 15.a)	**743.284**	**682.168**
Trade receivables from related companies (Note 29)	**32.317**	**15.119**
Public entities, receivable	**35.967**	**40.633**
Current income tax assets	**7.624**	**6.820**
Other receivables	**16.612**	**20.794**
Current investments in related companies	**141**	**128**
Other short-term financial investments	**9.594**	**6.429**
Derivative financial instruments (Note 18)	**830**	**3.873**
Other current assets	**9.463**	**8.345**
Cash and cash equivalents (Note 15.b)	**391.628**	**325.116**
Non-current assets held for sale (Note 8)	**306**	**38.721**
Total current assets	**1.592.538**	**1.460.034**
Total assets	**3.046.631**	**2.979.244**

The accompanying notes form an integral part of the consolidated annual accounts.

Elecnor, S.A.
and Subsidiaries

Consolidated Statement of Financial Position at 31 December 20
(Thousands of Euros)

Equity and Liabilities	31 December 2020	Restated (*) 31 December 2019
Equity (Note 16):		
Equity attributable to equity holders of the Parent		
Capital	8.700	8.700
Own shares (Note 16)	(21.899)	(21.963)
Other reserves	887.047	790.867
Translation differences (Note 16)	(345.957)	(179.813)
Valuation adjustments to equity (Note 16)	(25.126)	(13.569)
Profit/loss for the year attributable to the Parent	78.303	126.377
Interim dividend paid in the year (Note 5)	(4.987)	(4.987)
	576.081	**705.612**
Non-controlling interests (Note 16)	**23.855**	**31.708**
Total equity	**599.936**	**737.320**
Non-current liabilities:		
Official grants (Note 3.r)	**5.218**	**6.448**
Provisions for liabilities and charges (Note 19)	**53.325**	**46.389**
Financial liabilities for the issuance of bonds and other marketable securities (Note 17)	**32.331**	**60.122**
Financial liabilities on loans and borrowings (Note 17)	**766.463**	**583.934**
Derivative financial instruments (Notes 17 & 18)	**10.676**	**14.132**
Lease liabilities (Note 12)	**43.484**	**32.710**
Other non-current liabilities	**14.343**	**19.634**
Deferred tax liabilities (Note 21)	**26.381**	**20.606**
Total non-current liabilities	**952.221**	**783.975**
Current liabilities:		
Provisions for liabilities and charges (Note 19)	**76.755**	**64.418**
Financial liabilities for the issuance of bonds and other marketable securities (Note 17)	**78.018**	**74.998**
Financial liabilities on loans and borrowings (Note 17)	**41.377**	**96.964**
Derivative financial instruments (Notes 17 & 18)	**7.455**	**5.722**
Lease liabilities (Note 12)	**12.090**	**7.410**
Trade payables to associates and related companies (Note 29)	**2**	**60**
Trade and other payables-		
Trade payables for purchases or services	548.451	551.744
Advances from customers (Note 20)	113.618	89.013
	662.069	**640.757**
Customer contract liabilities (Note 24)	**430.974**	**357.009**
Current income tax liabilities	**40.373**	**52.370**
Other payables-		
Public entities, payable	47.495	56.002
Other current liabilities (Note 11, 20 and 24)	97.866	79.082
	145.361	**135.084**
Liabilities associated directly with non-current assets held for sale (Note 8)	-	**23.157**
Total current liabilities	**1.494.474**	**1.457.949**
Total liabilities and equity	**3.046.631**	**2.979.244**

The accompanying notes form an integral part of the consolidated annual accounts.

(*) Figures restated, see Note 2.e)

Elecnor, S.A. and Subsidiaries

Consolidated Income Statement for the year ended 31 December 2020

(Thousands of Euros)

	2020	2019
Continuing operations:		
Net turnover (Note 24)	2.455.952	2.453.726
Changes in inventories of finished goods and work in progress	322	23
Self-constructed assets (Note 3.i)	41.909	24.240
Materials consumed (Note 24)	(1.238.235)	(1.195.013)
Other operating income (Note 3.r)	15.966	14.495
Personnel expenses (Note 24)	(708.571)	(669.018)
Other operating expenses (Note 24)	(341.242)	(381.931)
Expense for amortisation, depreciation, impairment and charges to provisions (Note 24)	(99.240)	(162.122)
Impairment and profit/loss on disposal of fixed assets (Note 2.f)	3.062	186.742
Profit/loss from equity-accounted investees (Notes 7 and 13)	16.639	(46.268)
Negative difference in business combinations (Note 7)	6	14.802
Operating income	**146.568**	**239.676**
Finance income (Note 24)	8.315	9.338
Finance expenses (Note 24)	(36.186)	(54.560)
Translation differences	5.418	(2.552)
Impairment and profit/loss on disposal of financial instruments	1.614	(2.235)
Changes in the fair value of financial instruments	203	410
Profit/Loss before taxes	**125.932**	**190.077**
Income tax (Note 22)	(43.150)	(59.412)
Profit/loss from continuing operations	**82.782**	**130.665**
Profit/loss for the year	**82.782**	**130.665**
Attributable to:		
Shareholders of the Parent	78.303	126.377
Non-controlling interests (Note 16)	4.479	4.288
Earnings per share (in Euros) (Note 31)		
Basic	0,92	1,49
Diluted	0,92	1,49

The accompanying notes form an integral part of the consolidated annual accounts.

Elecnor, S.A. and Subsidiaries

Consolidated Statement of Comprehensive Income for the year ended 31 December 2020

(Thousands of Euros)

	Notes to the Annual Accounts	2020	2019
CONSOLIDATED PROFIT/(LOSS)		**82.782**	**130.665**
Other comprehensive income:			
Items that will not be reclassified to profit or loss		-	-
Items to be reclassified to profit or loss			
- Cash flow hedges		249	53.089
- Translation differences of financial statements for businesses abroad		(66.703)	(4.785)
- Share of other comprehensive income of equity-accounted investees	**Note 13**	(116.434)	(15.051)
- Tax effect		(62)	(1.985)
Other comprehensive income for the year, net of tax		**(182.950)**	**31.268**
Total comprehensive income attributable to:		**(100.168)**	**161.933**
a) Equity holders of the Parent		**(99.398)**	**153.210**
b) Non-controlling interests		**(770)**	**8.723**

The accompanying notes form an integral part of the consolidated annual accounts.

Elecnor, S.A. and Subsidiaries

Consolidated Statement of Changes in Equity for the year ended 31 December 2020

(Thousands of Euros)

	Capital	Accumulated reserves	Own shares	Interim dividend paid in the year	Cash flow hedges	Translation differences	Net profit/loss for the year	Non-controlling interests	Total equity
Balances at 31 December 2018	**8.700**	**705.915**	**(21.884)**	**(4.795)**	**(51.717)**	**(199.459)**	**82.117**	**47.469**	**566.346**
Adjustments for changes in accounting policies (Note 2.e)	-	42.827	-	-	-	(42.827)	-	-	-
Adjustment for initial application of IFRS 16 (Note 2.b)	-	(5.308)	-	-	-	-	-	-	(5.308)
Adjustment for initial application of IFRIC 23 (Note 2.b)	-	(6.300)	-	-	-	-	-	-	(6.300)
Balances at 1 January 2019 (restated)	**8.700**	**737.134**	**(21.884)**	**(4.795)**	**(51.717)**	**(242.286)**	**82.117**	**47.469**	**554.738**
Total recognised income and expense for 2019	-	-	-	-	43.487	(16.654)	126.377	8.723	161.933
Distribution of profit:									
Reserves	-	55.383	-	-	-	-	(55.383)	-	-
Supplementary dividend (Note 5)	-	-	-	-	-	-	(21.939)	(16.222)	(38.161)
2018 interim dividend	-	-	-	4.795	-	-	(4.795)	-	-
Acquisition of own shares	-	-	(1.213)	-	-	-	-	-	(1.213)
Sale of own shares	-	189	1.134	-	-	-	-	-	1.323
Interim dividend paid in 2019	-	-	-	(4.987)	-	-	-	-	(4.987)
Changes in the consolidation scope (Note 2.f)	-	-	-	-	(5.339)	83.619	-	-	78.280
Capital reductions	-	-	-	-	-	-	-	(9.360)	(9.360)
Adjustments for hyperinflation	-	(3.569)	-	-	-	-	-	-	(3.569)
Other	-	(2.762)	-	-	-	-	-	1.098	(1.664)
Balances at 31 December 2019	**8.700**	**786.375**	**(21.963)**	**(4.987)**	**(13.569)**	**(175.321)**	**126.377**	**31.708**	**737.320**
Adjustments for changes in accounting policies (Note 2.e)	-	4.492	-	-	-	(4.492)	-	-	-
Balances at 1 January 2020 (restated)	**8.700**	**790.867**	**(21.963)**	**(4.987)**	**(13.569)**	**(179.813)**	**126.377**	**31.708**	**737.320**
Total recognised income and expense for 2020	-	-	-	-	(11.557)	(166.144)	78.303	(770)	(100.168)
Distribution of profit:									
Reserves	-	97.504	-	-	-	-	(97.504)	-	-
Supplementary dividend (Note 5)	-	-	-	-	-	-	(23.886)	(4.740)	(28.626)
2019 interim dividend	-	-	-	4.987	-	-	(4.987)	-	-
Acquisition of own shares	-	-	(1.588)	-	-	-	-	-	(1.588)
Sale of own shares	-	(83)	1.652	-	-	-	-	-	1.569
Interim dividend paid in 2020	-	-	-	(4.987)	-	-	-	-	(4.987)
Changes in the consolidation scope (Note 2.f)	-	-	-	-	-	-	-	(1.737)	(1.737)
Other	-	(1.241)	-	-	-	-	-	(606)	(1.847)
Balances at 31 December 2020	**8.700**	**887.047**	**(21.899)**	**(4.987)**	**(25.126)**	**(345.957)**	**78.303**	**23.855**	**599.936**

Elecnor, S.A. and Subsidiaries

Consolidated Statement of Cash Flows for the year ended 31 December 2020

(Thousands of Euros)

	2020	2019
Cash flows from operating activities:		
Consolidated profit/(loss) for the year	82.782	130.665
Adjustments for:		
Depreciation and amortisation	72.096	86.723
Impairment and net profit/(loss) from disposals of property, plant and equipment and intangible assets	(2.867)	11.581
Changes in provisions for liabilities and charges and other provisions (Note 24)	26.949	81.457
Capital grants taken to income	(786)	(484)
Share in (profit)/loss for the year of equity-accounted investees (Note 13)	(16.639)	46.268
Impairment and net profit/(loss) from disposals of financial instruments and other fixed assets (Note 2.f)	(1.614)	(184.507)
Finance income and expenses (Note 24)	27.871	45.222
Translation differences	(5.418)	2.552
Other income and expenses	6.790	(9.761)
Corporate Income Tax	43.150	59.412
Funds generated from operations	**232.314**	**269.128**
Changes in working capital:		
Trade and other receivables	(140.628)	(101.437)
Inventories	(133)	2.451
Trade and other payables	94.764	90.052
Changes in other current assets and liabilities	31.062	6.077
Income tax paid	(23.394)	(35.505)
Net cash flows from (used in) operating activities (I)	**193.985**	**230.766**
Cash flows from (used in) investment activities:		
Payments for acquisition of Group companies, associates and jointly-controlled entities (Note 7)	-	(2.871)
Payments for acquisition of intangible assets (Note 10)	(4.051)	(3.477)
Payments for acquisition of financial assets	(10.545)	(7.206)
Payments for acquisition of property, plant and equipment (Note 11)	(225.629)	(118.343)
Payments for contributions to associates (Note 13)	(3.598)	(7.926)
Dividends received from associates (Note 13)	-	2.294
Interest received	8.315	9.338
Proceeds from disposal of Group companies, associates and jointly-controlled entities (Notes 2.f)	19.035	28.635
Proceeds from the sale of intangible assets and property, plant and equipment (Notes 10 and 11)	2.630	4.566
Proceeds from disposal of financial assets, net	4.242	15.503
Net cash flows from (used in) investment activities (II)	**(209.601)**	**(79.487)**
Cash flows from (used in) financing activities:		
Cash inflows from financial debt and other non-current borrowings (Note 17)	1.244.642	1.793.221
Interest paid	(32.193)	(57.222)
Repayment of financial debt and other non-current borrowings (Note 17)	(1.082.574)	(1.795.290)
Payments from lease liabilities (Note 12)	(13.897)	(7.873)
Dividends paid (Note 16)	(33.831)	(43.148)
Proceeds/payments from contributions/returns of funds by/to non-controlling shareholders, net (Note 16)	-	(9.360)
Cash inflows due to disposal of own shares (Note 16)	1.569	1.323
Cash outflows due to purchase of own shares (Note 16)	(1.588)	(1.213)
Net cash flows from (used in) financing activities (III)	**82.128**	**(119.562)**
Effect of changes in the consolidation scope (IV)	-	**-**
Net increase in cash and cash equivalents (I+II+III+IV)	**66.512**	**31.717**
Cash and cash equivalents at beginning of year	325.116	293.399
Cash and cash equivalents at year end	**391.628**	**325.116**

The accompanying notes form an integral part of the consolidated annual accounts.

1. Nature, Activities and Composition of the Group

Elecnor, S.A. (hereinafter, the Parent), was incorporated for an indefinite period in Spain on 6 June 1958 and its registered office and domicile for tax purposes is located at Calle Marqués de Mondéjar 33, Madrid.

The Parent's statutory activity, according to its bylaws, is:

- Wide-ranging commercial activity in connection with the engineering, design, construction, erection, repair, maintenance and upkeep of all manner of construction projects and installation work in the broadest sense, i.e. the entire execution thereof with or without the supply of materials, on its own account or through third parties, on an exclusive basis or through associations of any kind.

- The provision of public and private services in relation to the collection of all types of waste; sweeping and cleaning of streets; transfer and transport of waste to the place of end disposal; the end disposal of such waste, recycling, treatment and deposit of public, private, industrial, hospital and pathological waste; cleaning, maintenance and upkeep of sewers; and, in general, urban water treatment services and all other ancillary services related directly or indirectly to the aforementioned services in their broadest sense.

- The design, research, development, construction, operation, maintenance and marketing of waste treatment, recovery and elimination facilities, and the purchase and sale of the by-products originating from these treatments.

- The design, research, development, construction, operation, maintenance and marketing of plants and facilities for the treatment of water, wastewater and waste, the recovery and elimination of waste, and the purchase and sale of the by-products originating from these treatments.

- The use, transformation and marketing of water of all types.

The aforementioned business activities can also be fully or partially carried out indirectly by the Parent through investments in other companies with a similar statutory activity, both in Spain and abroad. The Elecnor Group may not carry out any business activity for which specific conditions or limitations are imposed by law, unless it fully meets such conditions.

The subsidiaries basically engage in business activities comprising the aforementioned statutory activity, and in the operation of wind energy generation facilities, the provision of aeronautical and aerospace software research, advisory and development services and the manufacture and distribution of solar panels and solar PV plants.

The Parent’s bylaws and other related public information may be viewed on the website www.elecnor.com/home-en and at its registered office.

Elecnor, S.A. is the Parent of a Group comprising subsidiaries that focus on a range of activities and that, together with it, form the Elecnor Group (hereinafter, the “Group” or the “Elecnor Group”). Moreover, the Group has investments in associates and joint ventures and takes part in joint ventures with other operators.

Shares in Elecnor, S.A. are traded in the Madrid and Bilbao stock exchanges.

Appendix I includes information on equity-accounted subsidiaries and associates included in the Elecnor Group’s consolidation scope.

2. Basis of presentation

a) Basis of presentation and regulatory financial reporting framework applicable to the Group-

The accompanying consolidated annual accounts have been prepared on the basis of the accounting records of Elecnor, S.A. and of the consolidated companies. The consolidated annual accounts for 2020 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and other applicable provisions in the financial reporting framework, to give a true and fair view of the consolidated equity and consolidated financial position of Elecnor, S.A. and subsidiaries at 31 December 2020 and consolidated results of operations, consolidated cash flows and changes in consolidated equity of the Group for the year then ended.

The Group adopted IFRS-EU on 1 January 2004 and applied IFRS 1, “First-time adoption of International Financial Reporting Standards”.

The Directors of the Parent consider that the consolidated annual accounts for 2020, authorised for issue on 24 February 2021, will be approved with no changes by the General Shareholders' Meeting.

The Elecnor Group's consolidated annual accounts for 2019 were authorised for issue by the General Shareholders' Meeting of Elecnor, S.A. at their annual general meeting held on 20 May 2020.

These consolidated annual accounts have been prepared on a going concern basis using the historical cost principle, with the exception of derivative financial instruments, which have been recognised at fair value.

Note that the balances from the Group’s Argentine and Venezuelan companies were expressed at current cost before inclusion in the consolidated annual accounts of the Elecnor Group, as per IAS 29 “Financial Reporting in Hyperinflationary Economies”, as these countries’ economies are considered to be hyperinflationary (see section g).

b) Adoption of International Financial Reporting Standards (IFRS)-

Standards applied for the first time

The Group has applied the following interpretations for the first time to the consolidated annual accounts commencing on 1 January 2020:

- IAS 1(Amendment) and IAS 8 (Amendment) “Definition of Material”
- IFRS 3 (Amendment) “Definition of a Business”
- Modification to references of IFRS standards due to the conceptual framework.
- Interest rate benchmark reform - IBOR (amendments to IFRS 9, IAS 39 and IFRS 7)

These new standards did not imply a change in the Group’s accounting policies. The Group has not early-applied any standards.

Standards, amendments and interpretations issued but not yet in force

At the date on which these consolidated annual accounts were authorised for issue, the standards, amendments and interpretations issued but not yet in force and which the Group expects to adopt from 1 January 2021 or subsequently, are:

- IFRS 16 (Amendment) “COVID-related rent concessions”. The Company must apply this standard in its first IFRS financial statements for periods beginning on or after 1 June 2020.

Existing standards, amendments and interpretations that have not been adopted by the European Union

At the date on which these consolidated annual accounts were authorised for issue, the IASB and IFRS Interpretations Committee had published the standards, amendments and interpretations listed below, that are pending adoption by the European Union:

- IFRS 10 (Amendment) and IAS 28 (Amendment) "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- IAS 1 (Amendment) "Classification of liabilities as current or non-current"
- IFRS 17 Insurance Contracts: Replacing IFRS 4. Setting out the principles for the recognition, measurement, presentation and detail of insurance contracts to ensure that the company provides relevant and reliable data enabling users of financial information to determine the effect of contracts on the financial statements.
- IAS 37 (Amendment) "Provisions, contingent liabilities and contingent assets: Onerous Contracts — Cost of Fulfilling a Contract".

The Group is in the process of reviewing these standards although, given the nature of its activities, the effect of applying new standards, amendments or interpretations on the consolidated annual accounts when applied for the first time is not considered to be material for the Group.

c) Functional currency and presentation currency-

The figures disclosed in the consolidated annual accounts are expressed in thousands of Euros, rounded to the nearest thousand, the Parent's functional and presentation currency.

d) Material accounting estimates and significant assumptions and judgements in applying accounting policies-

The information in these consolidated annual accounts is the responsibility of the Board of Directors of Elecnor.

The preparation of consolidated annual accounts in accordance with IFRS-EU requires the application of significant accounting estimates and judgements, estimates and assumptions in the process of applying the Group's accounting policies. In this connection, there follows a detailed summary of the aspects that have involved the greatest degree of judgement, complexity or in which the assumptions and estimates are not significant for preparing the consolidated annual accounts.

Significant accounting estimates and assumptions

- Adjustments due to customer insolvencies, the revision of individual balances based on the credit ratings of customers, current market trends and a historical analysis of insolvencies on an aggregate basis involve significant level of judgements. The Group individually analyses due balances pending collection.

- The Group performs a significant portion of its activities in construction contracts with customers. This method is based on performing estimates in relation to the stage of completion of projects. Depending on the method used to determine project progress, significant estimates correspond to costs pending incurring in each contract. Furthermore, the Group recognises provisions for negative margins when the estimate of total costs exceeds estimated income from contracts. These estimates are subject to changes based on new information regarding the stages of completion.

- The calculation of provisions for litigation and inspections is subject to considerable uncertainty. If it is likely that there will be an obligation at the end of the year that will imply an outflow of resources, a provision is recognised if the amount can be reliably estimated. Legal processes usually imply complex legal matters and are subject to considerable uncertainty. The Group relies on third-party advice to estimate the probability of the outcome of litigation and inspections.

- Estimating the fair value of assets acquired and liabilities undertaken in business combinations and purchase price allocation in acquisitions requires Management to make significant judgements (Notes 7 and 13).

Moreover, although the estimates performed by the Parent's Directors were calculated based on the best information available at 31 December 2020, it is possible that future events might oblige their modification in the next few years. The effect on the consolidated annual accounts of modifications that, in the event, may derive from adjustments over the next few years would be recognised prospectively.

Significant judgements in applying accounting policies

Since 17 December 2019 the Elecnor Group has, along with the investment fund APG, jointly controlled the subgroup Celeo Concesiones e Inversiones (see section f), and since that date it has held a 51% shareholding, compared with a previous shareholding of 100%.

The material judgements that have led to the Elecnor Group's conclusion regarding the loss of the controlling interest it hitherto held in Celeo Concesiones e Inversiones, S.L. are as follows:

- The equitable composition of the Board of Directors and the General Shareholders' Meeting with homogeneous rights.
- The decisions adopted by the General Shareholders' Meeting must be approved by a reinforced majority of at least 75%, with only the following matters requiring a simple majority:

  - Modification of the Corporate Bylaws when such modification is required by law, provided such modification does not contravene the provisions of the shareholders' agreement.

  - Appropriation of profit/loss in order to build the Legal Reserve required by law.

- The control and functional dependence of the management of Celeo Concesiones e Inversiones, S.L., which handles the material aspects of the business and which ceases to depend on the Elecnor Group to instead report directly to the Board of Directors of Celeo Concesiones e Inversiones, S.L.

- The existence of a neutral arbitration system in the event of a dispute. In the event of any dispute between the two shareholders, a mediator will be called in to resolve it, and if this were not sufficient an arbitration process will take place, involving three arbitrators, with the shareholders each appointing one arbitrator and a third appointed by agreement of the other two arbitrators.

e) Comparative information-

In the consolidated annual accounts for 2020, we present, for comparative purposes, along with each item of the consolidated statements of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated annual accounts, in addition to the figures for 2020, those corresponding to the previous year, which differ from those approved by the Ordinary Annual General Shareholders' Meeting of the Parent company on 20 May 2020 due to the restatement of the previous year's figures in relation to the accounting treatment of translation differences in hyperinflationary economies, as explained below.

- Since 2018, the Group has chosen to recognise in Reserves the translation differences generated in the conversion of Euros in the re-stated financial statements of subsidiaries in Venezuela and Argentina, which were previously recognised under "Translation differences", since it understands that, in accordance with IAS 8, this provided more reliable and relevant information concerning its operations in Venezuela and Argentina.

  Pursuant to IFRIC interpretations published in the first half of 2020, companies must recognise in the Statement of Comprehensive Income the translation differences originating in hyperinflationary economies, so the Group has restated the information shown in the consolidated annual accounts for the previous year, reclassifying Euros 47,319 thousand and Euros 42,827 thousand from "Translation differences" to "Reserves" at 31 December 2019 and 1 January 2019, respectively. The reclassification corresponding to 1 January 2019 and 1 January 2020 is recognised as "Adjustments for changes in accounting policies" in the Consolidated Statement of Changes in Equity.

f) Changes to the consolidation scope-

The most significant change in the consolidation scope in 2020 was as follows:

- On 30 July 2020, the Elecnor Group signed agreements to sell the subsidiaries Sociedad Aragonesa De Aguas Residuales, S.A.U. and Sociedad Aragonesa De Estaciones Depuradoras, S.A. and the associate Sociedad Aguas Residuales Pirineos, S.A., which all focus on the construction and operation of waste water treatment plants (see Note 8). Asset and liabilities associated with these companies were recognised as non-current assets held for sale and liabilities associated with non-current assets held for sale based on the agreements reached in July 2019.

The most significant changes in the consolidation scope in 2019 were as follows:

- On 11 July 2019, the Elecnor Group signed agreements to sell the subsidiaries Sociedad Aragonesa De Aguas Residuales, S.A.U. and Sociedad Aragonesa De Estaciones Depuradoras, S.A. and the associate Sociedad Aguas Residuales Pirineos, S.A., which all focus on the construction and operation of waste water treatment plants (see Note 8).

- On 31 July 2019, the Elecnor Group, via the company Celeo Termosolar, S.L., acquired 42.57% and 44.30% shareholdings in the companies Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., respectively, and now control those businesses whose corporate purpose is the construction and operation of three parabolic trough technology solar thermal power plants in Extremadura and Castilla La Mancha (see Note 7).

- On 20 December 2019, the Elecnor Group sold Tramperase, S.L., a company focusing on the development of projects, for Euros 11,774 thousand. The proceeds from this transaction were booked under "Impairment and profit/loss on disposal of fixed assets" in the accompanying consolidated income statement for 2019.

- On 17 December 2019, the Elecnor Group signed a shareholders' agreement with APG to jointly control the subgroup Celeo Concesiones e Inversiones, pursuant to which the Elecnor Group would hold a 51% stake in Celeo Concesiones e Inversiones, S.L. This agreement implied a loss of the control hitherto held by the Elecnor Group over the subgroup Celeo Concesiones e Inversiones (see section d).

  This new agreement was instrumented by means of the contribution by APG to the subgroup Celeo Concesiones e Inversiones of 49% of the interests it hitherto held in the subgroup Celeo Redes plus a cash payment of Euros 43 million to Elecnor, S.A., affording it a 49% stake in the subgroup Celeo Concesiones e Inversiones. Moreover, the parties agreed that decisions in connection with the subgroup Celeo Concesiones e Inversiones must be made collectively and therefore they would have joint control over the subgroup.

  The summary of the main accounting impacts shown in the consolidated financial statements for 2019 is as follows:

  - Derecognition of all assets and liabilities belonging to the subgroup Celeo Concesiones e Inversiones on the date of the loss of control at their carrying amount, which amounted to Euros 346,911 thousand (net assets).
  - Recognition of the investment maintained in the subgroup Celeo Concesiones e Inversiones at its fair value on the date of the loss of control, amounting to Euros 560,624 thousand, estimated, on the one hand, based on a report by an independent expert (Deloitte) hired to estimate the fair value of the subgroup Celeo Redes (Euros 513,074 thousand) and, on the other hand, in accordance with the valuation agreed by the Elecnor Group and APG for the transmission of the rest of the subgroup Celeo Concesiones e Inversiones, which implied an additional payment of Euros 42,912 thousand by APG to the Elecnor Group. Since the date of relinquishing control, the Elecnor Group has booked this shareholding as an investment in a joint venture, as per the provisions of IAS 28 Investments in Associates and Joint Ventures.
  - Recognition of all amounts previously booked in other comprehensive income (translation differences and valuation adjustments) in the consolidated income statement on the date of relinquishing control in the amount of Euros 83,619 thousand in expense and Euros 5,339 thousand in income, respectively.
  - Recognition of the difference in income for the year attributable to the Elecnor Group in the amount of Euros 178,345 thousand, an amount booked under "Impairment and profit/loss on disposal of fixed assets" in the accompanying consolidated income statement for 2019.

  The key assumptions used in the measurement of the shareholding maintained were as follows:

  - The value was obtained using the discounted equity cash flows method, estimated in the respective functional currencies of the projects (US Dollar for projects in Chile and Brazilian Real for projects in Brazil).
  - The discount rates used to convert the aforementioned flows to their current value corresponded to the respective costs of capital, estimated using the capital asset pricing model (CAPM), considering both the market circumstances at that time and those of the specific projects (7% for projects in Chile and 12% for projects in Brazil, approximately).
  - The translation into Euros of the current value obtained was performed using the exchange rates on the operation's closing date (31 December 2019).

On the date of authorising the 2019 consolidated annual accounts for issue, the Elecnor Group was in the process of allocating the acquisition price of the shareholding in this Group based on the principles of IFRS 3 and this process was completed in 2020 without it being necessary to restate the amounts from 2019 since the date of relinquishing control was 17 December 2019 and the impact on the consolidated income statement for the year 2019 was not material (see Note 13).

The carrying amount of the assets and liabilities belonging to the subgroup Celeo Concesiones e Inversiones on the date of the loss of control is presented below (31 December 2019 was taken as a reference date since there were no significant variations with respect to 17 December 2019):

	Note	Thousands of Euros
Assets		
Goodwill	9	1,125
Other intangible assets	10	39
Right-of-use assets	12	20,517
Property, plant and equipment	11	644,271
Equity-accounted investees	13	266,733
Non-current financial assets	14	6,419
Deferred tax assets	21	78,422
Current assets		23,653
Liabilities		
Non-controlling interests	16.e	408
Non-current payables and other financial liabilities		640,471
Current liabilities		31,561
Deferred tax liabilities	21	21,828
Total net assets		346,911
Fair value of the shareholding maintained	13	560,624
Cash payment received		42,912

The Elecnor Group did not consider this loss of control as a discontinued operation since the subgroup Celeo Concesiones e Inversiones did not correspond to a segment of activity but was within the concessions segment of the Elecnor Group. Furthermore, the loss of control did not imply withdrawing from any geographical area where the Group was present.

g) Classification of Argentina and Venezuela as hyperinflationary economies-

During 2018, a number of factors surfaced in the Argentine economy that led the Elecnor Group to reconsider its procedure in connection with the conversion of the financial statements of its investee in that country.

In accordance with IFRS-EU, Argentina is considered to be a hyperinflationary economy for accounting purposes for the periods ending from 1 July 2018. IAS 29 applied for the first time in Argentina in the Group's consolidated annual accounts of 2018, in accordance with the following criteria:

- The comparative figures for 2017 were not modified.
- Hyperinflationary accounting applied to all assets and liabilities of the subsidiary Elecnor Argentina prior to translation.

- The historical cost of non-monetary assets and liabilities and the various items of equity of that company from the date of its acquisition or inclusion in the consolidated statement of financial position until the end of the reporting period were adjusted to reflect changes in the purchasing power of the currency as a result of inflation.

- Opening equity reported in the stable currency is affected by the cumulative effect of restating non-monetary items from the date they were first recognised and the effect of translating those balances at the closing rate.

The Group adjusted the 2018 income statement to reflect the relevant impact of inflation on net monetary assets.

The Group also has subsidiaries in Venezuela, which has been considered a hyperinflationary economy since 2009, and which remained so at the end of 2020.

3. Accounting principles

a) *Subsidiaries-*

Subsidiaries are entities over which the Company exercises control, either directly or indirectly through subsidiaries. The Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The Company has power over a subsidiary when it has existing substantive rights that give it the ability to direct the relevant activities. The Company is exposed, or has rights, to variable returns from its involvement with the subsidiary when its returns from its involvement have the potential to vary as a result of the subsidiary's performance.

The income, expenses and cash flows of subsidiaries are included in the consolidated annual accounts from their acquisition date, which is the date control commences. Subsidiaries are excluded from the consolidated Group from the date on which this control is lost.

Transactions and balances with Group companies and unrealised profit or loss were eliminated in the consolidation process. However, unrealised losses were considered to be an indicator of the impairment of the assets transferred.

The accounting policies of subsidiaries were adapted to the Group's accounting policies, for transactions and other events that are similar and took place in comparable circumstances.

The annual accounts or financial statements of subsidiaries used in the consolidation process refer to the same presentation date and the same period as those of the Parent.

Non-controlling interests in the net assets of subsidiaries are recognised in equity separately from the Parent's equity. Non-controlling interests' share in consolidated profit or loss for the year (and in consolidated total comprehensive income for the year) is disclosed separately in the consolidated income statement.

Changes in the ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, i.e. any difference is recognised directly in equity.

In the reduction of the shareholding in a subsidiary that implies a loss of control thereof, the Group recognises profit/loss due to the difference between the consideration received plus the fair value of any investment retained in the company plus the carrying amount of the non-controlling interests and the value of the consolidated net assets. Other comprehensive income relating to the subsidiary is reclassified to profit or loss or reserves depending on its nature. Consolidated net assets include goodwill inasmuch as the divested entity constitutes a business. If the divested entity constitutes a business which belonged to a cash-generating unit or a group of cash-generating units to which goodwill had been assigned, then the goodwill is assigned to the part divested and the part maintained in accordance with the fair value and recoverable amount, respectively.

The fair value of the investment maintained constitutes the acquisition cost for the purposes of subsequent measurement in accordance with its classification.

b) Business combinations-

As permitted by IFRS 1 “First-time Adoption of International Financial Reporting Standards”, the Group has only recognised business combinations that occurred on or after 1 January 2004, the date of transition to IFRS-EU, using the acquisition method. Entities acquired prior to that date were recognised in accordance with accounting principles prevailing at that time, taking into account the necessary corrections and adjustments at the transition date.

The Group applied IFRS 3 “Business combinations” revised in 2008 to transactions conducted from 1 January 2010 onwards.

In business combinations, the Group applies the acquisition method.

The acquisition date is the date on which the Group obtains the control of the acquired business.

The consideration paid for the business combination is determined on the acquisition date based on the sum of the fair values of the assets delivered, liabilities incurred or assumed, equity instruments issued and any contingent liabilities that depend on future events or compliance with certain conditions in exchange for the control of the acquired business.

The consideration paid excludes any disbursement that does not form part of the exchange for the business acquired. Cost relating to the acquisition are recognised as an expense as they are incurred.

The Group recognises the assets acquired and liabilities assumed on the acquisition date. Liabilities assumed include contingent liabilities insofar as they represent present obligations arising from past events and their fair value may be reliably measured. Moreover, the Group recognises indemnification assets granted by the seller at the same time and on the same basis as the indemnified item of the business acquired, considering, where appropriate, the collectibility of the indemnification asset and any contractual limitations on the indemnified amount.

Excepted from the application of this criterion are non-current assets or disposal groups of items classified as held for sale.

The excess between the consideration given and the value of net assets acquired and liabilities assumed, is recognised as goodwill. Any shortfall, having measured the amount of the consideration delivered and the identification and measurement of the net assets acquired, is recognised in a separate item of the consolidated income statement.

If the business combination can only be determined provisionally, the identifiable net assets are initially booked at their provisional values, recognising the adjustments made during the valuation period as though they had been known on the acquisition date, and restating, where appropriate, the comparative figures for the previous year. In any event, adjustments to provisional values include only that information that is relevant to the facts and circumstances on the acquisition date and which, had they been known, would have affected the amounts recognised on that date.

Once that period has elapsed, adjustments to the initial measurement are made only to correct errors.

In business combinations achieved in stages, the excess between the consideration given, plus the value assigned to non-controlling interests plus the fair value of the previous shareholding in the business acquired, and the value of net assets acquired and liabilities assumed, is recognised as goodwill. Any shortfall, after evaluating the consideration given, the value assigned to non-controlling interests, the previous shareholding and the identification and measurement of net assets acquired, is recognised in profit/loss. The Group recognises the difference between the fair value of the previous shareholding in the business acquired and the carrying amount in consolidated profit/loss or other comprehensive income. Moreover, the Group reclassifies deferred amounts in other comprehensive income corresponding to the previous shareholding to reserves or profit/loss, as appropriate.

If the Group did not hold a previous interest in the business acquired, the excess between the value assigned to non-controlling interests, and the net value of assets acquired and liabilities assumed, is recognised as goodwill. Any shortfall, after evaluating the value assigned to non-controlling interests and the identification and measurement of net assets acquired, is recognised in profit or loss.

Loss of control

When the Group loses its control over a subsidiary, it derecognises the subsidiary's assets (including goodwill) and liabilities and the non-controlling interest at the carrying amount thereof at the date on which control is lost. The consideration received and the interest retained in the company are recognised at fair value at the date on which control is lost, and any difference is recognised. Other comprehensive income relating to the subsidiary is reclassified to profit or loss or reserves depending on its nature.

Non-controlling interests

Non-controlling interests in subsidiaries acquired from 1 January 2004 onwards are recognised on the acquisition date by their percentage share of the fair value of identifiable net assets. Non-controlling interests in subsidiaries acquired prior to the transition date are recognised by the percentage holding in their equity on the date of first consolidation.

Non-controlling interests are presented in consolidated net equity separately from equity attributed to the shareholders of the Parent. Non-controlling interests' share in consolidated profit or loss for the year (and in consolidated total comprehensive income for the year) is disclosed separately in the consolidated income statement (Consolidated Statements of Comprehensive Income).

The Group's interest and non-controlling interests in consolidated profit and loss in the year (the consolidated total comprehensive income for the year) and in changes in the net equity of subsidiaries, having considered adjustments and eliminations deriving from consolidation, are determined on the basis of the ownership interest at year-end, not taking into account the possible exercise or conversion of potential voting rights and after discounting the dividend effect, agreed or not, of preferred shares with cumulative rights that have been classified in net equity. Nevertheless, the Group's interest and non-controlling interests are determined considering the eventual exercise of potential voting rights and other derivative financial instruments which substantially provide current access to the economic benefits associated with the ownership interests, in other words, the right to participate in future dividends and changes in the value of subsidiaries.

Excess losses attributable to non-controlling interests generated prior to 1 January 2010, not imputable thereto due to exceeding the value of their contribution to the subsidiary's equity, are recognised as a reduction in the net equity attributable to the shareholders of the Parent, except in those cases in which the non-controlling interests have a binding obligation to assume part or all of the losses and have the capacity to make the necessary additional investment. Profits obtained in subsequent years are assigned to net equity attributed to the shareholders of the Parent until the amount of losses absorbed in previous years and corresponding to the non-controlling interests have been recovered.

From 1 January 2010, profit and loss and each component of other comprehensive income are allocated to net equity attributed to the shareholders of the Parent and to non-controlling interests in proportion to their interest, although this implies a payable from non-controlling interests. The agreements between the Group and non-controlling interests are recognised as a separate transaction.

c) Associates-

Associates are entities over which the Company, either directly or indirectly through subsidiaries, exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The existence of potential voting rights that are exercisable or convertible at the end of each reporting period, including potential voting rights held by the Group or other entities, are considered when assessing whether an entity has significant influence.

Investments in associates are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases. However, if on the acquisition date all or part of the investment fulfils the conditions to be classified as non-current assets or disposal groups of items held for sale, it is recognised at fair value, less the costs of divestment or disposal by another means.

Investments in associates are initially recognised at acquisition cost, also including any cost directly attributable to the acquisition and any contingent asset or liability consideration that depends on future events or the failure to fulfil certain conditions.

The excess between the cost of the investment and the percentage corresponding to the Group in fair values of identifiable net assets is registered as goodwill and included in the carrying amount of the investment. Any shortfall, having measured the amounts of the cost of the investment and the identification and measurement of the net assets of the associate, is recognised as income when determining the investors interest in the associate's profit and loss in the year in which it is acquired.

If the investment is the result of a loss of control of a subsidiary that did not constitute a business, the cost of the investment is the fair value, net of the derecognitions deriving from the loss of control.

The accounting policies of associates were harmonised in time and valuation terms in line with those used at subsidiaries.

The Group's share of the profit or loss of an associate from the date of acquisition is recognised as an increase or decrease in the value of the investments, with a credit or debit to "Profit/loss from equity-accounted investees" in the consolidated income statement. The Group's share of other comprehensive income of associates from the date of acquisition is recognised as an increase or decrease in the value of the investments in associates with a balancing entry, based on the nature of the investment, in other comprehensive income in the consolidated statement of comprehensive income. The distribution of dividends is recognised as a decrease in the value of the investment. The Group's share of profit or loss, including impairment losses recognised by the associates, is calculated based on income and expenses arising from application of the acquisition method.

The Group's share in the profit and loss of associates and in changes to net equity is determined based on the ownership interest at the end of each year, not taking into account the potential exercise or conversion of potential voting rights. Nevertheless, the Group's interest is determined considering the eventual exercise of potential voting rights and other derivative financial instruments which substantially provide current access to the economic benefits associated with the ownership interests, in other words, the right to participate in future dividends and changes in the value of associates.

Losses of an associate attributable to the Group are limited to the extent of its net investment, except where the Group has legal or constructive obligations or when payments have been made on behalf of the associate. For the purpose of recognising impairment losses in associates, net investments are considered as the carrying amount of the investment after applying the equity method plus any other item which in substance forms part of the investment in the associate. The excess of the losses over the equity instrument investment is applied to the remaining items in reverse order of settlement. Subsequent profits obtained by associates for which impairment losses are limited to the value of the investment are recognised to the extent that they exceed previously unrecognised losses.

If the Group's share of losses in an associate equals or exceeds its investment in the associate, it does not recognise its share of any further losses. The investment in the associate is the carrying amount of the investment determined using the equity method, plus any other non-current portion that, in substance, forms part of the Group's net investment in the associate.

Profit and loss not realised in transactions between the Group and associates are only recognised insofar as they correspond to the holdings of other unrelated investors. The exception in the application of this criterion is the recognition of unrealised losses that constitute evidence of the impairment of the transferred asset. Nevertheless, profit and loss deriving from transactions between the Group and associates involving net assets that constitute a business are recognised in their entirety.

In the reduction of a shareholding in an associate that does not imply a significant loss of influence or when the Group loses the joint control of a joint venture and maintains a significant influence, the Group recognises the result as the difference between the consideration received and the proportionate part of the carrying amount of the divested shareholding. Other comprehensive income corresponding to the proportionate part of the divested associate is reclassified to profit/loss or reserves as though the associate had directly sold the assets and liabilities linked to it. If the transaction implies a loss, the Group tests the impairment in the residual value maintained.

Impairment

Once the equity method has been applied, the Group assesses whether or not there is objective evidence of an impairment in the net investment in the associate.

Calculation of impairment is determined as a result of the comparison between the carrying amount linked to the net investment in the associate and its recoverable amount, understood as the higher between value in use and fair value less the costs to sell or otherwise dispose of the item. In this connection, value in use is calculated as a function of the Group's interest in the current value of estimated cash flows in ordinary activities and the amounts potentially resulting from the final disposal of the associate.

The recoverable amount of the investment in an associate is assessed in relation to each associate, unless it does not constitute a cash-generating unit (CGU).

d) Joint arrangements-

Joint arrangements are those in which there is a contractual agreement to share the control over an economic activity, in such a way that decisions about the relevant activities require the unanimous consent of the Group and the remaining venturers or operators. The existence of joint control is assessed considering the definition of control over subsidiaries.

- Joint ventures: investments in joint ventures are accounted for using the equity method described in the letter above.

- Joint operations: for joint operations, the Group recognises the assets, including its share of any assets held jointly, the liabilities, including its share of any liabilities incurred jointly with the other operators, the revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and the expenses, including its share of any expenses incurred jointly, in the consolidated annual accounts.

  The Group has joint control in various Temporary Business Associations since it has contractual agreements that require the consent of both shareholders to make decisions on important activities. The Group has classified the investments as joint operations since the shareholders have rights on the assets and obligations on the liabilities. Said right are principal and not subsidiary. In addition, the Group includes in this category certain foreign entities considered to be a similar vehicle to a UTE (various kinds of joint ventures), through which it carries out part of its business activities.

  The Group's acquisition of the initial and subsequent shareholding in a joint operation that constitutes a business is recognised by applying the criteria developed for business combinations by the percentage stake in the individual assets and liabilities. However, in the subsequent acquisition of an additional shareholding in a joint operation, the previous ownership interest in individual assets and liabilities is not subject to remeasurement, to the extent that the Group maintains joint control.

***e)* Foreign currency transactions and balances-**

Foreign currency transactions, balances and cash flows

Transactions in foreign currency are translated into the functional currency at the spot exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies have been translated into Euros at the closing rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rate prevailing at the transaction date. Non-monetary assets measured at fair value have been translated into Euros at the exchange rate at the date that the fair value was determined.

Translation of foreign operations

The Group has applied the exemption permitted by IFRS 1, First-time Adoption of International Financial Reporting Standards, relating to accumulated translation differences. Consequently, translation differences recognised in the consolidated annual accounts generated prior to 1 January 2004 are recognised in retained earnings. As of that date, foreign operations whose functional currency is not the currency of a hyperinflationary economy have been translated into Euros as follows:

- Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, including comparative amounts, are translated at the closing rate at the reporting date.

- Income and expenses, including comparative amounts, are translated at the exchange rates prevailing at each transaction date.

- All resulting translation differences are recognised as translation differences in other comprehensive income.

These criteria are also applicable to the translation of the financial statements of equity-accounted companies, with translation differences attributable to the Group recognised in other comprehensive income.

The translation differences recognised in other comprehensive income are recognised as an adjustment in profit/loss on the sale, based on the criteria set forth in the sections on subsidiaries and associates.

Foreign operations in hyperinflationary economies

The financial statements of Group companies whose functional currency is the currency of a hyperinflationary economy are restated in terms of the measuring unit at the reporting date.

The results and financial position of the Group's foreign operations whose functional currency is the currency of a hyperinflationary economy are translated into Euros as follows:

- Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, equity items, income and expenses, and cash flows are translated at the closing rate at the most recent reporting date.

- Comparative amounts are those that were included in the prior year consolidated annual accounts and are not adjusted for subsequent changes in the price level or in exchange rates. The effect of the adjustment on the prior year's balances is recognised in reserves in consolidated net equity.

None of the functional currencies of the consolidated companies and associates located abroad are those of a hyperinflationary economy as defined by IFRS, except in the cases of Venezuela and, from 1 January 2018, Argentina (see section g of Note 2).

At the 2020 and 2019 reporting dates the aforementioned financial statements were restated using the measuring unit current at 31 December 2020 and 2019. The financial statements of Venezuela and Argentina were prepared using the historical cost method and were restated applying a general price index, which in Venezuela's case was of 844.05% (9,585.49% in 2019). At 31 December 2020, the cumulative impact of this restatement on equity amounts to approximately Euros 424 thousand (approximately Euros 907 thousand at 31 December 2019).

f) Borrowing costs-

The Group recognises borrowing costs directly attributable to the acquisition, construction or production of qualifying assets as higher value thereof. Qualifying assets are those that require a substantial period before being used or disposed of. To the extent that the financing was obtained specifically for the qualifying asset, the amount of interest to capitalise is determined as a function of the actual costs incurred during the year less the returns obtained on temporary investments with said funds.

Capitalisation of interest starts when expenses related with the assets are incurred, interest is accrued and the necessary activities to prepare the assets or a portion thereof for their intended use or sale are being performed and ends when all or practically all of the activities necessary to prepare the assets or portions thereof for their intended use or sale have been completed. Nevertheless, the capitalisation of interest is suspended during periods in which activity development is interrupted over a significant period of time, unless the delay is necessary to place the asset in operating condition or prepare it for sale.

g) Non-current assets held for sale-

Non-current assets or disposal groups whose carrying amount will be recovered primarily through a sale transaction, rather than through continuing use, are classified as non-current assets held for sale. To classify non-current assets or disposal groups as held for sale, they must be available in their current state for disposal, subject only to the usual and widely accepted terms of sale transactions, and the transaction must also be considered to be highly probable.

Non-current assets or disposal groups classified as held for sale are measured at the lower of the carrying amount and fair value less the costs of disposal and are not amortised or depreciated.

The Group classifies on the acquisition date a non-current asset or disposal group of items, including subsidiaries, and all or part of the investment in associates or joint ventures acquired solely for the purpose of their subsequent disposal or exchange, as held for sale, if the planned transaction is expected to take place in the following year and the sale fulfils the requirements to be considered highly probable within a short period after the acquisition. At the time of the initial recognition of this kind of assets, their initial measurement is determined by the value that would have been recognised if they had not been classified as available for sale and their fair value less costs to sell or otherwise dispose of the assets.

h) Intangible assets-

Goodwill

Goodwill is measured using the criteria outlined in the section on business combinations.
Goodwill is not amortised, but its impairment is tested annually or sooner if there are signs of a potential impairment in the asset's value. In this connection, the goodwill resulting from a business combination is allocated to each cash-generating unit (CGU) or group of CGUs in the Group that are expected to benefit from the synergies of the combination and the criteria to which section j) impairment refers are applied. After initial recognition, goodwill is measured at cost less cumulative impairment losses.

An impairment loss recognised for goodwill may not be reversed in a subsequent period.

Internally generated goodwill is not recognised as an asset.

Other intangible assets

Intangible assets are presented in the consolidated statement of financial position at cost less amortisation and cumulative impairment losses.

Intangible assets are amortised on a straight-line basis over their useful lives.

Impairment

The Group measures and determines the intangible asset's impairment losses and reversals in accordance with the criteria set forth in section j).

i) Property, plant and equipment-

Initial recognition

Property, plant and equipment is measured at cost, less cumulative depreciation and, in the event, cumulative impairment losses. However, prior to 1 January 2004, the Elecnor Group revalued certain items of property, plant and equipment as permitted by applicable legislation. In accordance with IFRS, the Elecnor Group treated the amount of these revaluations as part of the cost of these assets because it considered that the revaluations reflected the effect of inflation.

The cost of property, plant and equipment includes the estimated decommissioning or removal costs, as well as the cost of restoring the location, provided these are obligations incurred as a consequence of its use and for purposes other than the production of inventories. In this regard, since the Elecnor Group does not have to incur significant costs in relation to the closure of its facilities, the accompanying consolidated statement of financial position does not include any related provision, except for a provision for dismantling relating to the wind farm in Canada and for the wind farms in Brazil (Note 19).

Capitalised costs include finance expenses on external financing accrued during the construction period on construction work exceeding one year.

Self-constructed property, plant and equipment is recognised at accumulated cost; i.e. external costs plus in-house costs, determined on the basis of warehouse materials consumed, and manufacturing costs calculated using hourly absorption rates similar to those used for the measurement of inventories. In 2020, Euros 37,381 thousand was recognised for this item (Euros 21,495 thousand in 2019), booked under “Self-constructed assets” in the consolidated income statement, mainly relating to wind farms located in Brazil (wind farms in Spain in 2019).

Subsequent costs

Subsequent to the initial recognition of the asset, only those costs that will generate future economic benefits that may reasonably be described as probable, and whose amount can be measured reliably, are capitalised. In this connection, the costs deriving from the daily upkeep of property, plant and equipment are recognised as they are incurred.

The replacement of items of property, plant and equipment that may potentially be capitalised implies reducing the carrying amount of the items replaced. In those cases in which the cost of the replaced items has not been independently depreciated and it is not feasible to determine their carrying amount, the replacement cost is used to indicate the cost of the items at the time of their acquisition or construction.

Depreciation

Property, plant and equipment is depreciated by distributing the depreciable amount using the straight-line method over its useful life.

Depreciation of property, plant and equipment is determined by applying the following criteria:

	Years of useful life	
	2020	2019
Buildings	33 - 50	33 - 50
Technical installations and machinery (*)	20 - 30	20-30
Hand and machine tools	3 - 10	3-10
Furniture and fixtures	3 - 10	3-10
Information technology equipment	3 - 5	3-5
Motor vehicles	2 - 10	2 - 10
Other property, plant and equipment	3 - 10	3-10

(*) Includes machinery and facilities used in wind projects, basically wind turbines.

The Group reviews the residual value, useful life and depreciation method of property, plant and equipment at the end of each financial year. Any changes to the initially established criteria are recognised as a change in estimate.

Impairment

The Group measures and determines the property, plant and equipment's impairment losses and reversals in accordance with the criteria set forth in section j).

The Parent's directors consider that the carrying amount of the assets does not exceed their recoverable amount, which is calculated on the basis of the future cash flows that the assets will generate (See Note 3.j).

j) Impairment of non-financial assets carried at amortised or depreciated cost-

The Group evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount.

Likewise, regardless of the existence of any indication of impairment, the Group reviews, at least once a year, the potential impairment that might affect goodwill and intangible assets with an indefinite useful life.

The recoverable amount of the assets is the higher amount between fair value less costs to sell and value in use.

The asset's value in use is calculated as a function of the estimated future cash flows deriving from the use of the asset, the expectation about possible changes in timing of those cash flows, the time value of money, the price for bearing the uncertainty inherent in the asset and other factors that market participants would reflect in pricing the future cash flows expected to derive from the asset.

Where the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised for the difference with a charge to “Amortisation and depreciation, impairment and charges to provisions” in the accompanying consolidated income statement.

At each closing date, the Group tests for any signs that the impairment loss recognised in previous years no longer exists or may have diminished. Impairment losses corresponding to goodwill are not reversible. Impairment losses from the rest of assets are only reversed if there has been a change in the estimates used to determine the asset’s recoverable amount.

k) Leases

Identification of a lease

At inception of a contract, the Group assesses whether the contract contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The period in which a Group uses an asset includes consecutive and non-consecutive periods. The Group only reassesses the conditions when there is a modification to the contract.

Lessee accounting

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group considers all components as a single lease component.

The Group has opted not to apply the accounting policies shown below for short-term leases and those whose underlying asset has a value of less than Euros 5 thousand, which correspond primarily to machinery leases for use in construction works, since the estimated duration of the leases is less than or around one year, as such machinery tends to be leased for the duration of the project for which it has been leased. On 31 December 2020, the heading "Right-of-use assets" corresponds mainly to leases of premises and of plots of land on which wind farms are located.

The Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

At the lease commencement date the Group recognises a right-of-use asset and a lease liability. The right-of-use asset comprises the amount of the lease liability, any lease payment made at or before the commencement date, less any lease incentives received, any initial direct costs incurred and an estimate of the decommissioning or restoration costs to be incurred, as indicated in the accounting policy on provisions.

The Group measures the lease liability at the current value of the lease payments that are pending payment at the commencement date. The Group discounts lease payments at the appropriate incremental borrowing rate, unless it can readily determine the lessor's implicit interest rate. In this regard, for the initial measurement of the lease liability the incremental borrowing rate was used, representing the interest rate that a lessee would have to pay for borrowing over a similar period, with a similar guarantee, the necessary funds to obtain an asset of a value similar to that of the right-of-use asset in a similar economic context. The Group uses different discount rates for each country and depending upon the remaining lease terms, the applied discount rates being between 0.70% and 4.95% for leases in Spain, in accordance with the duration of the contracts, as this is where most of the leases subject to this standard are located.

Lease payments pending comprise fixed payments less any incentives receivable, variable payments that depend on an index or rate, initially measured using the index or rate as at the commencement date, the amounts expected to be payable under residual value guarantees, the exercise price of the purchase option if the lessee is reasonably certain to exercise that option, and the payment of penalties terminating the lease, provided that the lease term reflects the lessee exercising an option to terminate the lease.

The Group measures right-of-use assets at cost, less any accumulated depreciation and impairment, adjusted for any re-measurement of the lease liability.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the Group depreciates the right-of-use asset as indicated in the property, plant and equipment section from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group measures lease liabilities by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any lease modifications or to reflect revised in-substance lease payments.

The Group recognises the amount of remeasurement of the liability as an adjustment to the right-of-use asset until this is reduced to zero and subsequently in profit or loss.

The Group remeasures lease liabilities by discounting the lease payments using a revised discount rate, if there is a change in the lease term or a change in assessment of a purchase option of the underlying asset.

The Group remeasures lease liabilities if there is a change in the estimated amounts payable of a residual value guarantee or a change in the index or rate used to determine the payments, including a change to reflect variations in market rental rates once there has been a review thereof.

Nevertheless, the Group applied the practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. As a result, the Group recognises any change in lease payments as a result of concessions relating to COVID-19 in a manner consistent with any change that is not a modification, in other words, the aforementioned variable payments. The Group applied this practical expedient consistently to contracts with similar characteristics and in similar circumstances.

l) Financial instruments-

Recognition and classification of financial instruments

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument in IAS 32 "Financial Instruments: Presentation".

The Group recognises financial instruments when it becomes a party to the contract or legal transaction, in accordance with the terms set out therein.

For measurement purposes, the Group classifies financial instruments in the categories of financial assets and liabilities at fair value through profit or loss, separating those initially designated from those held for trading or that measured at fair value through profit or loss, financial assets and liabilities at amortised cost and financial assets at fair value through other comprehensive income, separating equity instruments designated as such from the rest of financial assets. The Group classifies financial assets designated at fair value through profit or loss and equity instruments designated at fair value through other comprehensive income in accordance with the business model and nature of the contractual flows. The Group classifies financial liabilities as measured at amortised cost, except those designated at fair value through profit or loss and those held for trading.

The Group classifies a financial asset at amortised cost if it is held within the framework of a business model aimed at holding financial assets in order to obtain contractual cash flows and the contractual conditions of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the unpaid principal.

The Group classifies a financial asset at fair value through other comprehensive income if it is held within the framework of a business model aimed at obtaining contractual cash flows and selling financial assets and the contractual conditions of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the unpaid principal.

The business model is determined by key staff at the Group at a level reflecting the manner in which groups of assets are managed jointly to achieve the aim of a specific business. The Group's business model represents the manner in which it manages its financial assets to generate cash flows.

The financial assets within the framework of a business model aimed at holding assets to receive contractual cash flows are managed to generate cash flows in the form of contractual receipts during the life of the instruments. The Group manages the assets held on the portfolio so as to receive these specific contractual cash flows. To determine whether the cash flows are obtained by receiving contractual cash flows from the financial assets, the Group considers the frequency, value and calendar of sales in previous years, the reasons for those sales and the expectations in relation to the future sales activity. Nevertheless, sales do not, of themselves, determine the business model and, accordingly, cannot be considered on their own. Instead, it is information on past sales and expectations of future sales that offers an indication of the way to achieve the Group's stated goal with regard to the management of financial assets and, more specifically, how the cash flows are obtained. The Group considers information on past sales in the context of the reasons for those sales and the conditions at that time as compared to current conditions. To this end, the Group considers that trade and other receivables that will be assigned to third parties and will not be derecognised are maintained in this business model.

Although the goal of the Group's business model is to hold financial assets in order to receive contractual cash flows, this does not mean that the Group holds all the instruments to maturity. Consequently, the Group's business model is to hold financial assets to receive contractual cash flows even when there have been or there are expected to be sales of these assets. The Group understands that this requirement is fulfilled provided the sales take place due to an increase in the credit risk of the financial assets. In the rest of cases, in individual and aggregate terms, sales may not be significant even if they are frequent or must be infrequent where they are significant.

The contractual cash flows that are solely payments of principal and interest on the unpaid principal are consistent with a basic loan agreement. In a basic loan agreement, the main items of interest are generally the consideration for the time value of money (TVM) and credit risk. Nevertheless, in an agreement of this kind, interest also includes consideration for other risks, such as liquidity and costs, like the administrative risks of a basic loan associated with maintaining the financial asset for a certain period. Moreover, interest may include a profit margin consistent with a basic loan agreement.

The Group designates a financial liability initially at fair value through profit or loss, if by doing so it eliminates or significantly reduces any inconsistency in the measurement or recognition that would otherwise emerge, if the measurement of the assets or liabilities or recognition of the profit/loss thereof were performed on different bases or a group of financial liabilities or of financial assets and financial liabilities is managed, and its performance assessed, on a fair value basis, in accordance with a documented investment strategy or risk management strategy, and information is provided internally concerning said group on the same basis to key staff from the Group's management.

The Group classifies the rest of financial liabilities, except financial guarantee contracts, commitments to grant a loan at a lower-than-market rate and financial liabilities resulting from a transfer of assets not fulfilling the requirements for derecognition from accounts or accounted for using the ongoing involvement approach, as financial liabilities at amortised cost.

Financial assets at fair value

An analysis of financial instruments measured at fair value at 31 December 2020 and 2019 subsequent to their initial recognition, classified into levels 1 to 3 based on the fair value measurement method, is as follows:

- Level 1: their fair value is obtained from directly observable quoted prices in active markets for an identical asset or liability.

- Level 2: their fair value is determined using market inputs, other than the quoted prices included in level 1, that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

- Level 3: their fair value is determined using measurement techniques that include inputs for the assets and liabilities that are not directly observable market data.

	Fair value at 31 December 2020			
	Thousands of Euros			
	Level 1	Level 2	Level 3	Total
Non-current financial assets				
Derivative financial instruments (Note 18)	-	180	-	180
Current financial assets				
Derivative financial instruments (Note 18)	-	830	-	830
Non-current liabilities				
Derivative financial instruments (Note 18)	-	(10,676)	-	(10,676)
Current liabilities				
Derivative financial instruments (Note 18)	-	(7,455)	-	(7,455)
	-	**(17,121)**	-	**(17,121)**

	Fair value at 31 December 2019			
	Thousands of Euros			
	Level 1	Level 2	Level 3	Total
Non-current financial assets				
Derivative financial instruments (Note 18)	-	24	-	24
Current financial assets				
Derivative financial instruments (Note 18)	-	3,873	-	3,873
Non-current liabilities				
Derivative financial instruments (Note 18)	-	(14,132)	-	(14,132)
Current liabilities				
Derivative financial instruments (Note 18)	-	(5,722)	-	(5,722)
	-	**(15,957)**	-	**(15,957)**

Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, plus or minus transaction costs incurred, and are subsequently measured at amortised cost using the effective interest rate method.

Financial assets measured at cost

Investments in equity instruments for which there is insufficient information for their measurement or those in which there is a broad range of measurements and derivative instruments linked thereto that must be settled on delivery of said investments, are measured at cost. However, if at any time the Group may obtain a reliable measurement of the asset or the contract, they will be recognised at that time at fair value, booking profit or loss in income or other comprehensive income, if the instrument is designated at fair value through comprehensive income.

Impairment

The Group recognises in profit or loss an impairment for expected credit losses in financial assets measured at amortised cost, fair value through other comprehensive income, accounts receivable from finance leases, contract assets, loan commitments and financial guarantees.

For financial assets at fair value through other comprehensive income, the expected credit loss is recognised in other comprehensive income and does not reduce the fair value of the assets.

At each balance sheet date, the Group measures the impairment in an amount equal to the expected credit losses in the following twelve months, for financial assets for which credit risk has not significantly increased since initial recognition or when it considers that the credit risk of a financial asset has no longer significantly increased.

When assessing whether there is a significant increase in credit risk, the Group considers all the reasonable and supportable prospective information, specifically:

- Internal and external credit risk ratings;
- Current or expected adverse changes in the business, financial or economic conditions that might trigger a significant change in the borrower's ability to meet its obligations;
- Current or expected significant changes in the borrower's operating income;
- Significant increases in credit risk in other financial instruments of the same borrower;
- Significant changes in the value of the guarantee securing the obligation or as third-party guarantees or credit enhancements;

Nevertheless, the Group recognises the expected credit loss throughout the life of the instrument for trade receivables or contract assets.

Interest and dividends

Interest is recognised by the Group using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of a financial instrument to the net carrying amount of that financial instrument based on the contractual terms of the instrument and not considering expected credit losses, except for financial assets acquired or originated with losses incurred.

Dividends from investments in equity instruments are recognised in profit or loss when the Group is entitled to receive them, it is likely to receive the economic benefits and the amount can be reliably estimated.

Derecognitions and modifications of financial liabilities

The Group derecognises a financial liability or a portion thereof when it has fulfilled the obligation contained in the liability or when it is legally released from the principal responsibility contained in the liability either pursuant to judicial proceedings or by the creditor.

The exchange of debt instruments between the Group and the counterparty or substantial modifications to initially recognised liabilities are recognised as an extinguishment of the original financial liability and recognition of a new financial liability, provided the instruments have substantially different terms.

The Group considers that the terms are substantially different if the current value of the cash flow discounted under the new terms, including any fees paid net of any fees received, and using for the purpose of the discount the original effective interest rate, differs by at least 10 per cent from the current discounted value of the remaining cash flows of the original financial liability.

If the exchange is recognised as the extinguishment of the original financial liability, the costs or fees are recognised in profit and loss. Otherwise, the modified flows are discounted at the original effective interest rate, recognising any difference with the previous carrying amount in profit and loss. Moreover, the costs or fees adjust the financial liability's carrying amount and are amortised using the amortised cost method during the remaining life of the modified liability.

The Group recognises the difference of the carrying amount of the financial liability or a part thereof cancelled or assigned to a third party and the consideration paid, including any assigned asset other than the cash or liability assumed in profit or loss.

The Group has arranged confirming lines with various financial institutions to manage supplier payments. The Group applies the aforementioned criteria to assess whether the original liability should be extinguished with trade creditors and a new liability should be recognised with the financial institutions. Trade payables the settlement of which is managed by the financial institutions are shown under trade and other payables, insofar as the Group has only assigned the management of payment to the financial institutions, but remains the primary party obliged to pay the debts to trade creditors.

Moreover, bank borrowings as a result of the sale of trade payables are recognised under trade payables due to confirming operations, in trade and other accounts payable in the consolidated statement of financial position.

m) Hedge accounting-

Derivative financial instruments are initially recognised based on the criteria set forth above for financial assets and liabilities. Derivative financial instruments that do not meet the hedge accounting criteria below are classified and measured as financial assets or liabilities at fair value through profit or loss. Derivative financial instruments that meet the criteria for hedge accounting are initially recognised at fair value, plus, in the event, the transaction costs that are directly attributable to their contracting, or less, in the event, the transaction costs that are directly attributable to their issuance. Notwithstanding transaction costs, they are subsequently recognised in profit or loss, to the extent that they do not form a part of the effective change in hedging.

At the inception of the hedge the Group formally designates and documents the hedging relationships and the objective and strategy for undertaking the hedges. The documentation includes the identification of the hedging instrument, the item hedged, the nature of the hedged risk and the manner in which the Group measures the effectiveness of the hedge.

Accounting for hedge operations is only applicable when there is an economic relationship between the hedged item and the hedging instrument, credit risk does not exert a dominant effect on the value adjustments resulting from this economic relationship and the coverage ratio of the hedge relation is the same as the one resulting from the amount of the hedged item the Group actually uses to cover said amount of the hedged item. Nevertheless, that designation must not reflect an imbalance between the weightings of the hedged item and the hedging instrument such that a hedging ineffectiveness is generated, regardless of whether or not it is recognised, that might give rise to an accounting result contrary to the purpose of hedge accounting.

For cash flow hedges of forecast transactions or a component thereof, the Group assesses whether these transactions are highly probable and if they present an exposure to variations in cash flows that could ultimately affect profit/loss.

At the start of the hedge relation and continuously the Group assesses whether the relationship prospectively fulfils the effectiveness requirements. The Group assesses effectiveness at each balance sheet date or when there are significant changes that affect effectiveness requirements.

The Group performs a qualitative assessment of effectiveness, provided the fundamental conditions of the instrument and the hedged item coincide. When the fundamental conditions do not coincide fully, the Group uses a hypothetical derivative with fundamental conditions equivalent to the hedged item to assess and measure ineffectiveness.

The Group only designates as hedged items assets, liabilities, firm commitments and highly probable planned transactions. The hedged item may be an individual item or a group of items.

The Group only designates as hedged items those that involve a party external to the Group.

The Group designates derivative financial instruments, essentially foreign currency forward contracts and options and interest rate swaps to hedge against the various risks.

Cash flow hedges

The Group recognises in other comprehensive income the gains or losses from fair value measurement of the hedge instrument corresponding to the part identified as effective hedge. The part of the hedge considered to be ineffective, and the part of the gain or loss or cash flow relating to the hedge instrument excluded from the assessment of hedge effectiveness are recognised as a charge or credit to finance expense or income.

In hedges of planned transactions that give rise to the recognition of a financial asset or liability, the associated gains or losses that were recognised in other comprehensive income are reclassified to profit and loss in the same year or years during which the asset acquired or liability assumed affects profit and loss and under the same heading of the consolidated income statement.

Discontinuation of hedge accounting

If the hedge relation ceases to fulfil the effectiveness requirements linked to the coverage ratio, but the risk management goal remains the same for said relationship, the Group adjusts the coverage ratio so as to continue to fulfil the hedge relation criteria (rebalancing). Rebalancing refers to the adjustments made to the amounts designated of the hedged item or the hedging instrument of an existing relationship in order to maintain the coverage ratio that fulfils the hedge effectiveness requirements. The Group accounts for rebalancing as a continuation of the hedge relation. On the rebalancing date, the Group determines the ineffectiveness of the relation and recognises any ineffectiveness in profit and loss.

The Group discontinues the hedge relation prospectively only when all or part of the hedge relation ceases to fulfil the eligibility requirements. This includes situations in which the hedge instrument expires or is sold, finalised or exercised. In this connection, the replacement or renewal of a hedge instrument is not an expiry or finalisation, provided that the operation is consistent with the Group’s documented risk management goal.

In cash flow hedges, the cumulative amount in other comprehensive income is not taken to profit and loss until the planned transaction takes place. Notwithstanding the foregoing, the cumulative amounts in other comprehensive income are classified as finance income or expense as soon as the Group no longer expects the planned transaction to take place.

n) Issuance and acquisition of equity instruments and recognition of dividends -

The acquisition by the Group of equity instruments of the Parent is presented at acquisition cost separately as a reduction in equity in the consolidated statement of financial position, regardless of the reason for the acquisition. No profit or loss was recognised in transactions with own equity instruments.

The subsequent amortisation of the Parent's instruments leads to a capital reduction in the nominal amount of said shares and the positive or negative difference between the acquisition price and the nominal share price is charged or credited to reserves.

Dividends, whether in cash or in kind, are recognised as a reduction in net equity when they are approved by the General Shareholders' Meeting.

o) Earnings per share-

Basic earnings per share are calculated by dividing the net profit for the year attributable to Elecnor, S.A. by the weighted average number of ordinary shares outstanding in the year, excluding the average number of Elecnor, S.A. shares held.

Diluted earnings per share are calculated by dividing the net profit or loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding in the year, adjusted by the weighted average number of ordinary shares that would be issued on the conversion of all of the potential ordinary shares into ordinary shares of the company.

At 31 December 2020 and 2019, basic earnings per share are the same as diluted earnings per share, since there were no potential shares outstanding during the years then ended.

p) Inventories-

This item of the consolidated statement of financial position reflects the assets that the Elecnor Group:

- Has under production, construction or development for this purpose, except for construction in progress for which revenue is recognised as indicated in section u.1); or

- Expects to consume in the production process or in the rendering of services.

Inventories are measured at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of items that are not ordinarily interchangeable is assigned by using specific identification of their individual costs; the weighted average cost is used for the remainder.

Net realisable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Details of the Elecnor Group's inventories for 2020 and 2019 are as follows:

	Thousands of Euros	
	31/12/2020	31/12/2019
Raw materials and other materials consumed	3,294	3,547
Goods for resale	957	529
Semi-finished and finished goods	1,641	1,683
	5,892	**5,759**

q) Cash and cash equivalents-

Cash and cash equivalents include cash on hand and sight bank deposits placed with credit institutions. This heading also includes other highly liquid short-term investments which can be readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Accordingly, this heading includes investments that are due within less than three months from their acquisition date.

The Group classifies cash flows corresponding to interest received and paid and dividends received and paid as financing and investment activities.

r) Official grants from Public Entities-

Official grants from Public Entities are recognised when there is reasonable certainty of compliance with the conditions associated with their being awarded and received.

Capital grants

Capital grants awarded in the form of monetary assets are recognised as a credit entry under “Non-current liabilities – Official grants”, in the consolidated statement of financial position and are allocated to other income as the related financial assets are amortised.

At 31 December 2020, the Elecnor Group had received capital grants amounting to Euros 5,218 thousand (Euros 6,448 thousand in 2019), which had not yet been recognised as income. Government capital grants recognised in 2020 amount to approximately Euros 786 thousand (Euros 484 thousand in 2019) and are recognised as other operating income in the accompanying consolidated income statement.

Operating grants

Operating grants are allocated to income in the year in which the related expenses are incurred, with a credit to the heading “Other operating income”.

Other operating income in the consolidated income statements for 2020 and 2019 includes approximately Euros 3,774 thousand and Euros 3,241 thousand, respectively. Most operating grants received by the Elecnor Group in 2020 and 2019 related to the costs borne by Deimos Space, S.L.U. and its subsidiaries in carrying out their activities.

s) Provisions-

The Group recognises provisions for the estimated amount required to settle its liabilities, whether legal or constructive, probable or certain, associated with contingencies, ongoing litigation or obligations, when such liabilities arise as a result of past events, and when it is probable that an outflow of resources will be required and a reliable estimate can be made of the amount of the obligation. Provisions are recognised when the liability or obligation arises (see Note 19), with a charge to the relevant heading of the income statement based on the nature of the obligation, and for the present value thereof, when the effect of discounting the obligation is material.

The amounts recognised in the consolidated statement of financial position correspond to the best estimate at year-end of the disbursements necessary to extinguish the present obligation, having taken into account the risks and uncertainties linked to the provision.

Provisions are reversed against profit and loss when it is not likely to be an outflow of resources to extinguish the obligation. The reversal is performed against the item of profit and loss in which the relevant expense was recognised, and the excess, where applicable, is recognised under other income.

Contingent liabilities relating to possible obligations (dependent on the occurrence or non-occurrence of uncertain future events) or to present obligations that do not qualify for the recognition of a provision (because they are not probable or they cannot be measured reliably) are not recognised (see Notes 19 and 23).

<u>*Decommissioning provisions*</u>

The provisions to which this section refers are recognised based on the general criteria for recognising provisions and are booked as higher cost value of the items of property, plant and equipment to which they relate (see section i).

t) Termination benefits-

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring that involves the payment of termination benefits.

For termination benefits payable as a result of an employee’s decision to accept an offer, the time when the Group can no longer withdraw the offer of termination benefits is the earlier of when the employee accepts the offer and when a restriction on the Group’s ability to withdraw the offer takes effect.

In the case of involuntary termination benefits, the Group can no longer withdraw the offer when it has communicated to the affected employees or trade union representatives the plan; the actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made; the plan identifies the number of employees whose employment is to be terminated, their job classifications or functions and their locations and the expected completion date; the plan establishes the termination benefits that employees will receive in sufficient detail that employees can determine the type and amount of benefits they will receive when their employment is terminated.

u) Revenue from contracts with customers-

u.1 Revenue from the sale of construction contracts

The Group carries out various construction projects for customers. The projects are considered to be a single execution obligation satisfied over time. This is because projects are tailored specifically for customers and they tend to be highly integrated. Revenue from projects is recognised over time because the Group's execution produces an asset controlled by customers and with no alternative use for the Group, which is entitled to proceeds from execution completed until year end.

The Group recognises the revenue from contracts using the percentage of completion method based on costs incurred over total estimated costs.

The Group adjusts progress towards completion as the circumstances change and books the impact prospectively as a change in estimate.

Revenue recognised by the percentage of completion method is recognised as a contractual asset, to the extent that the amount is not due and as a receivable if there is an unconditional right to payment. If the payment received by the customer exceeds the recognised revenue, a contractual liability is recognised. If the time elapsed between accrual of the revenue and the estimated payment date exceeds twelve months, the Group recognises the revenue at the current estimated value of the amount receivable discounted at an interest rate that reflects the customer's credit risk. The Group subsequently recognises finance income. If the time elapsed between receiving the payment from the customer and booking the revenue using the percentage of completion exceeds twelve months, the Group recognises a finance expense charged to liabilities from the date on which the advance is received to the date on which the revenue is booked. The interest rate used to recognise the finance expense is determined by the Group's incremental borrowing rate.

u.2 Rendering of services

Ordinary income from rendering services is recognised considering the degree of completion of the rendering at the balance sheet date, providing that the result of the transaction may be reliably estimated. This is the case when the amount of income, stage of completion, costs already incurred and those pending can be reliably measured and it is likely that the economic rewards deriving from rendering the service will be received.

u.3 Contractual modifications

The Group recognises contractual modifications when they have been approved by the parties.

The Group recognises a contractual modification as a separate contract when:

a) The scope of the contract is increased due to the addition of different goods or services, and

b) The contract price increases by an amount reflecting the individual price of the additional goods or services, plus any adjustment to reflect the specific circumstances of the contract.

If there is no separate contract, then the original contract is completed to the extent that the residual goods or services are different from those previously delivered. In this case, the Group recognises the residual consideration and the new consideration, prospectively with the different obligations or goods or services within an obligation, pending delivery.

Otherwise, the amount of the modification is assigned to all obligations, including those that may already have been delivered, recognising an adjustment in the income accrued to date.

The Group assigns changes in the transaction price to the contractual obligations in the same way as at the start of the contract, so the Group does not reassign the transaction price to reflect changes in independent sale prices after the contract has commenced. The amounts assigned to fulfilled obligations are recognised as income or a reduction in income when the modification takes place. The Group recognises a change in the transaction price, applying the aforementioned criteria concerning contractual modifications.

However, in the event of a change in the transaction price subsequent to a contractual modification, the Group assigns the effect of the change to the obligations identified prior to the modification, to the extent that the price change is attributable to a variable consideration pledged prior to the modification and the modification is not accounted for as a separate contract, but as a completion of the original contract. On other occasions when modifications are not recognised as a separate contract, the Group assigns the change in the transaction price to the obligations of the modified contract, in other words, the obligations pending execution or partially pending execution following the modification.

In contractual modifications accepted by the parties, but in which approval of the transaction price is pending, the Group recognises the modification in the amount it is considered highly probable will not produce a significant reversal of the income. The Group adjusts estimated transaction prices at each balance sheet date.

v) Income tax-

Income tax expenses or income include both current and deferred taxes.

Current tax is the amount payable or recoverable for income taxes on consolidated fiscal profit or loss in the year. Current income tax assets or liabilities are measured by the amounts expected to be paid to or recovered from the taxation authority, based on the tax rules and rates that have been approved or are about to be approved as of the end of the year.

Deferred tax liabilities are Corporate Income Tax amounts payable in the future relating to temporary differences, while deferred tax assets are Corporate Income Tax amounts recoverable due to the existence of deductible temporary differences, tax loss carryforwards or deductions pending application. In this connection, a temporary difference is understood to mean the difference between the carrying amount of assets and liabilities and their tax base.

Current or deferred income tax is recognised in profit and loss unless there is a transaction or economic event that has been recognised in the same financial year or another year, against net equity or from a business combination.

Recognition of deferred tax liabilities

The Group recognises deferred tax liabilities in all cases except:

- those arising from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affect neither accounting profit/loss nor taxable income;

- those corresponding to differences relating to investments in subsidiaries, associates and joint ventures on which the Group has a capacity to control when they are reversed and when they are unlikely to be reversed in the foreseeable future.

Recognition of deferred tax assets

The Group recognises deferred tax assets provided that:

- it is likely that sufficient future taxable profits will be obtained to offset those items, or when tax legislation allows for the future conversion of deferred tax assets into an enforceable credit in respect of Public Entities. However, assets arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit/loss nor taxable income, are not recognised;

- they correspond to temporary differences relating to investments in subsidiaries, associates and joint ventures insofar as the temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary difference can be utilised.

It is considered likely that the Group will obtain sufficient taxable profits in the future to offset deferred tax assets, provided there are sufficient deductible temporary differences, relating to the same taxation authority and referring to the same taxpayer, the reversal of which is expected in the same tax year as the deductible temporary differences are expected to be reversed or in years in which a tax loss emanating from a deductible temporary difference may be offset against prior or subsequent profit.

In determining future taxable profit, the Group takes into account tax planning opportunities, provided it intends to adopt them or is likely to adopt them.

Measurement of deferred tax assets and liabilities

Deferred tax assets and liabilities are measured by the applicable tax rates in the years in which the assets are expected to be realised or the liabilities paid, based on rules and rates that are approved or about to be approved and having considered the fiscal consequences deriving from the manner in which the Group expects to recover the assets or settle the liabilities. In this connection, the Group has considered the deduction due to the reversal of temporary measures pursuant to transitory provision thirty-seven of Corporate Income Tax Law 27/2014, dated 27 November, as an adjustment in the tax rate applicable to the deductible temporary difference associated with the non-deductibility of amortisations performed in 2013 and 2014 and the updating of balances under Law 16/2012, of 27 December.

At the end of each year, the Group reviews the carrying amount of deferred tax assets with a view to reducing that value to the extent that it is not likely that there will be sufficient future tax credit carryforwards to offset them.

Deferred tax assets that do not meet the aforementioned criteria are not recognised in the consolidated statement of financial position. At the end of each year, the Group reviews whether or not the conditions have been fulfilled to recognise deferred tax assets that have not previously been recognised.

Tax uncertainties

An uncertain income tax treatment is any treatment applied by an entity where there is uncertainty as to whether said approach will be accepted by the tax authority. The interpretation takes into account:

- How to determine the appropriate accounting unit, and whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments, depending on which approach better predicts the resolution of the uncertainty.

- That the entity must assume that a taxation authority will examine the uncertain tax treatments and will have full knowledge of all related information when making those examinations; in other words, risk of detection must be ignored.

- That the entity must reflect the effect of uncertainty on its accounting for income tax when the taxation authority is unlikely to accept the treatment.

- That the impact of uncertainty must be measured using the most likely amount method or the expected value method, depending on which method better predicts the resolution of the uncertainty, and that the judgements and estimates used must be reassessed if the facts and circumstances change or new information becomes available.

If the Group determines that it is unlikely that the taxation authority will accept an uncertain tax treatment or group of uncertain tax treatments, it considers said uncertainty when determining the taxable income, tax bases, tax loss carryforwards, deductions or tax rates. The Group determines the effect of uncertainty on the Corporate Income Tax filing using the expected value method, when the range of potential outcomes is very broad, or the most likely amount method, when the outcome is binary or concentrated on one value. In those cases in which the tax asset or liability calculated based on these criteria exceeds the amount presented in self-assessments, it is presented as current or non-current in the consolidated statement of financial position based on the estimated recovery or payment date, considering, where appropriate, the amount of related late-payment interest on the liability as accrued in the income statement. The Group recognises changes in events and circumstances relating to tax uncertainties as a change of estimate.

The Group recognises and presents fines in accordance with the stated accounting policy for provisions.

Classification

Deferred tax assets and liabilities are recognised in the consolidated statement of financial position as non-current assets or liabilities, irrespective of the expected date of realisation or settlement.

w) Statement of cash flows-

The Group presents the statement of cash flow using the indirect method, using the following expressions with the following meanings:

- Cash flows. Inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

- Operating activities. The principal revenue-producing activities of the Elecnor Group companies and other activities that are not investment or financing activities. The Group presents reverse factoring (“confirming”) of trade payables as an operating activity.

- Investment activities. The acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents. The Group classifies interest and dividends received as an investment activity.

- Financing activities. Activities that result in changes in the size and composition of the equity and liabilities that are not operating activities.

The cash flows from operating activities of 2020 and 2019 relate to the Group’s routine operations and remain in line with the previous year. Moreover, in relation to the same heading, the Parent did not have any drawn down amount in its factoring lines at year end of either 2020 or 2019.

Net cash flows from investment activities in 2020 and 2019 stemmed mainly from the new investments in property, plant and equipment (see Note 11) and the net cash flows from certain corporate transactions carried out in both years, as described in Notes 2.f and 7.

Lastly, the main movements in cash flows from financing activities in both 2020 and 2019 correspond to new issues and redemptions of promissory notes issued in the Alternative Fixed Income Market (MARF), the financing obtained for new wind projects in Spain and Brazil, and the increased draw-down of the credit tranche of syndicated debt from the Parent company.

x) Segment reporting-

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating income is regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

y) Environmental issues-

The Group takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

Expenses derived from environmental activities are recognised as Other operating expenses in the year in which they are incurred.

Items of property, plant and equipment acquired by the Group for consistent use in its activity and whose main purpose is to minimise the environmental impact of its activity and protect and improve the environment, including the reduction and elimination of future pollution from the Group's activities, are recognised as assets, applying the measurement, presentation and disclosure criteria described in section i).

4. Financial risk management policy

The Elecnor Group is exposed to certain financial risks, which it manages by grouping together its systems for identifying, measuring and supervising risks and limiting the concentration thereof. Financial risk management and containment is performed on a coordinated basis by Corporate Management and the various Business Units and Subsidiaries that comprise the Group. Financial risk management activities are approved at the highest executive level, in accordance with the rules, policies and procedures in place.

Foreign currency risk-

Market risk due to foreign currency risk arises from transactions that the Group performs on the international markets in the course of its business. Certain income and costs of materials consumed are denominated in currencies other than the functional currency. For this reason, the risk of fluctuating exchange rates of these currencies against the functional currency could have an impact on the Group's profit/loss.

In order to manage and minimise this risk, Elecnor uses hedging strategies, since its objective is to generate profits only through its ordinary business, and not by speculating in relation to exchange rate fluctuations.

The instruments used to achieve this hedge are essentially borrowings tied to the contract's collection currency, foreign currency hedges and swaps, whereby Elecnor and the bank exchange the cash flows arising from a loan denominated in Euros for the flows of another loan denominated in the currency in question, as well as the use of "currency baskets" in order to hedge mixed financing tied to various currencies.

At 31 December 2020, if the Euro had depreciated/appreciated by 10% against the US Dollar, with all other variables remaining constant, consolidated profit after tax would have been Euros 5,861 thousand higher or Euros 4,795 thousand lower, respectively (Euros 4,305 thousand and Euros 3,522 thousand, respectively in 2019), due mainly to the translation of trade receivables and accounts payable.

The Group is exposed primarily to foreign currency risk from operations involving US Dollars.

The Group's main exposures to foreign currency risk at 31 December 2020 and 2019 are detailed below. The attached tables reflect the carrying amounts of the Group's financial instruments or classes of financial instruments denominated in foreign currencies:

2020

	Thousands of Euros			
	Long-term credits to Group companies	Trade and other receivables	Cash and cash equivalents	Trade and payables
MXN	-	322	333	1
EUR	-	3,116	2,524	(11,076)
USD	7,994	86,362	63,584	(33,612)
DZD	-	16,132	107	(10,339)
GBP	-	96	38	(28)
HTG	-	12,744	-	(2,897)
JOD	-	5,226	86	(2,986)
OMR	-	28,607	3,789	(21,885)
AOA	-	39,807	529	(3,046)
NOK	-	9,719	3,308	(5,302)
DOP	-	11,223	4,719	(9,865)
XAF	-	11,087	857	488
MAD	-	297	3,898	(93)
MRO	-	5,649	178	(925)
VES	-	1	1	(341)
GHS	-	7,203	242	(1,013)
HNL	-	2,344	856	(597)
XOF	-	1,125	-	(1,056)
Other	-	7,866	834	(3,352)
Total	**7,994**	**248,926**	**85,883**	**(107,924)**

2019

	Thousands of Euros			
	Long-term credits to Group companies	Trade and other receivables	Cash and cash equivalents	Trade and payables
MXN	-	567	809	-
EUR	-	1,500	1,178	(2,350)
USD	10,561	54,884	107,365	(16,138)
DZD	-	19,741	294	(17,012)
GBP	-	54	8	(14)
HTG	-	12,921	-	(2,601)
JOD	-	8,695	163	(5,082)
OMR	-	13,380	791	(786)
AOA	-	14,229	1,974	-
NOK	-	7,394	6,003	(4,158)
DOP	-	26,355	4,862	(11,429)
XAF	-	4,813	3,578	-
MAD	-	302	3,970	-
MRO	-	11,056	701	(2,048)
VES	-	-	-	(766)
GHS	-	5,778	239	(1,596)
HNL	-	4,195	611	(446)
XOF	-	3,028	865	(2,095)
Other	-	4,768	1,224	(3,332)
Total	**10,561**	**193,660**	**134,635**	**(69,853)**

Interest rate risk-

Interest rate fluctuations change the fair value of assets and liabilities that accrue interest at fixed rates and the future cash flows from assets and liabilities indexed to floating interest rates. Elecnor has arranged external financing to enable it to carry on its operations, mainly in connection with the development, construction and operation of wind farms, which it does under project financing arrangements. This kind of arrangement requires under contract that interest rate risk be covered using hedging instruments.

In the case of both project and corporate financing, borrowings are arranged mainly at floating rates and, where appropriate, hedging instruments are used to minimise the related interest rate risk. The hedging instruments, which are specifically assigned to financial debt, are limited to the same nominal value as the latter and the same maturity dates as the hedged items, and are essentially IRSs, the aim of which is to convert loans originally arranged at floating rates to fixed rates. In any case, the interest rate hedges arranged are all effective for accounting purposes.

If interest rates at 31 December 2020 had been 5 basis points higher or lower and the rest of variables unchanged, consolidated profit before tax would have amounted to Euros 1,771 thousand and Euros 1,771 thousand higher/lower, respectively, mainly due to a higher/lower finance expense on borrowings at floating rates (Euros 2,241 thousand and Euros 2,241 thousand higher/lower, respectively, in 2019).

Other price risks-

The Group is also exposed to the risk that cash flows and profit/loss may be affected by changes in energy prices and by oil prices, among other issues. In order to manage and minimise these risks the Group occasionally uses hedging strategies.

Liquidity risk-

Liquidity risk is mitigated through Elecnor's policy of holding cash and highly liquid non-speculative short-term instruments, such as the acquisition of treasury bills under non-optional repurchase agreements and very short-term US Dollar deposits, through leading credit institutions in order to be able to meet its future commitments and the arrangement of committed credit facilities of sufficient amount to cover its projected needs.

Note 17 provides details of the maturities of financial liabilities.

In March 2020, it became obvious that the pandemic would have an unforeseeable but in any case profound impact on global economic performance, especially in terms of:

1. Impact on global production volumes.
2. Major disruption in supply and distribution chains.
3. Financial impact on companies, affecting all sectors, albeit to very different degrees:
    - Cash stresses in the event of having insufficient liquidity.
    - Increase in perceived risk and in the cost of financing.

The financial department analysed the situation and the potential scenarios, in permanent contact with advisers and analysts from financial institutions. The main conclusions were:

- Once governments and the ECB had announced measures (in the latter case, primarily the Euros 750 billion pandemic emergency purchase programme, or PEPP), a collapse of the financial system leading to widespread bank default or the application of market disruption clauses was considered highly unlikely.
- There was a market consensus concerning the importance of having considerable liquidity to tackle a period of maximum uncertainty, so Elecnor examined the various alternatives to raise its financing limits.

The conclusion was that the existing financing limits should be sufficient to tackle even the most adverse scenarios in cash forecasting, having updated the potential effects of COVID-19.

Nevertheless, it had to be taken into account that the financing sources include promissory notes issued in the MARF, and that, at the time, it was not possible to know if they could be renewed, so the company decided to arrange new bilateral loans.

Ultimately, the MARF did continue to provide financing, and although many issuers are struggling to place debt in this market, Elecnor is not among them, so its current financing limits exceed the forecasts and liquidity risk is negligible.

At 31 December 2020, the Elecnor Group has a solid liquidity position, with sufficient cash and available credit facilities to comfortably meet liquidity requirements even if markets contract.

Credit risk-

The main credit risk arises from trade receivables, when the counterparty or customer does not meet their contractual obligations. To mitigate this risk, the Group operates with customers that have adequate credit records. In view of its activities and the sectors in which it operates, Elecnor has customers with very high credit ratings. However, in the case of non-recurring international sales to customers, mechanisms such as advances, irrevocable letters of credit and insurance policies are used to ensure collection. Furthermore, the financial solvency of customers is analysed and specific terms and conditions are included in contracts, aimed at guaranteeing customer payments of the stipulated price.

In the case of the wind farms, the power produced - in accordance with the legislative framework in force for the electricity industry - is sold in the Iberian Electricity Market (MIBEL) and income is collected from the operator of the Spanish Electricity Market (OMIE) through a payment-guarantee system and from the Spanish National Commission on Markets and Competition (CNMC), which regulates energy markets in Spain and reports to the Ministry of Industry. Moreover, on 1 June the long-term energy sales agreement between the Cofrentes wind farm and CEPSA entered into force. In addition, Ventos do Sul Energía, S.A., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A., Ventos do Litoral Energía, S.A. and Ventos dos Índios Energía, S.A. (Río Grande do Sul, Brazil) entered into long-term agreements with the corresponding Brazilian electricity distribution companies to sell the electric power that they will generate over a period of 20 years. Furthermore, the newly built farms in the São Fernando complex in North-East Brazil sell part of the power generated in the Short-Term Market and a low volume of short-term bilateral agreements with suppliers until the long-term electricity sales agreements (most exceeding 20 years) enter into force from 2022. Furthermore, Eóliennes de L'Érable has signed a 20-year contract to sell the electricity it generates to Canadian electric utility Hydro-Québec.

With regard to transmission lines operated as concessions in Brazil, Operador Nacional do Sistema Elétrico (ONS) is responsible for coordinating collections and payments within the country's electricity system and notifies the concession holder of the companies from which collections must be made: generators, major consumers and transmission entities. Prior to connecting to the system these companies deposit a guarantee. In the event of non-payment this guarantee will be executed, they will be immediately disconnected from the system and the payment obligation will be shared among the remaining users of the system. Accordingly, the concession holder has the guaranteed payment from the national power grid system, there having been no payment default by its users.

The transmission lines currently in operation in Chile belong to that country's national grid (National Transmission System), in which Coordinador Eléctrico Nacional (CEN) coordinates the flow of payments to transmission companies. The current system remained until December 2018, whereby those responsible for paying the transmission companies were the generating companies. Since 2019, distributors have also been liable for payments, so the portfolio of payers became more diversified from that date on. The payment guarantee of the national transmission grid is based on a CEN Procedure that establishes that, in the event of non-payments by a coordinated company (company coordinated by CEN), the defaulting party is disconnected from the grid, and the payment obligation is spread among the remaining coordinated companies.

Furthermore, in Chile we are building certain assets for the Zonal Transmission System, a segment characterised by its lines and substations positioned to supply regulated customers in a specific geographical area. In this case, as in the case of assets in the National Transmission System, their remuneration is safeguarded by the CEN collection procedure.

Elecnor always seeks to implement the strictest measures to mitigate this risk and conducts periodic analyses of its exposure to credit risk, making the relevant impairment adjustments where necessary. Note 15.a) includes a breakdown of the amount of trade and other receivables past due and the amount impaired at 31 December 2020 and 2019.

Regulatory risk-

Elecnor closely monitors regulatory risk, particularly that affecting renewable energy, to adequately reflect its impact on the consolidated income statement.

Order TED/668/2020, of 17 July, was published in 2020, reviewing remuneration on investments of 2018 and 2019. This review emerged as a result of Royal Decree-Law 15/2018, exempting the payment of tax on electricity production (7%) in the final quarter of 2018 and the first quarter of 2019, since this exemption was not taken into account by the government when calculating remuneration parameters.

With regard to facilities located abroad, the wind farms in Brazil have long-term electricity sale-purchase agreements (20 years) with various buyers (Eletrobras, Câmara de Comercialização de Energia Elétrica, Cemig and distributors), these agreements having been signed within the framework implemented by the Federal Government and through private auction. In addition, the first 100% ‘de-contracted’ project was launched in Brazil (24.2 MW), which sells energy in the free market. With regard to the Canada farm, it has a 20-year sale-purchase agreement with Hydro-Québec.

Other risks-

In addition to the risks outlined above, the Elecnor Group is exposed to various risk factors (governance, strategic, planning and economic environment, operating, reporting and compliance risks) linked to the sectors in which it operates and the long list of countries in which it operates, either consistently or by means of one-off projects. The Group uses its Risk Management System to continually manage and prevent these risks, reducing to acceptable levels the probability of their materialising and mitigating their potential impact, where applicable, on business volume, profitability and efficiency, reputation and sustainability. The pillars of this Risk Management System are the ongoing identification and assessment of the risks to which the Group is exposed, the improvement of related management mechanisms and tools and the permanent oversight and monitoring of the entire process.

The Group does not expect the UK’s withdrawal from the EU (Brexit) to have a material impact on the consolidated financial statements considering that the Group’s activity in that country is not significant in terms of the consolidated figures; it estimates that the main impact would in any case stem from exchange rate differences.

The means deployed to enable teleworking during the pandemic lockdowns have been mainly: over-dimensioning communications, immediately buying in laptops and distributing them at various work centres, establishing secure and robust VPN technologies, securing workplaces with next-generation anti-virus treatments, dual-factor authentication, training employees with regard to cybersecurity and, in particular, the human factor.

5. Distribution of profit/loss

The proposed distribution of the Parent's 2020 profit/loss, to be presented to the General Shareholders' Meeting, is as follows:

	Euros
Basis of distribution	
Profit for the year	31,632,749.89
Voluntary reserves	1,249,867.75
Total	**32,882,617.64**
Distribution	
Voluntary reserves	2,759,499.61
Capitalisation reserves Law 27/2014	1,249,867.75
Interim dividend	4,986,840.00
Supplementary dividend	23,886,410.28
Total	**32,882,617.64**

The appropriation of the Parent Company's profit and reserves for the year ended on 31 December 2019, approved by shareholders at their General Meeting of 20 May 2020, was as follows:

	Euros
Basis of distribution	
Profit for the year	30,123,118.03
Voluntary reserves	2,150,562.05
Total	**32,273,680.08**
Distribution	
Voluntary reserves	1,249,867.75
Capitalisation reserves Law 27/2014	2,150,562.05
Interim dividend	4,986,840.00
Supplementary dividend	23,886,410.28
Total	**32,273,680.08**

At the General Shareholders' Meeting held on 20 May 2020 a supplementary dividend of Euros 23,886 thousand (Euros 0.33 per share) was approved, taking into account the interim dividend of Euros 4,987 thousand out of profit for 2019 paid in December 2019.

At the meeting held on 28 October 2020, the Board of Directors of the Company agreed to distribute an interim dividend for 2020 of Euros 4,987 thousand (Euros 4,987 thousand for 2019), which was recognised as a reduction in equity under "Interim dividend" on the liability side of the accompanying balance sheet, and paid on 9 December 2020.

These distribution amounts did not exceed the profit obtained in the last year by the Company, having deducted the estimated Corporate Income Tax payable on said profit, in accordance with the provisions of article 277 of the Revised Spanish Companies Act.

The provisional accounting statement prepared in accordance with legal requirements evidencing the existence of sufficient liquidity for the distribution of the dividend was as follows:

WORKING CAPITAL POSITION AT 30 September 2020

((Excluding inventories and accruals)

	Thousands of Euros
Realisable values -	
Trade receivables	769,111
Other accounts	136,472
	905,583
Short-term payables -	
Suppliers	285,906
Short-term loans	307,860
Other accounts	176,108
	769,874
Total working capital	**135,709**
Cash available:	
Cash on hand and at banks (including foreign currency)	167,685
Total cash available	**167,685**
Gross interim dividend proposed-	
(Euros 0.05732 for 87,000,000 shares)	4,987
% of net profit at the end of the year	93.17%
% of working capital + cash available	1.64%

6. Segment reporting

IFRS 8 requires operating segments to be identified based on the information that the entity's management uses to make decisions about operating matters. The Parent's directors consider that the segments that must be reported, since they form the basis on which the Group makes its decisions for allocating resources and whose operating profits are reviewed regularly at the highest executive level to assess their performance, are Infrastructure and Concessions. In each of these markets, the Group obtains revenue from the various business activities carried on by it.

The Concessions segment includes the concession and operating activities for wind farms, as the performance and monitoring of the results generated by both activities are measured and managed together; this is also the case for corporate decision-making.

a) Information on operating segments-

Assets and liabilities for general use and profit and loss arising therefrom were not allocated to the other segments. Similarly, the reconciling items arising from the comparison of the result of integrating the financial statements of the various operating segments (prepared on the basis of management criteria) with the consolidated financial statements of the Elecnor Group, were not allocated. These items are included under the heading "Corporate" in the information shown below.

Information on these operating segments is presented below:

a) Details of the consolidated income statement items by segment at 31 December 2020 and 2019 are as follows:

2020

	Thousands of Euros				
	Infrastructure	Concessions	Corporate	Intersegment	Total at 31/12/2020
Income statement					
Net turnover	2,352,471	145,232	-	(41,751)	2,455,952
Operating income	110,800	65,842	(23,485)	(6,589)	146,568
Finance income	7,720	595	-	-	8,315
Finance expenses	(11,206)	(24,410)	(570)	-	(36,186)
Changes in fair value of financial instruments	203	-	-	-	203
Translation differences	3,171	2,247	-	-	5,418
Impairment and profit/loss on disposal of financial fixed assets	1,623	(9)	-	-	1,614
Income tax	(40,815)	(8,795)	4,240	2,220	(43,150)
Attributable to non-controlling interests	21	(4,500)	-	-	(4,479)
Consolidated profit/loss attributable to the Parent	71,517	30,970	(19,815)	(4,369)	78,303
EBITDA	161,708	112,791	(21,394)	(7,303)	245,802

2019

	Thousands of Euros				
	Infrastructure	Concessions	Corporate	Intersegment	Total at 31/12/2019
Income statement					
Net turnover	2,279,501	190,769	-	(16,544)	2,453,726
Operating income	119,585	87,474	38,978	(6,361)	239,676
Finance income	6,392	2,946	-	-	9,338
Finance expenses	(17,837)	(36,723)	-	-	(54,560)
Changes in fair value of financial instruments	(3)	413	-	-	410
Translation differences	(2,484)	(68)	-	-	(2,552)
Impairment and profit/loss on disposal of financial fixed assets	(655)	(1,580)	-	-	(2,235)
Income tax	(38,385)	(11,543)	(9,418)	(66)	(59,412)
Attributable to non-controlling interests	(94)	(4,194)	-	-	(4,288)
Consolidated profit/loss attributable to the Parent	66,519	36,726	29,560	(6,428)	126,377
EBITDA	176,717	144,712	72,637	(7,070)	386,996

b) Details of assets and liabilities by segment at 31 December 2020 and 2019 are as follows:

2020

	Thousands of Euros				
	Infrastructure	Concessions	Corporate	Intersegment	Total at 31/12/2020
Assets-					
Property, plant and equipment	152,889	614,652	-	(11,706)	755,835
Intangible assets	28,667	12,524	-	-	41,191
Right-of-use assets	35,054	14,848	-	-	49,902
Deferred tax assets	61,014	15,792	-	3,749	80,555
Inventories	5,654	238	-	-	5,892
Receivables	796,042	20,221	134	28,870	845,267
Customer contract assets	338,880	-	-	-	338,880
Equity-accounted investees	19,690	460,280	-	-	479,970
Non-current financial assets	15,205	26,068	5,367	-	46,640
Non-current assets held for sale	306	-	-	-	306
Other assets (*)	357,000	45,052	141	-	402,193
Total assets	**1,810,401**	**1,209,675**	**5,642**	**20,913**	**3,046,631**
Liabilities and equity-					
Non-current financial liabilities	61,777	386,560	361,133	-	809,470
Provisions for liabilities and charges	9,803	21,187	22,335	-	53,325
Deferred income and grants	3,654	1,564	-	-	5,218
Non-current lease liabilities	27,170	16,314	-	-	43,484
Other non-current liabilities	4,399	9,944	-	-	14,343
Deferred tax liabilities	9,174	16,731	476	-	26,381
Short-term provisions	62,982	13,773	-	-	76,755
Current financial debt	82,922	42,400	1,528	-	126,850
Current lease liabilities	9,831	2,259	-	-	12,090
Current non-financial debt	1,230,422	20,530	27,825	-	1,278,777
Liabilities associated with non-current assets held for sale	-	-	-	-	-
Other liabilities (*)	42,758	27,012	541,316	(11,148)	599,938
Total liabilities	**1,544,892**	**558,274**	**954,613**	**(11,148)**	**3,046,631**

(*) Includes mainly "Cash and cash equivalents".

2019

	Thousands of Euros				
	Infrastructure	Concessions	Corporate	Intersegment	Total at 31/12/2019
Assets-					
Property, plant and equipment	143,121	582,390	-	(9,776)	715,735
Intangible assets	29,692	12,628	-	-	42,320
Right-of-use assets	19,284	15,882	-	-	35,166
Deferred tax assets	69,924	13,421	17,085	2,997	103,427
Inventories	5,647	112	-	-	5,759
Receivables	737,648	21,480	15,119	(368)	773,879
Customer contract assets	306,129	-	-	-	306,129
Equity-accounted investees	20,015	560,552	-	-	580,567
Non-current financial assets	17,710	19,301	4,984	-	41,995
Non-current assets held for sale	5,747	32,974	-	-	38,721
Other assets (*)	267,084	68,326	128	8	335,546
Total assets	**1,622,001**	**1,327,066**	**37,316**	**(7,139)**	**2,979,244**
Liabilities and equity-					
Non-current financial liabilities	26,231	355,009	276,948	-	658,188
Provisions for liabilities and charges	7,819	18,220	20,350	-	46,389
Deferred income and grants	4,683	1,765	-	-	6,448
Non-current lease liabilities	15,378	17,332	-	-	32,710
Other non-current liabilities	6,292	13,342	-	-	19,634
Deferred tax liabilities	6,909	13,079	618	-	20,606
Short-term provisions	60,062	4,356	-	-	64,418
Current financial debt	141,762	34,184	1,738	-	177,684
Current lease liabilities	5,208	2,202	-	-	7,410
Current non-financial debt	1,108,554	45,592	31,406	(272)	1,185,280
Liabilities associated with non-current assets held for sale	-	23,157	-	-	23,157
Other liabilities	53,627	109,899	587,515	(13,721)	737,320
Total liabilities	**1,436,525**	**638,137**	**918,575**	**(13,993)**	**2,979,244**

(*) Includes mainly "Cash and cash equivalents".

b) Information on products and services-

The Elecnor Group's business activities are as follows:

- Electricity
- Power generation
- Telecommunications and space
- Construction, environment and water
- Maintenance
- Facilities
- Gas
- Railways

The generation of electricity (included in Energy Generation) using mainly wind farms and solar thermal power plants is one of the lines of business of the Elecnor Group that is carried out through the Enerfín subgroup in the case of wind farms, and by Celeo Termosolar, S.L. (subgroup Celeo Concesiones e Inversiones), in the case of solar thermal plants. Both activities belong to the Concessions segment.

The electricity generation business of the Elecnor Group’s Spanish subsidiaries is regulated by Electricity Sector Law 24/2013 of 26 December 2013, which repeals Law 54/1997 of 27 November 1997, and by the subsequent implementing regulations.

On 28 December 2012, Law 15/2012 of 27 December 2012 on Tax Measures for Energy Sustainability was published, introducing a new tax on the value of electricity output applicable to activities involving the production and feeding of electricity into the Spanish electricity system. The tax base consists of the total amount receivable by the taxpayer for the power output produced and the electricity fed into the system during the tax period, which coincides with the calendar year, and this amount is subject to a 7% tax charge.

Additionally, Final Provision One of this Law amended Law 54/1997, whereby the electricity attributable to the use of fuels at a generation facility that uses any non-consumable renewable energy as a primary energy source will not qualify for the feed-in tariff system, which could affect the Group’s solar thermal plants under operation.

On 2 February 2013, Royal Decree-Law 2/2013 of 1 February 2013 on Urgent Measures in the Electricity System and in the Financial Sector was published, addressing, inter alia, the following:

- Effective from 1 January 2013, all remuneration, tariffs and feed-in tariffs received by the parties to the electricity system, which were tied to the CPI prior to the entry into force of this Royal Decree-Law, will be updated using as a reference the CPI at a constant tax rate, excluding unprocessed foods and energy products.

- Additionally, Royal Decree 661/2007 of 25 May 2007 was amended. This Decree governs electricity production under the special regime, establishing a single remuneration option for facilities falling under the special regime, i.e. this remuneration will be treated as a regulated tariff except when the facilities decide to receive only the market price (no feed-in tariff). The pool plus feed-in tariff option normally used by these facilities was therefore eliminated.

Royal Decree-Law 9/2013 of 12 July 2013, adopting urgent measures to ensure the financial stability of the electricity system, was approved on 13 July 2013 and addresses, inter alia, the following:

- The government will be responsible for approving a new legal and economic regime for existing facilities that generate electricity using renewable energy sources, cogeneration and waste. To this end, article 30.4 of Electricity Industry Law 54/1997 of 27 November 1997 was amended to include the specific principles for drawing up this regime, in order to limit the government's scope of activities to the development of remuneration models for these facilities. This regime will be based on facilities receiving revenues for their participation in the market, plus additional remuneration, where necessary, to cover the investment costs that cannot be recovered by an efficient, well-managed company in the market. To this end, in accordance with EU legislation, an efficient, well-managed company is understood to be a company provided with the means necessary to carry out its activity, with costs that correspond to an efficient company engaging in this activity, taking into account the corresponding revenue and a reasonable profit for carrying out its activities.

- Calculation of the specific remuneration for a 'standard' facility will consider the revenues from energy sales at production market prices, the average operating expenses necessary to carry out the activity and the value of the initial investment for a 'standard' facility operated by an efficient, well-managed company. As such, the remuneration model will be based on fixed parameters on the basis of the different 'standard' facilities listed.

- In order to define this new model, the following pieces of legislation were repealed: article 4 of Royal Decree-Law 6/2009 of 30 April 2009, adopting certain measures in the energy sector and approving the social tariff; Royal Decree 661/2007 of 25 May 2007, which regulates the production of electricity under the special regime; and Royal Decree 1578/2008 of 26 September 2008, regulating the revenues from photovoltaic solar electricity production activities for facilities entering into service after the end date for remuneration, under Royal Decree 661/2007 of 25 May 2007, for this technology. However, with a view to maintaining the flow of remuneration to facilities as well as other procedures, rights and obligations, the repealed legislation above will continue to apply temporarily until the regulation developing this Royal Decree-Law has been enacted, except in certain extreme cases.

- To this end, where appropriate, facilities will be entitled to a settlement on account under this temporary system and, once the legislative provisions necessary to apply the new economic regime have been enacted, the pertinent adjustments will be made to the rights to receivables or payment obligations arising as a result of application of the new methodology, effective from the entry into force of this Royal Decree-Law.

- Consequently, although the effectiveness of the legislative provisions governing remuneration that will be enacted has been determined, effective from the entry into force of this Royal Decree-Law, the legislation provides agents with the necessary information as regards the amount of the remuneration mechanism established, considering participation in the market and a return on the investment, and also determines the reasonable rate of return for the 'standard' facility.

- Moreover, for those facilities with the right to the feed-in tariff regime upon the entry into force of the royal decree-law, a reasonable pre-tax profitability shall be determined, which may be revised after six years.

Royal Decree 403/2014 of 6 June 2014, regulating electricity generated from renewable energy sources, cogeneration and waste, was published on 10 June 2014. Subsequently, on 21 June 2014, Ministry of Industry, Energy and Tourism Order IET/1045/2014 of 16 June 2014 was published, approving the remuneration parameters for standard facilities, applicable to certain facilities that produce electricity through renewable sources, cogeneration and waste.

In line with the above, and considering that the government's aim is to reduce feed-in tariffs for the renewables sector, the Elecnor Group has re-estimated the future cash flows of all assets subject to this legislation, as it considers that there could be indications of impairment thereon.

In this connection, sector regulations changed over the course of 2014, building on the reforms commenced in 2013. As a result, the main standards governing the sector are:

- Electricity Sector Law 24/2013, of 26 December. This Law repeals Electricity Sector Law 54/1997, of 27 November, except for additional provisions six, seven, twenty-one and twenty-three, and articles 3 and 4 of Royal Decree Law 2/2013.

- Royal Decree 413/2014 of June and the associated Order of Parameters IET/1045/2014, updated for the 2017-2019 period by Order ETU/130/2017, of 17 February, and for the 2020-2022 period by Order TED/171/2020, of 24 February, enforcing the provisions of Royal Decree Law 9/2013, and facilities start operating in the Market, some of them being subject to a specific fixed annual remuneration framework depending on their nature, age and profitability (remuneration on investment and remuneration on operation). The reform of the electricity sector regulation in 2013 and 2014 did not alter Law 15/2012, of 27 December, whereby the Spanish government passed a general tax of 7% on electric power generation, and new taxes on nuclear and large-scale hydroelectric power, as well as a new levy on coal. The tax has been applied since January 2013, except for the period between 01/10/2018 and 31/03/2019, when it was suspended by the government (Royal Decree-Law 15/2018, of 5 October).

Moreover, in 2019 Royal Decree-Law 17/2019 was approved, adopting urgent measures for the necessary adaptation of remuneration parameters affecting the electricity system. This legislation established a reasonable return of 7.09% for renewable, cogeneration and waste facilities, applicable in the second regulatory period (2020-2025). However, renewable, cogeneration and waste facilities that were remunerated when Royal Decree-Law 9/2013 came into force and in certain circumstances were allowed to maintain, during the second and third regulatory periods (2020-2031) the reasonable return established for the first regulatory period, of 7.398%. Wind farms belonging to the subgroup Enerfín maintain that reasonable return for this period.

Lastly, in 2020, Order TED/668/2020, of 17 July, established the review of remunerations on investment in the years 2018 and 2019. This review emerged as a result of the aforementioned Royal Decree-Law 15/2018, exempting the payment of tax on electricity production (7%) in the final quarter of 2018 and the first quarter of 2019, since this exemption was not taken into account by the government when calculating remuneration parameters.

In the second half of the year the government approved new regulations for the orderly development and improvement of renewable energies, most notably:

- Royal Decree-Law 23/2020, which, along with Royal Decree 1183/2020 and Circular 1/2021, regulates the concession and duration of access and connection permits and establishes time frames for achieving certain administrative milestones the breach of which implies loss of connection and execution of guarantees. The regulation establishes a moratorium for presenting new access and connection requests that will remain in place until the grid managers publish the capacity of their supply intersections; the CNMC will determine this period in a forthcoming Resolution.

Moreover, this Royal Decree-Law 23/2020 approves the concepts of hybridisation and storage, which will foster the development of new multi-technology hybrid facilities.

The regulations for granting the economic framework for renewable energies for the 2020-2025 period (Royal Decree 960/2020 and Order TED/1161/2020), establishing the rules for the auctions allocated in said framework and the indicative calendar for holding the auctions. Specifically, in December, the Secretariat of State for Energy called the first auction to be held on 26 January 2021, which has a new design compared to previous auctions, in which the product to be auctioned is installed capacity and the variable to be offered is the energy sale price.

With regard to facilities located abroad, the wind farms in Brazil have long-term electricity sale-purchase agreements (20 years) with various buyers (Eletrobras, Câmara de Comercialização de Energia Elétrica, Cemig and distributors), these agreements having been signed within the framework implemented by the Federal Government and through private auction. In addition, the first 100% ‘de-contracted’ project was launched in Brazil (24.2 MW), which sells energy in the free market. With regard to the Canada farm, it has a 20-year sale-purchase agreement with Hydro-Québec.

The Directors do not consider that any other renewable energy-related regulation has been enacted that could significantly affect the consolidated annual accounts at 31 December 2020.

c) Geographical information-

Following are details of revenues from external customers and non-current assets that are not financial instruments for the most significant countries at 31 December 2020 and 2019:

Revenue

Country	Thousands of Euros	
	2020	2019
Spain	1,238,600	1,168,656
Brazil	262,041	417,275
Angola	77,623	42,048
USA	226,946	205,373
Australia	22,065	32,114
Chile	67,313	83,247
Mexico	51,391	45,874
Panama	34,057	70,886
Dominican Republic	63,747	50,858
Italy	50,322	43,158
Ghana	41,696	12,232
Oman	39,898	1,590
UK	38,095	31,736
Other	242,158	248,679
	2,455,952	**2,453,726**

Non-current assets

Country	2020			
	Thousands of Euros			
	Intangible assets	Goodwill	Property, plant and equipment	Right-of-use assets
Canada	-	-	152,941	2,964
Brazil	64	-	335,076	2,388
Chile	-	-	2,183	-
UK	-	5,690	447	1,707
Ecuador	84	1,377	28,094	93
USA	434	288	12,497	14,010
Oman	-	-	3,506	-
Spain	15,676	17,498	213,387	28,448
Other	80	-	7,704	292
	16,338	**24,853**	**755,835**	**49,902**

Non-current assets

Country	2019			
	Thousands of Euros			
	Intangible assets	Goodwill	Property, plant and equipment	Right-of-use assets
Canada	-	-	173,484	3,379
Brazil	34	-	289,719	2,821
Chile	-	-	1,190	-
Peru	-	-	1,404	-
UK	-	5,690	307	1,157
Ecuador	-	1,377	29,472	
USA	773	313	10,986	-
Spain	16,234	17,076	205,584	27,656
Other	401	422	3,589	153
	17,442	**24,878**	**715,735**	**35,166**

7. Business combinations

On 31 July 2019, the Group, via the company Celeo Termosolar, S.L., acquired holdings of 42.57% and 44.30% in the companies Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., respectively. On that date the Group had a non-controlling interest in both companies (see Note 13). Both companies are domiciled in Madrid and their main activity is the construction and operation of three parabolic trough technology solar thermal power plants in Extremadura and Castilla-La Mancha.

In 2019, the acquired business generated revenue and consolidated loss of Euros 35,053 thousand and Euros 1,418 thousand, respectively, for the Group between the acquisition date and the end of the period.

Had the acquisition taken place on 1 January 2019, the Group ordinary revenues and consolidated profit/loss for the year ended on 31 December 2019 would have exceeded Euros 55,505 thousand and Euros 5,750 thousand, respectively.

The details of the consideration paid, the fair value of the net assets acquired and the excess of net assets acquired over the cost of the combination were as follows:

	Thousands of Euros	
	Dioxipe Solar, S.L.	Aries Solar Termoeléctrica, S.L.
Consideration paid		
Cash paid	3,403	10,846
Total consideration paid	3,403	10,846
Non-controlling interests	735	-
Fair value of the prior investment in the business	12,910	24,169
Fair value of the net assets acquired	23,473	43,392
Excess of net assets acquired over the cost of acquisition	6,425	8,377

The excess of net assets acquired over the cost of acquisition was recognised under “Negative differences in business combinations” in the accompanying consolidated income statement for 2019.

The fair value measurement of 55% and 55.7% of the previous shareholding in the acquired businesses (Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., respectively), which amounted to Euros 46,332 thousand, implied the recognition of a loss totalling Euros 9,253 thousand, which was booked under “Profit/loss from equity-accounted investees” in the consolidated income statement for 2019.

In addition, the transfer to the income statement of the valuation adjustments held by the Elecnor Group in net equity on the date of taking control associated with the shareholdings in these companies implied the recognition of a loss totalling Euros 47,445 thousand, which was booked under “Profit/loss from equity-accounted investees” in the consolidated income statement for 2019.

The fair value of the main assets acquired is shown below:

	Thousands of Euros	
	Dioxipe Solar, S.L.	Aries Solar Termoeléctrica, S.L.
Assets		
Right-of-use assets (Note 12)	-	19,159
Property, plant and equipment (Note 11)	214,191	410,083
Current assets	15,901	31,958
Other assets (Note 14)	4,358	125
Deferred tax assets (Note 21)	26,928	53,823
Liabilities		
Non-current payables and derivatives	215,967	420,020
Current liabilities	15,346	27,009
Other liabilities	2,773	8,596
Deferred tax liabilities (Note 21)	3,819	16,131
Total net assets	23,473	43,392
Amount paid in cash	3,403	10,846
Cash and cash equivalents of the acquiree	6,220	12,155
Effect of the cash from the acquisition	(2,817)	(1,309)

The criterion for calculating the main assets and liabilities on the date control is obtained is outlined below:

- Licence: valued using the multi-period excess earnings method (MPEEM), which calculates the value of the asset as the sum of excess future earnings discounted at their current value having deducted contributory asset charges. The key parameters used in measuring this intangible were EBITDA and a discount rate of 6.52%. This asset was measured at Euros 20 million and recognised along with property, plant and equipment.

- Property, plant and equipment: this was measured using the depreciated replacement cost.

- Deferred assets: measured in accordance with the best estimate of future taxable profit and based on fiscal legislation in force at the time of taking control.

8. Non-current assets held for sale

At 31 December 2019, the Group classified the assets and liabilities of waste water treatment plants as held for sale based on the sale agreements signed on 11 July 2019 (Note 2.f). The sale transactions were effective on 30 July 2020, having obtained all the relevant approvals, and implied a capital gain of approximately Euros 805 thousand.

The disposal group of items comprised assets with a net carrying amount of Euros 38,332 thousand and liabilities of Euros 23,157 thousand. Since the fair value less costs to sell of the disposal group were higher than the net carrying amount at 31 December 2019, it was not necessary to recognise any impairment loss.

Details of assets and liabilities held for sale and other comprehensive income relating to the waste water treatment plants at 31 December 2019 were as follows:

	Thousands of Euros
Non-current assets held for sale:	
Other intangible assets (Note 10)	24,607
Other non-current financial assets (Note 14)	1,584
Equity-accounted investees (Note 13)	3,522
Deferred tax assets (Note 21)	2,097
Other current assets	683
Cash and cash equivalents	5,839
Total assets	38,332
Liabilities associated with non-current assets held for sale:	
Financial liabilities on loans and borrowings (Note 17)	21,329
Other non-current liabilities	1,350
Trade and other payables	478
Total liabilities	23,157
Other comprehensive income	1,302

9. Goodwill

Details, by company, of intangible assets - goodwill in the consolidated statements of financial position at 31 December 2020 and 2019 and of the changes therein in those years are as follows:

2020

	Thousands of Euros				
	Balance at 31/12/2019	Impairment (Note 24)	Translation differences	Change to the consolidation scope (Note 2.f)	Balance at 31/12/2020
Fully-consolidated companies (CGUs)					
Wind farms:					
- Galicia Vento, S.L.	8,702	-	-	-	8,702
- Aerogeneradores del Sur, S.A.	3,630	-	-	-	3,630
- Parque Eólico Montañes, S.L.	10	-	-	-	10
		-	-	-	
Other businesses:		-	-	-	
- Deimos Space, S.L.U.	158	-	-	-	158
- Ehisa Construcciones y Obras, S.A.	1,932	-	-	-	1,932
- Hidroambiente, S.A.U.	388	-	-	-	388
- Instalaciones y Proyectos de Gas,		-	-	-	
S.A.U. – merged with Elecnor, S.A.	1,031				1,031
- Jomar Seguridad, S.L.U.	1,647	-	-	-	1,647
- Belco Elecnor Electric, Inc.	313	-	(25)	-	288
- IQA Operations Group Limited	5,690	-	-	-	5,690
- Wayraenergy, S.A.	1,377	-	-	-	1,377
	24,878	**-**	**(25)**	**-**	**24,853**

2019

	Thousands of Euros				
	Balance at 01/01/2019	Impairment (Note 24)	Additions	Change to the consolidation scope (Note 2.f)	Balance at 31/12/2019
Fully-consolidated companies (CGUs)					
Wind farms:					
- Galicia Vento, S.L.	8,702	-	-	-	8,702
- Aerogeneradores del Sur, S.A.	3,630	-	-	-	3,630
- Parque Eólico Montañes, S.L.	-	-	10	-	10
Other businesses:					
- Deimos Space, S.L.U.	158	-	-	-	158
- Deimos Engenharia, S.A.	4,227	(4,227)	-	-	-
- Ehisa Construcciones y Obras, S.A.	1,932	-	-	-	1,932
- Hidroambiente, S.A.U.	388	-	-	-	388
- Instalaciones y Proyectos de Gas,					
S.A.U. – merged with Elecnor, S.A.	1,031	-	-	-	1,031
- Helios Inversión y Promoción Solar, S.L.U.	1,125	-	-	(1,125)	-
- Jomar Seguridad, S.L.U.	1,647	-	-	-	1,647
- Belco Elecnor Electric, Inc.	310	-	3	-	313
- IQA Operations Group Limited	5,690	-	-	-	5,690
- Wayraenergy, S.A.	-	-	1,377	-	1,377
	28,840	**(4,227)**	**1,390**	**(1,125)**	**24,878**

As indicated in Note 3.j, at each reporting date the Group reviews goodwill for impairment.

The cash-generating units considered for the purpose of the impairment tests on goodwill, included in the table above, are the companies to which the goodwill was allocated, since these companies are generally set up as single-project entities.

Recoverable amount is the higher of fair value less costs to sell and value in use, which is deemed to be the current value of the estimated future cash flows approved by management and considered reasonable. In assessing value in use, the assumptions used include discount rates, growth rates and expected changes in selling prices and costs. The Directors of the Parent estimate discount rates that reflect the time value of money and the risks specific to the cash-generating unit.

In particular, with respect to the impairment tests on the goodwill allocated to wind farms and wind power projects in Spain, performed taking into account the value of the farms and projects together with the value of the related fixed assets, which amounts to Euros 45 million (Euros 53 million in 2019), turnover is estimated in accordance with sector forecasts relating to the pool price and applicable legislation (see Note 6.b), which considers annual increases based on a prudent estimate of the changes in the price index and the average production levels obtained in prior years or those estimated as a result of studies. The main assumptions used by the Parent's Directors when testing for impairment in 2020 are as follows:

- Revenues: based on internal estimates and, where applicable, external sources. The pool price applied for 2021 has been estimated at €42.90/MWh.

- Discount rate: 5.54% (*)

- Projection period: depending on the remaining useful life of the asset (Note 3.i.).

(*) The rate after the tax effect, as in this type of projects the tax component is very high and a fundamental variable when deciding whether to invest. These tests used net tax flows.

The results of these tests and of the sensitivity analyses performed by management using variations in accordance with the deviations in the main estimates from the previous year did not evidence any indications of impairment.

Additionally, with respect to the impairment tests on the remaining goodwill, the discount rates applied were between 7% and 9%, and in estimating perpetual return, growth rates of between 0.5% and 1% were considered, no impairment having been evidenced.

In 2019, the Group impaired the goodwill of Deimos Engenharia, S.A. in the amount of Euros 4,227 thousand based on the impairment test carried out in the year and considering that the operating cash flows had decreased by 5% with respect to 2018 and that the Group did not expect growth in the near term.

10. Other intangible assets

Movement under this heading of the consolidated statement of financial position in 2020 and 2019 was as follows:

	Thousands of Euros					
	Development expenses	Industrial property	Computer software	Administrative concessions	Other intangible assets	Total
Balance at 1 January 2019	**1,656**	**3,149**	**15,162**	**51,630**	**27,501**	**99,098**
Changes in the consolidation scope (Note 2.f)	(1)	-	(59)	-	-	(60)
Additions	313	-	3,281	21	-	3,615
Disposals	-	-	(471)	-	-	(471)
Transfer to non-current assets held for sale (Note 8)	-	-	-	(51,218)	-	(51,218)
Translation differences	(1)	9	(248)	(3)	-	(243)
Balance at 31 December 2019	**1,967**	**3,158**	**17,665**	**430**	**27,501**	**50,721**
Additions	101	-	3,951	-	-	4,052
Disposals	(2)	(140)	(121)	-	-	(263)
Transfers	(1,441)	-	1,441	-	-	-
Translation differences	-	(71)	(233)	(6)	-	(310)
Balance at 31 December 2020	**625**	**2,947**	**22,703**	**424**	**27,501**	**54,200**
Accumulated amortisation						
Balance at 1 January 2019	**1,196**	**2,710**	**10,547**	**24,177**	**14,693**	**53,323**
Changes in the consolidation scope (Note 2.f)	-	-	(21)	-	-	(21)
Charge (Note 24)	46	89	2,393	2,582	1,972	7,082
Disposals	-	-	(253)	-	-	(253)
Transfer to non-current assets held for sale (Note 8)	-	-	-	(26,611)	-	(26,611)
Translation differences	-	3	(246)	-	2	(241)
Balance at 31 December 2019	**1,242**	**2,802**	**12,420**	**148**	**16,667**	**33,279**
Charge (Note 24)	46	88	2,928	30	1,972	5,064
Disposals	-	(140)	(141)	-	-	(281)
Transfers	(1,140)	-	1,140	-	-	-
Translation differences	-	(48)	(152)	-	-	(200)
Balance at 31 December 2020	**148**	**2,702**	**16,195**	**178**	**18,639**	**37,862**
Net cost at 31 December 2020	**477**	**245**	**6,508**	**246**	**8,862**	**16,338**

"Other intangible assets" in the above table include a gross amount of Euros 27,501 thousand reflecting the estimated fair value of the contracts with public entities for road maintenance and upkeep relating to the subsidiary Audeca, S.L.U. at the date on which this company was acquired by the Elecnor Group in 2010. The Group amortises this asset over a period of 15 years which, based on past experience, is the estimated average term of the aforementioned contracts including the related renewals. The amortisation of this item in 2020 and 2019 amounted to approximately Euros 1,972 thousand, respectively.

"Administrative concessions" at 1 January 2019 include approximately Euros 27,160 thousand reflecting the estimated fair value (based on the fair value of the consideration given, i.e. the construction), less amortisation, of the investments made in various waste water treatment plants, which were built and are operated under a concession arrangement pursuant to the administrative concessions granted by the Aragón Water Institute. Under these concessions, the Elecnor Group operated the aforementioned water treatment plants obtaining revenue on the basis of the volume of cubic metres of water treated. In 2019, these assets were transferred to non-current assets held for sale on the basis of the sale contracts arranged in that year. The sale transactions were effective on 30 July 2020, once all the relevant approvals were obtained.

In 2020, the income generated by these concessions amounted to approximately Euros 3,812 thousand (Euros 6,303 thousand in 2019), and was recognised under turnover in the accompanying consolidated income statement.

The cost of intangible assets in use, fully amortised at 31 December 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
Development expenses	26	1,030
Industrial property	2,125	2,265
Computer software	11,792	8,220
	13,943	**11,515**

11. Property, plant and equipment

Movement under this heading of the consolidated statement of financial position in 2020 and 2019 was as follows:

	Thousands of Euros								
	Land	Buildings, technical installations and machinery	Hand and machine tools	Furniture and fixtures	Information technology equipment	Motor vehicles	Other fixed assets	Fixed assets under construction	Total
COST:									
Balance at 1 January 2019	**29,719**	**1,173,916**	**18,786**	**9,742**	**15,645**	**39,415**	**12,867**	**1,019**	**1,301,109**
Changes in the consolidation scope (Note 2.f)	(39)	(663,094)	-	(262)	(118)	-	-	-	(663,513)
Business combinations (Note 7)	-	624,274	-	-	-	-	-	-	624,274
Additions	10	31,162	4,563	957	1,874	5,696	7,328	96,984	148,574
Disposals	(6)	(23,734)	(5,549)	(287)	(348)	(2,211)	(967)	(467)	(33,569)
Transfers	-	341	21	-	2	1,348	-	(1,714)	(2)
Translation differences	(2,105)	(21,016)	(67)	(841)	(766)	(14,170)	(66)	(1,724)	(40,755)
Balance at 31 December 2019	**27,579**	**1,121,849**	**17,754**	**9,309**	**16,289**	**30,078**	**19,162**	**94,098**	**1,336,118**
Additions	-	8,128	5,697	718	2,345	5,985	14,957	170,040	207,870
Disposals	-	(6,568)	(3,600)	(119)	(3,118)	(454)	(1,572)	(263)	(15,694)
Transfers	-	183,995	-	(11)	31	647	19	(178,880)	5,801
Translation differences	(53)	(131,395)	(294)	(489)	(483)	(2,336)	(1,072)	(16,953)	(153,075)
Balance at 31 December 2020	**27,526**	**1,176,009**	**19,557**	**9,408**	**15,064**	**33,920**	**31,494**	**68,042**	**1,381,020**
ACCUMULATED DEPRECIATION:									
Balance at 1 January 2019	-	**548,615**	**5,335**	**7,278**	**11,465**	**29,486**	**6,427**	**-**	**608,606**
Changes in the consolidation scope (Note 2.f)	-	(19,059)	-	(103)	(80)	-	-	-	(19,242)
Charge (Note 24)	-	62,922	1,072	534	1,802	3,222	3,727	-	73,279
Disposals	-	(16,447)	(765)	(239)	(334)	(1,929)	(668)	-	(20,382)
Transfers	-	3,057	(2)	-	-	(13)	(20)	-	3,022
Translation differences	-	(16,442)	(48)	(801)	(727)	(13,733)	(9)	-	(31,760)
Balance at 31 December 2019	-	**562,646**	**5,592**	**6,669**	**12,126**	**17,033**	**9,457**	**-**	**613,523**
Charge (Note 24)	-	42,828	1,615	475	1,953	3,632	5,409	-	55,912
Disposals	-	(6,299)	(12)	(116)	(2,626)	(757)	(1,546)	-	(11,356)
Transfers	-	7,034	2	(63)	(21)	(25)	(1,132)	-	5,795
Translation differences	-	(43,535)	(210)	(267)	(250)	(1,194)	(101)	-	(45,557)
Balance at 31 December 2020	-	**562,674**	**6,987**	**6,698**	**11,182**	**18,689**	**12,087**	**-**	**618,317**
IMPAIRMENT									
Balance at 1 January 2019	**1,433**	**1,712**	**-**	**-**	**-**	**-**	**-**	**-**	**3,145**
Impairment losses	3,506	1,765							**5,271**
Irreversible impairment losses	-	(1,556)							**(1,556)**
Balance at 31 December 2019	**4,939**	**1,921**	**-**	**-**	**-**	**-**	**-**	**-**	**6,860**
Impairment losses	8	-	-	-	-	-	-	-	8
Irreversible impairment losses	-	-	-	-	-	-	-	-	-
Balance at 31 December 2020	**4,947**	**1,921**	**-**	**-**	**-**	**-**	**-**	**-**	**6,868**
Net cost at 31 December 2020	**22,579**	**611,414**	**12,570**	**2,710**	**3,882**	**15,231**	**19,407**	**68,042**	**755,835**

The heading “Buildings, technical installations and machinery” at 31 December 2020 includes mainly assets at wind farms operated by the Group in Brazil and Spain amounting to Euros 1,005,697 thousand (Euros 937,881 thousand at 31 December 2019).

At 31 December 2020, the heading “Assets under construction” in the table above corresponds mainly to investments in the year to refurbish and commission wind farms in Brazil amounting to Euros 63,314 thousand (Euros 15,125 thousand to commission oil wells for drilling and Euros 77,786 thousand in investment in wind farms at 31 December 2019). The heading “Other current liabilities” at 31 December 2020 includes an amount of Euros 10,118 thousand corresponding to suppliers of fixed assets in relation to investments performed in 2019 in oil wells (Euros 19,824 thousand at 31 December 2019).

The main additions to property, plant and equipment in 2020 and 2019 were investments in wind farms in Brazil and Spain (also in oil wells in 2019), as explained in the previous paragraph.

At 31 December 2020, the carrying amount, before depreciation, of the property, plant and equipment pledged to secure certain bank loans, mainly to finance the wind power projects undertaken by Group companies, amounted to approximately Euros 109,686 thousand (Euros 147,096 thousand in 2019) (Note 17).

The offices used by the Group to carry on its business activities, except for those leased in 2007 under the finance lease, are mostly rented.

The cost of the Group’s property, plant and equipment which, at 31 December 2020 and 2019, is fully depreciated and in use is as follows:

	Thousands of Euros	
	2020	2019
Buildings, technical installations and machinery	71,125	60,379
Furniture and fixtures	3,648	3,360
Information technology equipment	6,183	6,531
Motor vehicles	11,745	5,674
	92,701	**75,944**

The Group takes out insurance policies to cover the possible risks to which its property, plant and equipment are exposed and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.

12. Right-of-use assets and lease liabilities

The details and movements by class of right-of-use assets in 2020 and 2019 were as follows:

a) Nature of lease agreements-

2020

	Thousands of Euros					
	Land	Buildings	Facilities	Motor vehicles	Other	Total
Balance at 1 January 2020	**26,880**	**26,860**	**-**	**1,858**	**2,074**	**57,672**
Additions	793	4,825	1,213	19,195	167	26,193
Disposals	(6)	(2,383)	-	(860)	-	(3,249)
Value adjustments	-	258	-	2	-	260
Transfers	(2,165)	2,165	-	-	-	-
Translation differences	(535)	(95)	19	224	-	(387)
Balance at 31 December 2020	**24,967**	**31,630**	**1,232**	**20,419**	**2,241**	**80,489**
Accumulated depreciation at 1 January 2020	**10,321**	**10,537**	**-**	**815**	**833**	**22,506**
Charge (Note 24)	1,138	3,784	624	5,034	540	11,120
Transfers	(206)	206	-	-	-	-
Disposals	-	(2,353)	-	(686)	-	(3,039)
Accumulated depreciation 31 December 2020	**11,253**	**12,174**	**624**	**5,163**	**1,373**	**30,587**
Net cost at 31 December 2020	**13,714**	**19,456**	**608**	**15,256**	**868**	**49,902**

2019

	Thousands of Euros				
	Land	Buildings	Motor vehicles	Other	Total
Balance at 1 January 2019	**21,796**	**23,940**	**1,785**	**3,312**	**50,833**
Additions	6,657	5,226	1,102	128	13,113
Disposals	-	(2,430)	(1,068)	-	(3,498)
Value adjustments	15	66	39	2	122
Business combination (Note 7)	19,159	-	-	-	19,159
Translation differences	(71)	58	-	-	(13)
Derecognitions from the consolidation scope (Note 2.f)	(20,676)	-	-	(1,368)	(22,044)
Balance at 31 December 2019	**26,880**	**26,860**	**1,858**	**2,074**	**57,672**
Accumulated depreciation at 1 January 2019	**9,623**	**9,625**	**976**	**859**	**21,083**
Charge (Note 24)	1,477	3,317	846	722	6,362
Disposals	-	(2,405)	(1,007)	-	(3,412)
Derecognitions from the consolidation scope (Note 2.f)	(779)	-	-	(748)	(1,527)
Accumulated amortisation at 31 December 2019	**10,321**	**10,537**	**815**	**833**	**22,506**
Net cost at 31 December 2019	**16,559**	**16,323**	**1,043**	**1,241**	**35,166**

There are assets leased under contracts outside the scope of IFRS 16 since they are short-term lease or contracts that are renewed annually. Each lease contract is analysed and assessed as to whether or not it is reasonably safe to extend the lease agreement. At 31 December 2020, accrued charges amounting to Euros 68,790 thousand (Euros 71,721 thousand at 31 December 2019) for the aforementioned assets were recognised as an expense under the heading “Other operating expenses”.

b) Details of lease payments and liabilities-

Movement of lease liabilities in 2020 was as follows:

2020	Thousands of Euros
Balance at 1 January	40,120
Additions	26,453
Derecognitions	(171)
Finance expenses	3,069
Payments	(13,897)
Balance at 31 December	**55,574**

The analysis of the contractual maturity of lease liabilities, including future interest payable, as at 31 December 2020 and 2019, is as follows:

2020	Thousands of Euros
Up to six months	6,045
Six months to one year	6,045
From one to two years	4,904
From two to three years	4,499
From three to four years	4,235
More than four years	29,846
	55,574

2019	Thousands of Euros
Up to six months	3,761
Six months to one year	3,649
From one to two years	3,379
From two to three years	2,919
From three to four years	2,563
More than four years	23,849
	40,120

13. Equity-accounted investees

Details of the Elecnor Group's investments in associates and joint ventures at 31 December 2020 and 2019, which are accounted for using the equity method (see note 3.c), are as follows:

Company	Thousands of Euros	
	2020	2019
Woolsthorpe Holding TRUST	(35)	(140)
Cosemel Ingeniería, A.I.E	1	46
Parque Eólico Gaviota, S.A.	54	68
Gasoducto de Morelos, S.A.P.I. de C.V.	19,364	19,666
Morelos O&M, SAPI de C.V.	291	261
Morelos EPC, SAPI de C.V.	77	87
Celeo Concesiones e Inversiones subgroup (Note 2.f)	460,260	560,624
Other	(42)	(45)
	479,970	**580,567**

Details of the key figures of equity-accounted investees are provided in Appendix III.

On 17 December 2019, as explained in Note 2 f) the Elecnor Group took joint control with APG of the subgroup Celeo Concesiones e Inversiones. As a result, the Elecnor Group derecognised the equity-accounted investments in the subgroup Celeo Redes in the amount of Euros 266,733 thousand (along with the rest of the assets and liabilities of the aforementioned subgroup Celeo Concesiones e Inversiones) and the shareholding maintained in the aforementioned subgroup Celeo Concesiones e Inversiones was recognised at its fair value, which was Euros 560,624 thousand.

In 2020, the Elecnor Group completed the purchase price allocation (PPA) relating to the shareholding maintained in the subgroup Celeo Concesiones e Inversiones, in line with the principles of IFRS 3. This allocation was performed internally by the Group's management and the main impacts were in the allocation to intangible assets in relation to permits and licenses, financial assets corresponding to the electricity transmission lines in Brazil, and listed financial debt, net of the tax effect. The fair value of the main assets and liabilities at 1 January 2020 is shown below:

	Thousands of Euros
Assets	
Other intangible assets	588,356
Right-of-use assets	25,406
Property, plant and equipment	1,121,666
Equity-accounted investees	227,158
Non-current financial assets	890,367
Deferred tax assets	102,606
Current assets	304,938
Liabilities	
Non-controlling interests	104,440
Provisions for liabilities and charges	381
Financial liabilities from issuing bonds and other marketable securities	749,944
Loans and borrowings – non-current and current	820,537
Derivative financial instruments – non-current and current	99,101
Lease liabilities – non-current and current	28,884
Other non-current liabilities	12,613
Other current liabilities	80,854
Deferred tax liabilities	264,480
Total net assets	1,099,263
Fair value of the shareholding maintained (51%)	560,624

The Elecnor Group has not restated the figures for 2019 as the date of relinquishing control of the subgroup Celeo Concesiones e Inversiones was 17 December 2019 and the impact on the income statement, primarily due to the higher amortisation and depreciation of fixed assets between 17 December 2019 and 31 December 2019, was not material.

The criterion for calculating the fair values of main assets and liabilities on the valuation date is outlined below:

- Intangible assets (permits and licences): valued using the multi-period excess earnings method (MPEEM), which calculates the value of the asset as the sum of excess future earnings discounted at their current value having deducted contributory asset charges. The key parameters used to measure these intangible assets were EBITDA and a discount rate of 7.04% for assets located in Chile, 12.82% for assets located in Brazil and 7.36% for assets located in Spain.

- Property, plant and equipment: PPE was measured using the depreciated replacement cost (DRC) method, incremented in accordance with US CPI since the date of entry into operation.

- Non-current financial assets: The financial asset relating to electricity transmission line concessions in Brazil was measured as the sum of the flows of the consideration received for construction services updated to present value using a given market rate and, for electricity transmission line concessions under construction, discounting the construction costs yet to be incurred. The discount rates applied range from 11.06% to 11.89%.

- Financial liabilities from issuing bonds and other marketable securities: measured for both the USD and Chilean UF tranches as the sum of the flows for servicing the debt discounted at its present value. The discount rate used is the bond yield at 2019 year end, which was 4.437% for the USD tranche and 1.35% for the UF tranche.

- Deferred tax assets: measured based on the applicable accounting standard in accordance with the best estimate of future taxable profit.

- Deferred tax liabilities: Measured in accordance with adjustments to PPA and applicable tax rates in each country (Brazil, Chile and Spain).

In 2019, as a result of taking control on 31 July 2019 of the companies Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., the Elecnor Group derecognised these equity-accounted investments (see Note 7), whose total value on said date was Euros 46,332 thousand.

Lastly, as a result of the agreements signed in 2019 for the sale of the investment in Sociedad Aguas Residuales Pirineos, S.A., the Elecnor Group transferred its equity-accounted investment to non-current assets held for sale, since the sale was expected to be effective during 2020. The transaction was ultimately completed on 30 July 2020, having obtained all the relevant approvals (see Note 8).

Movement in this heading of the consolidated statement of financial position in 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
Opening balance	**580,567**	**339,718**
Capital increase	2,192	7,926
Capital reductions	-	(818)
Transfers to assets held for sale (Note 8)	(250)	(3,522)
Departures from the consolidation scope (Notes 2.f and 7)	-	(313,065)
Entries in the consolidation scope (Note 2.f)	-	560,624
Share in profits/(losses)	16,639	10,430
Impairment losses	-	(1,166)
Translation differences	(104,729)	(7,504)
Dividends received	-	(1,476)
Share in other comprehensive income	(11,705)	(7,547)
Impact of IFRS 16	-	(1,190)
Other movements	(2,744)	(1,843)
Closing balance	**479,970**	**580,567**

Translation differences correspond mainly to the negative performance of the Brazilian real against the Euro, depreciating from BRL4.6/€ on 31 December 2019 to BRL6.4/€ on 31 December 2020.

Considering the importance of the subgroup Celeo Concesiones e Inversiones, information is presented below showing certain of the figures for this subgroup that are not presented either in the consolidated balance sheet or the consolidated income statement of the Elecnor Group, since they are accounted for using the equity method, such as project debt and project EBITDA:

	Thousands of Euros		%
	EBITDA (*)	Debt	shareholding
Brazil:			
Celeo Redes Transmissão de Energia, S.A.	1,108	67,523	51%
Pedras Transmissora de Energia, S.A.	2,063	3,354	51%
Coqueiros Transmissora De Energia, S.A.	901	1,000	51%
Encruzo Novo Transmissora De Energia, S.A.	1,984	3,914	51%
Linha De Transmissão Corumbá, S.A.	3,614	7,999	51%
Integraçao Maranhense Tranmissora de Energia, S.A.	5,088	12,364	26.01%
Caiuá Transmissora De Energia, S.A.	2,975	7,885	26.01%
Cantareira Transmissora de Energia, S.A.	16,759	83,329	26.01%
Serra De Ibiapa Transmissora de Energia, S.A. – SITE	1,118	98,824	51%
Grupo Celeo São João Do Piauí	9,367	58,547	51%
Jaurú Transmissora de Energia, S.A.	9,035	26,168	66.67%
Brilhante Transmissora de Energia, S.A.	5,732	29,654	25.5%
Brilhante II Transmissora De Energia, S.A.	616	-	25.5%
Cachoeira Paulista Transmissora de Energia, S.A.	8,663	12,300	25.5%
Chile:			
Celeo Redes Operaciones Chile, S.A.	23,935	460,012	51%
CRC Transmision, SPA	4,955	90,084	25.5%
Spain:			
Celeo Fotovoltaico, S.L.U.	4,650	33,801	51%
Dioxipe Solar, S.L.	17,372	212,009	49.76%
Aries Solar Termoeléctrica, S.L.	36,491	385,382	51%
	156,426	**1,594,149**	

(*) EBITDA excluding IFRS or the impact of IFRIC 12 since it best reflects the cash flow generation capacity of each project.

14. Non-current financial assets

The classification of non-current financial assets by categories and classes is as follows:

	Thousands of Euros	
	2020	2019
Financial assets at fair value		
Equity instruments	1,971	1,744
Hedge derivatives (Note 18)	180	24
Total financial assets at fair value	**2,151**	**1,768**
Financial assets at amortised cost		
Non-current loans (Note 29)	7,994	10,561
Trade and other receivables	-	30
Other non-current assets	36,495	29,636
Total financial assets at amortised cost	**44,489**	**40,227**
Total non-current financial assets	**46,640**	**41,995**

a) Non-current loans-

"Non-current loans" in the above table at 31 December 2020 and 2019 basically include various loans extended to associates of the Elecnor Group.

In 2012, the Group made various contributions to associate Gasoducto de Morelos S.A.P.I. de C.V. for future capital increases amounting to a total of approximately USD 33,483 thousand, some of which were instrumented through various loans whose balance at 31 December 2020 and 2019 amounted to Euros 7,994 thousand and Euros 10,561 thousand, respectively (USD 8,963 thousand and USD 11,801 thousand, respectively), and which accrue interest at an annual rate of 7.5%. In 2020 the Group received approximately Euros 1.7 million in payments relating to these credits (Euros 5.8 million in 2019).

b) Trade and other receivables-

On 31 January 2017, Consorcio Constructor Ductos del Sur, a customer of the subsidiary Elecnor Perú, S.A.C., notified the latter of the termination of the construction contract as a consequence of the completion of the Gasoducto Sur Peruano (Southern Peruvian Gas Pipeline) contract between the customer and the Peruvian government. The subsidiary immediately commenced proceedings to collect all outstanding amounts owed. In this connection, the subsidiary filed an arbitration request against Consorcio Constructor Ductos del Sur and, in mid-2018, the two parties reached an agreement whereby Consorcio Constructor Ductos del Sur recognised the debt payable to Elecnor Perú, S.A.C. and a payment schedule was established. This debt accrues annual interest at a rate of 30-day Libor + 1.5%. In the wake of the aforementioned agreement of 2018, the year 2021 was established as the date of main maturity, which is payable by Odebrecht (the partner in the aforementioned consortium) in the amount of Euros 25 million. In 2019, due to Odebrecht's financial difficulties, the Group's management did not consider that this amount was likely to be recovered, and booked an impairment in relation to this balance.

c) Other non-current assets-

Details of "Other non-current assets" in the above table are as follows:

	Thousands of Euros	
	2020	2019
Debt service reserve account	16,161	12,461
Guarantees	4,445	4,067
Other	15,889	13,108
	36,495	**29,636**

The heading "Debt service reserve account" at 31 December 2020 and 2019 corresponds entirely to the amounts which Spanish and Brazilian subsidiaries focusing on wind farm operation must maintain in bank deposit accounts pursuant to the financing agreements they have entered into (Note 17).

The deposits accrue interest at market rates.

In addition, at 31 December 2020, Elecnor, S.A. holds security and other deposits mainly relating to leases amounting to approximately Euros 4,400 thousand (Euros 4,022 thousand at 31 December 2019).

At 31 December 2020 and 2019, non-current assets are recognised at amortised cost, except in the case of derivative instruments, which are recognised at fair value.

15. Current financial assets

a) Trade and other receivables-

"Trade and other receivables" under current assets on the accompanying consolidated statement of financial position include the Group's receivables arising as a result of transactions with third parties.

Retentions on payments made by customers in 2020 amount to Euros 29,635 thousand (Euros 26,313 thousand in 2019) and are recognised in "Trade and other receivables" under current assets on the accompanying consolidated statement of financial position.

At 31 December 2020 and 2019 the Group had no construction contracts with negative margins the loss of which could be deemed significant (see Note 19).

At 31 December 2020 and 2019, unimpaired past-due receivables amounted to Euros 182,676 thousand and Euros 112,605 thousand, respectively.

The ageing analysis of the balance of "Trade and other receivables" is as follows:

Thousands of Euros		
Description	2020	2019
Unmatured balances	560,608	569,563
Up to 6 months	108,472	48,295
Between 6 and 12 months	27,781	40,298
Over 12 months	46,423	24,012
Total	**743,284**	**682,168**

The Group makes provision to cover debts classed as non-performing due to late payment, suspension of payments, insolvency or other reasons, following a case-by-case study of their collectability. Provision is made on the basis of the best estimates of future cash flows at year end.

Details of impairment losses on accounts receivable at 31 December 2020 and 2019 and movement in 2020 and 2019 are as follows:

	Thousands of Euros						
	31/12/2019	Charge (Note 24)	Application	Reversal (Note 24)	Reclassifications	Translation differences	31/12/2020
Impairment	90,432	17,149	(6,401)	(4,774)	145	(192)	96,359

	Thousands of Euros						
	01/01/2019	Charge (Note 24)	Application	Reversal (Note 24)	Reclassifications	Translation differences	31/12/2019
Impairment	98,421	23,471	(30,532)	(774)	-	(154)	90,432

b) Cash and cash equivalents

Details of cash and cash equivalents in the accompanying consolidated statement of financial position are as follows:

	Thousands of Euros	
	2020	2019
Cash equivalents	73,877	131,485
Cash	317,751	193,631
	391,628	**325,116**

"Cash equivalents" at 31 December 2020 mainly include fixed income securities and fixed-term deposits that mature in under three months contracted by Elecnor Chile, S.A. and Elecnor do Brasil, S.A., which earn interest at market rates.

At 31 December 2020, this heading includes Euros 33,755 thousand contributed mainly by wind farms (Euros 48 million at 31 December 2019 from wind and solar PV farms).

At 31 December 2020 and 2019, the Group did not have cash and cash equivalents that were unavailable for use.

16. Equity

a) *Share capital-*

At 31 December 2020 and 2019, the share capital of Elecnor, S.A. was represented by 87,000,000 book entry shares, each with a par value of Euros 0.10, fully subscribed and paid in.

The shares of Elecnor, S.A. are listed on the Spanish electronic trading system.

At 31 December 2020 and 2019, the Parent's shares were held as follows:

	Interest %	
	2020	2019
Cantiles XXI, S.L.	52.76%	52.76%
Santander Asset Management, S.A., SGIIC	3.09%	3.09%
Other (*)	44.15%	44.15%
	100.00%	**100.00%**

(*) All with an interest % of less than 3%.

b) *Valuation adjustments to equity-*

Movement in 2020 and 2019 was as follows:

	Thousands of Euros									
	Restated 31 December 2018	Change in market value	Settlement of derivatives	Business combination (Note 7)	Removals from the consolidation scope (Note 2.f)	31 December 2019	Change in market value	Settlement of derivatives	Removals from the consolidation scope (Note 2.f)	31 December 2020
Fully consolidated companies - Cash flow hedges:										
Interest rate swaps (Note 18)	(9,676)	(1,387)	3,380	-	(3,720)	(11,403)	(5,180)	2,216	1,935	(12,432)
Exchange rate insurance (Note 18)	(3,597)	(7,195)	-	-	-	(10,792)	7,097	76	-	(3,619)
Energy price	(3,729)	3,489	3,729	-	-	3,489	(2,370)	(3,489)	-	(2,370)
Other	475	593	-	-	492	1,560	-	-	-	1,560
	(16,527)	(4,500)	7,109	-	(3,228)	(17,146)	(453)	(1,197)	1,935	(16,861)
Deferred taxes arising on valuation adjustments to equity (Note 21)	4,398	1,906	(781)	-	-	5,523	26	241	(484)	5,306
Total adjustments in equity due to accounting by full consolidation method	**(12,129)**	**(2,594)**	**6,328**	**-**	**(3,228)**	**(11,623)**	**(427)**	**(956)**	**1,451**	**(11,555)**
Equity-accounted investees	**(39,835)**	**(7,093)**	**(455)**	**47,445**	**(2,111)**	**(2,049)**	**(12,024)**	**662**	**-**	**(13,411)**
Non-controlling interests	**247**	**(144)**	**-**	**-**	**-**	**103**	**(263)**	**-**	**-**	**(160)**
Total adjustments in equity adjustments	**(51,717)**	**(9,831)**	**5,873**	**47,445**	**(5,339)**	**(13,569)**	**(12,714)**	**(294)**	**1,451**	**(25,126)**

c) Other reserves-

At 31 December, the amounts of reserves of the Parent not available for distribution are as follows:

	Thousands of Euros	
	2020	2019
Legal reserve	1,743	1,743
Goodwill reserve	516	619
Capitalisation reserve	6,559	4,408
Reserves from translation to Euros	15	15
Total	**8,833**	**6,785**

Legal reserve-

Under article 274 of the Revised Spanish Companies Act, an amount equivalent to 10% of profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of share capital. The legal reserve has reached the stipulated level.

The legal reserve can be used to increase capital provided that the balance left on the reserve is at least equal to 10% of the nominal amount of the total capital after the increase. Except for the aforementioned purpose, unless the legal reserve exceeds 20% of the share capital it may only be used to offset losses if no other reserves are available.

At 31 December 2020 and 2019, the Parent has appropriated to this reserve the minimum amount required by the Revised Spanish Companies Act.

Goodwill reserve-

The goodwill reserve was appropriated in compliance with article 273.4 of the Revised Spanish Companies Act, which requires companies to transfer profits equivalent to 5% of goodwill to a non-distributable reserve until this reserve reaches an amount equal to goodwill recognised in the balance sheet. In the absence of profit, or if profit was insufficient, freely available reserves were to be used. This reserve has been freely available since 1 January 2016, for the amount exceeding the net carrying amount of the goodwill recorded in the Parent's balance sheet.

Capitalisation reserve-

The capitalisation reserve has been appropriated in accordance with article 25 of the Corporate Income Tax Law, which requires that an amount equal to the reduction in taxable income for the year be appropriated to the reserve. The amount by which taxable income may be reduced is equal to 10% of the increase in equity, as defined in the aforementioned article. In no case may the amount of the reduction exceed 10% of the taxable income for the tax period prior to the reduction, before the integration referred to in article 11.12 of the Law and before offsetting tax loss carryforwards. However, if the reduction cannot be applied due to insufficient taxable income, the outstanding amounts may be applied in the tax periods ending in the two years immediately after the end of the tax period in which the reduction entitlement was generated, together with any reduction applicable in that period, subject to the limit indicated. The reserve is non-distributable and the increase in equity must be maintained for a five-year period from the end of the tax period in which the reduction is generated, unless accounting losses are incurred.

d) Own shares-

According to the minutes of the General Shareholders' Meeting of 16 May 2017, the Board of Directors is authorised to acquire own shares in the Parent Company on behalf of the latter or of subsidiaries, up to a maximum established by law and in mandatory legal provisions at each given time and which, at present, in combination with those already held by the Parent Company, may not exceed 10% of its share capital, with a minimum acquisition price of the nominal value of the shares and a maximum price that may not exceed 30% of its share price, over a period of five years, superseding and leaving without effect the authorisation granted in the General Shareholders' Meeting of 23 May 2012.

At 31 December 2020 and 2019, the Parent held own shares amounting to Euros 21,899 thousand and Euros 21,963 thousand, respectively, which are booked under "Own shares" in equity in the consolidated statement of financial position.

Details of own shares and movement in 2020 and 2019 are as follows:

	No. of Shares
Own shares at 1 December 2019	**2,336,496**
Acquisition of own shares	104,509
Sale of own shares	(120,196)
Own shares at 31 December 2019	**2,320,809**
Acquisition of own shares	175,097
Sale of own shares	(174,964)
Own shares at 31 December 2020	**2,320,942**

The purchase and sale of own shares at 31 December 2020 amounted to approximately Euros 1,588 thousand and Euros 1,569 thousand, respectively (approximately Euros 1,213 thousand and Euros 1,323 thousand, respectively, at 31 December 2019), giving rise to a loss of Euros 83 thousand, recognised directly in reserves (capital gain of Euros 189 thousand in 2019).

All the own shares held by the Parent company at 31 December 2020 and 2019 represented 2.67% of the total share capital of Elecnor, S.A. at those dates.

e) Non-controlling interests-

Details of "Equity - Non-controlling interests" under liabilities in the consolidated statement of financial position in 2020 and 2019 are as follows:

	Thousands of Euros	
	2020	2019
Sociedad Aragonesa de Estaciones Depuradoras, S.A.	-	1,496
Ventos Do Sul Energia, S.A.	2,101	253
Parque Eólico Malpica, S.A.	450	485
Galicia Vento, S.L.	675	916
Páramo de Poza, S.A.	1,778	2,484
Parques Eólicos Palmares, S.A.	4,208	5,621
Ventos do Litoral Energía, S.A.	3,964	4,863
Ventos da Lagoa, S.A.	3,948	4,935
Éoliennes de L'Érable, SEC.	4,264	6,603
Ventos dos Índios Energía, S.A.	2,515	3,600
Betonor, Ltda.	70	103
Elecnor Angola Group	28	46
Other	(146)	303
	23,855	**31,708**

Movement in non-controlling interests in 2020 and 2019 is as follows:

	Thousands of Euros
Balance at 1 January 2019	**47,469**
- Share in profits/(losses)	4,288
- Change in market value of hedging instruments	70
- Dividends paid	(16,222)
- Translation differences	4,365
- Capital reduction	(9,360)
- Other	1,098
Balance at 31 December 2019	**31,708**
- Share in profits/(losses)	4,479
- Change in market value of hedging instruments	39
- Change in the consolidation scope	(1,737)
- Dividends paid	(4,740)
- Translation differences	(5,288)
- Capital reduction	(56)
- Other	(550)
Balance at 31 December 2020	**23,855**

The information relating to significant non-controlling interests in subsidiaries at 31 December 2020 and 2019 is as follows (financial information is disclosed prior to carrying out intragroup eliminations):

	Thousands of Euros	
	2020	2019
	Éoliennes de L'Érable	Éoliennes de L'Érable
Current assets	7,499	7,822
Non-current assets	157,111	176,822
Current liabilities	14,480	20,124
Non-current liabilities	141,397	151,013
Revenue	28,376	29,684
Profit/loss for the year	2,055	2,449
Total comprehensive income	2,361	2,036

f) Translation differences-

The cumulative translation differences recognised in equity at 31 December 2020 and 2019 for each of the main currencies are as follows:

Translation differences	Thousands of Euros	
	2020	2019 Restated
Brazil	(260,115)	(120,714)
Canada	(8,043)	(7,674)
Chile	(24,181)	(4,296)
USA	(1,720)	1,543
Argentina	(5,401)	(4,696)
Venezuela	(42,748)	(42,717)
Other	(3,749)	(1,259)
Total	**(345,957)**	**(179,813)**

The Group maintains investments in businesses denominated in Brazilian Reals, so any fluctuations in the exchange rate of this currency against the Euro have the related impact on the heading Translation differences. Due to the nature of these assets, the recoverability of these investments, and the revenue from the related businesses are also shaped by the local inflation rates, which in the long term will likely offset the impact of the aforementioned exchange rate fluctuations.

17. Financial debt

Key to the Group's strategy is its policy of maximum financial prudence. The target capital structure is defined by this commitment to solvency and the aim of maximising shareholder returns.

Nevertheless, certain projects, essentially the construction and operation of wind farms, are financed primarily using syndicated loans in project financing format. Under these loans the subsidiaries that operate these projects accept certain restrictions on the distribution of dividends, conditional upon certain requirements being met, such as the creation of a debt service reserve account. These subsidiaries must also maintain a specified debt/equity ratio and a specified equity structure.

The target capital structure, excluding the effect of the projects financed with non-recourse financing, is quantified at the following ratio of net financing to equity:

$$\frac{\text{Net financial debt}}{\text{Net financial debt + Equity}}$$

Corporation net financial debt includes the following line items in the consolidated statement of financial position (having eliminated the effect of net financial debt relating to the projects financed with non-recourse financing):

	Thousands of Euros	
	2020	2019
Non-current liabilities – Financial debt	413,551	284,147
Current liabilities – Financial debt	83,225	138,849
Current financial assets – Other financial investments	(8,963)	(10,161)
Cash and cash equivalents	(357,873)	(277,163)
Corporation net financial debt	**129,940**	**135,672**

At 31 December 2020 and 2019, "Current and non-current liabilities – Financial debt" relates mainly to total financial debt and derivatives in the following table, excluding all wind farm syndicated loans, financial liabilities due to the issuance of bonds and other marketable securities (wind farms), interest accrued associated with wind farms, derivatives associated with wind farms, derivatives associated with currency exchange hedges (Note 18), other borrowings relating to the Parent's forfaiting contracts, and adding Euros 4.4 million in loans granted by public entities that accrue interest booked under Other non-current liabilities (Euros 3.3 million) and Other current liabilities (Euros 1.1 million) in the accompanying consolidated statement of financial position (Euros 5.2 million in 2019, of which Euros 4.2 million under non-current and Euros 1.1 million under current).

At 31 December 2020, Cash and Cash Equivalents comprise all cash and cash equivalents in the accompanying consolidated statement of financial position, excluding cash for projects funded through non-recourse financing amounting to Euros 33,755 thousand (Euros 48 million at 31 December 2019) (see note 15.b).

At 31 December 2020, Current financial assets – Other financial investments corresponds to the total current investments in related companies, other current financial investments and current derivative financial instruments in the accompanying consolidated statement of financial position, excluding the amount of other current financial investments from projects funded through non-recourse financing amounting to Euros 1,602 thousand.

Changes in this ratio are analysed on an ongoing basis and prospective estimates are also made as a key restrictive factor to be taken into account in the Group's investment strategy and dividends policy.

Details of "Financial liabilities from issuing bonds and other marketable securities, Financial liabilities on loans and borrowings and Derivative financial instruments", under non-current and current liabilities in the accompanying consolidated statement of financial position at 31 December 2020 and 2019, are as follows:

	Thousands of Euros			
	2020		2019	
	Non-current	Current	Non-current	Current
Syndicated loans and credit facilities	358,346	-	258,638	-
Syndicated loans – wind farms	350,937	24,152	294,257	23,879
Loans secured with personal guarantee	746	2,491	1,240	6,524
Mortgage loans	4,435	707	5,825	980
Financial liabilities from issuing bonds and other marketable securities – promissory notes	-	69,969	-	69,989
Financial liabilities from issuing bonds and other marketable securities – wind farms	32,331	8,049	60,122	5,009
Other payables	13,303	1,600	15,948	1,713
Credit facilities	29,328	1,101	-	51,544
Unmatured bills and notes	-	30	-	30
Accrued interest payable				
Wind farms	-	7,157	-	8,747
Other	-	1,097	-	1,301
Finance lease payables (Note 11)	9,368	3,042	8,026	2,246
Derivative hedging instruments (Note 18)				
Wind farms	3,293	1	630	2
Other	7,383	7,454	13,502	5,720
Total	**809,470**	**126,850**	**658,188**	**177,684**

At 31 December 2020 and 2019, all of the Group's financial liabilities correspond to financial liabilities at amortised cost, except hedge derivatives which are measured at fair value.

The main characteristics of the most significant financial liabilities from issuing bonds and other marketable securities and financial liabilities on loans and borrowings at 31 December 2020 and 2019 are as follows:

Type	Company	Currency	Interest rate	Due date	Nominal amount	Current	Non-current
		2020					
Financial liabilities from issuing bonds and other marketable securities							
	Elecnor, S.A.	EUR	-	2021	300,000	69,969	-
	Ventos Do Sul, S.A.	BRL	70% pegged to the CDI + 0.75% 30% pegged to the IPCA + 3.25%	31 December 2025	71,172	8,049	32,331
Loans and borrowings							
Syndicated loans and credit facilities							
	Elecnor, S.A. (*)	EUR	Euribor + spread	19 July 2024	334,200	-	329,598
	Elecnor, S.A. (*)	USD	Libor + spread	19 July 2024	75,000	-	7,414
	Electrificaciones del Ecuador, S.A. (*)	USD	Libor + spread	19 July 2024	75,000	-	21,334
Syndicated loans – wind farms							
	Parque Eólico Malpica, S.A.	EUR	Euribor + 2%	24 June 2024	11,950	759	6,811
	Ventos Do Litoral Energia, S.A.	BRL	TJLP + 2.34%	15 July 2029	16,538	1,888	11,548
	Ventos Do Índios Energia, S.A.	BRL	TJLP + 2.45%	15 February 2032	19,931	1,961	13,955
	Parque Eólico Palmares, S.A.	BRL	TJLP + 2.34%	31 July 2029	17,613	1,617	11,293
	Ventos Do Lagoa, S.A.	BRL	TJLP + 2.34%	15 February 2029	16,846	2,003	11,633
	Parque Éoliennes de L'Érable, SEC	CAD	5.015%	31 March 2033	161,672	7,662	104,167
	Parque Éoliennes de L'Érable, SEC	CAD	7.123%	18 April 2033	22,620	701	19,169
	Galicia Vento, S.L.	EUR	1.75% + Euribor	31 December 2024	38,500	6,219	18,844
	Aerogeneradores del Sur, S.A.	EUR	1.75% + Euribor	31 December 2024	16,500	2,665	8,092
	Parque Eólico Cofrentes, S.L.U.	EUR	Euribor + 2.25%	30 June 2038	35,775	1,996	32,722
	Ventos de São Fernando I Energia	BRL	IPCA + 2.18%	31 December 2039	42,029	1,491	39,443
	Ventos de São Fernando II Energia	BRL	IPCA + 1.94%	15 July 2043	34,906	-	33,692
	Ventos de São Fernando III Energia	BRL	IPCA + 1.24%	15 November 2036	10,873	-	9,676
	Ventos de São Fernando IV Energia	BRL	IPCA + 0.79%	31 December 2040	29,858	-	29,858
						106,980	**741,580**

Type	Company	Currency	Interest rate	Due date	Nominal amount	Current	Non-current
		2019					
Financial liabilities from issuing bonds and other marketable securities							
	Elecnor, S.A.	EUR	-	2020	300,000	69,989	-
	Ventos Do Sul, S.A.	BRL	70% pegged to the CDI + 0.75% 30% pegged to the IPCA + 3.25%	31 December 2025	71,172	5,009	60,122
Loans and borrowings							
Syndicated loans and credit facilities							
	Elecnor, S.A. (*)	EUR	Euribor + spread	19 July 2024	334,200	-	223,557
	Elecnor, S.A. (*)	USD	Libor + spread	19 July 2024	75,000	-	26,848
	Electrificaciones del Ecuador, S.A. (*)	USD	Libor + spread	19 July 2024	75,000	-	8,233
Syndicated loans – wind farms							
	Parque Eólico Malpica, S.A.	EUR	Euribor + 2%	24 June 2024	11,950	1,018	8,027
	Ventos Do Litoral Energia, S.A.	BRL	TJLP + 2.34%	15 July 2029	23,083	2,040	17,188
	Ventos Do Índios Energia, S.A.	BRL	TJLP + 2.45%	15 February 2032	23,059	1,964	21,095
	Parque Eólico Palmares, S.A.	BRL	TJLP + 2.34%	31 July 2029	24,583	2,274	18,017
	Ventos Do Lagoa, S.A.	BRL	TJLP + 2.34%	15 February 2029	23,512	2,126	17,364
	Parque Éoliennes de L'Érable, SEC	CAD	5.015%	31 March 2033	169,929	7,594	117,697
	Parque Éoliennes de L'Érable, SEC	CAD	7.123%	18 April 2033	23,790	734	20,593
	Galicia Vento, S.L.	EUR	1.75% + Euribor	31 December 2024	38,500	6,515	24,979
	Aerogeneradores del Sur, S.A.	EUR	1.75% + Euribor	31 December 2024	16,500	2,793	10,706
	Ventos do São Fernando I Energia	BRL	IPCA + 2.1851%	15 January 2039	24,941	-	24,941
	Parque Eólico Cofrentes, S.L.U.	EUR	Euribor	30 June 2038	35,775	-	13,650
						102,056	**613,017**

(*) Referring to the same loan. See Syndicated loans and credit facilities

Details, by maturity, of the above debt for 2020 and 2019 are as follows:

Debts maturing in	Thousands of Euros 31/12/2020
2022	87,210
2023	106,999
2024	339,026
2025 and thereafter	276,235
Total	**809,470**

Debts maturing in	Thousands of Euros 31/12/2019
2021	60,031
2022	79,814
2023	74,773
2024 and thereafter	443,570
Total	**658,188**

Syndicated loans and credit facilities-

On 21 July 2014, Elecnor arranged syndicated financing of Euros 600 million with a group of 19 banks, which replaced the Euros 401 million that had been drawn down at that date in the syndicated financing arranged in 2012. This financing was structured into two tranches: one loan tranche totalling Euros 300 million, repayable in instalments, and a revolving credit tranche with a limit of Euros 300 million, maturing in July 2019.

On 27 June 2019, Elecnor signed a fifth novation of this agreement, subscribed by all 14 lenders. This renewal entailed the addition as a borrower of Electrificaciones del Ecuador (Elecdor), the division of the credit tranche (tranche B) into two sub-tranches, one sub-tranche (sub-tranche B1) with a ceiling of Euros 134.2 million available for Elecnor and one sub-tranche (sub-tranche B2) with a ceiling of USD 75 million available for both Elecnor and Elecdor.

The Company analysed whether or not the conditions had been substantially modified, and concluded that there was no extinguishment of the original liabilities in any of the years.

With respect to interest rate hedging, the 2019 novation did not alter the financing calendar, so no additional notional amount emerged subject to interest rate risk. Swaps had been arranged prior to the novation to cover 70% of the loan calendar generated by the novation of 2018. In June 2019, it was decided to hedge the interest rate risk of the remaining 30%, for which purpose another 8 interest rate swaps (IRSs) were arranged, with an initial notional amount of Euros 1.5 million and a maximum notional amount of Euros 54 million and a new basis swap with an initial notional amount of Euros 1.5 million and a maximum notional amount of Euros 54 million. At 31 December 2019, there were 39 IRSs and 5 basis swaps, assigned mainly to hedging interest rate risk in syndicated financing and, to a lesser extent, to hedging interest rate risk on promissory note issuance in the Alternative Fixed Income Market (MARF). The maturities and interest settlement dates of the swaps coincide with those of the financing agreements to which they are assigned.

In 2020, Elecnor did not arrange a novation of the syndicated loan, so the financing calendar remains unchanged. No new swaps were arranged in connection with the loan (since the calendar remains the same).

This syndicated financing bears interest pegged to Euribor or Libor (depending on whether the drawdowns are in Euros or USD) for the interest period elected by the borrower (1, 3 or 6 months), plus a spread tied to the net financial debt/(EBITDA + dividends from projects) ratio. The Company has undertaken to comply with different ratios over the term of the bank financing agreement ((Net financial debt/EBITDA), (EBITDA/Net finance expenses), and (Net financial debt/Equity)), which will be calculated on the basis of the Elecnor Group's consolidated figures. Non-compliance could be cause for terminating the agreement, but at 31 December 2020 all the ratios were compliant.

At 31 December 2020, the drawn down amount of the syndicated financing agreement totals Euros 362 million and corresponds to Euros 200 million of the loan tranche, Euros 134 million of the credit tranche in Euros, Euros 7 million of the credit tranche in Dollars drawn down by Elecnor, S.A. and Euros 21 million of the credit tranche in Dollars drawn down by Elecdor (Euros 265 million at 31 December 2019, Euros 200 million of the loan tranche, Euros 30 million of the credit tranche in Euros, Euros 27 million of the credit tranche in Dollars drawn down by Elecnor, S.A. and Euros 8 million of the credit tranche in Dollars drawn down by Elecdor).

The aforementioned syndicated financing agreement (loan tranche and credit tranche) in 2020 accrued interest at an average rate of 1.99%, amounting to a total of Euros 5,104 thousand in interest, considering the effect of the Euros 1,852 thousand in hedges booked by the Group under "Finance expenses" in the accompanying consolidated income statement for 2020 (Euros 5,182 thousand in interest in 2019, which included a finance expense for hedges totalling Euros 2,273 thousand).

Moreover, at 31 December 2020, the credit tranche accrued finance expenses relating to availability fees amounting to Euros 479 thousand (Euros 690 thousand in 2019).

Loans – wind farms-

For loans arranged in Brazilian Reals for the Parques Eólicos Palmares,S.A., Ventos da Lagoa,S.A., Ventos do Litoral,S.A. and Ventos dos Indos,S.A. companies through the Brazilian Development Bank BNDES, the applicable interest rate is the result of adding a spread to the country's long-term floating interest rate (TJLP). These loans entail an obligation to maintain coverage ratios to service debt within certain limits, and to deposit in a reserve account a sum covering at least three instalments of the principal and interest. The Parent's Directors consider that there have been no problems as regards complying with the covenants.

Moreover, the loan to the subsidiary Éoliennes de L'Érable, SEC accrued interest at a rate pegged to Canada government bond yield. The annual debt service coverage ratios (ADSCR) for this syndicated loan – under a project finance arrangement – must be higher than a minimum threshold throughout the term of the loan, pursuant to the financing loan deeds. In addition, this Canadian company signed a loan agreement with a third party subordinated to the senior financing described above.

To secure the loans of the subsidiaries P.E. Malpica, S.A., Aerogeneradores del Sur, S.A. and Galicia Vento, S.L., a real right of pledge was established on shares of the relevant subsidiary, as well as on any indemnities, compensation and/or penalty payments which may accrue in its favour, in relation to the construction (in the case of P.E. Malpica,S.A), the operation and maintenance and operating management agreements, and on all of these companies' cash accounts.

Furthermore, in 2019 the Group arranged two new loans to finance the projects under construction in Brazil (Vento do São Fernando complex) and Spain (Cofrentes wind farm). The loans arranged in Brazilian Reals through BNB (Banco do Nordeste do Brasil) accrue an interest rate that is the result of adding a spread to the Brazilian inflation rate (IPCA). This financing was fully disbursed in 2020 and entails an obligation to maintain coverage ratios to service debt within certain limits, and to deposit a sum in a reserve account. It was necessary to arrange a bank guarantee with Bradesco to secure this financing. The financing obtained to fund the Cofrentes wind farm is guaranteed by a real right of pledge established on shares of the relevant subsidiary, as well as on any indemnities, compensation and/or penalty payments which may accrue in its favour, in relation to the project execution and operating management agreements, and on all the cash accounts of the aforementioned company.

Furthermore, the subsidiaries have certain limitations in relation to these loans consisting basically of restrictions on the disposal of their property, plant and equipment and on the payment of dividends. These restrictions are subject to compliance with certain conditions, such as the ongoing fulfilment of the debt coverage ratio established in the financing loan agreement and the setting up of a debt service reserve account (see Note 14).

The Directors consider that the companies are fulfilling all the conditions of the loans and that the project financing will be serviced on a normal basis, using the revenue generated from each wind power project.

Financial liabilities from issuing bonds and other marketable securities-promissory notes-

At the beginning of 2020, Elecnor, S.A. had issued promissory notes on the Alternative Fixed Income Market (MARF) for an amount of Euros 70 million (Euros 155 million in 2019). New issues in 2020 totalled Euros 996 million while maturities totalled Euros 996 million. The outstanding balance at 31 December 2020 was therefore Euros 70 million, reflecting 700 securities with a nominal value of Euros 100 thousand each.

At the beginning of 2019, Elecnor, S.A. had issued promissory notes on the Alternative Fixed Income Market (MARF) for an amount of Euros 155 million. New issues in 2019 totalled Euros 1,601 million while maturities totalled Euros 1,686 million. The outstanding balance at 31 December 2019 was therefore Euros 70 million, reflecting 700 securities with a nominal value of Euros 100 thousand each.

The promissory note programmes in force in 2020 and 2019 provided for a maximum number of outstanding issues at all times of Euros 300 million.

In 2020, these promissory notes accrued interest and fees totalling Euros 829 thousand (Euros 1,161 thousand in 2019) which the Group recognised under “Finance expenses” in the accompanying consolidated income statement.

Financial liabilities from issuing bonds and other marketable securities-wind farms

In 2019, the subsidiary Ventos do Sul Energia, S.A. issued bonds amounting to BRL 325 million in two tranches; one BRL 227 million tranche pegged to the CDI plus a market spread and one BRL 98 million tranche indexed to IPCA plus a market spread. This financing was used to cancel the previous financing and the drawn down balance at 31 December 2020 amounted to Euros 40 million (Euros 65 million in 2019).

This issue, maturing in December 2025 (a 6.5-year term) is project-backed and earmarked for corporate use by the issuing company or its partners.

Financing secured with personal guarantees-

At 31 December 2020, the Group keeps funding secured with a personal guarantee for the company Dunor Energía S.A.P.I de C.V. in the amount of Euros 1.5 million (Euros 4 million in 2019).

Other payables-

Other payables includes a financing agreement for Euros 9,200 thousand, arranged on 18 August 2017 with the European Energy Efficiency Fund, S.A., SICAV-SIF, maturing in 2031 and linked to the assignment of future credit rights of the Company. The amount outstanding at 31 December 2020 is approximately Euros 7,780 thousand (Euros 8,350 thousand at 31 December 2019).

Moreover, on 13 March 2018, the Parent Company arranged a financing agreement through a policy for the assignment of credit rights with the Efficiency Solutions fund, amounting to Euros 11,500 thousand, and maturing in June 2027. The amount outstanding at 31 December 2020 is approximately Euros 8,168 thousand (Euros 9,311 thousand at 31 December 2019).

In 2020 these borrowings accrued interest of Euros 744 thousand (Euros 818 thousand in 2019).

Other financing-

In 2007 the Elecnor Group arranged a mortgage loan in order to acquire an industrial building in Valencia in which to conduct its solar panel manufacturing business (see Note 11). The unmatured balance of this loan amounts to approximately Euros 5,106 thousand at 31 December 2020 (Euros 5,842 thousand at 31 December 2019).

Excluding tranche B of the syndicated loan, at 31 December 2020, Elecnor, S.A. had 14 open credit facilities with financial institutions (7 credit facilities in 2019), up to a maximum total of Euros 221 million (Euros 31 million and Euros 50 million drawn down, respectively). These bilateral credit facilities bear interest indexed to EURIBOR/LIBOR plus a market spread, and most of them mature at one year, with some maturing at up to three years with automatic annual renewals.

All the above financing facilities have a personal guarantee attached.

This bank financing accrued interest during 2020 of approximately Euros 462 thousand, which the Group recognised under “Finance expenses” in the accompanying consolidated income statement (approximately Euros 380 thousand in 2019).

Lastly, in 2020 the Parent company set up a Securitisation Fund ‘Elecnor Eficiencia Energética 2020, Fondo de Titulización”, to which it has assigned the credit claims derived from the contracts for the management of energy services and maintenance of public street lighting installations which Elecnor executes for 43 municipalities and public entities in Spain. By means of this new structure, the Group obtains financing for investments in contracts assigned in the amount of Euros 50 million. The securitisation fund issued 7-year bonds worth Euros 50 million, which are subscribed and fully paid in, and which are trading in Spain’s Alternative Fixed Income Market (MARF). The Group has not drawn down any of this financing as of 31 December 2020.

At 31 December 2020 and 2019, the Elecnor Group does not have any significant bank borrowings bearing interest at fixed rates, except for the hedging instruments described in Note 18.

18. Derivative financial instruments

The Elecnor Group uses derivative financial instruments to cover the risks to which its business activities, transactions and future cash flows are exposed as a result of changes in exchange rates and interest rates, which affect the Group's profit/loss. Details of the balances reflecting the measurement of derivatives at 31 December 2020 and 2019 are as follows:

	Thousands of Euros							
	2020				2019			
	Non-current assets (Note 14)	Current assets	Non-current liabilities (Note 17)	Current liabilities (Note 17)	Non-current assets (Note 14)	Current assets	Non-current liabilities (Note 17)	Current liabilities (Note 17)
INTEREST RATE HEDGES								
Cash flow hedges:								
Interest rate swap	180	-	10,230	3,680	-	292	6,873	1,512
EXCHANGE RATE HEDGES								
Cash flow hedges:								
Exchange rate insurance	-	391	446	3,775	24	92	7,259	4,210
ENERGY PRICE HEDGES	-	439	-	-	-	3,489	-	-
	180	**830**	**10,676**	**7,455**	**24**	**3,873**	**14,132**	**5,722**

Exchange rate-

The Elecnor Group uses exchange rate hedges basically to mitigate the possible adverse effect of exchange rate fluctuations on future cash flows relating to two types of transactions:

- Payments relating to works and supply agreements denominated in a currency other than the functional currency.
- Receipts relating to works agreements denominated in a currency other than the functional currency.

At 31 December 2020 and 2019, the total nominal amount of the items for which exchange rate hedges had been arranged was as follows:

Currencies	31/12/2020	31/12/2019
Thousands of US Dollars (*)	7,961	15,256
Thousands of Chilean Pesos (*)	64,810,643	81,544,070
Thousands of Pounds Sterling (*)	-	120

(*) Figures expressed in the pertinent currency.

Of the nominal total hedged at 31 December 2020:

- Euros 6,558 thousand corresponded to sales insurance in US Dollars to cover future payments to suppliers in US Dollars,
- Euros 72,655 thousand corresponded to purchases of Chilean Pesos against US Dollars to cover the risk of payments to suppliers in Chilean Pesos,

Of the nominal total hedged at 31 December 2019:

- Euros 12,151 thousand corresponded to sales insurance in US Dollars to cover future payments to suppliers in US Dollars,
- Euros 95,608 thousand corresponded to purchases of Chilean Pesos against US Dollars to cover the risk of payments to suppliers in Chilean Pesos,
- Euros 1,502 thousand corresponded to purchases of US Dollars to cover future payments received in that currency,
- Euros 144 thousand corresponded to the purchase of Pounds Sterling to cover future payments received in that currency.

The equivalent Euro value of the nominal amount under exchange rate hedges at 31 December 2020 was approximately Euros 79,213 thousand (approximately Euros 109,405 thousand in 2019).

The expiration of these exchange rate hedges is expected to coincide with the forecast flow of the payments and receipts being hedged. The risk of changes in the estimated cash flows is very low.

Details of the maturities of the nominal amounts hedged by derivative financial instruments at 31 December 2020 and 2019 are as follows:

	31/12/2020					
	Thousands of Euros					
	Maturity					
	2021	2022	2023	2024	2025 and thereafter	Total
Exchange rate hedge:						
USD sales (*)	7,961	-	-	-	-	7,961
Chilean Pesos purchases (*)	40,710,643	24,100,000	-	-	-	64,810,643

(*) Figures expressed in the pertinent currency.

	31/12/2019					
	Thousands of Euros					
	Maturity					
	2020	2021	2022	2023	2024 and thereafter	Total
Exchange rate hedge:						
USD sales (*)	12,078	1,500	-	-	-	13,578
Chilean Pesos purchases (*)	24,537,131	32,906,939	24,100,000	-	-	81,544,070
Purchases of Pounds Sterling (*)	120	-	-	-	-	120
USD purchases (*)	1,678	-	-	-	-	1,678

(*) Figures expressed in the pertinent currency.

Interest rate-

The Elecnor Group uses interest rate hedging instruments in accordance with its risk management policy. The purpose of these transactions is to mitigate the effect that changes in interest rates could have on future cash flows from certain loans and credit facilities indexed to floating interest rates, associated with the corporate financing obtained by the Parent and project financing. At 31 December 2020 the total nominal value of the liabilities hedged by interest rate hedges amounted to Euros 267,847 thousand (Euros 337,776 thousand in 2019).

The nominal amounts of the various interest rate derivative financial instruments described above mature as follows:

	31/12/2020					
	Thousands of Euros					
	Maturity					
	2021	2022	2023	2024	2025 and thereafter	Total
Interest rate hedges	34,036	29,158	39,390	162,893	2,370	267,847

	31/12/2019					
	Thousands of Euros					
	Maturity					
	2020	2021	2022	2023	2024 and thereafter	Total
Interest rate hedges	56,506	40,690	30,315	40,586	169,679	337,776

The nominal amount of the interest rate swaps is, at most, equal to or lower than that of the outstanding principals of the hedged loans and their maturity and settlement dates are the same as those of the loans that are being hedged.

Neither in the case of exchange rate hedges or interest rate hedges did any circumstances arise in 2020 or 2019 that required changing the hedge accounting policy initially adopted for recognising the derivatives. In 2020 and 2019 the Elecnor Group did not have any derivatives that do not qualify for hedge accounting.

Adjustments-

The market value of the different financial derivatives is calculated as follows:

- For derivatives quoted on an organised market, their quoted value at year end.

- For derivatives not traded on an organised market, the Elecnor Group uses measurements provided by financial institutions, assumptions based on year-end market conditions. Specifically, the market value of interest rate swaps is calculated by discounting the difference between the swap rates at a market interest rate, and the market value of future exchange rate contracts is determined by discounting the estimated future cash flows using the future exchange rates at year end.

This procedure is also used to determine the market value of loans and credits arising from cross currency swaps, through which the Group and the related bank exchange the flows from a loan in Euros for the flows from another loan in Dollars (Canadian/US) or Pounds. Any resulting differences are settled on maturity. At year end, the Group translates the loan into US Dollars (plus the accrued interest) at the closing exchange rate and compares it with the loan in Euros (plus the accrued interest), and the net value (i.e. the difference) is recognised under other current or non-current assets or financial debt, depending on whether the difference is positive or negative and on the maturity thereof, giving rise to a balancing entry under translation differences.

At 31 December 2020 and 2019 there were no remaining cross currency swaps in force.

19. Provisions

The breakdown of provisions for liabilities and charges, and their classification as current or non-current at 31 December 2020 and 2019, is as follows:

	Thousands of Euros			
	2020		2019	
	Non-current	Current	Non-current	Current
Litigation and liabilities	18,926	27,641	15,785	22,257
Decommissioning	11,976	377	9,889	275
Other	22,423	48,737	20,715	41,886
Total	**53,325**	**76,755**	**46,389**	**64,418**

Details of "Provisions for liabilities and charges" in the accompanying consolidated statement of financial position, and movement in 2020 and 2019, are as follows:

	Thousands of Euros			
	Litigation and liabilities	Decommissioning	Other	Total
Balance at 1 January 2019	**40,771**	**15,621**	**41,551**	**97,943**
Provisions charged to profit and loss (Note 24)	9,800	4,641	44,318	58,759
Reclassification	300	-	(186)	114
Translation differences	(538)	136	(95)	(497)
Application	(4,001)	-	(10,861)	(14,862)
Reversals (Note 24)	(8,290)	(10,234)	(12,126)	(30,650)
Balance at 31 December 2019	**38,042**	**10,164**	**62,601**	**110,807**
Provisions charged to profit and loss (Note 24)	14,722	3,866	24,249	42,837
Reclassification	8,226	-	-	8,226
Translation differences	(3,069)	(1,509)	(998)	(5,576)
Application	-	-	(12,256)	(12,256)
Reversals (Note 24)	(11,354)	(168)	(2,436)	(13,958)
Balance at 31 December 2020	**46,567**	**12,353**	**71,160**	**130,080**

The Group estimates the amount of the liabilities arising from litigation and similar events. With the exception of certain liabilities in which it can be estimated that the outflows will be in the short term, the Group cannot reliably estimate the precise timing of the outflows and, accordingly, does not include the updating effect.

Due to the nature of its activities, the Group is exposed to a number of claims and lawsuits. The heading "Provisions for litigation and liabilities" in the foregoing table reflects the Group's best estimate of potential penalties and other contingencies that could arise from the execution of various projects mainly carried out abroad. The Directors estimated that the provision recognised reasonably covers the payments that are likely to arise in the future as a result of past events.

On 31 May 2017, Spanish National Commission on Markets and Competition (CNMC) notified the Parent that it was opening disciplinary proceedings against it and another 15 companies, for a potential infringement in the sphere of the construction and maintenance of electrification systems and electromechanical equipment in railway lines. On 14 March 2019, the CNMC Council issued a resolution reducing the fine with respect to that proposed in the resolution of 31 August 2018 to Euros 20.4 million. In May 2019, the Company lodged an appeal and on 16 July 2019 the National Court (*Audiencia Nacional*) suspended execution of the CNMC resolution of 14 March 2019, dependent upon the presentation of bank guarantees.

On 26 September 2019, the Parent received an incidental request to bring proceedings, said proceedings having been brought in proper and timely manner on 11 November 2019.

In light of these events, and based on the assessment of the Parent Company's legal advisers, although they consider that there are still solid arguments to challenge the CNMC's inspection, due to recent events in connection with other appeals against the Resolution, and the developments in other proceedings in the National Court in the last 12 months when the arguments presented by the parties have been rejected and the CNMC's decision confirmed, the Directors of the Parent Company booked in 2019 a provision of Euros 20.4 million to cover this risk, since they estimate that there is a probability of the appeal prospering of less than 50%.

The category "Other" includes provisions for construction contracts with negative margins for a total amount of Euros 23,673 thousand (Euros 25,897 thousand at 31 December 2019), the most significant of which was booked in 2019 in relation to the "Mataquito Transmisora de Energía" project developed in Chile, which at 31 December 2020 amounted to Euros 11,487 thousand (Euros 12,523 thousand 2019).

Reversals in 2020 and 2019 correspond to penalties and other contingencies in relation to the execution of various projects that were completed in 2020 and 2019, respectively, and that were resolved favourably for the Group.

Decommissioning provisions at 31 December 2020 and 2019 correspond to the provision for the wind farm owned by the Group in Canada and for the farms in Brazil.

Decommissioning provisions at 31 December 2018 included the provision for the Group's Canadian wind farm and the provision for the decommissioning of Elecnor Perú, S.A.C. relating to the estimate costs necessary to buy back the lands and roads affected in the development of the construction of the Gasoducto Sur Peruano (Southern Peruvian Gas Pipeline), which was reversed in 2019 on the basis of the analysis conducted by the company's management in cooperation with its legal advisers which finds that Elecnor Perú, S.A.C. fulfilled its contractual obligations in accordance with Consorcio Constructor Ductos del Sur.

20. Advances from customers

Advances from customers basically reflect payments made in advance by customers prior to the start of the related contracts. These advances are discounted from invoices issued during the execution of the contracts.

The balance under this heading at 31 December 2020 includes an advanced payment received by the Parent company in respect of a project it will execute in conjunction with an external partner and amounting to Euros 36,310 thousand. The Parent company has received 100% of the advanced payment of Euros 72,620 thousand due to having presented all the guarantees (its own and those of the other party) and the Parent company expects to deliver its portion to its partner in 2021 once it has presented the guarantees corresponding to it, the amount being booked as other current liabilities.

21. Deferred tax assets and deferred tax liabilities

Details of "Deferred tax assets" and "Deferred tax liabilities" in the accompanying consolidated statement of financial position, and movement in 2020 and 2019, are as follows:

	31/12/2018	Transfers	Credit/charge to the income statement	Credit/charge to the assets and liabilities valuation reserve	Translation differences	Business combination (Note 7)	Transfer to non-current assets held for sale (Note 8)	Changes in the consolidation scope (Note 2.f)	**31 December 2019**	Transfers	Credit/charge to the income statement	Credit/charge to the assets and liabilities valuation reserve	Translation differences	**31/12/2020**
Deferred tax Assets:														
Measurement of derivative financial instruments (Note 18)	4,726	297	(1,873)	(2,207)	(278)	28,512	(484)	(23,067)	5,626	1,365	-	(2,096)	(170)	4,725
Property, plant and equipment and intangible assets	7,431	(119)	(386)	294	-	5,528	(1,526)	(5,872)	5,350	(247)	819	-	-	5,922
Tax credits	30,604	98	249	-	(53)	36,293	(87)	(36,293)	30,811	(2,679)	(3,551)	-	(694)	23,887
Deductions and credits pending application	5,523	375	(1,829)	-	(1)	-	-	(172)	3,896	677	(1,043)	-	(9)	3,521
Losses in external branches	(18)	-	-	-	-	-	-	-	(18)	-	-	-	-	(18)
Non-deductible provisions (Note 19)	36,956	(479)	14,409	-	(1,332)	-	-	-	49,554	(3,123)	(8,382)	-	(3,713)	34,336
Other deferred tax assets	10,604	(193)	1,079	-	(682)	10,418	-	(13,018)	8,208	27	(240)	-	187	8,182
	95,826	**(21)**	**11,649**	**(1,913)**	**(2,346)**	**80,751**	**(2,097)**	**(78,422)**	**103,427**	**(3,980)**	**(12,397)**	**(2,096)**	**(4,399)**	**80,555**
Deferred tax liabilities:														
Property, plant and equipment and intangible assets	13,534	-	(733)	-	(186)	13,100	-	(14,657)	11,058	5,523	(431)	-	(1,577)	14,573
Goodwill	1,773	-	(934)	-	-	-	-	-	839	251	(497)	-	-	593
Measurement of derivative financial instruments (Note 18)	328	-	-	(222)	(3)	-	-	-	103	343	74	(21)	-	499
Other deferred tax liabilities	6,462	(1,368)	4,026	(199)	6	6,850	-	(7,171)	8,606	(585)	2,730	-	(35)	10,716
	22,097	**(1,368)**	**2,359**	**(421)**	**(183)**	**19,950**	**-**	**(21,828)**	**20,606**	**5,532**	**1,876**	**(21)**	**(1,612)**	**26,381**

Deferred tax assets and liabilities that are expected to be realised or reversed in periods of less than 12 months are not significant.

Deferred tax assets and liabilities: property, plant and equipment and intangible assets, in the foregoing table mainly reflect taxable temporary differences arising from differences between the carrying amount of certain property, plant and equipment and intangible assets and their tax base, as well as the temporary differences derived from the depreciation and amortisation of these non-current assets for accounting and tax purposes.

Deferred tax assets: tax credits and deductions and credits pending application, in the foregoing table, include, respectively, unused tax loss carryforwards and deductions pending application of various Group companies, which have been capitalised as the Parent's Directors consider that they will be recovered against estimated profits in the coming years.

Deferred tax assets: non-deductible provisions, in the above table mainly include the tax impact of adjustments to accounting profit/loss as a consequence of various provisions that were not considered deductible when they were recognised (see Notes 15.a and 19).

At 31 December 2020 and 2019, the tax credits for capitalised tax loss carryforwards and the deferred tax assets and liabilities by entity/subgroup are as follows:

	2020		
	Thousands of Euros		
	Tax credits	Deferred tax assets	Deferred tax liabilities
Elecnor, S.A.	13,673	37,968	6,455
Aplicaciones Técnicas de la Energía, S.A.	2,389	3,465	74
Enerfín subgroup	3,140	18,777	16,732
Audeca, S.L.U.	-	122	2,516
Elecnor do Brasil, Ltda	-	8,854	-
Elecnor Chile, S.A.	-	4,804	-
Elecnor, Inc	3,946	3,946	-
Other	739	2,619	604
Total	**23,887**	**80,555**	**26,381**

	2019		
	Thousands of Euros		
	Tax credits	Deferred tax assets	Deferred tax liabilities
Elecnor, S.A.	15,133	42,211	3,766
Aplicaciones Técnicas de la Energía, S.A.	3,421	4,492	-
Enerfín subgroup	6,696	15,871	13,079
Audeca, S.L.U.	-	87	2,946
Elecnor do Brasil, Ltda	-	10,224	-
Elecnor Chile, S.A.	-	12,459	-
Elecnor, Inc	5,546	-	-
Other	15	18,083	815
Total	**30,811**	**103,427**	**20,606**

Details of the amounts (in thousands of Euros) and expiry years of uncapitalised tax loss carryforwards of the most significant entities/tax groups at 31 December 2020 and 2019 are as follows:

2020	Unused, uncapitalised tax loss carryforwards	Expiry year
Aplicaciones Técnicas de la Energía, S.A.	4,430	Unlimited
Deimos Engineering and Systems, S.L.U.	2,744	Unlimited
Eólicas Páramo de Poza, S.A.	9,881	Unlimited
Enerfín Enervento, S.L.U.	4,003	Unlimited
Montelecnor, S.A.	7,910	2021
IQA Operations Group, Ltd.	2,320	Unlimited
Elecnor South Africa, Ltd.	2,266	Unlimited
Dunor Energía, Sapi De Cv	17,258	2029-2030
	50,812	

2019	Unused, uncapitalised tax loss carryforwards	Expiry year
Aplicaciones Técnicas de la Energía, S.A.	4,430	Unlimited
Deimos Engineering and Systems, S.L.U.	1,217	Unlimited
Eólicas Páramo de Poza, S.A.	7,432	Unlimited
Enerfín Enervento, S.L.U.	4,003	Unlimited
Montelecnor, S.A.	13,627	2020-2021
IQA Operations Group, Ltd.	5,896	Unlimited
Elecnor South Africa, Ltd.	2,463	Unlimited
Dunor Energía, Sapi De Cv	15,212	2029
	54,280	

22. Income tax

The Parent has the following years open to inspection by the tax authorities in respect of the main taxes applicable to it:

Tax	Years open to inspection
Corporate Income Tax (*)	2014 – 2019
Value Added Tax	2015 – 2020
Personal Income Tax	2015 – 2020
Social Security	2015 – 2020
Capital Gains Tax	2015 – 2020
Non-residents	2015 – 2020

(*) The deadline for filing Corporate Income Tax returns is 25 calendar days after the six months subsequent to conclusion of the tax periods, so corporate tax corresponding to 2020 will not be open to inspection until 25 July 2021.

On 10 February 2021, based on its request of 28 December 2020, the Parent company received notification from the tax authority that it will be taxed under the consolidated tax regime from 1 January 2021 with the rest of the national companies taxed under state regulations.

Inspections conducted by the Tax Authority's Large Taxpayers Division at the Parent company, which commenced by notification on 1 July 2016, concluded in 2018.

Said inspections encompassed the following taxes and periods:

- Corporate Income Tax for the tax periods 2011 to 2013,
- Value Added Tax for the tax periods 06/2012 to 12/2014,
- Withholdings and payments on account for earnings for personal work and professional activities for the tax periods 06/2012 to 12/2014,
- Withholdings and payments on account for capital gains for the periods 06/2012 to 12/2014,
- Withholdings and payments on account for real estate earnings for the tax periods 06/2012 to 12/2014,
- Withholdings on account for non-residents tax for the tax periods 06/2012 to 12/2014,

The aforementioned inspections concluded in 2018 and the Group signed statements of conformity for a total payment of Euros 10,915 thousand in tax, late payment interest and, where applicable, fines, the expense of which is recognised in the 2018 consolidated income statement; it also signed statements of disconformity whose settlement implies a payment obligation totalling Euros 14,208 thousand.

On 28 December 2018, the Parent company filed economic-administrative appeals against the settlement agreements derived from the statements of disconformity before the Central Economic-Administrative Court, which were the subject of a request for suspension while the proceedings were underway.

On 23 November 2020, the Parent company was notified that the files were accessible, and of the procedure for allegations, which were submitted on 17 December 2020.

In light of this situation, the Parent company's Directors, in cooperation with its tax advisers, and although they consider that there are weighty arguments to underpin the position of the Parent company, decided in 2019 to allocate a provision for the amounts claimed in the appealed settlement agreements in connection with differences in interpretation in respect of related party transactions amounting to Euros 7,559 thousand, since they consider that in 2019 retroactivity had been ruled out and, accordingly, the reviewing bodies are more likely to approve the Tax Authority's position than not, and considering the impact for the rest of years open to inspection, should the Tax Authority apply the same criteria for the years open to inspection.

In addition to the foregoing, on 29 October 2019, the Parent received a notification of the commencement of an inspection in relation to the following taxes and years:

- Corporate Income Tax for the tax periods 2014 to 2016,
- Value Added Tax for the tax periods 09/2015 to 12/2016,
- Withholdings and payments on account for earnings for personal work and professional activities for the tax periods 09/2015 to 12/2016,
- Withholdings and payments on account for capital gains for the periods 09/2015 to 12/2016,

- Withholdings and payments on account for real estate earnings for the tax periods 09/2015 to 12/2016,

- Withholdings on account for non-residents tax for the tax periods 09/2015 to 12/2016,

However, the Administration's entitlement to verify or investigate tax loss carryforwards offset or pending offsetting, deductions for double taxation and deductions to encourage certain activities applied or pending application prescribes after 10 years from the day after the end of the established period for filing the tax return or self-assessment for the tax period in which the Company's entitlement to offsetting or application was generated. Once that period has elapsed, the Group must accredit tax losses or deductions by presenting the settlement or self-assessment and the accounts, and also evidencing that they have been filed during the aforementioned period in the Companies Register.

Details of the income tax expense accrued in 2020 and 2019 are as follows:

	Thousands of Euros	
	2020	2019
Consolidated profit before income tax	**125,932**	**190,077**
Non-deductible expenses	13,509	66,539
Non-taxable income (**)	(7,039)	(205,796)
Profit/loss from equity-accounted investees (Note 13)	(16,639)	46,268
Other	2,140	(513)
Capitalisation reserve	84	(351)
Uncapitalised tax credits applied	(9,878)	(8,133)
Uncapitalised tax loss carryforwards (***)	18,864	32,408
Adjusted accounting profit/loss	**126,973**	**120,499**
Gross tax calculated at the tax rate in force in each country (*)	42,659	42,682
Tax deductions for incentives and other	(545)	(472)
Adjustment to prior year's Corporate Income Tax expense	(638)	1,836
Effect of tax rate changes on deferred taxes	-	(484)
Other adjustments	1,674	15,850
Income tax expense	**43,150**	**59,412**

(*) The fully consolidated foreign subsidiaries and branches calculate the Corporate Income Tax expense and the amount due in respect of the various other applicable taxes in accordance with the prevailing tax rates and legislation in their respective countries.

(**) Non-taxable income in 2020 and 2019 mainly reflected adjustments to the accounting profit for income from the sale of investments which are exempt from taxation (see Notes 2.f).

(***) Corresponding mainly, in 2020, to the companies Dunor Energía S.A.P.I de C.V., in the amount of Euros 6.8 million, and the Enerfín subgroup, in the amount of Euros 4.1 million (Dunor Energía S.A.P.I de C.V. in the amount of Euros 18 million and the Enerfín subgroup, in the amount of Euros 6.9 million, in 2019).

Details of the main components of the income tax expense accrued in 2020 and 2019 were as follows:

	Thousands of Euros	
	2020	2019
Current tax		
Present year	27,841	51,016
Prior years' adjustments	(638)	1,836
Other adjustments	1,674	15,850
Deferred tax		
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	14,273	(9,290)
Income tax expense	**43,150**	**59,412**

Details follow (in thousands of Euros) of the amounts and expiry years of deductible temporary differences, tax losses or credits for which deferred tax assets have not been recognised in the consolidated statement of financial position at 31 December 2020 and 2019, since the Directors do not consider they are likely to be recovered in the future:

Unused tax loss carryforwards	31/12/2020
Expiry year:	
2021	8,194
2022	658
2023	2,142
2024	360
2025	62
2029	8,696
2030	8,562
2031	683
Unlimited	31,259
Total	**60,616**

Unused tax loss carryforwards	31/12/2019
Expiry year:	
2020	4,087
2021	9,731
2022	920
2023	1,753
2024	97
2028	263
2029	15,212
Unlimited	20,004
Total	**52,067**

Unused tax credits for deductions and other items	31/12/2020
Expiry year:	
2027	589
2028	890
2029	451
2030	124
2031	141
2050	18
Unlimited	1,330
Total	**3,543**

Unused tax credits for deductions and other items	31/12/2019
Expiry year:	
2027	592
2028	890
2029	451
2030	124
2031	141
Unlimited	1,909
Total	**4,107**

The unused tax loss carryforwards and tax credits for deductions and other items described above were generated by various companies in the Elecnor Group and their future recoverability is conditional upon these companies' ability to generate sufficient taxable profits.

Due to the treatment permitted by prevailing fiscal legislation, additional tax liabilities that cannot be objectively quantified could arise in the event of inspection. However, the Parent's Directors consider that the possibility of such contingent liabilities arising during future tax inspections of Group companies is remote and that, in any case, the tax liability that could result therefrom would not materially affect the consolidated annual accounts of the Elecnor Group.

23. Guarantee commitments with third parties and contingencies

Guarantee commitments with third parties-

At 31 December 2020 and 2019, details of the risk exposure relating to bank guarantees received and other bid, completion and performance bonds, extended mainly by the Parent, are as follows:

	Thousands of Euros	
	2020	2019
Completion bonds	1,038,296	665,788
Advances on contracts:		
Current	362,303	213,881
To be cancelled	-	47
Performance bonds	237,153	193,060
Bid bonds	65,488	63,129
Other	22,446	39,181
Total	**1,725,686**	**1,175,086**

At 31 December 2020 and 2019, the Parent had provided guarantees to the customer Empresa de Transmisión Energía for Euros 67 million and Euros 33 million, respectively. It had also provided guarantees to the customer Toabré for Euros 26 million in both years.

Furthermore, in 2020 it provided guarantees to customers AB Lietuvos Gelezinkeliu, Mataquito Transmisora de Energía and Nesf in the respective amounts of Euros 84 million, Euros 65 million and Euros 74 million.

The remaining amount of the guarantees at 31 December 2020 and 2019 consists of a number of guarantees of insignificant individual amounts.

The Parent's Directors consider that any liabilities that might arise from the bank guarantees provided would not give rise to significant losses in the accompanying consolidated financial statements.

Contingencies-

On 17 January 2020, the Central Court of Instruction No. 5 issued an order decreeing the commencement of a trial concerning a former employee of the Group and concerning the company Deimos Space, S.L., the latter for alleged criminal liability as a legal person for possible crimes of corruption in international commercial transactions and money laundering, requiring that the company provide a guarantee of Euros 1,460 thousand to cover civil liability, and additional guarantees of Euros 10,240 thousand and Euros 2,625 thousand to cover possible future pecuniary sanctions and confiscations.

The Group presented the shares it owns in the Deimos Group to cover the aforementioned guarantee.

The Group is in complete disagreement with the legal decision and is exercising its rights in the proceedings, appealing the guarantee amount required and requesting its free acquittal, as is the former Group employee and the latter's legal team, and it considers that there has been no proof in the proceedings to presume with a sufficient degree of certainty, beyond all reasonable doubt, that either Deimos Space, S.L. or its former employee will be sentenced, so that the Directors of the Parent, in accordance with the terms of the plaintiff's defence writ, consider that the probable result of the trial will be an acquittal, and that therefore no criminal or civil liability will be enforced.

On this basis, the Company's Directors do not estimate that this will have any impact on the recoverable amount of net assets contributed by the Deimos Group, which amounts to Euros 11 million.

24. Income and expenses

Net turnover-

Details of this item in 2020 and 2019 are as follows:

	Thousands of Euros	
	2020	2019
Construction contracts and services rendered	2,317,140	2,283,979
Sale of goods and energy	138,812	169,747
Total	**2,455,952**	**2,453,726**

The breakdown of the Group's turnover in 2020 and 2019, by both geographical areas and products, is as follows:

	Thousands of Euros	
By geographical area	2020	2019
National	1,238,600	1,168,656
International	1,217,352	1,285,070
Total	**2,455,952**	**2,453,726**
By line of business		
Electricity	982,949	908,347
Power generation	470,708	573,375
Telecommunications and space	233,301	247,719
Construction, environment and water	237,677	181,276
Maintenance	170,770	171,830
Facilities	213,434	215,105
Gas	92,572	106,793
Railways	54,541	49,281
Total	**2,455,952**	**2,453,726**

Revenue from Contracts with Customers

Movement in assets and liabilities from contracts with customers in 2020 and 2019 is as follows:

	Thousands of Euros	
	Assets	Liabilities
At 1 January 2020	306,129	(357,009)
Revenues recognised	(2,317,140)	(2,440,230)
Reclassification to income	2,359,482	2,359,482
Translation differences	(9,591)	6,783
At 31 December 2020	**338,880**	**(430,974)**

	Thousands of Euros	
	Assets	Liabilities
At 1 January 2019	258,756	(320,310)
Revenues recognised	2,377,252	2,377,252
Reclassification to income	(2,325,392)	(2,419,727)
Translation differences	(4,487)	5,776
At 31 December 2019	**306,129**	**(357,009)**

Materials consumed-

Details of this item in 2020 and 2019 are as follows:

	Thousands of Euros	
	2020	2019
Purchases of raw materials and other materials consumed	811,516	759,959
Work carried out by other companies	424,255	432,762
Changes in goods for resale, raw materials and other inventories	2,464	2,292
Total	**1,238,235**	**1,195,013**

Other operating expenses-

Details of this item in 2020 and 2019 are as follows:

	Thousands of Euros	
	2020	2019
Leases	68,790	71,721
Repairs and maintenance	27,658	23,963
Independent professional services	89,293	122,005
Transportation	7,365	6,622
Insurance premiums	11,531	9,482
Banking services	11,772	10,740
Advertising and publicity	1,090	1,677
Utilities	34,975	41,702
Taxes	24,492	28,414
Other expenses	64,276	65,605
Total	**341,242**	**381,931**

Personnel expenses-

Details of this item in 2020 and 2019 are as follows:

	Thousands of Euros	
	2020	2019
Salaries and wages	531,650	503,473
Termination benefits	5,076	7,033
Social Security payable by the Company	120,641	110,746
Other employee benefits expenses	51,204	47,766
Total	**708,571**	**669,018**

At 31 December 2020, the heading “Other current liabilities” includes approximately Euros 29 million in remuneration pending payment (Euros 29 million at 31 December 2019).

Depreciation, amortisation and provisions-

Details of this item in 2020 and 2019 are as follows:

	Thousands of Euros	
	2020	2019
Depreciation charge for property, plant and equipment (Note 11)	55,912	73,279
Amortisation charge for intangible assets (Note 10)	5,064	7,082
Changes in provisions for risks and charges without decommissioning (Note 19)	28,879	33,702
Impairment of fixed assets (Note 11)	-	5,271
Depreciation charge for right-of-use assets (Note 12)	11,120	6,362
Change in impairment of receivables (Note 14.b) and 15)	14,291	47,755
Impairment of goodwill (Note 9)	-	4,227
Other	(16,026)	(15,556)
Total	**99,240**	**162,122**

The heading “Other” at 31 December 2020 and 2019 corresponds mainly to the application of provisions the Group recognises against this heading, taking expenses for provisioned payments at 31 December 2020 and 2019 by their type in the accompanying consolidated income statement.

Finance income-

Finance income derives from the application of the effective interest rate method to financial assets in the category of financial assets at amortised cost.

Finance expenses-

Details of this item in the 2020 and 2019 consolidated income statements are as follows:

	Thousands of Euros	
	2020	2019
Finance expenses from issuing bonds and other marketable securities	4,249	5,307
Finance expenses on loans and borrowings (*)	23,438	41,277
Finance expenses from lease liabilities	3,069	3,085
Other finance expenses	5,430	4,891
	36,186	**54,560**

(*) Arising mainly from project finance arrangements for wind farms, Elecnor, S.A.'s syndicated loans and interest rate swaps (see Notes 17 and 18).

Finance expenses derive practically entirely from the application of the effective interest rate method to financial liabilities in the category of financial liabilities at amortised cost.

25. Interests in Joint Ventures

In 2020 and 2019 the balance sheets and income statements of Temporary Business Associations (known in Spain as UTEs) in which Elecnor, S.A. and its subsidiaries hold interests were included in proportion to their shareholding in each joint operation, in accordance with IFRS 11.

Details of UTEs and the Group's percentage ownership therein at 31 December 2020 and 2019, the amount of revenues from construction work performed in 2020 and 2019 and the order book at year end are included in Appendix II to these consolidated annual accounts.

The contribution of UTEs to the various headings in the accompanying consolidated statement of financial position and in the income statement at 31 December 2020 and 2019 are as follows:

ASSETS	Thousands of Euros		LIABILITIES	Thousands of Euros	
	2020	2019		2020	2019
Intangible assets	64	124	Profit/loss for the year	363	(23,069)
Property, plant and equipment	29,666	31,342			
Financial assets	1,336	1,589	Long-term payables	14,810	3,359
Inventories	4,836	2,399	Current trade payables	129,667	167,280
Receivables	68,579	78,535			
Temporary investments	160	1,083			
Cash	40,158	32,074			
Accruals	41	424			
Total	**144,840**	**147,570**	**Total**	**144,840**	**147,570**

Income statement	Thousands of Euros	
	2020	2019
Net turnover	112,116	130,786
Materials consumed	(81,183)	(90,589)
Non-trading income	290	1,213
Personnel expenses	(11,041)	(11,849)
External services	(14,882)	(24,212)
Taxes	(962)	(1,902)
Losses, impairment and changes in trade provisions	(1,794)	(8,066)
Other operating expenses	(514)	(371)
Depreciation and amortisation charge	(2,578)	(3,788)
Impairment and profit/loss on disposal of fixed assets	620	(2)
Excess provisions	149	-
Finance income	608	1,847
Finance expenses	(2,265)	(6,901)
Translation differences	2,658	(8,275)
Foreign taxes	(859)	(960)
Total	**363**	**(23,069)**

26. Order book

Details, by business line, of the Parent's order backlog at 31 December 2020 and 2019, excluding UTEs (see note 25), are as follows:

By geographical area	Thousands of Euros	
	2020	2019
National	511,726	460,249
International	1,007,279	1,128,920
Total	**1,519,005**	**1,589,169**
By line of business		
Electricity	809,423	632,051
Power generation	171,438	288,748
Telecommunications	123,936	169,774
Construction, environment and water	197,310	314,918
Maintenance	26,238	28,559
Facilities	85,068	64,056
Gas	12,915	24,754
Railways	92,677	66,309
Total	**1,519,005**	**1,589,169**

At 31 December 2020 the order backlog of subsidiaries amounts to Euros 754,076 thousand (Euros 635,498 thousand in 2019) and mainly comprises work for companies in the electricity sector.

27. Average supplier payment period. Final provision two of Law 31/2014 of 3 December 2014

Information on deferred payments to suppliers by consolidated Spanish companies is as follows:

	Days	
	2020	2019
Average supplier payment period	59	63
Transactions paid ratio	65	70
Transactions payable ratio	38	44
	Expressed in thousands of Euros	
Total payments made	991,441	861,025
Total payments outstanding	254,974	248,389

The payments to suppliers reflected in the above table are trade payables as they relate to goods and services. They therefore include “Trade and other payables - trade payables for purchases or services”.

28. Information on employees

The average headcount, by professional category (not including joint ventures), in 2020 and 2019 was as follows:

Category	Average headcount	
	2020	2019
Management	170	178
Executive	1,227	1,081
Technician	3,524	3,010
Basic	11,844	10,284
Total	**16,765**	**14,553**

Of the Group's average headcount in 2020, a total of 6,314 employees had temporary employment contracts (5,709 employees in 2019).

Moreover, the breakdown by gender at the end of 2020 and 2019, specified by professional category, of staff and Directors, not including joint ventures, is as follows:

Category	31/12/2020		31/12/2019	
	Male	Female	Male	Female
Directors	13	2	13	2
Management	145	21	145	19
Executive	1,102	231	897	201
Technician	2,502	1,326	2,125	1,120
Basic	12,305	571	9,895	453
Total	**16,067**	**2,151**	**13,075**	**1,795**

The average number of employees at the Parent with a disability equal to or greater than 33%, by category, is as follows:

Category	2020	2019
Executive	5	6
Technician	8	7
Basic	35	34
Total	**48**	**47**

At the 2020 year end, Elecnor, S.A. had a headcount of 9,387 employees in Spain (8,374 in 2019), 51 of whom were disabled, representing 0.54% of the workforce in Spain (0.56% in 2019). Elecnor, S.A. has been granted exemption from this requirement through the adoption of alternative measures. Certified purchases made from Special Employment Centres amounted to Euros 4,020 thousand in 2020 (Euros 3,458 thousand in 2019), which is equivalent to hiring an additional 55% of disabled employees (31% of disabled employees in 2019). This would result in a total of 2.34%, thereby exceeding the mandatory quota (2.62% in 2019).

29. Related party balances and transactions

29.1. Related party balances and transactions of the Group

Related party transactions have been carried out at arm's length. Transactions carried out by the Group with investees that are not fully or proportionately consolidated and with other non-consolidated companies during 2020 and 2019 are as follows:

2020

	Thousands of Euros	
	Sales and other operating income	Finance income
Equity-accounted investees:		
Gasoducto de Morelos, S.A.	88	813
Grupo Celeo Concesiones e Inversiones:		
Dioxipe Solar, S.L.	5,948	-
Aries Solar Termoeléctrica, S.L.	8,274	-
Celeo Redes Chile, Ltda	209	-
Celeo Fotovoltaico, S.L.U.	332	-
Celeo Apolo Fv, S.L.	-	1
Casablanca Transmisora de Energía, S.A.	12,114	-
Mataquito Transmisora de Energía, S.A.	20,922	-
Diego de Almagro Transmisora de Energía, S.A.	670	-
Celeo São João Do Piauí FV I, S.A. (7 companies)	18,567	-
Integraçao Maranhense Tranmissora de Energia, S.A.	15	-
Caiuá Transmissora De Energia, S.A	1,811	2,120
Parintins Amazonas Transmissora de Energia, S.A.	21,338	-
Serra De Ibiapa Transmissora de Energia, S.A.	68,567	-
Total	**158,855**	**2,934**

2019

	Thousands of Euros	
	Sales and other operating income	Finance income
Equity-accounted investees:		
Celeo Concesiones e Inversiones, S.L.U.	1	25
Gasoducto de Morelos, SAPI de CV	89	1,382
Grupo Celeo Concesiones e Inversiones:		
Celeo Termosolar, S.L.	60	-
Dioxipe Solar, S.L.	5,602	-
Aries Solar Termoeléctrica, S.L.	9,421	-
Celeo Redes Chile, Ltda	965	-
Celeo Fotovoltaico, S.L.U.	317	-
Casablanca Transmisora de Energía, S.A.	5,009	-
Mataquito Transmisora de Energía, S.A.	12,938	-
Diego de Almagro Transmisora de Energía, S.A.	28,382	-
Celeo São João Do Piauí FV I, S.A. (7 companies)	127,901	-
Integraçao Maranhense Tranmissora de Energia, S.A.	159	-
Pedras Transmissora de Energia, S.A.	274	-
Serra De Ibiapa Transmissora de Energia, S.A.	54,517	-
Total	**245,635**	**1,407**

At 31 December 2020 and 2019, balances receivable from and payable to investees that are not fully or proportionately consolidated and other non-consolidated companies, deriving from the above transactions, are as follows:

	Thousands of Euros					
	2020			2019		
	Accounts receivable		Accounts payable	Accounts receivable		Accounts payable
	Other financial investments (Note 14)	Trade receivables from related companies	Trade payables, to associates and related parties	Other financial Investments (Note 14)	Trade receivables from related companies	Trade payables, to associates and related parties
Equity-accounted investees:						
Dioxipe Solar, S.L.	-	2,136	-	-	2,289	-
Aries Solar Termoeléctrica, S.L.	-	2,101	-	-	2,387	-
Diego de Almagro Transmisora de Energía, S.A	-	1,172	-	-	-	-
Gasoducto Morelos S.A.P.I. de CV	7,994	174	-	10,561	379	-
Casablanca Transmisora de Energía, S.A.	-	5,746	-	-	-	-
Mataquito Transmisora de Energía, S.A.	-	3,209	-	-	-	-
Parintins Amazonas Transmissora de Energia, S.A.	-	3,848	-	-	-	-
Serra De Ibiapa Transmissora de Energia, S.A. – SITE	-	-	-	-	2,223	-
São João do Piauí	-	13,041	-	-	6,314	-
Other	-	890	2	-	1,527	60
	7,994	**32,317**	**2**	**10,561**	**15,119**	**60**

Moreover, at 31 December 2020 and 2019 the Parent company had an account payable to the Directors amounting to Euros 2,415 thousand and Euros 2,438 thousand, respectively.

29.2. Remuneration of the Board of Directors

a) Remuneration and other benefits-

In 2020 the members of the Parent's Board of Directors received remuneration amounting to Euros 4,938.1 thousand (Euros 5,199.6 thousand in 2019). This remuneration includes that earned in their capacity as management personnel.

The Parent has paid approximately Euros 13.1 thousand for life insurance arranged for former or current members of its Board of Directors in 2020 (Euros 4.1 thousand in 2019).

At 31 December 2020 and 2019, the Parent does not have any pension obligations with former or current members of the Board of Directors nor has it extended any guarantees on their behalf or granted any advances or loans thereto.

At 31 December 2020 and 2019, the Board of Directors of the Parent company was formed by 15 individuals, two of whom were women in both years.

At 31 December 2020 and 2019, the amount paid by the Parent with regard to public liability insurance for all or some of the directors in relation to damage caused due to acts or omissions in discharging their duties was not significant.

Moreover, and in line with the measures in place for the Group's employees, the members of the Board of Directors agreed to reduce their remuneration during this period.

b) Conflicts of interest concerning the Directors-

The members of the Board of Directors of Elecnor, S.A. and their related parties have had no conflicts of interest requiring disclosure in accordance with article 229 of the Revised Spanish Companies Act.

c) Transactions other than ordinary business or under terms differing from market conditions carried out by the Directors-

In 2020 and 2019 the Directors of the Parent have not carried out any transactions other than ordinary business or applying terms that differ from market conditions with the Company or any other Group company.

29.3. Remuneration to the Management Team

In 2020, the Company's Management Team received remuneration amounting to Euros 5,728 thousand (Euros 4,661 thousand in 2019).

The stated total remuneration includes fixed remuneration, annual variable remuneration and variable remuneration for compliance with the 2017-2019 Strategic Plan.

At 31 December 2020 and 2019, the Parent company does not have any material pension obligations with management nor has it extended any guarantees on their behalf or granted any advances or loans thereto.

It should also be noted that the Management Team, on a voluntary basis, decided to reduce its fixed salary by 30% during the months of the furlough schemes and working hours reductions implemented by the Group to combat the COVID-19 crisis (from 13 April to 31 May 2020), in solidarity with the rest of the workforce.

30. Audit fees

The auditor (KPMG Auditores, S.L.) of the Group's annual accounts invoiced the following net fees for professional services at 31 December 2020 and 2019:

Description	Thousands of Euros	
	2020	2019
For audit services	320	334
For other accounting verification services	101	98
For other services	11	12
Total	**432**	**444**

The above amount includes all fees relating to services provided in 2020 and 2019, regardless of when they were invoiced.

Other accounting verification services refer to the limited review of interim financial statements and procedures in regard to ICSFR, provided by KPMG Auditores, S.L. to Elecnor S.A. in the years ended 31 December 2020 and 2019.

Other services refer to procedural reports regarding compliance with covenants and other procedures agreed provided by KPMG Auditores, S.L. to Elecnor, S.A. in the years ended 31 December 2020 and 2019.

Moreover, other affiliates of KPMG International invoiced the Group in the years ended on 31 December 2020 and 2019 for net fees relating to professional services, as follows:

Description	Thousands of Euros	
	2020	2019
For audit services	165	170
For other verification services	15	38
For tax advisory services	-	4
For other services	1,108	1,356
Total	**1,288**	**1,568**

Other auditors also invoiced the Group in the years ended on 31 December 2020 and 2019 for net fees relating to professional services, as follows:

Description	Thousands of Euros	
	2020	2019
Audit services	554	563
For other accounting verification services	-	80
Tax advisory services	-	54
Other services	12	541
Total	**566**	**1,238**

31. Earnings per share

Details of basic earnings per share in 2020 and 2019 are as follows:

	2020	2019
Attributable net profit (thousands of Euros)	78,303	126,377
Total number of shares outstanding	87,000,000	87,000,000
Less – own shares (Note 16.d)	(2,320,942)	(2,320,809)
Weighted average number of shares outstanding	84,679,058	84,679,191
Basic earnings per share (Euros)	0.92	1.49

At 31 December 2020 and 2019 Elecnor, S.A., the Parent of the Elecnor Group, has not issued any financial instruments or other contracts entitling the holder to receive ordinary shares from the Company, and therefore diluted earnings per share coincide with basic earnings per share.

32. Environmental information

Respect for the environment and sustainability are an integral part of Elecnor's core values and culture. The Company is committed to protecting the environment and fostering efficiency in the consumption of energy resources.

Consequently, Elecnor's activity is framed by its Environmental Management and Energy Management System, certified in accordance with ISO 14001 and ISO 50001 standards, respectively, as well as its Climate Change Strategy. The Environmental Management System establishes effective control mechanisms to minimise the most significant impacts arising from the Group's various activities, such as the generation of waste, impact on the natural environment, the use of natural and energy resources and the impact on flora and fauna.

In 2020, AENOR multi-site certification audits were conducted according to ISO 9001: 2015 and ISO 14001:2015 standards. This is a single certificate for all of the Organisations in the Elecnor infrastructures area that contains all of the scopes of the various activities and all of the work centres which, up until now, obtained certification individually.

The Quality Management (ER-0096/1995) and Environmental Management (GA-2000/0294) certification includes the following Group areas:

- Major Networks Unit.
- Energy Unit.
- Engineering Unit.
- Facilities and Networks Unit: Central Regional Office and Northern Branches, North-Eastern Regional Office, Eastern Regional Office, Southern Regional Office, Elecnor Medio Ambiente, Elecnor Seguridad, Área 3 Equipamiento, Diseño e Interiorismo; Elecnor Infrastrutture S.R.L. (Italy); Ehisa Construcciones y Obras; Aplicaciones Técnicas de la Energía and Jomar Seguridad.
- Elecnor Chile

Environmental Management certificates are also held for the following subsidiaries:

- Audeca
- Deimos
- Hidroambiente
- Enerfín
- Elecnor México
- Elecnor do Brasil
- Elecnor de Argentina
- IQA
- Montelecnor

For the sixth consecutive year, Elecnor renewed its environment certificate for carbon dioxide emissions, obtained from the Spanish Association for Standardisation and Certification (AENOR) and verified in accordance with ISO 14064-1 standard, which certifies the amount of GHG emissions caused by its activities; and adapted the Energy Management System to the 2018 UNE-EN ISO 50001 standard, which is AENOR-certified. Within the framework of carbon footprint registration, offsetting and CO2 absorption by the Ministry for Ecological Transition (MITECO), the Group also received the “Calculo y Reduzco” seal granted by the Spanish Office for Climate Change (OECC).

In addition, in 2018 the Group developed its 2030 Climate Change Strategy, focusing on two main goals and three lines of action, and creating the framework for all the Group's actions to reduce greenhouse gas emissions, adapt to climate change impacts and harness the associated opportunities.

Lastly, for the third consecutive year, Elecnor took part in the Carbon Disclosure Project (CDP) presenting its voluntary report on climate change. In 2020, Elecnor improved on the previous year's score, obtaining a rating of A- (B in 2019), evidencing the company's leadership in combating climate change. The inclusion of Elecnor in this international ranking recognised by customers, investors and shareholders is part of its Climate Change Strategy.

33. Other disclosures

On 11 March 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic, due to its rapid global spread, affecting more than 150 countries on that date. Most governments took restrictive measures to curb the spread, which include: isolation, lockdowns, quarantine and restrictions on the free movement of people, closure of public and private premises except those considered essential or relating to healthcare, border closures and drastic reductions in air, sea, rail and road transport. In Spain, the government approved Royal Decree 463/2020, of 14 March, declaring a state of emergency in order to manage the healthcare crisis unleashed by the COVID-19 outbreak.

This situation is having a significant impact on the global economy, due to the disruption or slowing of supply chains and the sizeable increase in economic uncertainty, evidenced by an increase in the volatility of asset prices, exchange rates and cuts in long-term interest rates.

In this complex environment, the Group has implemented a series of cost containment and employment flexibility measures that are making it possible to mitigate the risks that we face. This plan enabled the gradual return to full operating capacity of the workforce as some degree of normal economic activity was restored.

Our priority is to guarantee the safety of our employees, customers and suppliers, as well as to buttress the Group's financial strength. With these objectives in view, Elecnor has carried out and is carrying out some initiatives in line with the recommendations of the authorities, namely: the creation of a COVID-19 Monitoring Committee that has developed an Action Plan to protect health; the creation of a Special Contingency Plan that also defines the scope of action by Elecnor and its workers as an essential supplier of critical operators in the system; and, for a number of vulnerable groups and particularly at-risk workers, the "Occupational Health and Safety Service Action Procedure for exposure to SARS-CoV-2" has been activated.

1- Accounting estimates

Below are the estimates performed by the Elecnor Group on the basis of the best available information.

Impairment of non-financial assets

On the date of authorising for issue these consolidated annual financial statements, there were no signs that the COVID-19 pandemic has affected the long-term performance of the businesses in such a way as to affect the valuation of the company's non-financial assets.

Impairment of financial assets

Although general credit risk has increased due to COVID-19, it has not been necessary to significantly increase the estimated credit loss with which the provisions for unrecoverable receivables are calculated. On the date of these financial statements no indications were identified of significant changes in the credit terms of customers or in the capacity thereof to pay outstanding invoices when due.

However, although there is no indication of significant changes in credit risks other than those already recognised in the consolidated financial statements, the Elecnor Group intends to monitor the credit risk of its financial assets as new information becomes available that enables more accurate calculations to be performed of the estimated loss.

Provisions, contingent liabilities and onerous contracts

On the date of issuing these consolidated financial statements, no additional liabilities emerged in relation to contracts in force as a result of COVID-19 which might imply additional provisions at 31 December 2020.

Contracts with customers

In 2020, no significant contract modifications or cancellations were identified as a consequence of COVID-19 or any situations in which it was impossible for a customer to fulfil the contractual conditions, although there have been occasional delays in some projects which are expected to be recovered in the next few months. Furthermore, it was not considered necessary to update key estimates when recognising revenues using the degree of completion method as a result of the pandemic, although the margins of some contracts were affected by the measures implemented by the Group to ensure the safety of its employees, customers and suppliers.

2- Impacts on the accompanying consolidated financial statements

On the date of authorising for issue the consolidated financial statements, the impacts of this crisis were moderate, in terms of both revenues and costs, with the insolvency rate unchanged and a robust liquidity position as a result of boosting financing facilities, as described in the Consolidated Directors' Report.

With regard to the employment measures adopted by the Elecnor Group, we highlight those implemented in Spain. During this crisis, steps were taken in connection with the Group's employees to adapt their dedication and cost to the situation of projects underway. In this regard, it is important to distinguish between staff in Structure and staff in Works:

Staff in Structure:

100% of staff in Structure has been affected. Specifically:

- Management staff: voluntary reduction in remuneration during the period from 13 April to 31 May 2020.
- Rest of staff: agreement with the Bargaining Committee (comprising various legal workers' representatives) for the implementation of a furlough scheme and working day reduction. The duration of this furlough scheme was the same as that of the remuneration reduction for management.

Staff in Works:

- Force Majeure Furlough: Approved by the Employment Authority and affecting 658 employees providing services in some of the activities that were legally prohibited due to the health crisis. Working days suspensions commenced on 20 March, and restrictions on the last workers were withdrawn on 31 May. The company, despite meeting the legal requirements, opted not to apply deductions on its Social Security contributions.

- Working hours suspension scheme for objective reasons (productive reasons): For the rest of activities, the company and the Bargaining Committee agreed to a maximum suspension of 52 calendar days between 13 April and 1 July. The number of suspended working days was considerably lower than the maximum agreed.

At the Group's work centres outside Spain, measures legally permitted in the various counties were taken in accordance with the framework explained above for Spain.

Moreover, and in line with the measures in place for the Group's employees, the members of the Board of Directors agreed to reduce their remuneration during this period.

Furthermore, all the Group's costs were monitored, and significant savings were achieved in various spheres.

Elecnor is not prohibited from paying dividends charged to 2020 pursuant to the provisions of Royal Decree-Law 18/2020 of 12 May, concerning social measures to safeguard employment, as the company previously paid the social security contributions from which it had been exempted as a result of the furlough schemes regulated in art. 1 of the aforementioned Royal Decree-Law.

3- Financial risks

The Elecnor Group is structurally subject to financial risks which it permanently supervises, monitoring the performance of the various financial markets in which it operates, in compliance with the risk limits established in its Risk Policies and anticipating risk situations in markets such as the one triggered by COVID-19.

Liquidity risk

At the onset of the COVID-19 outbreak and until central banks started implementing liquidity injections so as to stabilise the markets, there were liquidity restrictions which affected mainly entities with the lowest ratings.

The Elecnor Group's liquidity situation was solid prior to COVID-19, ensuring that its compliance with its commitments was not jeopardised even in a scenario of complete market closure.

However, in order to guarantee liquidity in the event of an additional deterioration in businesses' cash flow generation, the financing limits were raised, noting that, even in a context of liquidity shortage, the Elecnor Group received the support of both fixed income investors and banks at competitive prices.

At 31 December 2020, the Elecnor Group has a solid liquidity position, with sufficient cash and available credit facilities to comfortably meet liquidity requirements even if markets contract further.

Elecnor has not undertaken commitments that imply restrictions on the decisions to use the company's cash, such as on dividend payments, and neither is it expected to undertake commitments entailing such restrictions in the future.

Interest rate risk

Among the measures adopted by central banks, cuts to official benchmark interest rates were among the main levers to reactivate the economy.

Moreover, the current uncertainty makes it likely that rates will remain low, reducing interest rate risk in the short and medium term.

Foreign currency risk

COVID-19 sparked considerable instability in the currency markets, especially in emerging economies. Specifically, in the emerging markets in which the Group operates, the depreciation of the Brazilian Real has been especially considerable.

Despite this scenario, the effect of this depreciation on the Group's results has been closely monitored, and it has had only a moderate impact on its financial statements.

In addition, the Group's geographical diversification and the significant weighting of other currencies like the Euro and US Dollar in its businesses has been a major mitigating factor to aid the stability of its results.

Clear evidence of the Group's commitment to improvement in health and safety is that, in Spain, for all activities in this sphere in 2020, a budget of more than Euros 11 million was allocated, and a further Euros 5.7 million was subsequently earmarked to undertake investments linked to the COVID-19 pandemic.

Appendix I: Company information

(Thousands of Euros)

2020	Parent	Company	*Registered office*	Auditor	Activity	% direct or indirect ownership
Consolidation method - Fully consolidated						
	ELECNOR, S.A.					
		Andes Solares, SAS	COLOMBIA	-	Development and operation of renewable energy sources	100.00%
		Aplicaciones Técnicas de la Energía, S.L. (ATERSA)	SPAIN	Deloitte	Solar energy	100.00%
		Area 3 Equipamiento y Diseño Interiorismo, S.L.U.	SPAIN	-	Interior design	100.00%
		Audeca, S.L.U.	SPAIN	KPMG	Environmental restoration and reforestation and operation of roads	100.00%
		Corporacion Electrade, S.A.	VENEZUELA	-	Construction and assembly	100.00%
		Deimos Space, S.L.U.	SPAIN	KPMG	Analysis, engineering and development of space missions and software	100.00%
		Ehisa Construcciones y Obras, S.A.U.	SPAIN	Jose Francisco Villamonte Fernando	Construction and assembly	100.00%
		Elecdal, URL	ALGERIA	-	Construction and assembly	100.00%
		Elecdor, S.A.	ECUADOR	Seel & Company, S.A.	Construction and assembly	100.00%
		Elecen, S.A.	HONDURAS	-	Construction and assembly	100.00%
		Elecnor Argentina, S.A.	ARGENTINA	SMS	Construction and assembly	100.00%
		Elecnor Australia PTY LTD	AUSTRALIA	ESV	Management and administration of companies	100.00%
		Elecnor Cameroun Société Anonyme	CAMEROON	Mazars	Construction and assembly	100.00%
		Elecnor Chile, S.A.	CHILE	KPMG	Construction and assembly	100.00%
		Elecnor Côte D'Ivoire, S.A.	IVORY COAST	-	Construction and assembly	100.00%
		Elecnor de Mexico, S.A.	MEXICO	KPMG	Construction and assembly	100.00%
		Elecnor Do Brasil, L.T.D.A.	BRAZIL	KPMG	Construction and assembly	100.00%
		Elecnor Energie und Bau, GmbH	GERMANY	-	A broad range of business activities in the areas of engineering, development, construction, assembly, repairs and maintenance of all types of works, installation work of any kind, particularly in energy efficiency and renewable energies.	100.00%
		Elecnor Infrastruttre e Aerospaziale, S.R.L.	ITALY	-	Construction and assembly	100.00%

Appendix I: Company information

(Thousands of Euros)

2020	**Parent**	**Company**	***Registered office***	**Auditor**	**Activity**	**% direct or indirect ownership**
		Elecnor Infrastruture, LLC	OMAN	BDO	Construction and maintenance	70.00%
		Elecnor Peru, S.A.C	PERU	-	Construction and assembly	100.00%
		Elecnor Seguridad, S.L.U.	SPAIN	-	Installation and maintenance of fire prevention and safety systems	100.00%
		Elecnor Senegal, SASU	SENEGAL	AC Corporate	Construction and assembly	100.00%
		Elecnor Servicios y Proyectos, S.A.U.	SPAIN	-	A broad range of business activities	100.00%
		Elecnor South Africa (PTY) LTD	SOUTH AFRICA	-	Construction and assembly	100.00%
		Elecnor, INC	USA	RP&B	Facilities	100.00%
		Electrolineas del Ecuador, S.A.	ECUADOR	Seel & Company, S.A.	Construction and assembly	100.00%
		Elecven Construcciones, S.A.	VENEZUELA	Deloitte	Construction and assembly	99.88%
		Eledepa,S.A.	PANAMA	Ernst & Young		100.00%
		Enertel, S.A. de C.V.	MEXICO	KPMG	Construction and assembly	99.99%
		Eresma Solar, S.L.U.	SPAIN	-	Development, construction and operation of companies linked to renewable energy	100.00%
		Elecnor Angola Group	ANGOLA	-	Activities in the areas of public works and civil engineering	55.00%
		Hidroambiente, S.A.U.	SPAIN	KPMG	Environmental activities	100.00%
		IDDE, S.A.U.	SPAIN	-	Sales	100.00%
		IQA Operatios Group, LTD	SCOTLAND	KPMG	Electrical installations	100.00%
		Jomar Seguridad, S.L.U.	SPAIN	-	Sale, installation and maintenance of fire prevention and safety systems	100.00%
		Montelecnor, S.A.	URUGUAY	Ernst & Young	Construction and assembly	100.00%
		Omninstal Electricidade, S.A.	PORTUGAL	KPMG	Construction and assembly	100.00%
		Parque Eólico Montañes, S.L.U.	SPAIN	-	Construction and operation of wind farm	100.00%
		Parque Solar Porton, SAS	COLOMBIA	-	Power generation	100.00%
		Stonewood Desarrollos, S.L.	SPAIN	-	Sales	100.00%
		Yariguies Solar, SAS	COLOMBIA	-	Development and operation of renewable energy sources	100.00%
	DEIMOS SPACE, S.L.U.					
		Deimos Engenharia, S.A.	PORTUGAL	-	Services in the areas of telecommunications and aeronautic and space energy	100.00%
		Deimos Engineering and Systems, S.L.U.	SPAIN	KPMG	Software development, engineering and technical assistance in the field of remote sensing	100.00%
		Deimos Space UK, Limited	ENGLAND	James Cowper Kreston	Analysis, engineering and development of space missions and software	100.00%
		S.C. Deimos Space, S.R.L.	ROMANIA	-	Analysis, engineering and development of space missions and software	100.00%

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(Thousands of Euros)

2020	Parent	Company	*Registered office*	Auditor	Activity	% direct or indirect ownership
	ELECNOR AUSTRALIA					
		Green Light Contractors PTY, LTD	AUSTRALIA	ESV	Construction of a PV farm	100.00%
	ELECNOR INC					
		Belco Elecnor Electric, INC	USA	RP&B	Electrical installations	100.00%
		Elecnor Hawkeye, LLC	USA	RP&B	Electrical installations	100.00%
	ELECTROL, S.A.					
		Zogu, S.A.	ECUADOR	Seel & Company, S.A.	Construction and assembly	100.00%
	ENERFÍN ENERGY COMPANY OF CANADA, INC					
		Investissements Eoliennes de L´Érable, INC.	CANADA	-	Administration and advisory services	100.00%
		Investissements Eoliennes de L´Érable, SEC.	CANADA	-	Administration and advisory services	100.00%
		Lambton Enerwind General Partner Inc (Gp)	CANADA	-	Administration and advisory services	100.00%
		Lambton Enerwind Limited Partnership (Sec)	CANADA	-	Wind farm development	100.00%
	ENERFÍN ENERVENTO EXTERIOR, S.L.U.					
		Gran Sul Geraçao de Energía	BRAZIL	-	Wind farm development	100.00%
		Guajira Eolica II, S.A.S.	COLOMBIA	-	Wind farm development	100.00%
		Moose Mountain Wind Projet GP	CANADA	-	Management and administration of companies	100.00%
		Moose Mountain Wind Projet LP	CANADA	-	Wind farm development	100.00%
		Rio Grande Energías Renovaveis LTDA	BRAZIL	-	Development, construction and generation of electricity	100.00%
		Rio Norte I Energía, LTDA	BRAZIL	-	Management and administration of companies	100.00%
		Rio Norte II Energía, LTDA	BRAZIL	Deloitte, S.L.	Management and administration of companies	100.00%
		Rio Sul 1 Energia, Ltda	BRAZIL	Deloitte	Management and administration of companies	100.00%
		Rio Sul 2 Energia, Ltda	BRAZIL	-	Management and administration of companies	100.00%
		SEC Eoliennes des Prairies (LP)	CANADA	-	Wind farm development	100.00%
		Vientos De Panaba, S.A. de CV	MEXICO	-	Wind farm development	100.00%
	ENERFÍN ENERVENTO, S.L.U.					
		Aerogeneradores del Sur, S.A.	SPAIN	Deloitte	Construction, operation and use of wind farm resources	100.00%

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(Thousands of Euros)

2020	Parent	Company	*Registered office*	Auditor	Activity	% direct or indirect ownership
		Eólica Montes de Cierzo, S.L.	SPAIN	Deloitte	Operation of power plants	100.00%
		Eólica Páramo de Poza, S.A.	SPAIN	Deloitte	Operation of power plants	70.00%
		Galicia Vento, S.L.	SPAIN	Deloitte	Operation of power plants	90.60%
		Parque Eólico Cofrentes, S.L.U.	SPAIN	-	Operation of power plants	100.00%
		Parque Eólico Malpica, S.A.	SPAIN	Deloitte	Operation of power plants	95.55%
	ENERFÍN SOCIEDAD DE ENERGÍA, S.L.					
		Enerfera, S.R.L.	ITALY	-	Construction, operation and use of wind farm resources	100.00%
		Enerfín Developments British Columbia, Inc	CANADA	-	Development and management of wind farm activities	0.00%
		Enerfín do Brasil Sociedad de Energía, LTDA	BRAZIL	-	Development and management of wind farm activities	100.00%
		Enerfín Energy Company, INC	USA	-	Development and management of wind farm activities	100.00%
		Enerfín Energy Company of Canada, INC	CANADA	-	Management and administration of companies	100.00%
		Enerfín Energy Services, Pty Ltda	AUSTRALIA	-	Management and administration of companies	100.00%
		Enerfín Enervento Exterior, S.L.U.	SPAIN	Deloitte	Management and administration of companies	100.00%
		Enerfín Enervento, S.L.U.	SPAIN	-	Administration and advisory services	100.00%
		Enerfín Québec Services, INC	CANADA	-	Management and administration of companies	100.00%
		Enerfín Renovables II, S.L.U.	SPAIN	-	Renewable energy generation	100.00%
		Enerfín Renovables IV, S.L.	SPAIN	-	Renewable energy generation	100.00%
		Enerfín Renovables V, S.L.	SPAIN	-	Renewable energy generation	100.00%
		Enerfín Renovables, S.L.U.	SPAIN	-	Renewable energy generation	100.00%
		Enerfín Servicios, S.A.S	COLOMBIA	-	Management and administration of companies	100.00%
		Enerfín Sociedad de Energía, S.L.U.	SPAIN	Deloitte	Management and administration of companies	100.00%
		Enermex Gestión, S.A. de C.V.	MEXICO	-	Management and administration of companies	100.00%
		Eólica Alta Guajira, S.A.S.	COLOMBIA	-	Development, construction and generation of electricity	100.00%
		Eolica La Vela	COLOMBIA	-	Wind farm development	100.00%
		Eolica Los Lagos	CHILE	-	Wind farm development	100.00%

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(Thousands of Euros)

2020	Parent	Company	*Registered office*	Auditor	Activity	% direct or indirect ownership
		Eolica Musichi	COLOMBIA	-	Wind farm development	100.00%
		Guajira Eolica I, S.A.S	COLOMBIA	-	Wind farm development	100.00%
		Parque Eólico Cernégula, S.L.U.	SPAIN	-	Wind farm development	100.00%
		Vientos de Sucilá, S.A. de CV	MEXICO	-	Wind farm development	100.00%
		Vientos De Yucatán, S.A. de CV	MEXICO	-	Wind farm development	100.00%
	ÉOLIENNES DE L'ÉRABLE COMMANDITAIRE					
		Éoliennes de L'Érable, SEC.	CANADA	Deloitte	Operation of power plants	51.00%
		Éoliennes de L'Érable Commandite Inc	CANADA	-	Administration and advisory services	100.00%
	INVESTISSEMENTS ÉOLIENNES DE L'ÉRABLE SEC					
		Éoliennes L'Érable Commanditaire Inc	CANADA	-	Operation of power plants	100.00%
	RIO NORTE I ENERGIA, LTDA					
		Ventos do São Fernando I Energia	BRAZIL	-	Wind farm development	100.00%
		Ventos de São Fernando II Energia	BRAZIL	-	Wind farm development	100.00%
		Ventos de São Fernando III Energia	BRAZIL	-	Wind farm development	100.00%
	RIO NORTE II ENERGIA, LTDA					
		Ventos de São Fernando IV Energia, S.A.	BRAZIL	Deloitte, S.L.	Wind farm development	100.00%
	RIO SUL 1 ENERGIA, Ltda					
		Parques Eólicos Palmares, S.A.	BRAZIL	Deloitte	Operation of electricity transmission service concessions	80.00%
		Ventos da Lagoa, S.A.	BRAZIL	Deloitte	Operation of power plants	80.00%
		Ventos do Litoral Energia, S.A.	BRAZIL	Deloitte	Operation of power plants	80.00%
		Ventos do Sul, S.A.	BRAZIL	Deloitte	Operation of power plants	80.00%
		Ventos Dos Indios Energia, S.A.	BRAZIL	Deloitte	Operation of power plants	80.00%

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(Thousands of Euros)

2020	Parent	Company	*Registered office*	Auditor	Activity	% direct or indirect ownership
Equity method (Note 13)						
	ELECNOR, S.A.					
		Cosemel Ingenieria, Aie	SPAIN	-	Development, construction and operation of installations and electrifications of high-speed railway lines	33.33%
		Dunor Energía, Sapi De Cv	MEXICO	KPMG	Construction of the Empalme II combined cycle power plant 313	50.00%
		GASODUCTO DE MORELOS, S.A.P.I. (Sdad Anónima Promotora de Inversión) DE C.V.	MEXICO	Deloitte	Operation and maintenance of the Morelos gas pipeline	50.00%
		Morelos Epc S.A.P.I. De Cv	MEXICO	-	Construction, engineering and supply of the Morelos gas pipeline	50.00%
		Morelos O&M, Sapi, Cv	MEXICO	-	Maintenance of the Morelos gas pipeline	50.00%
	CELEO CONCESIONES E INVERSIONES, S.L.U.					
		Celeo Energía, S.L.	SPAIN	-	Development, construction and operation of all types of energy and services, utilities, waste treatment, etc.	51.00%
		Celeo Redes, S.L.U.	SPAIN	KPMG	Management and administration of companies	51.00%
		Celeo Termosolar, S.L.	SPAIN	KPMG	Construction and subsequent operation of solar thermal plants	51.00%
		Helios Inversión Y Promoción Solar, S.L.U.	SPAIN	-	Development, construction and operation of PV farms	51.00%
	CELEO ENERGÍA, S.L.U.					
		Celeo Energía Brasil, LTDA	BRAZIL	-	Development, construction and operation of all types of energy and services, utilities, waste treatment, etc.	51.00%
		Celeo Energía Chile, SPA	CHILE	KPMG	Development, construction and operation of all types of energy and services, utilities, waste treatment, etc.	51.00%
		Celeo Luz de Mexicali I, S.A. de C.V.	MEXICO	-	Development, energy production	51.00%
		Celeo Luz de Mexicali II, S.A. de C.V.	MEXICO	-	Development, energy production	51.00%
	CELEO REDES BRASIL, S.A.					
		Brilhante II Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	25.50%

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(Thousands of Euros)

2020	Parent	Company	*Registered office*	Auditor	Activity	% direct or indirect ownership
		Brilhante Transmissora de Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	25.50%
		Cachoeira Paulista Transmissora de Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Caiuá Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	26.01%
		Cantareira Transmissora de Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	26.01%
		Celeo Redes Expansoes, S.A.	BRAZIL	-	Holdings in other national or foreign entities and in consortia	51.00%
		Celeo Redes Transmissão de Energia, S.A.	BRAZIL	KPMG	Holdings in other national or foreign entities and in consortia	51.00%
		Celeo Redes Transmissao e Renovaveis, S.A.	BRAZIL	KPMG	Marketing of solar-generated electricity and maintenance of transmission grids	51.00%
		Coqueiros Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Encruzo Novo Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Integraçao Maranhense Tranmissora de Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	26.01%
		Linha De Transmissão Corumbá, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Parintins Amazonas Transmissora de Energia, S.A.	BRAZIL	-	Operation of public service concessions for electricity transmission	26.50%
		Pedras Transmissora de Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Serra De Ibiapa Transmissora de Energia, S.A. – SITE	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%

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(Thousands of Euros)

2020	Parent	Company	*Registered office*	Auditor	Activity	% direct or indirect ownership
	CELEO REDES CHILE LTDA					
		Celeo Redes Operación Chile, S.A.	CHILE	KPMG	Operation of power plants	51.00%
		CRC Transmisión, SPA	CHILE	KPMG	Operation of power plants	51.00%
	CELEO REDES EXPANSOES, S.A.					
		Jaurú Transmissora de Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
	CELEO REDES OPERACIÓN CHILE, S.A.					
		Alto Jahuel Transmisora de Energía, S.A.	CHILE	KPMG	Development, construction and operation of electrical facilities	51.01%
		Charrúa Transmisora de Energía, S.A.	CHILE	KPMG	Assembly, installation, operation of the new 2 x 500 Charrúa – Ancoa line	51.01%
	CELEO REDES T. DE ENERGÍA, S.A.					
		Lt Triangulo, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Vila Do Conde Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
	CELEO REDES T. E RENOVAVEIS, S.A.					
		Celeo São João Do Piauí FV I, S.A.	BRAZIL	KPMG	Generation and sale of solar power	51.00%
		Celeo São João Do Piauí FV II, S.A	BRAZIL	KPMG	Generation and sale of solar power	51.00%
		Celeo São João Do Piauí FV III, S.A.	BRAZIL	KPMG	Generation and sale of solar power	51.00%
		Celeo São João Do Piauí FV IV, S.A.	BRAZIL	KPMG	Generation and sale of solar power	51.00%
		Celeo São João Do Piauí FV V, S.A.	BRAZIL	KPMG	Generation and sale of solar power	51.00%
		Celeo São João Do Piauí FV VI, S.A.	BRAZIL	KPMG	Generation and sale of solar power	51.00%
	CELEO REDES, S.L.					
		Celeo Redes Brasil, S.A.	BRAZIL	KPMG	Development, construction and operation of electrical facilities	51.00%
		Celeo Redes Chile, Ltda	CHILE	KPMG	Operation of power plants	51.00%

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(Thousands of Euros)

2020	Parent	Company	*Registered office*	Auditor	Activity	% direct or indirect ownership
	CELEO TERMOSOLAR					
		Aries Solar Termoeléctrica, S.L.	SPAIN	KPMG	Development, construction and operation of thermosolar plants	51.00%
		Dioxipe Solar, S.L.	SPAIN	KPMG	Development, construction and operation of thermosolar plants	49.76%
		Solar Renewables Spain, S.A.R.L.	LUXEMBOURG	-	Development, construction and operation of thermosolar plants	51.00%
	HELIOS INVERSION					
		Celeo Fotovoltaico, S.L.U.	SPAIN	KPMG	Development, construction and operation of PV farms	51.00%
	CRC TRANSMISION, SPA					
		Casablanca Transmisora de Energía, S.A.	CHILE	KPMG	Development, construction and operation of electrical facilities	51.00%
		Diego de Almagro Transmisora de Energía, S.A.	CHILE	KPMG	Development, construction and operation of electrical facilities	51.00%
		Mataquito Transmisora de Energía, S.A.	CHILE	KPMG	Development, construction and operation of electrical facilities	51.00%
	ELECTRIFICACIONES DEL NORTE, ELECNOR, S.A.					
		WAYRA ENERGY, S.A.	ECUADOR	-	Oil and natural gas extraction	50.00%
	ENERFÍN ENERVENTO EXTERIOR, S.L.U.					
		Woolsthorpe Holding Trust	AUSTRALIA	-	Management and administration of companies	50.00%
	ENERFÍN ENERVENTO, S.L.U.					
		Parque Eólico La Gaviota, S.A.	SPAIN	Ernst & Young	Operation of power plants	37.33%
	ENERFÍN SOCIEDAD DE ENERGÍA, S.L.					
		Gestión de Evacuación La Serna, S.L. (Gelaserna)	SPAIN	-	Wind farm development	15.00%
	WOOLSTHORPE ASSET PTY, LTD					
		Woolsthorpe Development PTY	AUSTRALIA	-	Management and administration of companies	50.00%
	WOOLSTHORPE HOLDING TRUST					
		Woolsthorpe Asset Trust	AUSTRALIA	-	Wind farm development	50.00%

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2019	Parent	Company	*Registered office*	Auditor	Activity	% direct or indirect ownership
Consolidation method						
Fully consolidated companies						
	ELECNOR, S.A.					
		Andes Solares, SAS	*COLOMBIA*	-	Development and operation of renewable energy sources	100.00%
		Aplicaciones Técnicas de la Energía, S.L.U. (ATERSA)	*SPAIN*	Deloitte	Solar energy	100.00%
		Area 3 Equipamiento y Diseño Interiorismo, S.L.U.	*SPAIN*	-	Interior design	100.00%
		Audeca, S.L.U.	*SPAIN*	KPMG	Environmental restoration and reforestation and operation of roads.	100.00%
		Corporacion Electrade, S.A.	*VENEZUELA*	-	Construction and assembly	100.00%
		Deimos Space, S.L.U.	*SPAIN*	KPMG	Analysis, engineering and development of space missions and software	100.00%
		Ehisa Construcciones y Obras, S.A.U.	*SPAIN*	Jose Francisco Villamonte Fernando	Construction and assembly	100.00%
		Elecdal, URL	*ALGERIA*	-	Construction and assembly	100.00%
		Elecdor, S.A.	*ECUADOR*	Seel & Company, S.A.	Construction and assembly	100.00%
		Elecen, S.A.	*HONDURAS*	-	Construction and assembly	100.00%
		Elecnor Argentina, S.A.	*ARGENTINA*	SMS	Construction and assembly	100.00%
		Elecnor Australia PTY LTD	*AUSTRALIA*	ESV	Management and administration of companies	100.00%
		Elecnor Cameroun Société Anonyme	*CAMEROON*	-	Construction and assembly	100.00%
		Elecnor Chile, S.A.	*CHILE*	KPMG	Construction and assembly	100.00%
		Elecnor de Mexico, S.A.	*MEXICO*	KPMG	Construction and assembly	100.00%
		Elecnor Do Brasil, L.T.D.A.	*BRAZIL*	KPMG	Construction and assembly	100.00%
		Elecnor Energie und Bau, GmbH	*GERMANY*	-	A broad range of business activities in the areas of engineering, development, construction, assembly, repairs and maintenance of all types of works, installation work of any kind, particularly in energy efficiency and renewable energies.	100.00%
		Elecnor Infrastruttre e Aerospaziale, S.R.L.	*ITALY*	-	Construction and assembly	100.00%
		Elecnor Infrastruture, LLC	*OMAN*	-	Construction and maintenance	70.00%
		Elecnor Perú, S.A.C.	*PERU*	Portal Vega & Asociados	Construction and assembly	100.00%

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(Thousands of Euros)

2019	Parent	Company	Registered office	Auditor	Activity	% direct or indirect ownership
		Elecnor Seguridad, S.L.U.	*SPAIN*	-	Installation and maintenance of fire prevention and safety systems	100.00%
		Elecnor South Africa (PTY) LTD	*SOUTH AFRICA*	-	Construction and assembly	100.00%
		Elecnor, INC	*USA*	RP&B	Facilities	100.00%
		Electrificaciones Del Norte, S.A.	*SPAIN*	-	A broad range of business activities	100.00%
		Electrolíneas del Ecuador, S.A.	*ECUADOR*	Seel & Company, S.A.	Construction and assembly	100.00%
		Elecven Construcciones, S.A.	*VENEZUELA*	Deloitte	Construction and assembly	100.00%
		Enertel, S.A. de C.V.	*MEXICO*	KPMG	Construction and assembly	99.99%
		Eresma Solar, S.L.U.	*SPAIN*	-	Development, construction and operation of companies linked to renewable energy	100.00%
		Elecnor Angola Group	*ANGOLA*	-	Activities in the areas of public works and civil engineering	55.00%
		Hidroambiente, S.A.U.	*SPAIN*	KPMG	Environmental activities	100.00%
	IDDE, S.A.U.		*SPAIN*	-	Sales	100.00%
		IQA Operatios Group, LTD	*SCOTLAND*	KPMG	Electrical installations	100.00%
		Jomar Seguridad, S.L.U.	*SPAIN*	-	Sales, installation and maintenance of fire prevention and safety systems	100.00%
		Montelecnor, S.A.	*URUGUAY*	Ernst & Young	Construction and assembly	100.00%
		Omninstal Electricidade, S.A.	*PORTUGAL*	KPMG	Construction and assembly	100.00%
		Parque Eólico Montañes, S.L.U.	*SPAIN*	-	Construction and operation of wind farm	100.00%
		Parque Solar Porton, SAS	*COLOMBIA*	-	Power generation	100.00%
		Stonewood Desarrollos, S.L.	*SPAIN*	-	Sales	100.00%
		Yariguies Solar, SAS	*COLOMBIA*	-	Development and operation of renewable energy sources	100.00%
	CORPORACION ELECTRADE					
		Electrade Investment, Ltda	*BARBADOS*	-	Sale of materials	100.00%
	DEIMOS SPACE, S.L.U.					
		Deimos Atlantic Launchers, S.A.	*ITALY*	-	Space transport, launch of satellites and space vehicles	100.00%
		Deimos Engenharia, S.A.	*PORTUGAL*	ESAC Espirito Santo Associados	Services in the areas of telecommunications and aeronautic and space energy	100.00%
		Deimos Engineering and Systems, S.L.U.	*SPAIN*	KPMG	Software development, engineering and technical assistance in the field of remote sensing	100.00%
		Deimos Space UK, Limited	*ENGLAND*	James Cowper Kreston	Analysis, engineering and development of space missions and software	100.00%

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2019	Parent	Company	Registered office	Auditor	Activity	% direct or indirect ownership
		S.C. Deimos Space, S.R.L.	*ROMANIA*	-	Analysis, engineering and development of space missions and software	100.00%
	ELECNOR AUSTRALIA					
		Green Light Contractors PTY, LTD	*AUSTRALIA*	ESV	Construction of a PV farm	100.00%
	ELECNOR INC					
		Belco Elecnor Electric, INC	*USA*	RP&B	Electrical installations	100.00%
		Elecnor Hawkeye, LLC	*USA*	RP&B	Electrical installations	100.00%
	ELECTRIFICACIONES DEL NORTE, ELECNOR, S.A.					
		WAYRA ENERGY, S.A.	*ECUADOR*		Oil and natural gas extraction	50.00%
		Zogu, S.A.	*ECUADOR*	Seel & Company, S.A.	Construction and assembly	100.00%
		ENERFÍN ENERGY CO OF CANADA				
		Lambton Enerwind General Partner Inc (Gp)	*CANADA*	-	Administration and advisory services	100.00%
		Lambton Enerwind Limited Partnership (Sec)	*CANADA*	-	Wind farm development	100.00%
		ENERFÍN ENERGY COMPANY OF CANADA, INC				
		Investissements Eoliennes de L´Érable, INC.	*CANADA*	-	Administration and advisory services	100.00%
		Investissements Eoliennes de L´Érable, SEC.	*CANADA*	-	Administration and advisory services	100.00%
		ENERFÍN ENERVENTO EXTERIOR, S.L.				
		Gran Sul Geraçao de Energía	*BRAZIL*	-	Wind farm development	100.00%
		Guajira Eolica II, S.A.S.	*COLOMBIA*	-	Wind farm development	100.00%
		Prairie Winds General Partner	*CANADA*	-	Management and administration of companies	70.00%
		Prairie Winds Limited Partner	*CANADA*	-	Wind farm development	25.00%
		Rio Norte I Energía,	*BRAZIL*	-	Management and administration of companies	100.00%
		Rio Sul 1 Energía, Ltda	*BRAZIL*	Deloitte	Management and administration of companies	100.00%
		Rio Sul 2 Energía, Ltda	*BRAZIL*	-	Management and administration of companies	100.00%
		Vientos De Panaba, S.A. de CV	*MEXICO*	-	Wind farm development	100.00%
	ENERFÍN ENERVENTO, S.L.U.					
		Aerogeneradores del Sur, S.A.	*SPAIN*	Deloitte	Construction, operation and use of wind farm resources	100.00%
		Eólica Montes de Cierzo, S.L.	*SPAIN*	Deloitte	Operation of power plants	100.00%

Appendix I: Company information

(Thousands of Euros)

2019	Parent	Company	Registered office	Auditor	Activity	% direct or indirect ownership
		Eólica Páramo de Poza, S.A.	*SPAIN*	Deloitte	Operation of power plants	70.00%
		Galicia Vento, S.L.	*SPAIN*	Deloitte	Operation of power plants	90.60%
		Parque Eólico Malpica, S.A.	*SPAIN*	Deloitte	Operation of power plants	95.55%
	ENERFÍN SOCIEDAD DE ENERGÍA, S.L.					
		Enerfera, S.R.L.	*ITALY*	-	Construction, operation and use of wind farm resources	100.00%
		Enerfín Developments British Columbia, Inc	*CANADA*	-	Development and management of wind farm activities	100.00%
		Enerfín do Brasil Sociedad de Energía, LTDA	*BRAZIL*	-	Development and management of wind farm activities	100.00%
		Enerfín Energy Company, INC	*USA*	-	Development and management of wind farm activities	100.00%
		Enerfín Energy Company of Canada, INC	*CANADA*	-	Management and administration of companies	100.00%
		Enerfín Enervento Exterior, S.L.	*SPAIN*	Deloitte	Management and administration of companies	100.00%
		Enerfín Enervento, S.L.U.	*SPAIN*	-	Administration and advisory services	100.00%
		Enerfín Québec Services, INC	*CANADA*	-	Management and administration of companies	100.00%
		Enerfín Sociedad de Energía, S.L.U.	*SPAIN*	Deloitte	Management and administration of companies	100.00%
		Eolica La Vela	*COLOMBIA*	-	Wind farm development	100.00%
		Eolica Los Lagos	*CHILE*	-	Wind farm development	100.00%
		Eolica Musichi	*COLOMBIA*	-	Wind farm development	100.00%
		Guajira Eolica I, S.A.S.	*COLOMBIA*	-	Wind farm development	100.00%
		Parque Eólico Cofrentes, S.L.U.	*SPAIN*	-	Operation of power plants	100.00%
		Vientos de Sucilá, S.A. de CV	*MEXICO*	-	Wind farm development	100.00%
		Vientos De Yucatán, S.A. de CV	*MEXICO*	-	Wind farm development	100.00%
	ÉOLIENNES DE L'ÉRABLE COMMANDITAIRE					
		Éoliennes de L'Érable, SEC.	*CANADA*	Deloitte	Operation of power plants	51.00%
		Éoliennes de L'Érable Commandite Inc	*CANADA*	-	Administration and advisory services	100.00%
	INVESTISSEMENTS ÉOLIENNES DE L'ÉRABLE SEC					
		Éoliennes L'Érable Commanditaire Inc	*CANADA*	-	Operation of power plants	100.00%

Appendix I: Company information

(Thousands of Euros)

2019	Parent	Company	Registered office	Auditor	Activity	% direct or indirect ownership
	RIO NORTE I ENERGÍA, LTDA					
		Ventos do São Fernando I Energia	*BRAZIL*	-	Wind farm development	100.00%
		Ventos de São Fernando II Energia	*BRAZIL*	-	Wind farm development	100.00%
		Ventos de São Fernando III Energia	*BRAZIL*	-	Wind farm development	100.00%
	RIO SUL 1 ENERGIA, Ltda					
		Parques Eólicos Palmares, S.A.	*BRAZIL*	Deloitte	Operation of electricity transmission service concessions	80.00%
		Ventos da Lagoa, S.A.	*BRAZIL*	Deloitte	Operation of power plants	80.00%
		Ventos do Litoral Energia, S.A.	*BRAZIL*	Deloitte	Operation of power plants	80.00%
		Ventos do Sul, S.A.	*BRAZIL*	Deloitte	Operation of power plants	80.00%
		Ventos Dos Indios Energía, S.A.	*BRAZIL*	Deloitte	Operation of power plants	80.00%
Equity method (Note 13)						
	ELECNOR, S.A.					
		Cosemel Ingenieria, Aie	*SPAIN*	-	Development, construction and operation of installations and electrifications of high-speed railway lines	33.33%
		Dunor Energía, Sapi De Cv	*MEXICO*	KPMG	Construction of the Empalme II combined cycle power plant 313	50.00%
		GASODUCTO DE MORELOS, S.A.P.I. (Sdad Anónima Promotora de Inversión) DE C.V.	*MEXICO*	Deloitte	Operation and maintenance of the Morelos gas pipeline	50.00%
		Morelos Epc S.A.P.I. De Cv	*MEXICO*	Deloitte	Construction, engineering and supply of Morelos gas pipeline	50.00%
		Morelos O&M, Sapi, Cv	*MEXICO*	-	Maintenance of the Morelos gas pipeline	50.00%
	CELEO CONCESIONES E INVERSIONES, S.L.U.					
		Celeo Energía, S.L.	*SPAIN*	-	Development, construction and operation of all types of energy and services, utilities, waste treatment, etc.	51.00%
		Celeo Redes, S.L.U.	*SPAIN*	KPMG	Management and administration of companies	51.00%

Appendix I: Company information

(Thousands of Euros)

2019	Parent	Company	Registered office	Auditor	Activity	% direct or indirect ownership
	CELEO ENERGÍA, S.L.U.	Celeo Termosolar, S.L.	*SPAIN*	KPMG	Construction and subsequent operation of thermosolar power plants.	51.00%
		Helios Inversión Y Promoción Solar, S.L.U.	*SPAIN*	-	Development, construction and operation of PV farms	51.00%
		Celeo Energía Brasil, LTDA	*BRAZIL*	-	Development, construction and operation of all types of energy and services, utilities, waste treatment, etc.	51.00%
		Celeo Energía Chile, SPA	*CHILE*	KPMG	Development, construction and operation of all types of energy and services, utilities, waste treatment, etc.	51.00%
		Celeo Luz de Mexicali I, S.A. de C.V.	*MEXICO*	-	Development, energy production	51.00%
		Celeo Luz de Mexicali II, S.A. de C.V.	*MEXICO*	-	Development, energy production	51.00%
	CELEO REDES BRASIL, S.A.	Brilhante II Transmissora De Energia, S.A.	*BRAZIL*	KPMG	Operation of public service concessions for electricity transmission	25.50%
		Brilhante Transmissora De Energia, S.A.	*BRAZIL*	KPMG	Operation of public service concessions for electricity transmission	25.50%
		Cachoeira Paulista Transmissora de Energia, S.A.	*BRAZIL*	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Caiuá Transmissora de Energia, S.A.	*BRAZIL*	KPMG	Operation of public service concessions for electricity transmission	26.01%
		Cantareira Transmissora de Energia, S.A.	*BRAZIL*	KPMG	Operation of public service concessions for electricity transmission	26.01%
		Celeo Redes Expansoes, S.A.	*BRAZIL*	-	Holdings in other national or foreign entities and in consortia	51.00%
		Celeo Redes Transmissão de Energia, S.A.	*BRAZIL*	KPMG	Holdings in other national or foreign entities and in consortia	51.00%
		Celeo Redes Transmissao e Renovaveis, S.A.	*BRAZIL*	KPMG	Marketing of solar-generated electricity and maintenance of transmission grids	51.00%

Appendix I: Company information

(Thousands of Euros)

2019	Parent	Company	Registered office	Auditor	Activity	% direct or indirect ownership

		Coqueiros Transmissora De Energia, S.A.	*BRAZIL*	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Encruzo Novo Transmissora de Energia, S.A.	*BRAZIL*	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Integraçao Maranhense Tranmissora de Energia, S.A.	*BRAZIL*	KPMG	Operation of public service concessions for electricity transmission	26.01%
		Linha De Transmissão Corumbá, S.A.	*BRAZIL*	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Parintins Amazonas Transmissora de Energia, S.A.	*BRAZIL*	-	Operation of public service concessions for electricity transmission	51.00%
		Pedras Transmissora de Energia, S.A.	*BRAZIL*	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Serra De Ibiapa Transmissora de Energia, S.A. – SITE	*BRAZIL*	KPMG	Operation of public service concessions for electricity transmission	51.00%
	CELEO REDES CHILE, LTDA.					
		Celeo Redes Operación Chile, S.A.	*CHILE*	KPMG	Operation of power plants	51.00%
		CRC Transmisión, SPA	*CHILE*	KPMG	Operation of power plants	51.00%
	CELEO REDES EXPANSOES, S.A.					
		Jaurú Transmissora De Energia, S.A.	*BRAZIL*	KPMG	Operation of public service concessions for electricity transmission	51.00%
	CELEO REDES OPERACIÓN CHILE, S.A.					
		Alto Jahuel Transmisora de Energía, S.A.	*CHILE*	KPMG	Development, construction and operation of electrical facilities	51.01%
		Charrúa Transmisora de Energía, S.A.	*CHILE*	KPMG	Assembly, installation, operation of the new 2 x 500 Charrúa – Ancoa line	51.01%
	CELEO REDES T. DE ENERGÍA, S.A.					
		Lt Triangulo, S.A.	*BRAZIL*	KPMG	Operation of public service concessions for electricity transmission	51.00%

Appendix I: Company information

(Thousands of Euros)

2019	Parent	Company	Registered office	Auditor	Activity	% direct or indirect ownership
		Vila Do Conde Transmissora De Energia, S.A.	*BRAZIL*	KPMG	Operation of public service concessions for electricity transmission	51.00%
	CELEO REDES T. E RENOVAVEIS, S.A.					
		Celeo São João Do Piauí FV I, S.A.	*BRAZIL*	KPMG	Generation and sale of solar power	51.00%
		Celeo São João Do Piauí FV II, S.A	*BRAZIL*	KPMG	Generation and sale of solar power	51.00%
		Celeo São João Do Piauí FV III, S.A.	*BRAZIL*	KPMG	Generation and sale of solar power	51.00%
		Celeo São João Do Piauí FV IV, S.A.	*BRAZIL*	KPMG	Generation and sale of solar power	51.00%
		Celeo São João Do Piauí FV V, S.A.	*BRAZIL*	KPMG	Generation and sale of solar power	51.00%
		Celeo São João Do Piauí FV VI, S.A.	*BRAZIL*	KPMG	Generation and sale of solar power	51.00%
	CELEO REDES, S.L.					
		Celeo Redes Brasil, S.A.	*BRAZIL*	KPMG	Development, construction and operation of electrical facilities	51.00%
		Celeo Redes Chile, Ltda	*CHILE*	KPMG	Operation of power plants	51.00%
	CELEO TERMOSOLAR					
		Aries Solar Termoeléctrica, S.L.	*SPAIN*	KPMG	Development, construction and operation of thermosolar plants	51.00%
		Dioxipe Solar, S.L.	*SPAIN*	KPMG	Development, construction and operation of thermosolar plants	49.76%
		Solar Renewables Spain, S.A.R.L.	*LUXEMBOURG*	-	Development, construction and operation of thermosolar plants	51.00%
	CRC TRANSMISION, SPA					
		Casablanca Transmisora de Energía, S.A.	*CHILE*	KPMG	Development, construction and operation of electrical facilities	51.00%
		Diego de Almagro Transmisora de Energía, S.A.	*CHILE*	KPMG	Development, construction and operation of electrical facilities	51.00%
		Mataquito Transmisora de Energía, S.A.	*CHILE*	KPMG	Development, construction and operation of electrical facilities	51.00%
	ENERFÍN ENERVENTO EXTERIOR, S.L.					
		Woolsthorpe Holding Pty Ltd	*AUSTRALIA*	-	Management and administration of companies	50.00%
		Woolsthorpe Holding Trust	*AUSTRALIA*	-	Management and administration of companies	50.00%

Appendix I: Company information

(Thousands of Euros)

2019	Parent	Company	Registered office	Auditor	Activity	% direct or indirect ownership
	ENERFÍN ENERVENTO, S.L.U.	Parque Eólico La Gaviota, S.A.	*SPAIN*	Ernst & Young	Operation of power plants	37.33%
	ENERFÍN SOCIEDAD DE ENERGÍA, S.L.	Gestión de Evacuación La Serna, S.L. (Gelaserna)	*SPAIN*	-	Wind farm development	15.00%
	HELIOS INVERSION	Celeo Fotovoltaico, S.L.U.	*SPAIN*	KPMG	Development, construction and operation of PV farms	51.00%

Appendix II: List of consolidated temporary business associations (UTEs)

		Thousands of Euros (*)			
		2020		2019	
	Percentage ownership	Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
UTE PUENTE MAYORGA	50.00%	--	--	--	--
UTE ELNR-CONSTUCSA E. HIDROGENO	50.00%	--	--	--	--
UTE PARQUESUR OCIO	90.00%	--	--	--	--
UTE INSTALACIONES ELÉCTRICAS SINCROTRÓN ALBA	50.00%	--	--	--	--
UTE ROTA HIGH SCHOOL	50.00%	--	--	--	--
UTE EXPLOTACIÓN ZONA 07-A	60.00%	569	--	961	--
CONSORCIO ELECNOR DYNATEC	100.00%	2,200	2,514	7,498	5,068
UTE ZONA P-2	50.00%	--	--	--	--
UTE SUBESTACIÓN JUNCARIL	50.00%	--	--	--	--
UTE CASA DE LAS ARTES	50.00%	--	--	--	--
UTE CENTRO DE PROSPECTIVA RURAL	100.00%	--	--	--	--
UTE CENTRO MAYORES BAENA	100.00%	--	--	--	--
UTE TERMINAL DE CARGA	50.00%	--	--	--	--
UTE LED MOLLET	70.00%	--	--	--	--
UTE GALINDO	100.00%	--	--	--	--
UTE EXPLOTACIÓN ZONA P2	50.00%	395	--	616	34
UTE AS SOMOZAS	50.00%	--	--	--	--
UTE JARDINES MOGAN	100.00%	--	--	(2)	--
UTE URBANIZACIÓN PEDRO III	100.00%	--	--	--	--
UTE ELECNOR-ONDOAN SERVICIOS	50.00%	712	700	758	142
UTE ELECNOR - DEIMOS SIPA	100.00%	--	--	--	--
UTE PATRIMONIO SEGURIDAD	66.66%	--	5	--	500
UTE PLAZAS COMERCIALES T4	100.00%	--	--	--	--
UTE TRANVIA OUARGLA	49.50%	--	--	2,595	--
UTE ENERGÍA GALICIA	20.00%	885	19,725	7,841	20,610
UTE AEROPUERTO DE PALMA	100.00%	(1)	--	1	--
GROUPEMENT INTERNATIONAL SANTÉ POUR HAITI	100.00%	785	--	4,824	--
UTE ENERGÍA GRANADA	33.34%	--	--	126	230
UTE MOBILIARIO HUCA	100.00%	--	--	--	--
UTE ANILLO GALINDO	25.00%	--	--	--	--
Consorcio Nueva Policlínica de Chitre	100.00%	51	13	771	64
Consorcio Nueva Policlínica de Chepo	100.00%	358	--	500	--
UTE ADEC LOCALES CERCANÍAS	100.00%	--	--	--	--
UTE CAMPO DE VUELO TF NORTE	100.00%	--	--	--	--
UTE VOPI4-ELNR CA L'ALIER	50.00%	39	359	42	398
UTE MANTENIMIENTO AVE ENERGÍA	12.37%	16,321	70,511	16,169	86,833

Appendix II: List of consolidated temporary business associations (UTEs)

		Thousands of Euros (*)			
		2020		2019	
	Percentage ownership	Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
UTE ASEGOP IBIZA	65.00%	6	17	15	23
UTE ELECNOR BUTEC BELLARA	60.00%	5,799	--	27,227	188
UTE EDARES SEGOVIA	70.00%	--	--	54	--
UTE SICA	100.00%	9	227	189	236
UTE MANTENIMIENTO AEROPUERTO DE PALMA	50.00%	18	--	326	11
UTE CUETO DEL MORO	25.00%	8	3	--	--
UTE Elecnor Alghanim	60.00%	739	1,860	468	--
UTE MANTENIMIENTO VALEBU	50.00%	72	1,627	388	1,699
UTE EMBARQUE DESEMBARQUE T4	100.00%	--	--	--	--
UTE CONTAR	100.00%	118	--	118	--
UTE INST. RECERCA SANT PAU	50.00%	10	50	28	254
UTE INST. MERCAT DE SANT ANTONI	60.00%	--	56	343	56
UTE TUNELES ABDALAJIS	100.00%	468	55	476	35
UTE TORRENTE - XATIVA	50.00%	--	--	--	--
UTE EMPALME II	50.00%	76	--	(4,264)	--
UTE CENTRO LOG. IBEREBRO	41.90%	--	--	--	--
UTE AEROPUERTO TERUEL	50.00%	--	--	--	--
UTE NAVE SESTAO	50.00%	--	--	--	--
UTE ENERGÍA GALICIA MANTENIMIENTO	20.00%	2,128	27,875	1,622	30,004
UTE TERMINAL DE CARGA TF NORTE	50.00%	--	--	--	--
UTE URBANIZADORA RIODEL	50.00%	--	--	--	--
UTE FIRA PAVELLO 2	70.00%	--	--	--	--
ELECNOR TARGET LLC, JV	60.00%	62,780	115,910	1,887	191,882
UTE LINEA 1	20.00%	--	--	--	--
UTE TERMINAL E	50.00%	(75)	96	144	--
UTE HERNANI-IRUN	50.00%	779	--	1,998	--
UTE ACTUAC ETAPS CYII LOTE2	50.00%	--	--	80	80
UTE CARPIO Y POLLOS	50.00%	126	--	138	--
UTE CAMPO DE VUELOS ASTURIAS	100.00%	12	320	536	332
UTE BIOMASA HUERTA DEL REY	50.00%	--	85	30	85
UTE MOPAEL	80.00%	5,355	--	3,864	--
UTE OFICINAS GENCAT	60.00%	62	--	1,025	--
UTE UYUNI-YUNCHARA	49.00%	--	--	--	--
UTE MEGAFONÍA AENA	70.00%	--	--	--	--
UTE MANTENIMIENTO SIGMA AENA	100.00%	197	15	198	51
UTE RENFE AGENTE ÚNICO	100.00%	318	963	217	1,281

Appendix II: List of consolidated temporary business associations (UTEs)

		Thousands of Euros (*)			
		2020		2019	
	Percentage ownership	Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
UTE RENFE CCTV	100.00%	2,242	195	1,879	2,437
UTE UCA	100.00%	261	94	419	94
UTE SIPA AENA	100.00%	1,252	--	558	81
JV ELECNOR AL OWN	70.00%	491	--	1,046	313
UTE BILBOPORTUA	50.00%	408	--	522	--
UTE BIZKAIKO ARGIAK	23.00%	--	--	--	--
ELECNOR AND RAY, J.V. JV	60.00%	--	--	(664)	--
UTE MANTENIMIENTO LOTE 1	50.00%	1,344	--	1,530	--
UTE ELECNOR - EIFFAGE	50.00%	8,507	170	10,859	4,597
UTE TIL TIL	100.00%	--	--	--	--
UTE EDAR LAGUNA DE NEGRILLOS	80.00%	--	--	171	--
UTE PORTUKO ARGIAK	23.00%	35	298	167	333
UTE E&C M.I. BUSTURIA AUXILIAR	51.00%	--	--	120	601
UTE URBANITZACIÓ MERCAT DE SANT ANTONI	60.00%	5	93	(1)	98
UTE ING PUY DU FOU	50.00%	--	224	50	224
UTE SICA 2018-2021	100.00%	397	--	16	--
UTE ELECTRIFICACIÓN VILLAFRANCA	90.00%	1,038	1,605	351	2,642
UTE TREBALLS PREVIS 1 CAMP NOU	45.00%	98	196	5,273	--
UTE CLINICA EUGIN BALMES	50.00%	387	58	4,826	--
UTE SALAS VIP AEROP BCN	100.00%	--	--	7,876	--
JV TAFILAH	70.00%	222	4,153	13,956	4,859
UTE ACCESOS BANCO DE ESPAÑA	100.00%	--	3	616	3
VARIANTE PAJARES UTE	20.00%	4,577	--	2,080	--
CONSORCIO CHIELEC DOMINICANA	100.00%	1,458	232	9,177	--
UTE CASETAS AEROPUERTO DE MÁLAGA	100.00%	--	--	492	224
UTE AMPLIACIÓN TRANVÍA VITORIA	50.00%	189	20	326	209
ELECNOR - EIFFAGE JV	50.00%	1,906	1,374	1,514	427
UTE MANTENIMIENTO AEROPUERTO DE PALMA II	50.00%	1,718	811	1,756	2,529
UTE MONTETORRERO	100.00%	23,271	--	2,259	22,693
UTE MONLORA	100.00%	6,439	--	40,496	5,692
UTE MONCAYO	50.00%	16,748	--	3,208	16,250
SEP ELECNOR-EIFFAGE GUINEA CONAKRY	50.00%	3,519	11,343	4,708	2,965
UTE ALSTOM RENOVABLES-ELECNOR II	25.64%	--	--	--	--
SEP ELECNOR-EIFFAGE GUINEA BISSAU	50.00%	3,677	5,172	4,440	2,406
UTE PEDRALBA-OURENSE	50.00%	14,183	6,911	5,800	21,093
UTE EDIFICI LA PEDROSA	50.00%	6,481	1,340	3,168	7,669

Appendix II: List of consolidated temporary business associations (UTEs)

		Thousands of Euros (*)			
		2020		2019	
	Percentage ownership	Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
UTE BOMBEOS BAKIO-GANDIAS	50.00%	67	72	157	139
UTE ELECTRIFICACIÓN RECOLETOS	50.00%	--	370	4,017	370
UTE PRESA DE L´ALBAGÉS	50.00%	2,674	--	552	--
UTE LIMPIEZA AEROPUERTO DE PALMA	50.00%	254	331	186	585
UTE SICA 2020-2022	100.00%	--	--	--	--
UTE SEG ESTACIONES MADRID	100.00%	--	--	--	--
UTE NOVA ESCOLA BRESSOL	100.00%	1,215	598	--	1,813
UTE MANT MERCAT DE SANT ANTONI	60.00%	206	237	17	443
UTE LINEA 4	20.00%	6,524	37	--	6,561
UTE INSTAL. TUNEL GLORIES	40.00%	3,711	16,971	--	--
UTE EDAR ARRIANDI	50.00%	121	1,439	--	1,560
UTE SIPA 2020-2022	100.00%	--	12,700	--	--
UTE UCA 2020-2022	100.00%	--	12,200	--	--
UTE REGADIO VALORIA FASE I	50.00%	1,140	883	--	--
UTE PALMEROLA	56.68%	501	24,212	--	--
UTE GALILEO	100.00%	260	1,087	--	--
UTE COMEDOR BANCO DE ESPAÑA	100.00%	--	80	--	--
UTE M.I. MUNDAKA GERNIKA	51.00%	613	186	--	--
UTE LA ESCOCESA	50.00%	4,566	5,403	--	--
UTE SEGURETAT L´AMPOLLA	100.00%	--	528	--	--
UTE MANTENIMIENTO NORESTE	50.00%	382	44,947	--	--
UTE MANTENIMIENTO CENTRO	50.00%	216	27,568	--	--
UTE ENERGÍA LÍNEA 9	20.00%	1,659	--	2,606	--
S.E.I. UTE (ELECNOR, S.A.-TERRES)	50.00%	--	--	--	--
UTE REMOLAR	23.51%	--	--	--	--
UTE SERRANO - ELECNOR CANSALADES	40.00%	--	--	112	1
UTE ELECNOR GONZALEZ SOTO	50.00%	9	43	37	--
TERMINAL ALICANTE, UTE	20.00%	--	--	--	--
UTE VILLAGONZALO, Z - 3	35.00%	--	--	--	--
UTE TARAGUILLA	25.00%	--	--	--	--
Wayra	50.00%	16,456	14,244	12,236	15,165
UTE AERONAVE TIERRA	20.00%	--	--	2	--
UTE MELIALABS	55.00%	7	--	16	--
UTE DEIMOS -IECISA	50.00%	2,141	--	2,745	--
UTE NAVENTO DEIMOS, File 2017-02371	27.46%	188	--	232	--
AUCOSTA CONSERVACION UTE	50.00%	--	--	907	--

Appendix II: List of consolidated temporary business associations (UTEs)

		Thousands of Euros (*)			
		2020		2019	
	Percentage ownership	Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
CONSERVACIÓN MAQUEDA UTE	50.00%	(15)	--	1,609	--
CÓRDOBA NORTE II UTE	50.00%	427	--	945	327
PARQUE PATERNA UTE	50.00%	--	--	1,122	--
HUELVA SURESTE II UTE	50.00%	--	--	924	--
MANZANARES UTE	60.00%	--	--	--	--
MANZANARES II UTE	50.00%	2,447	1,973	2,272	4,420
PONTESUR UTE	50.00%	1,553	623	1,784	2,176
PONTENORTE UTE	50.00%	940	1,419	959	2,359
TALAVERA UTE	50.00%	2,198	3,364	2,249	5,562
LEÓN-3 UTE	80.00%	310	--	4,803	310
UTE MURCIA-SAN JAVIER	50.00%	--	--	--	--
SMA OLVEGA UTE	60.00%	762	3,500	713	3,428
GUADIX-BAZA UTE	51.00%	559	966	533	472
UTE SIERRA ESPUÑA	65.00%	--	--	(3)	--
UTE SIERRA BURETE	65.00%	--	--	--	--
UTE HOSPITAL REINA SOFÍA	20.00%	508	921	475	1,429
C.S. ANTONIO GARCÍA	20.00%	--	--	56	--
SEVILLA A66 UTE	50.00%	1,795	3,736	1,942	5,531
BURGUILLO UTE	50.00%	--	--	--	--
SAN CIPRIANO UTE	70.00%	3,723	5,881	757	9,019
MAQUEDA II UTE	50.00%	2,713	1,909	634	2,026
UTE CIRCUNVALACIÓN LUCENTUM	50.00%	1,621	2,604	549	4,225
UTE AUDECA CIVISGLOBAL SECTOR O-03	70.00%	2,767	10,026	45	12,793
UTE MADRID SURESTE	67.00%	2,954	4,725		
UTE SANTA ELENA	60.00%	1,173	6,400		
UTE PONTENORTE II	50.00%	21	1,177		
UTE LA CAMPANETA	50.00%	116	503		
ACCIONA INFRAESTRUCTURAS-ELECNOR HOSPITAL DAVID, S.A.	25.00%	1,636	--	952	--
PROYECTOS ELECTRICOS AQUAPRIETA, SAPI DE CV	50.00%	--	--	14,898	--
DUNOR ENERGÍA	50.00%	(10,657)	--	19,142	--
ELECNOR – EIFFAGE JV	50.00%	1,906	1,374	1,514	427
UTE MONTERORRERO	25.00%	23,271	--	2,259	22,693
UTE ELECNOR-EIFFAGE GUINEA BISSAU	50.00%	3,677	5,172	4,440	2,406
UTE ELECTRIFICACIÓN RECOLETOS	50.00%	--	370	4,017	370
UTE MANTENIMIENTO NOROESTE	50.00%	382	44,947	--	--

		Thousands of Euros (*)			
		2020		2019	
	Percentage ownership	Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
UTE ENERGÍA LÍNEA 9	20.00%	1,659	--	2,606	--
S.E.I. UTE (ELECNOR, S.A. – TERRES)	50.00%	--	--	--	--
UTE SERRANO – ELECNOR CANSALADES	40.00%	--	--	112	1
UTE VILLAGONZALLO, Z – 3	35.00%	--	--	--	--

(*) 100% information provided, not taking into account removals

ELECNOR, S.A. AND SUBSIDIARIES

Condensed financial information of equity-accounted companies

31 December 2020

(Expressed in thousands of Euros)

	Gasoducto de Morelos, S.A. Promotora de Inversión de C.V.	**Subgroup Celeo Concesiones**
Information from the statement of financial position		
Non-current assets	229,902	2,638,081
Non-current liabilities	185,287	1,712,579
Non-current financial liabilities	113,496	1,459,155
Total non-current net assets	**44,615**	**925,502**
Current assets	18,966	227,625
Cash and cash equivalents	10,947	120,307
Current liabilities	24,852	168,599
Current financial liabilities	12,184	69,868
Total current net assets	**(5,886)**	**59,026**
Net assets	**38,729**	**902,374**
Percentage ownership	0.50	0.51
Share of net assets	19,365	460,211
Carrying amount of the investment	19,364	460,260
Information from the income statement		
Revenue	37,654	258,456
Depreciation and amortisation	(12,929)	(66,763)
Interest income	-	85,156
Interest expense	(9,442)	(72,885)
Income tax expense/(income)	(3,759)	(25,114)
Profit/loss from continued operations	6,497	28,003
Profit/loss for the year	6,456	28,003
Other comprehensive income	(7,059)	(246,730)
Total comprehensive income	**(603)**	**(218,727)**
Dividends received	-	-

ELECNOR, S.A. AND SUBSIDIARIES

Condensed financial information of equity-accounted companies

31 December 2019

(Expressed in thousands of Euros)

	Gasoducto de Morelos, S.A. Promotora de Inversión de C.V.	**Subgroup Celeo Concesiones**
Information from the statement of financial position		
Non-current assets	259,738	2,800,000
Non-current liabilities	156,037	1,696,015
Non-current financial liabilities	127,690	1,605,950
Total non-current net assets	**103,701**	**1,103,985**
Current assets	23,825	272,413
Cash and cash equivalents	10,782	158,718
Current liabilities	88,194	148,439
Current financial liabilities	7,557	73,634
Total current net assets	**(64,369)**	**123,974**
Net assets	**39,332**	**1,227,959**
Percentage ownership	0.50	0.51
Share of net assets	19,666	626,259
Carrying amount of the investment	19,666	560,624
Information from the income statement		
Revenue	37,164	44,254
Depreciation and amortisation	(13,147)	(16,187)
Interest expense	(11,606)	(9,962)
Income tax expense/(income)	(4,023)	(2,657)
Profit/loss from continued operations	6,497	227,197
Profit/loss for the year	6,497	227,197
Other comprehensive income	(2,982)	-
Total comprehensive income	**3,515**	**227,197**
Dividends received	-	8,587

2020 Directors' Report - Elecnor Group

for the year ended 31 December 2020

Contents

1. Purpose, vision and business model

Elecnor is a Spanish company operating in more than 50 countries. The company's purpose is to generate change and bring about progress by deploying infrastructure, energy and services to territories all over the world in order to develop their potential. The Elecnor Group places engineering and technology at the service of people's well-being.

It is a global enterprise whose purpose is driven by a people-centric business model and that believes in generating shared value and sustainability.

It is a model implemented by means of two key businesses that are complementary and mutually strengthening:

- **Infrastructure:** execution of engineering, construction and services projects, most notably in the electricity, power generation, gas, telecommunications and systems, railways, maintenance, facilities, construction, water, environment and space sectors.
- **Concessions**: development, external financing, construction, investment and management of energy assets.

Efficiency, diversification and robustness are the Elecnor Group's growth and expansion levers.

2. Economic context[1]

2020 has been decisively shaped by the economic situation unleashed by the COVID-19 pandemic. Although a high degree of uncertainty persists due to the possibility of new virus variants, the global economy is expected to grow by 5.5% in 2021 and 4.2% in 2022. These estimated growth rates are based on a recovery of activity in the final part of the year thanks to vaccines and additional policy support in some major economies.

However, according to experts, the global economic recovery will be lengthy, uneven and uncertain. In fact, compared with the forecast in June 2020, the outlook has worsened significantly in some emerging and developing economies where infection rates continue to spiral. These uneven recovery rates from one region to the next significantly worsen the prospects for global convergence of income levels.

With respect to its 2020 year-end forecasts, the IMF expects the most advanced economies (United States, the four leading Eurozone countries, Japan, United Kingdom, Canada and others) to see their GDP decrease by 4.9%, while emerging and developing economies' GDP is projected to shrink by 2.4%, with evident differences from one country to the next (for example, China is expected to post 2.3% growth, while Brazil and Mexico are projected to contract by 4.5% and 8.5%, respectively).

In general terms, according to the IMF's forecasts, the robustness of the recovery will vary considerably between countries, depending on the access to healthcare, the efficiency of policy support measures, exposure to cross-border economic repercussions and the structural characteristics of each economy at the

[1] Sources:
- International Monetary Fund (IMF). World Economic Outlook. January 2021
- World Economic Outlook (WEO). January 2021 Report

start of the crisis. In 2021, the pace of growth in advanced economies will improve to 4.3% and in 2022 to 3.1%; while the Fund projects that emerging and developing economies will log 6.3% growth in 2021 (spearheaded by India, with 11.5% estimated growth) and 5% growth in 2022 (also led by India, this time +6.8%).

Economic policies must focus on stimulating GDP, to guarantee participatory growth that benefits everyone and to accelerate the transition towards a decarbonised economy. The IMF's October 2020 World Economic Outlook (WEO) report considers that a green investment push combined with an initially moderate but steady rise in carbon prices would put the global economy on a stronger footing in the wake of the recession caused by the pandemic.

Countries will see an increase in borrowing costs and sovereign debt levels will rise significantly at a time when the contraction in GDP implies a reduction in tax revenues that will hamper payment of interest on borrowing. Interest rates remain very low, facilitating the refinancing of public and private deficits. The IMF considers that fiscal policies are likely to tighten, increasing the progressiveness of taxation and establishing minimum tax rates for companies.

In Spain, the recovery is expected to be relatively intense in the next three years. According to Bank of Spain estimates (compiled in December 2020), 2020 GDP will decline by 10.7%, 11.1% and 11.6% in the moderate, core and adverse crisis scenarios, respectively. The scale of the rebound in 2021 will differ notably depending on the epidemiological scenario considered (6.8% in the core scenario, 8.6% in the moderate scenario and 4.2% in the adverse scenario). The recovery in GDP to pre-COVID levels would be delayed until mid-2023 in the core scenario (including Spain's recourse to European funds under the Next Generation EU programme – NGEU). Meanwhile, unemployment is expected to soar in 2020, and, despite starting to fall from the second half of 2021, at the end of 2023 it would be slightly above 14% in the core scenario, slightly above pre-pandemic levels.

According to Funcas, consumer spending will bounce back strongly, consistent with the greater willingness to spend as the uncertainties regarding the pandemic are dissipated. Investment will also gain ground, especially public investment, which is projected to grow by around 40% (albeit starting from very low levels). With regard to specific sectors, according to Spain's Instituto de Estudios Económicos (IEE), construction may make a "considerable" contribution and be one of the catalysts of the Spanish economy in 2021, provided the pandemic does not lead to new restrictions. This activity, along with exports, will post the highest growth in the coming year. As for the energy business, the sector will resist the impact of the pandemic better than other industries, thanks to renewables and the deployment of distribution networks. The outlook in 2021 for companies in the sector is stable, according to a report published by Moody's.

According to IMF forecasts for 2021, advanced economies are expected to grow by 4.3%, and GDP for these countries will come in around 2% below the 2019 figure. The US economy is estimated to shrink by 3.4% in 2020, and to grow by 5.1% in 2021. For the Eurozone, the contraction is expected to be sharper (-7.2% in 2020), since the bloc slowed down by more than the US in the first half of 2020. Consequently, estimated growth of 4.2% in 2021 and 3.6% in 2022 is somewhat stronger, since the starting point is lower.

According to the IMF, in Latin America, where most countries are still struggling to contain the spread of COVID, the two largest economies, Brazil and Mexico, are set to post contractions of -4.5% and -8.5%, respectively, in 2020. In Brazil's case, the OECD considers that the strong response in terms of fiscal and monetary policy has prevented a more severe contraction in the economy.

With regard to 2021, according to the World Bank, Brazil is expected to see an improvement in consumer confidence and the favourable lending conditions will shore up an increase in consumer spending and private investment, which will boost GDP by 3%.

Meanwhile, in the wake of the decline in 2020, the projected recovery in Mexico is based primarily on an improvement in exports as the US economy bounces back and the trade uncertainty dissipates as a result of the trade agreement between the US, Mexico and Canada (USMCA) coming into force in mid-2020. Growth is expected to recover, reaching 3.7% in the current year.

In Sub-Saharan Africa, countries have acted swiftly to safeguard their societies from the impact of unprecedented economic and health crises. Nevertheless, these economies are forecast to shrink by 3%. In 2021, growth is expected to recover to around 3.1%, albeit with risks relating to the COVID-19 pandemic, the resilience of health systems in the region and the availability of external financing.

With regard to Australia, the OECD (in its December report) estimated a 3.8% decline in GDP, with a subsequent recovery in economic activity at a rate of 3.2% in 2021 and 3.1% in 2022. GDP in Australia had been growing for almost 30 consecutive years, including during the international financial crisis. The Australian Bureau of Statistics has said that the country's response to the coronavirus crisis aimed at helping households and businesses led to unprecedented payments from the public sector to the private sector (including wage schemes, unemployment support and financial stimulus totalling an equivalent of 13.3% of its GDP). In 2021, Australia has improved the outlook in its budget forecasts, since the country's economy is recovering faster than expected, helped by an unforeseen rise in iron ore prices.

Elecnor Group

Since the outbreak of the pandemic, the Elecnor Group has monitored and designed action protocols following the recommendations issued by the Spanish Ministry of Health and the competent authorities in Spain and each market where it operates, always protecting the safety and health of its workers, customers, suppliers and other stakeholders.

The Elecnor Group has been facing this exceptional situation by reorganising its productive activity to ensure critical infrastructures in the energy, telecommunications, water, gas and transport sectors remain operational, providing an essential service for all utilities.

In this complex environment, the Group has implemented a series of cost containment and employment flexibility measures that are making it possible to mitigate the risks that we face. This plan has enabled to gradually recover the full operation of the workforce.

The Group's priority during the year has been to ensure the safety of its employees, customers and suppliers. With these objectives in view, Elecnor has carried out some initiatives in line with the recommendations of the authorities, namely: the creation of a COVID-19 Monitoring Committee that has developed an Action Plan to protect health; the creation of a Special Contingency Plan that also defines the scope of action by Elecnor and its workers as an essential supplier of critical operators in the system; and, for a number of vulnerable groups and particularly at-risk workers, the "Occupational Health and Safety Service Action Procedure for exposure to SARS-CoV-2" has been activated.

3. Economic and financial performance in the period

3.1. Business performance

The performance of the Group's businesses during the crisis is demonstrating the essential nature of its operations. Operating profit reflects the impact that the COVID-19 crisis has had on operations since mid-March, mitigated by the geographical and business diversification of the Group. The performance of the Group's businesses improved in the second half of the year, enabling consolidated net profit at the Infrastructure and Concessions businesses to reach levels attained in the previous year.

Consolidated net profit from the businesses

(thousands of Euros)	2020	2019	Change (%)
Infrastructure business	71,517	66,519	*7.5%*
Concessions business	30,970	36,726	*-15.7%*
Consolidated net profit from the businesses	**102,487**	**103,245**	***-0.7%***

Infrastructure Business

The **Infrastructure Business** develops a wide range of services that were affected during the first half of the year, but due to their essential nature, their operations normalised in the second half. In addition, it implements turnkey projects in various sectors and countries, especially in the field of energy, where investments have continued due to their strategic nature.

(thousands of Euros)	2020	2019	Change (%)
Turnover	2,352,471	2,279,501	*3.2%*
EBITDA	161,708	176,717	*-8.5%*
Profit before tax	112,311	104,998	*7.0%*
Attributable net profit	71,517	66,519	*7.5%*

The **Infrastructure Business** logged sales of Euros 2,352.5 million, up 3.2% on the previous year.

Profit after tax at the **Infrastructure Business** amounted to Euros 71.5 million, a 7.5% increase compared to the previous year.

In the **national market**, positive growth rates have been achieved thanks to the commitment shown by the main service customers who have maintained or even advanced their investment plans anticipating the opportunities derived from the Integrated National Energy and Climate Plan (INECP) 2021-2030. Moreover, during this period, construction works of wind farms have been carried out in Galicia and Zaragoza, and of solar PV farms in Ciudad Real and Cáceres.

Elecnor thus remains a leader in the national market for services to large operators, mainly electric utilities and telecommunications companies.

Construction projects in the Spanish renewables sector, both solar PV and wind, as well as refurbishment and equipment of industrial buildings, commercial complexes, hotels, etc., contributed to the growth in the company's profit.

In the **international market**, it is worth highlighting the positive evolution of the construction of electricity transmission lines in Brazil and Chile, and also those of US subsidiaries (Hawkeye and Belco).

In the **international market**, where states of emergency were declared in a staggered manner in the various countries where the Group operates, note the contribution from construction projects such as solar PV farms and electricity transmission lines in Brazil, the construction of electricity transmission lines, substations and street lighting in Chile, and solar PV plants in the Dominican Republic.

Note also the positive performance in the US by the subsidiaries Hawkeye (engineering, construction and maintenance in the electricity and gas sector) and Belco (traffic), in Italy by electric power distribution and telecommunications activities conducted by the branch of Elecnor, S.A., and in the United Kingdom by the electricity business managed by the subsidiary IQA. In Norway, growth was driven by railway tunnel projects.

We highlight the design, construction and launch of the substations and transmission lines in Angola and the refurbishment of hydroelectric plants and construction of the water supply system in that country. Other growth drivers are: the design, supply and installation of substations and the construction of solar PV farms in Ghana, and construction work on hydroelectric plants in Cameroon.

This year the Group commenced work on the Vilnius-Klaipeda railway electrification in Lithuania, a project it was awarded at the end of 2019. The project's engineering and construction is expected to last four years.

Furthermore, Elecnor has commenced work to install the substation and transmission line for a hybrid solar-wind farm at Port Augusta, Australia, as well as on the engineering and construction of the New England Solar Farm in the same country. Elecnor has also partnered with Australian group Clough in a 50%-50% joint venture that was awarded the Euros 917 million contract to build the Energy Connect project, which includes 700 kilometres of high-voltage lines and 4 substations, and is being developed by Australian transmission network operator TransGrid.

Concessions business

The impact on the activity of the Group’s **Concessions Business**, managed via its subsidiary Enerfín and its investee Celeo, has been moderate since the bulk of the assets are in operation. These assets have performed strongly, despite the impact on the income statement of the depreciation of the currencies in which the business operates (BRL down 33% and USD down 2% against EUR, approximately). Some assets currently under construction have experienced delays, but they are not expected to significantly affect profitability.

(thousands of Euros)	**2020**	**2019**	**Change (%)**
Turnover	145,232	190,769	*-23.9%*
EBITDA	112,791	144,712	*-22.1%*
Profit before tax	44,265	52,457	*-15.6%*
Attributable net profit	30,970	36,726	*-15.7%*

The **Concessions Business** encompasses the operation of wind farms, solar PV and solar thermal plants, electricity transmission lines and water treatment plants. Sales in this segment have fallen by 23.9%. The decline is the result of the corporate transaction arranged with APG in 2019[2], whereby, pursuant to the joint management of Celeo Concesiones e Inversiones, S.L., the profit of the Celeo subgroup is accounted for using the equity method under the heading "Profit/loss from equity-accounted investees" of the income statement, affecting the comparison of the figures under "Net turnover" and EBITDA.

Moreover, last year, the companies Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L. contributed to turnover as they were controlled by the Elecnor Group in the final five months of the year, as well as the rest of companies belonging to the Celeo Subgroup which were fully consolidated throughout last year. Excluding that effect, sales performance would have improved compared to the previous year. With regard to sales in foreign wind farms (Brazil and Canada), the increase in wind resources this year compared to the previous year offset the effect of currency depreciation.

Profit after tax in the **Concessions Business** amounted to Euros 31 million (Euros 36.7 million in the previous year). Last year profit included the margin obtained on the sale of solar PV developments (see note 2.f to the Annual Accounts of Elecnor, S.A. and Subsidiaries), whereas this year no operations of this scale were performed. Excluding profit obtained last year from the aforementioned operation, net profit attributable to this segment would have been positive year-on-year. Furthermore, profit in this segment factors in the depreciation of the Brazilian real in the year.

The Group operates 5,740 km of electricity transmission lines in Chile and Brazil and is involved in the construction of new electricity transmission lines in these countries, to be operated by the subsidiaries of Celeo Redes Chile and Celeo Redes Brazil, respectively. The Group built six solar PV plants (179.8 MW) in the Brazilian state of Piauí, whose energy sales were adjudicated in 2018 to the Brazilian subsidiaries in which the Elecnor Group has an interest.

In addition, profit from wind projects managed by the wind operation and development subsidiary Enerfín have mitigated the effect of the depreciation of the currencies in which the Group's assets operate, especially in Brazil, due to the greater availability of wind resources in the year, with profit or loss at the rest of wind business companies remaining stable. The Group has an installed capacity of 1,349 MW in wind farms in operation and construction in Spain, Brazil, Canada, Colombia and Australia. Note that this year the Group has launched the Cofrentes wind farm in Valencia, which will generate 155,000 MWh of electric power annually, as well as the San Fernando wind projects (256 MW).

3.2. Key figures in consolidated profit/loss for the year

As a result of the foregoing, the following are key figures in the Consolidated Income Statement, compared with those corresponding to the previous year:

KEY FIGURES (thousands of Euros)	**2020**	**2019**	**Change (%)**
Turnover	2,455,952	2,453,726	*0.1%*
National	1,238,600	1,168,656	*6.0%*
International	1,217,352	1,285,070	*-5.3%*
EBITDA	245,802	265,350 (1)	*-7.4%*
Profit before tax	125,932	190,077	*-33.7%*
Attributable consolidated net profit	78,303	126,377	*-38.0%*

(1) Net EBITDA from corporate transactions

[2] See note 2.f Business combinations in the Notes to the Annual Accounts of Elecnor, S.A. and subsidiaries

Elecnor continues its internationalisation process and is a flagship company in the sectors of the national market in which it operates. The Group's **Turnover** amounted to Euros 2,455.9 million, a slight increase (+0.1%) with respect to the previous year. Although, thanks to the recovery in the second half, the national market logged 6% growth, the international market saw a delay in the launch of projects to be executed in 2021, as well as currency depreciation in some of the countries where the Group operates.

The **production backlog as of 31/12/20, scheduled for execution in the next 12 months,** amounts to Euros 2,273.1 million (Euros 2,222.7 at the end of the previous year). Compared with the previous year-end figure, the backlog has increased by 2.3%. 73% of the backlog corresponds to the international market.

Consolidated Net Profit at the Elecnor Group in 2020 amounted to Euros 78.3 million.
Comparability of last year's Euros 126.4 million profit is affected mainly by the impacts of the corporate transaction agreed with APG at the end of 2019 (outlined in Note 2.f of the Notes to the Annual Accounts of Elecnor, S.A. and Subsidiaries); the acquisition in June 2019 of 42.57% and 44.30% stakes in Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., respectively, by means of Celeo Termosolar (explained in Note 7 of the Notes to the Annual Accounts of Elecnor, S.A. and Subsidiaries, concerning Business Combinations); as well as other non-recurring amounts also set forth in the Notes to the Annual Accounts. Excluding these effects on profit or loss in the previous year, the Group's profit is similar to that of last year, as evidenced by the profit at the various businesses.

Net **EBITDA** from corporate transactions amounted to Euros 245.8 million, i.e. down 7.4% year-on-year[3], due mainly to the impact of the depreciation of currencies in countries where the Group operates.

On the other hand, the Group has implemented a constant policy of cost containment and control which is at present underpinned by the development of various digitalisation projects to enhance the efficiency of its business processes, some of which were launched in the year.

3.3. Financial position

In 2020, the Group's operating activity enabled it to generate a cash flow of Euros 194 million and its net investment amounted to Euros 209.6 million.

Corporation net financial debt (Euros 129.9 million) decreased by 4.2% with respect to the previous year's close (Euros 135.7 thousand). This was mainly due to the positive cash generation performance of the Group's businesses as a result of their operating activities.

The indebtedness ratio at year end, calculated as Corporation Net Financial Debt divided by EBITDA with recourse, was 0.83 (0.92 at the end of the previous year). This ratio is now solidly below 1x, and is therefore amply compliant with the benchmark ratio established in the syndicated financing agreement.

Meanwhile, Total Net Financial Debt (Euros 536.6 million) increased by 8.6% with respect to the previous year's figure (Euros 494.2 million), due to using project finance modalities in the San Fernando projects in Brazil.

[3] *See appendix on Alternative Performance Measures.*

Net Financial Debt (thousands of Euros, at year-end)	**2020**	**2019**
Corporation Net Financial Debt	129,940	135,672
Net EBITDA from corporate transactions	245,802	265,350
With recourse	*144,591*	*122,633*
Without recourse	*101,211*	*142,717*
Ratio of Debt/EBITDA with recourse + projects div.	0.83	0.92

Net Financial Debt	536,649	494,133
With recourse	129,940	135,672
Without recourse	406,709	358,461
Net EBITDA from corporate transactions	245,802	*265,350*
Ratio of Total Net Financial Debt / net EBITDA from corporate transactions	2.18	*1.86*

With regard to the Group's **financial strategy**, we note:

- Elecnor maintains a **Syndicated Financing Agreement**, arranged in 2014 and renewed in 2015, 2016, 2017, 2018 and 2019, extending the maturity, improving the original conditions and including the voluntary prepayment of Euros 100 million in 2018. The financing has a cap of Euros 400 million, distributed between the Loan Tranche of Euros 200 million and a Credit Facility Tranche of Euros 200 million. The Credit Facility Tranche is subdivided into two parts: one denominated in US Dollars, up to a limit of USD 75 million and available for Elecnor and its subsidiary Elecdor, and one denominated in Euros up to a limit of Euros 134 million, available only to Elecnor. This will afford Elecdor sufficient financial capacity to tackle the projects in the oil and gas business being developed by the Group in Ecuador.

- Elecnor's strategy is to diversify its short- and medium-term financing sources, beyond traditional banking sources, by issuing another **Promissory notes programme in the Alternative Fixed Income Market (MARF)** that will enable it to finance itself in Euros and US Dollars over periods of up to 24 months, optimising the costs of funding working capital. The equivalent value of outstanding issues in Euros may not exceed the ceiling of Euros 300 million. In deciding to renew the programme, Elecnor valued the flexibility of the financing periods and the lower cost than that of alternative funding sources over the same maturities.

- In 2020, the company availed itself of sufficient **financing facilities** to maintain a solid liquidity position and be able to fulfil its obligations comfortably, even in scenarios of greater market contraction that might be caused by the COVID-19 situation (see Note 6.4 hereto, Liquidity Risk, and Note 33 to the Annual Accounts of Elecnor, S.A. and Subsidiaries).

- On 2 December 2020, Elecnor, S.A. set up a **Securitisation Fund** called "ELECNOR EFICIENCIA ENERGÉTICA 2020, Fondo de Titulización", to which it has assigned the credit claims derived from the contracts for the management of energy services and maintenance of public street lighting installations which Elecnor executes for 43 municipalities and public entities in Spain. By means of this structure, Elecnor obtains advantageous financing conditions for investment in the assigned contracts in the amount of Euros 50 million as a result of the credit claims assignment. The securitisation fund issued bonds in the aforementioned amount, which are subscribed and fully paid in, and which are trading in Spain's Alternative Fixed Income Market (MARF). These bonds are compliant with the requirements established by the "Green Bond Principles", and therefore qualify as green bonds for G-advisory, the Garrigues Group's consultancy firm. Axesor Rating has assigned the bonds issued by the Securitisation Fund an A+ rating, indicating a high capacity to meet its credit obligations. This is the first securitisation transaction for the sale of future credit claims derived from contracts with Public Entities to be conducted in Spain.

- In 2019, Elecnor, via its wind power development and operation subsidiary Enerfín, successfully completed an **issuance of bonds** to strengthen its wind farm business in Brazil. It issued bonds without recourse to the shareholder in the Brazilian securities market in the amount of BRL 325 million (Euros 73 million) for the Ventos do Sul wind farms (150 MW) located in the Brazilian state of Rio Grande do Sul. These farms commenced operation in 2006 and the financing arranged for their construction had been fully repaid before the issuance of these bonds. The funds from this bond placement will be used for investment in future projects. The issue was placed in two tranches at different costs. 70% was subscribed at the Brazilian Interbank Deposit Certificate (CDI) rate, with a spread of 0.75%, whereas the remaining 30% was linked to Brazil's Extended Consumer Price Index (IPCA) with a spread of 3.25%. In addition, in 2020 project financing was closed and disbursed for construction of the Cofrentes wind farm (Spain) and the São Fernando complex (North-East Brazil).

The Elecnor Group tackles its investment projects by arranging project financing, as described in section 6.2 "Interest rate risk" herein, while it finances its equity with the resources generated by the businesses of which the Group is comprised.

3.4. Material changes in accounting policies

The accounting policies and methods used to prepare the consolidated annual accounts in 2020 are the same as those applied to the consolidated annual accounts in 2019. All accounting principles with a significant effect have been applied in the drawing up of these consolidated and separate annual accounts.

3.5. Profit/(loss) at the Group's Parent, Elecnor, S.A.

KEY FIGURES (thousands of Euros)	**2020**	**2019**	**Change (%)**
Turnover	1,544,049	1,368,728	*12.8%*
National	1,079,540	987,643	*9.3%*
International	464,509	381,085	*21.9%*
Operating income	20,752	(7,203)	-
EBITDA	45,412	18,160	*150.1%*
Profit before tax	46,765	54,659	*-14.4%*
Profit after tax	31,633	30,122	*5.0%*

The operating income of the Group's parent company, Elecnor, S.A., was higher than in the previous year, since the international projects that have contributed most to consolidated income (in Brazil, Chile, United States, Australia) were carried out not only through subsidiaries, but also via branches of Elecnor S.A., such as Angola, Panama, Dominican Republic, Ghana, etc.

Profit before tax totalled Euros 46.8 million, i.e. 14.4% lower than in the previous year, due to lower dividend distribution by subsidiaries of Elecnor, S.A.

3.6. Average payment period

The average payment period to suppliers of the Group's Parent, Elecnor, S.A., calculated as per Additional Provision Three of Law 15/2010, dated 15 July, is 60 days. The average payment period to suppliers of the Group, calculated in the same way, is 59 days.

3.7. Turnover by activity

At 31 December each year and in thousands of Euros

Turnover by activity (thousands of Euros)	**2020**	**2019**	**Change (%)**
Electricity	982,949	908,347	*8.2%*
Power generation	470,708	573,375	*-17.9%*
Telecommunications and space	233,301	247,719	*-5.8%*
Facilities	213,434	215,105	*-0.8%*
Construction, environment and water	237,677	181,276	*31.1%*
Maintenance	170,770	171,830	*-0.6%*
Oil & Gas	92,572	106,793	*-13.3%*
Railways	54,541	49,281	*10.7%*
	2,455,952	**2,453,726**	***0.1%***

Once again, the main activity in turnover terms was **Electricity**, with Euros 982.9 million, an 8.2% increase on the 2019 figure, due to the strength of both the domestic market and the subsidiaries abroad (especially in the United States) and the branches in the Dominican Republic, Angola, Ghana, etc. **Power Generation** ranked second, with Euros 470.7 million, 17.9% lower than in 2019 due to the impact on this figure of the depreciation of the Brazilian real, as well as the completion of large power generation plants mainly in Panama, Jordan, Portugal, Algeria and Mauritania. We highlight the year-on-year growth in **Construction, environment and water** on the back of water supply projects in Angola and Oman. **Railways**, which includes sales from the railway tunnels project in Norway, has seen a 10.7% increase in activity.

4. Stock market information

	2020	**2019**
Closing share price (€)	11	10.95
Total volume of securities (million)	4.3	3.3
Total cash traded (€ million)	39.8	37.7
Number of shares (million)	87	87
Market capitalisation (€ million)	957	952.6
PER	12.2	7.5
Dividend yield	3.1%	2.4%

On 29 May 2020, the **supplementary dividend was distributed against profit for 2019**, in a gross amount of €0.27455644 (€0.28208755, including the pro-rata distribution of treasury shares).

On 9 December 2020, the **interim dividend against 2020 profit was paid**, in a gross amount of €0.05732 (€0.05889557, including the pro-rata distribution of treasury shares), thereby maintaining the same amount of interim dividend as last year.

Elecnor is not prohibited from paying dividends charged to 2020 pursuant to the provisions of Royal Decree-Law 18/2020 of 12 May, concerning social measures to safeguard employment, as the company previously paid the social security contributions from which it had been exempted as a result of the furlough schemes regulated in art. 1 of the aforementioned Royal Decree-Law.

Elecnor has not undertaken commitments that imply restrictions on the decisions to use the company's cash, such as on dividend payments, and neither is it expected to undertake commitments entailing such restrictions in the future.

5. Capital management policy

Key to Elecnor's strategy is its policy of maximum financial prudence. The capital structure is defined by the commitment to solvency and the aim of maximising shareholder returns.

6. Financial risk management policy

Elecnor is exposed to certain financial risks, which it manages by grouping together its systems for identifying, measuring and supervising risks and limiting the concentration thereof. Financial risk management and containment is performed on a coordinated basis by Corporate Management and the various Business Units and Subsidiaries that comprise the Group. Financial risk management activities are approved at the highest executive level, in accordance with the rules, policies and procedures in place.

6.1. Foreign currency risks

Market risk due to foreign currency risk arises from transactions that the Group performs on the international markets in the course of its business. Certain income and costs of materials consumed are denominated in currencies other than the functional currency. For this reason, the risk of fluctuating exchange rates of these currencies against the functional currency could have an impact on the Group's profit/loss.

In order to manage and minimise this risk, Elecnor uses hedging strategies, since its objective is to generate profits only through its ordinary business, and not by speculating in relation to exchange rate fluctuations.

The instruments used to achieve this hedge are essentially borrowings tied to the contract's collection currency, foreign currency hedges and swaps, whereby Elecnor and the bank exchange the cash flows arising from a loan denominated in Euros for the flows of another loan denominated in the currency in question, as well as the use of "currency baskets" in order to hedge mixed financing tied to various currencies.

6.2. Interest rate risk

Interest rate fluctuations change the fair value of assets and liabilities that accrue interest at fixed rates and the future cash flows from assets and liabilities indexed to floating interest rates. Elecnor has arranged external financing to enable it to carry on its operations, mainly in connection with the development, construction and operation of wind farms, solar projects and electricity infrastructure concessions, which it does under project financing arrangements. This kind of arrangement usually requires under contract that interest rate risk be partly covered using hedging instruments.

In the case of both project and corporate financing, borrowings are arranged mainly at floating rates and, where appropriate, hedging instruments are used to minimise the related interest rate risk. The hedging instruments, which are specifically assigned to financial debt, are limited to the same nominal value as the latter and the same maturity dates as the hedged items, and are essentially IRSs, the aim of which is to convert loans originally arranged at floating rates to fixed rates. In any case, the interest rate hedges arranged are all effective for accounting purposes.

6.3. Other price risks

The Group is also exposed to the risk that cash flows and profit/loss may be affected by changes in energy prices and by oil prices, among other issues. In order to manage and minimise these risks the Group occasionally uses hedging strategies.

6.4. Liquidity risk

Liquidity risk is mitigated through Elecnor's policy of holding cash and highly liquid non-speculative short-term instruments, such as the acquisition of treasury bills under non-optional repurchase agreements and very short-term US Dollar deposits, through leading credit institutions in order to be able to meet its future commitments and the arrangement of committed credit facilities of sufficient amount to cover its projected needs.

In March 2020, it became obvious that the pandemic would have an unforeseeable but in any case profound impact on global economic performance, especially in terms of:

1. Impact on global production volumes.
2. Major disruption in supply and distribution chains.
3. Financial impact on companies, affecting all sectors, albeit to very different degrees:
    - Cash stresses in the event of having insufficient liquidity.
    - Increase in perceived risk and in the cost of financing.

The financial department analysed the situation and the potential scenarios, in permanent contact with advisers and analysts from financial institutions. The main conclusions were:

- Once governments and the ECB had announced measures (in the latter case, primarily the Euros 750 billion pandemic emergency purchase programme, or PEPP), a collapse of the financial system leading to widespread bank default or the application of market disruption clauses was considered highly unlikely.
- There was a market consensus concerning the importance of having considerable liquidity to tackle a period of maximum uncertainty, so Elecnor examined the various alternatives to raise its financing limits.

The conclusion was that the existing financing limits should be sufficient to tackle even the most adverse scenarios in cash forecasting, having updated the potential effects of COVID-19.

Nevertheless, it had to be taken into account that the financing sources include promissory notes issued in the MARF, and that, at the time, it was not possible to know if they could be renewed, so the company decided to arrange new bilateral loans.

Ultimately, the MARF did continue to provide financing, and although many issuers are struggling to place debt in this market, Elecnor is not among them, so its current financing limits exceed the forecasts and liquidity risk is negligible.

At 31 December 2020, the Elecnor Group has a solid liquidity position, with sufficient cash and available credit facilities to comfortably meet liquidity requirements even if markets contract.

6.5. Credit risk

The main credit risk arises from trade receivables, when the counterparty or customer does not meet their contractual obligations. To mitigate this risk, the Group operates with customers that have adequate credit records. In view of its activities and the sectors in which it operates, Elecnor has customers with very high credit ratings. However, in the case of non-recurring international sales to customers, mechanisms such as advances, irrevocable letters of credit and insurance policies are used to ensure collection. Furthermore, the financial solvency of customers is analysed and specific terms and conditions are included in contracts, aimed at guaranteeing customer payments of the stipulated price.

In the case of the wind farms, the power produced - in accordance with the legislative framework in force for the electricity industry - is sold in the Iberian Electricity Market (MIBEL) and income is collected from the operator of the Spanish Electricity Market (OMIE) through a payment-guarantee system and from the Spanish National Commission on Markets and Competition (CNMC), which regulates energy markets in Spain and reports to the Ministry of Industry. Moreover, on 1 June the long-term energy sales agreement between the Cofrentes wind farm and CEPSA entered into force. In addition, Ventos do Sul Energía, S.A., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A., Ventos do Litoral Energía, S.A. and Ventos dos Índios Energía, S.A. (Río Grande do Sul, Brazil) entered into long-term agreements with the corresponding Brazilian electricity distribution companies to sell the electric power that they will generate over a period of 20 years. Furthermore, the newly built farms in the São Fernando complex in North-East Brazil sell part of the power generated in the Short-Term Market and a low volume of short-term bilateral agreements with suppliers until the long-term electricity sales agreements (most exceeding 20 years) enter into force from 2022. Furthermore, Eóliennes de L'Érable has signed a 20-year contract to sell the electricity it generates to Canadian electric utility Hydro-Québec.

With regard to transmission lines operated as concessions in Brazil, Operador Nacional do Sistema Elétrico (ONS) is responsible for coordinating collections and payments within the country's electricity system and notifies the concession holder of the companies from which collections must be made: generators, major consumers and transmission entities. Prior to connecting to the system these companies deposit a guarantee. In the event of non-payment this guarantee will be executed, they will be immediately disconnected from the system and the payment obligation will be shared among the remaining users of the system. Accordingly, the concession holder has the guaranteed payment from the national power grid system, there having been no payment default by its users.

The transmission lines currently in operation in Chile belong to that country's national grid (National Transmission System), in which Coordinador Eléctrico Nacional (CEN) coordinates the flow of payments to transmission companies. The current system remained until December 2018, whereby those responsible for paying the transmission companies were the generating companies. Since 2019, distributors have also been liable for payments, so the portfolio of payers became more diversified from that date on. The payment guarantee of the national transmission grid is based on a CEN Procedure that establishes that, in the event of non-payments by a coordinated company (company coordinated by CEN), the defaulting party is disconnected from the grid, and the payment obligation is spread among the remaining coordinated companies.

Furthermore, in Chile we are building certain assets for the Zonal Transmission System, a segment characterised by its lines and substations positioned to supply regulated customers in a specific geographical area. In this case, as in the case of assets in the National Transmission System, their remuneration is safeguarded by the CEN collection procedure.

Elecnor always seeks to implement the strictest measures to mitigate this risk and conducts periodic analyses of its exposure to credit risk, making the relevant impairment adjustments where necessary.

6.6. Regulatory risk

Elecnor closely monitors regulatory risk, particularly that affecting renewable energy, to adequately reflect its impact on the consolidated income statement.

Order TED/668/2020, of 17 July, was published in 2020, reviewing remuneration on investments of 2018 and 2019. This review emerged as a result of Royal Decree-Law 15/2018, exempting the payment of tax on electricity production (7%) in the final quarter of 2018 and the first quarter of 2019, since this exemption was not taken into account by the government when calculating remuneration parameters.

With regard to facilities located abroad, the wind farms in Brazil have long-term electricity sale-purchase agreements (20 years) with various buyers (Eletrobras, Câmara de Comercialização de Energia Elétrica, Cemig and distributors), these agreements having been signed within the framework implemented by the Federal Government and through private auction. In addition, the first 100% 'de-contracted' project was launched in Brazil (24.2 MW), which sells energy in the free market. With regard to the Canada farm, it has a 20-year sale-purchase agreement with Hydro-Québec.

6.7. Other risks

In addition to the risks outlined above, the Elecnor Group is exposed to various risk factors (governance, strategic, planning and economic environment, operating, reporting and compliance risks) linked to the sectors in which it operates and the long list of countries in which it operates, either consistently or by means of one-off projects. The Group uses its Risk Management System to continually manage and prevent these risks, reducing to acceptable levels the probability of their materialising and mitigating their potential impact, where applicable, on business volume, profitability and efficiency, reputation and sustainability. The pillars of this Risk Management System are the ongoing identification and assessment of the risks to which the Group is exposed, the improvement of related management mechanisms and tools and the permanent oversight and monitoring of the entire process.

The Group does not expect the UK's withdrawal from the EU (Brexit) to have a material impact on its financial statements, considering it does not operate in the country, with the main impact resulting from exchange rate differences.

The means deployed to enable teleworking during the pandemic lockdowns have been mainly: over-dimensioning communications, immediately buying in laptops and distributing them at various work centres, establishing secure and robust VPN technologies, securing workplaces with next-generation anti-virus treatments, dual-factor authentication, training employees with regard to cybersecurity and, in particular, the human factor.

7. Environment

The Elecnor Group aims to contribute actively and decisively to the construction of a sustainable, low-carbon future by generating renewable energies, implementing energy efficiency measures, reducing its carbon footprint and through proper environmental management.

In this connection, and with the aim of contributing to UN Global Compact Sustainable Development Goal 13 "Climate Action", Elecnor fosters the development of its activity in a sustainable manner adapted to climate conditions and always with the involvement and commitment of all persons belonging to the Group.

Consequently, Elecnor's activity is framed by its Environmental Management System and Energy Management, certified in accordance with ISO 14001 and ISO 50001 standards, respectively, as well as its Climate Change Strategy. The Environmental Management System establishes effective control mechanisms to minimise the most significant impacts arising from the Group's various activities, such as the generation of waste, impact on the natural environment, the use of natural and energy resources and the impact on flora and fauna.

Climate change is a challenge in respect of which the Group has worked hard in recent years, in particular by calculating its carbon footprint in accordance with internationally accepted standards and by implementing measures to reduce GHG emissions within its scope of action.

Elecnor has conducted a strategic diagnosis of adaptation to climate change based on the recommendations of the Intergovernmental Panel on Climate Change, in order to identify opportunities and risks in that connection. On this basis it has developed its 2030 Climate Change Strategy, establishing the framework for all the Group's actions to reduce greenhouse gas (GHG) emissions, adapt to climate change impacts and tap into the associated opportunities.

In global terms, the Environmental Management strategy is governed by the following guiding principles:

- To incorporate environmental considerations in the decision-making processes regarding investments and the planning and execution of activities, encouraging their being taken into account in cost-benefit analyses.
- To foster protection, conservation and sustainable use of the natural environment (air, water, soil, fauna, flora and landscape) by adopting specific preventing, mitigating and offsetting measures to protect and restore areas that may be affected by the Group's activities.
- To responsibly and efficiently manage water resources, based on the fully integrated cycle, nurturing social development and the conservation of ecosystems.
- Involving all stakeholders (employees, shareholders, customers, suppliers and society at large) in the joint quest for useful solutions to the challenges of preserving and developing the environment and using natural resources sustainably.

The Non-Financial Information section of this Report outlines the goals, strategies and initiatives implemented in 2020 in accordance with the Group's Environmental Management policy.

8. Human Resources

Elecnor's workforce (*) **At 31 December each year**	**2020**	**2019**	**Change (%)**
Domestic	10,542	9,336	*12.9%*
International	7,661	5,519	*38.8%*
	18,203	**14,855**	***22.5%***

*This calculation does not include directors who are not on the Group's workforce.

People are Elecnor's main asset, and its overall strategy is underpinned by values such as talent, transparency and team work in conditions of the utmost safety. In this connection, occupational risk prevention is a common denominator throughout all the Group's activities. The commitment to prevention is part of its culture. And it is a commitment that goes beyond legal regulations and customers' requirements, with exacting and very clear goals: zero accidents and zero tolerance to non-compliances with the preventive measures established by the company.

At 2020 year-end, the Group's workforce had increased by 3,348 (22.5%) to **18,203 employees**. In the domestic market the increase was of 12.9%, largely to cover the need to support the international business. Abroad, there was a general increase of 38.8%. Note the growth in the workforce in Europe: United Kingdom and Italy; in Africa: Angola, Cameroon and Ghana; in Asia: Oman; and in Latin America: Chile, El Salvador and Brazil. There are also new countries with local employees: Belgium, Lithuania and Mozambique.

9. RDI

The initiatives undertaken in the year 2020 were:

- Maintaining UNE 166.002 certification for the RDI Management systems of Elecnor and Audeca.
- Certification of the phytotreatment project in accordance with UNE 166001 standards.
- Submission of LIFE WAPTECH Alguazas to 2020 call for proposals.
- Launch of INNOVA 2020 call for proposals for RDI project funding.
- Performance of certain projects with customers and collaborators (as requested by the Ministry for Development with other collaborating entities-consortium).
- Using RDI to boost business competitiveness.
- Approval by CDTI of financing for two projects. One by Audeca (Environment) and another by Enerfín (energy storage at wind farms).
- The digital transformation of the company. Digitalisation: continuity in the integration of BIM working methodology and tools.
- In April, the CDTI approved by competitive tender 3 proposals to be supported in the technological programme of the ESA aimed at Galileo activities, the launch of a micro-satellite developed by Elecnor Deimos and research into a constellation of micro-satellites. These adjudications imply the allocation to

Deimos of more than Euros 1 million in R&D aid, equivalent to 11% of the total budget of the call for proposals.

- As usual, Deimos Space played a significant part in proposals submitted for the European Union Horizon 2020 R&D programme in March this year. In July, when the results of the tender were published, Deimos was adjudicated 4 of the 8 projects to which it had presented proposals, for a value of close to Euros 1.1 million. In this programme, a 25% success rate of submitted projects is considered a good result, and Deimos doubled that rate.

Improvements planned for 2021:

- Technical workshops to be held in partnership with technological companies.
- Increasing the number of financed projects with customers and partners.
- Fostering a culture of innovation at the company by establishing new metrics and indicators.

10. Significant events subsequent to year-end

Between 31 December 2020 and the preparation of the Individual and Consolidated Financial Statements there were no significant events that might materially alter the true and fair view of said financial statements.

11. Outlook for 2021

11.1. Economic context

As explained in section 2 of this report – Economic context, the outlook for next year is for global growth. Despite the persistent high degree of uncertainty due to possible new virus variants, the global economy is expected to grow, especially in the latter part of the year, thanks to the vaccines and the additional policy support in some leading economies.

11.2. Elecnor Group

The Group continues the productive activity, applying the protocols developed to combat the spread of COVID-19 and protect the health and safety of workers.

The Group's businesses continue to generate solid operating cash-flow, which reinforces its financial position. Additionally, Elecnor has financing facilities available for amounts sufficient to mitigate liquidity needs in the current situation. It is also tracking all accounts receivable from customers and current ongoing production values with the aim of controlling credit risk. Finally, it is considered that capital recovery will not be compromised by the effects of the pandemic situation.

Accordingly, underpinned by a solid order book and by the company’s geographical and business diversification, in 2021 the Elecnor Group looks forward to improving on the previous year's figures in terms of both turnover and profits.

12. Share capital and acquisition of own shares

At 31/12/2020, the share capital of Elecnor, S.A. was represented by 87,000,000 shares, each with a par value of 10 Euro cents, fully subscribed and paid in, implying a share capital of Euros 8,700,000.

Elecnor, S.A.'s shares are traded in Spain's SIBE electronic trading system, where shares in the leading Spanish companies are traded, and the market with the largest trading volume in Spain.

At 31 December 2019, Elecnor had a portfolio of 2,320,809 shares. In 2020 it acquired 175,097 securities, and sold 174,964. Accordingly, at 31 December 2020 it had a total of 2,320,942 own shares, 2.7% of all shares in the company, unchanged on the previous year.

13. Related party transactions

With regard to the disclosures on related party transactions, see the details in the notes to the individual and consolidated financial statements at 31 December 2020, as provided in article 15 of Royal Decree 1362/2007.

14. Annual Corporate Governance Report

In compliance with the legal stipulations and in accordance with the model circulated by the Spanish National Securities Market Commission (CNMV), the Board of Directors of Elecnor, S.A. has drawn up the Annual Corporate Governance Report for the year ended 31 December 2020. Said document is available on the CNMV website and at www.elecnor.com.

15. Non-financial information

15.1. About this Report

This section of the Directors' Report is produced in compliance with the provisions of Law 11/2018, of 28 December, concerning non-financial information and diversity (preceded by Royal Decree-Law 18/2017, of 24 November).

Within this framework, information is included on the activities and the main economic, social, environmental and governance impacts of the Elecnor Group, and any aspects considered relevant for the company’s main stakeholders in 2020. As Appendix I, “Table of Contents of Law 11/2018, of 28 December, concerning non-financial information and diversity” shows, in the preparation process the selected Global Reporting Initiative (GRI) standards were used as a reference, considering the requirements identified as being material for the business.

The scope of information contained in this Report encompasses the whole Elecnor Group (Elecnor, S.A. and subsidiaries), unless otherwise indicated. With regard to the environmental information, its scope is confined to those countries in which the organisation has a permanent presence. Social information concerning the Elecnor Group and the Elecnor Foundation is included.

Materiality at Elecnor

In 2020, the Elecnor Group conducted a Materiality Analysis with the dual purpose of defining significant issues in connection with sustainability and prioritising the contents of this section of the Directors' Report. In this regard, the process implemented consisted of:

1. **Identification of material issues**, for which purpose the company performed a benchmarking of major players in the sector and of its competitors based on their materiality matrices, as well as an analysis of the main public announcements and initiatives both in Spain and abroad. In addition, it considered sustainability standards such as SASB, GRESB and GRI, as well as regulations governing non-financial information.

   A total of 25 issues were identified, and grouped into five dimensions: Economy, People, Governance, Environment and Society.

ECONOMY

- Service quality and customer focus
- Business opportunities
- Digital transformation
- Financial management (financial performance)
- Cybersecurity
- Regulatory environment
- Supply chain management
- Innovation
- Socially responsible investment

GOVERNANCE

- Ethics and Compliance
- Human rights
- Management of non-financial risks
- Good governance

PEOPLE

- Occupational health and safety
- Developing human capital
- Work-life balance
- Management of equality and diversity

ENVIRONMENT

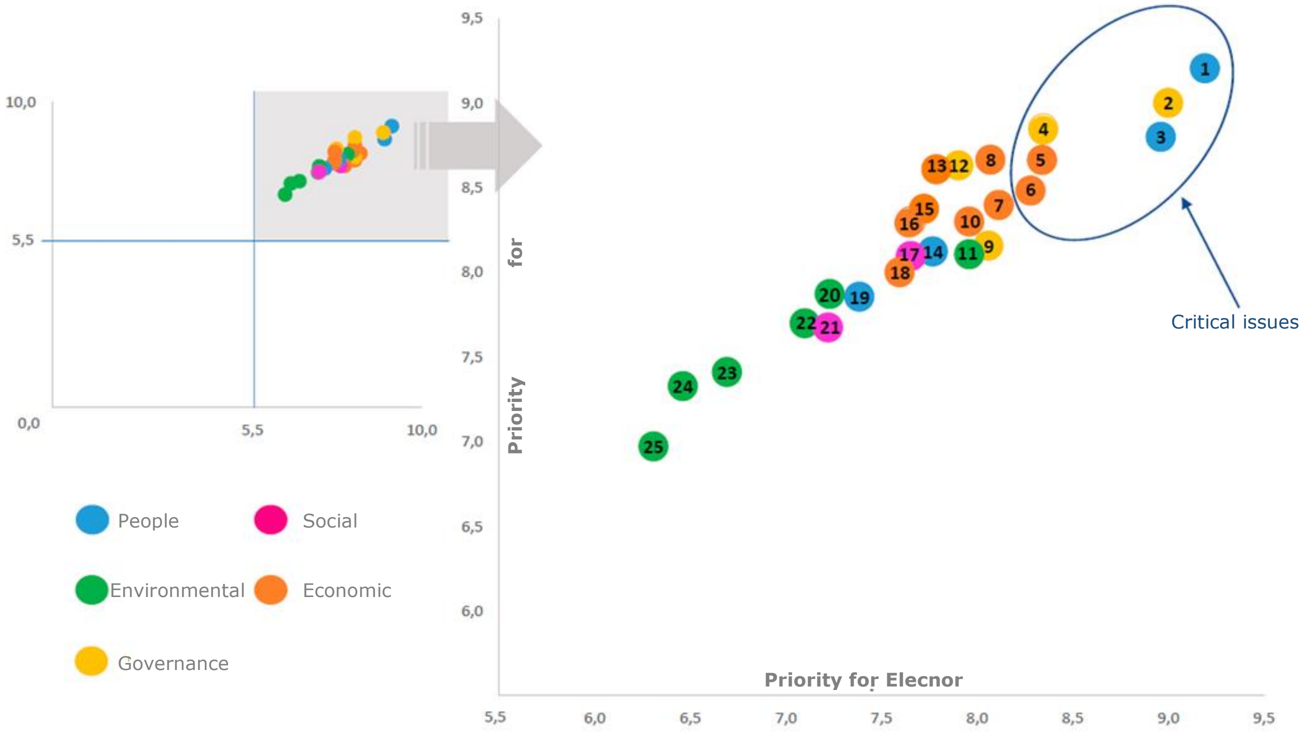
- Energy transition
- Resource efficiency
- Climate change
- Biodiversity

- Circular economy
- Water footprint

SOCIETY

- Dialogue with local communities
- Managing dialogue with stakeholders

2. **Consultation with internal and external stakeholders.** Elecnor sent a questionnaire to both its main stakeholder groups and the Group's Management in order to obtain their assessment of the issues identified in the preliminary phase.
3. **Prioritisation of material issues**. Based on the assessments by the stakeholder groups and Management, a list of priority material issues was compiled, ordered from highest to lowest significance.
4. **Compilation of a materiality matrix** based on the results obtained. Said matrix contains the issues arranged by significance for the Elecnor Group and its stakeholders. The results were validated by Management.



Critical issues	Priority issues	Relevant issues
1 Occupational health and safety	7 Digital transformation	19 Management of equality and diversity
2 Ethics and Compliance	8 Financial management (financial performance)	20 Resource efficiency
3 Developing human capital	9 Management of non-financial risks	21 Dialogue with local communities
4 Human rights	10 Cybersecurity	22 Climate change
5 Service quality and customer focus	11 Energy transition	23 Biodiversity
6 Business opportunities	12 Good governance	24 Circular economy
	13 Regulatory environment	25 Water footprint
	14 Work-life balance	
	15 Supply chain management	
	16 Innovation	
	17 Managing dialogue with stakeholders	
	18 Socially responsible investment	

All the issues identified were considered to be material for the Elecnor Group and this is reflected in this Non-Financial Information Statement which provides details on all of them. Because of the significance of critical issues, below is an outline of their relationship with GRI standards and the Sustainable Development Goals, as well as their internal and external impact:

Critical issues	GRI standard	SDGs	Internal impact	External impact
Occupational health and safety	403-1 403-2 403-3 403-4 403-5 403-6 403-7 403-8 403-9 403-10	3 HEALTH AND WELLBEING 8 DECENT WORK AND ECONOMIC GROWTH	✓	✓
Ethics and Compliance	102-16 102-17 102-18 205-2 205-3 307-1	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS	✓	✓

Developing human capital	401-1 404-1 404-2 404-3	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES	✓	
Human rights	102-16 102-17 406-1 410-1 412-2	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES	✓	✓
Service quality and customer focus	416-1	7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION		✓
Business opportunities	Elecnor's own indicator. GRI does not include indicators linked to this aspect.	7 AFFORDABLE AND CLEAN ENERGY 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 13 CLIMATE ACTION	✓	

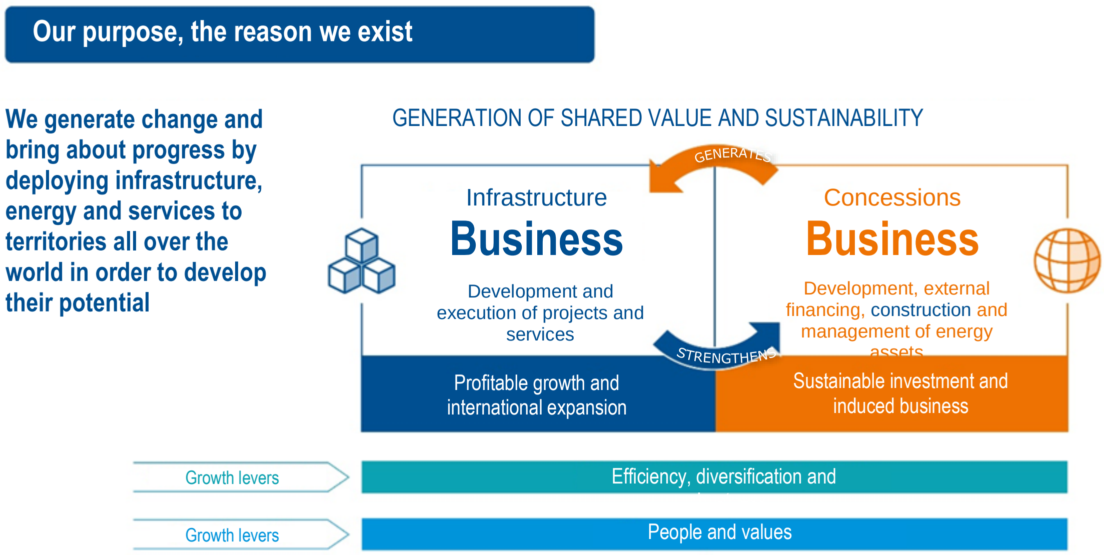
15.2. Business model

Information on the company's business model is contained in the Purpose, vision and business model section of this Directors' Report. Information concerning the outlook for 2021 can be found in the section with the same name.

Strategic goals

Elecnor's strategy is framed in a global context shaped by the COVID-19 pandemic. However, the Group has a solid purpose and values, as well as a multi-disciplinary, skilled and diverse team that will enable it to emerge strengthened from the current crisis, to harness the opportunities and to drive growth.

In this context, Elecnor is committed to a strategy of protection and safety for people and their activity; financial robustness and liquidity; and efficiency, practicality and control. All this with the focus on generating value for all of its stakeholder groups.



Sustainability management

Elecnor considers it has an inherent responsibility in every aspect of the implementation of its activities and its business strategy, as well as its relations with stakeholders. This commitment is enshrined in the Group's Corporate Social Responsibility Policy, where it outlines its undertakings with employees, customers, suppliers and shareholders, among others.

In a milestone development, in 2020 Elecnor established a Sustainability Committee that reports to the General Secretariat. This Committee, coordinated by the Group's Communications Department, is transversal and has representation in the various corporate and business areas: Human Resources, General Services, Health and Safety, Quality and Environmental Management, Finance, Internal Audit and Compliance, Export Financing, the wind power subsidiary Enerfín, Elecnor Foundation, Investor Relations and Corporate Governance.

This Committee was established to design the tools needed to manage sustainability throughout the Group, foster a coordinated strategy, ensure that it is properly adopted and followed, and monitor progress achieved with a view to nurturing best practices.

The Committee's actions are supervised by Elecnor's Management and referred to the Appointments and Remuneration Committee of the Board of Directors.

15.3. Our people, our best asset

The Elecnor Group has a team of more than 18,000 people and more than 30 nationalities. It is these people who set us apart, through their effective and efficient work, and they are therefore the cornerstone of Elecnor's activity.

This year, shaped by the COVID-19 crisis, Human Resources management has become even more essential for the Elecnor Group. The main priority has been to safeguard and care for the health, safety and well-being of our people.

With a view to attracting and retaining its most valuable asset in the best possible way, the Integrated Human Resources Management System is aimed at deploying, fostering and developing talent within the organisation.

Integrated Human Resources Management System

Selection Acquiring and attracting the best available talent in the market, prioritising internal talent.	31% increase in recruitment	18,203 employees
Performance Process of analysis of the actions and results of each person in their post, as well as the identification of improvement areas.	2,424 people evaluated	
Compensation Focused on fair remuneration, that rewards and recognises merits.	Salary surveys Social benefits	
Development This means a maximum commitment to existing potential in order to offer employees opportunities for growth and improvement over the course of their career.		
Training Aimed at developing skills and broadening knowledge to achieve optimal suitability of person to post.	251,529 Training hours 13.82 Training hours/employee	

Selection

Elecnor strives for the utmost fairness in the duties, remuneration and recognition of posts of equal value within the Group, regardless of the characteristics of the person occupying the post. In this connection, it has established selection guidelines to achieve maximum equality in these aspects.

Moreover, the Group has an internal selection and mobility policy aimed at attracting and retaining the best available talent in the market.
Aware of the difficulties inherent to international selection processes and the level of competition in some countries due to the scarcity of skilled profiles, work is ongoing to boost the Elecnor brand as a standard-bearing company for professional development. In this regard, the specific LinkedIn profile Elecnor Talento is used to coordinate job vacancy postings in the international market. In 2020, the brand continued its promotion in that social media. This year there has been a particular need to select international profiles for renewable projects and for the telecommunications sector in countries like the Dominican Republic, Panama, Australia, Italy and the United Kingdom.

As usual, Elecnor continued to work closely with universities and vocational training centres to attract students and new graduates. Consequently, Elecnor has taken part in various employment fora in the year, which, due to COVID-19, have mostly taken place online. In a new development, Elecnor took part in the Madrid Regional Forum and the first Virtual Employment Fair organised by Infojobs at a nationwide level.

333
Employees with training contracts

380
Interns
226 in Spain
154 abroad

Note that in 2020 the international grants programme was strengthened by adding profiles of this kind in El Salvador and Chile. The Group plans to continue the programme in Brazil.

Fostering internal talent

Talent management

Performance management

Key posts

Talent group

Talent management depending on the group

Development plan

Career plan

Elecnor is committed to managing talent by identifying key posts and talent groups (high potential, key people and successors), thereby helping to devise specific development and career plans.

Performance Management provides relevant, objective and transparent information with a view to establishing remuneration, training and development plans.

In the Performance Management process which commenced in 2019 and was completed in February 2020, 2,424 employees were assessed.

There follows a breakdown by gender and category of employees who have received a periodic professional performance assessment:

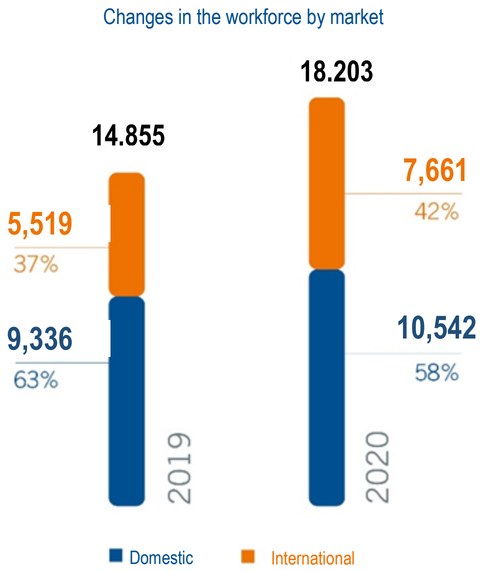
Professional category	Male	Female	Total
Management	109	21	130
Executive	636	161	797
Technician	929	563	1,492
Basic	5	-	5
Total	1,679	745	2,424

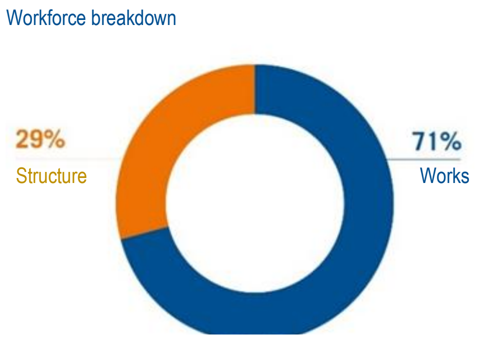
As a result of the COVID-19 crisis, and after examining the results of the last few years, the Elecnor Group has decided to revamp its Performance Management model for 2020. The new model is simpler and consists of evaluating competencies, which have been redefined, and gauging whether a person is suitable for promotion. This new model was launched at the end of the year and will conclude in early 2021.

Profile of the workforce

The Elecnor Group has an international, multicultural and diverse profile with a presence in more than 50 countries across five continents.

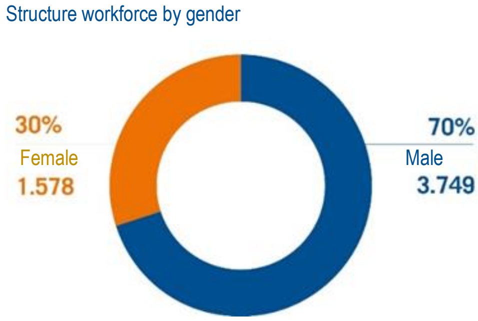
At the end of 2020, the Elecnor Group employed 18,203 people, a 22.5% increase on the previous year (14,855 employees). The increase was due mainly to the international market where the workforce has increased by 39% year-on-year. In the domestic market the increase was of 13%, largely to cover the need to support the international business. The international workforce accounts for 42% of the total, and the domestic workforce 58%.





In 2020, the Elecnor Group's workforce comprised 29% **Structure** staff and 71% **Works** staff.

In line with the historical trend in the sector, men have a greater presence in the Group, as they account for more staff in Works, where women only account for 4%. However, in the Structure category, there is a greater balance between men and women (the latter accounting for 30%, and numbering 1,578).



Elecnor's commitment to equality and diversity fosters growth in the number of women at the organisation, and there has been a 20% increase at Group level in the last year. Note also that 45% of women in the workforce hold degree qualifications or above and they increasingly occupy positions of responsibility in the company.

Over the course of this chapter the figures by employee type (Structure and Works) are broken down in the gender information so as to adequately represent the profile of the workforce.

Staff in Structure

	2019	2020	% Change
	4,513	5,327	18%
Male	3,173	3,749	18%
Female	1,340	1,578	18%

Staff in Works

	2019	2020	% Change
	10,342	12,876	25%
Male	9,889	12,305	24%
Female	453	571	26%

Below is a breakdown of the Structure staff by geographical area and gender:

Geographical area	Male	Female
Spain	2,402	1,047
Europe	207	118
North America	221	43
Latin America	671	272
Africa	194	90
Asia	22	4
Oceania	32	4
Total	3,749	1,578

Workforce data (year-end)

Geographical area and country	2019	2020	Changes
Spain	9,336	10,542	13%
Europe	796	1,033	30%
Belgium	-	1	-
Italy	312	396	27%
Lithuania	-	16	-
Norway	57	65	14%
Portugal	153	189	24%
UK	260	350	35%
Romania	14	16	14%
North America	585	805	38%
Canada	5	5	0%
United States	580	800	38%
Latin America	3,140	4,056	29%
Argentina	92	96	4%
Bolivia	1	0	-100%
Brazil	1,955	2,461	26%
Chile	189	612	224%
Colombia	3	17	467%

Geographical area and country	2019	2020	Changes
Ecuador	6	3	-50%
El Salvador	17	133	682%
Honduras	59	42	-29%
Mexico	86	85	-1%
Panama	140	168	20%
Paraguay	1	1	0%
Peru	8	1	-88%
Dominican Republic	280	190	-32%
Uruguay	271	228	-16%
Venezuela	32	19	-41%
Africa	969	1,683	74%
Angola	712	975	37%
Algeria	1	1	0%
Cameroon	102	346	239%
Ghana	123	300	144%
Mauritania	14	5	-64%
Mozambique	0	31	-
Senegal	17	25	47%
Asia	15	44	193%
Jordan	11	5	-55%
Oman	4	39	875%
Oceania	14	40	186%
Australia	14	40	186%
Total	14,855	18,203	23%

Professional		2019			2020	
category	Male	Female	Total	Male	Female	Total
Structure	3,173	1,340	4,513	3,749	1,578	5,327
Management	145	19	164	145	21	166
Executive	897	201	1,098	1,102	231	1,333
Technician	2,131	1,120	3,245	2,502	1,326	3,828
Works	9,889	453	10,342	12,305	571	12,876
Basic*	9,889	453	10,348	12,305	571	12,876
Total	13,062	1,793	14,855	16,054	2,149	18,203

*The "Basic" professional category comprises mainly men as it corresponds to Works personnel.

By age

		2019			2020	
Staff in Structure	Male	Female	Total	Male	Female	Total
>50	543	158	701	576	158	734
From 30 to 50	2,142	906	3,048	2,443	1,018	3,461
<30	488	276	764	730	402	1,132
Total	3,173	1,340	4,513	3,749	1,578	5,327

	2019			2020		
Staff in Works	Male	Female	Total	Male	Female	Total
>50	2,116	51	2,167	2,430	55	2,485
From 30 to 50	6,488	300	6,788	7,937	376	8,313
<30	1,285	102	1,387	1,938	140	2,078
Total	9,889	453	10,342	12,305	571	12,876

Despite the crisis unleashed by COVID-19, the Group has increased the number of open-ended contracts by 18% compared to 2019, going from 9,455 to 11,150 such contracts. In addition, 99% of contracts are full time.

Breakdown of information by contract type

By age	2019	2020	Changes
Open-ended	9,455	11,150	18%
>50	2,120	2,298	8%
From 30 to 50	6,273	7,257	16%
<30	1,062	1,595	50%
Temporary	5,400	7,053	31%
>50	748	921	23%
From 30 to 50	3,563	4,517	27%
<30	1,089	1,615	48%
Total	14,855	18,203	23%

Average by age	2019	2020	Changes
Open-ended	8,844	10,451	18%
>50	2,075	2,292	10%
From 30 to 50	5,843	6,857	17%
<30	926	1,302	41%
Temporary	5,709	6,314	11%
>50	880	888	1%
From 30 to 50	3,833	4,139	8%
<30	996	1,287	29%
Total	14,553	16,765	15%

By geographical area	2019	2020	Changes
Open-ended	9,455	11,150	18%
Spain	5,586	6,182	11%
Europe	450	676	50%
North America	288	290	1%
Latin America	2,938	3,493	19%
Africa	179	472	164%
Asia	4	4	0%
Oceania	10	33	230%

By geographical area	2019	2020	Changes
Temporary	5,400	7,053	31%
Spain	3,750	4,360	16%
Europe	346	357	3%
North America	297	515	73%
Latin America	202	563	179%
Africa	790	1,211	53%
Asia	11	40	264%
Oceania	4	7	75%
Total	14,855	18,203	23%

By professional category	2019	2020	Changes
Open-ended	9,455	11,150	18%
Management	164	166	1%
Executive	956	1,139	19%
Technician	2,284	2,597	14%
Basic	6,051	7,248	20%
Temporary	5,400	7,053	31%
Management	-	0	-
Executive	142	194	37%
Technician	961	1,231	28%
Basic	4,297	5,628	31%
Total	14,855	18,203	23%

Average by professional category	2019	2020	Changes
Open-ended	8,844	10,451	18%
Management	178	170	-4%
Executive	929	1,058	14%
Technician	2,085	2,441	17%
Basic	5,652	6,782	20%
Temporary	5,709	6,314	11%
Management	0	0	-
Executive	152	169	11%
Technician	925	1,083	17%
Basic	4,632	5,062	9%
Total	14,553	16,765	15%

By gender

Staff in Structure	2019	2020	Changes
Open-ended	3,410	3,902	14%
Male	2,367	2,681	13%
Female	1,043	1,221	17%
Temporary	1,103	1,425	29%
Male	806	1,068	33%
Female	297	357	20%

Total	4,513	5,327	18%

Staff in Works	2019	2020	Changes
Open-ended	6,045	7,248	20%
Male	5,761	6,893	20%
Female	284	355	25%
Temporary	4,297	5,628	31%
Male	4,128	5,412	31%
Female	169	216	28%
Total	10,342	12,876	25%

Average by gender

Staff in Structure	2019	2020	Changes
Open-ended	3,205	3,678	15%
Male	2,229	2,538	14%
Female	976	1,141	17%
Temporary	1,037	1,203	16%
Male	752	886	18%
Female	285	317	11%
Total	4,243	4,881	15%

Staff in Works	2019	2020	Changes
Open-ended	5,638	6,773	20%
Male	5,401	6,452	19%
Female	237	321	35%
Temporary	4,672	5,111	9%
Male	4,458	4,915	10%
Female	215	195	-9%
Total	10,310	11,884	15%

Breakdown of information by employment type

By age	2019	2020	Changes
Full-time	14,613	17,981	23%
>50	2,691	3,068	14%
From 30 to 50	9,791	11,730	20%
<30	2,131	3,183	49%
Part-time	242	222	-8%
>50	177	151	-15%
From 30 to 50	45	44	-2%
<30	20	27	35%
Total	14,855	18,203	23%

Average by age	2019	2020	Changes
Full-time	14,288	16,535	16%
>50	2,776	3,015	9%
From 30 to 50	9,622	10,955	14%
<30	1,890	2,565	36%
Part-time	265	230	-13%
>50	179	165	-8%
From 30 to 50	54	41	-24%
<30	32	24	-25%
Total	14,553	16,765	15%

By geographical area	2019	2020	Changes
Full-time	14,613	17,981	23%
Spain	9,109	10,339	14%
Europe	786	1,020	30%
North America	582	800	37%
Latin America	3,139	4,055	29%
Africa	969	1,683	74%
Asia	15	44	193%
Oceania	13	40	208%
Part-time	242	222	-8%
Spain	227	203	-11%
Europe	10	13	30%
North America	3	5	67%
Latin America	1	1	0%
Africa	0	0	
Asia	0	0	
Oceania	1	0	-100%
Total	14,855	18,203	23%

By professional category	2019	2020	Changes
Full-time	14,613	17,981	23%
Management	160	165	3%
Executive	1,085	1,317	21%
Technician	3,185	3,760	18%
Basic	10,183	12,739	25%
Part-time	242	222	-8%
Management	4	1	-75%
Executive	13	16	23%
Technician	60	68	13%
Basic	165	137	-17%
Total	14,855	18,203	23%

Average by professional category	2019	2020	Changes
Full-time	14,288	16,535	16%
Management	174	167	-4%
Executive	1,069	1,213	13%
Technician	2,941	3,461	18%
Basic	10,104	11,694	16%
Part-time	265	230	-13%
Management	4	3	-25%
Executive	12	15	25%
Technician	69	63	-9%
Basic	180	149	-17%
Total	14,553	16,765	15%

By gender

Staff in Structure	2019	2020	Changes
Full-time	4,436	5,242	18%
Male	3,132	3,701	18%
Female	1,304	1,541	18%
Part-time	77	85	10%
Male	41	48	17%
Female	36	37	3%
Total	4,513	5,327	18%

Staff in Works	2019	2020	Changes
Full-time	10,177	12,739	25%
Male	9,736	12,176	25%
Female	441	563	28%
Part-time	165	137	-17%
Male	153	129	-16%
Female	12	8	-33%
Total	10,342	12,876	25%

Average by gender

Staff in Structure	2019	2020	Changes
Full-time	4,158	4,801	15%
Male	2,939	3,377	15%
Female	1,219	1,424	17%
Part-time	85	81	-5%
Male	42	47	11%
Female	43	34	-21%
Total	4,243	4,881	15%

Staff in Works	2019	2020	Changes
Full-time	10,130	11,734	16%
Male	9,695	11,228	16%
Female	435	506	16%
Part-time	180	149	-17%
Male	163	139	-15%
Female	17	10	-40%
Total	10,310	11,884	15%

The number of hours of absenteeism in the Elecnor Group[4] totalled 1,959,662 (1,187,192 hours in 2019), implying an absenteeism[5] ratio of 5.7% (3.7% in 2019). This increase was driven by the COVID-19 outbreak and by an improvement in the reporting of figures from abroad.

In Spain's case, it was found that, due to COVID-19, a total of 156,935 working hours were lost (148,357 hours among men and 8,578 hours among women), equivalent to 0.8% of total hours worked in Spain.

Workforce rotation [6]

By age range, gender and geographical area

Location	Departures	Average employment	Rotation in 2020	Change in Rotation 2020 vs. 2019
Spain	1,592	10,047	16%	-8%
Male	1,467	8,809	17%	-8%
>50	327	2,162	15%	-3%
From 30 to 50	909	5,836	16%	-8%
<30	231	811	28%	-28%
Female	125	1,238	10%	-6%
>50	11	162	7%	-7%
From 30 to 50	77	869	9%	-5%
<30	37	207	18%	-9%
Europe	220	883	25%	-5%
Male	201	777	26%	-5%
>50	51	175	29%	-2%
From 30 to 50	109	447	24%	-6%
<30	41	155	26%	-9%
Female	19	106	18%	-5%
>50	4	13	31%	1%
From 30 to 50	9	62	15%	-5%
<30	6	31	19%	-9%
North America	338	711	48%	-11%

[4]The following countries are not included in this scope: Algeria, Mauritania, Ecuador, Paraguay, Peru, Belgium, Jordan and the United States, which represent 4% of the Group's total workforce.

[5] The absenteeism ratio is calculated as hours of absenteeism including all absences (unjustified, remunerated and non-remunerated leave, illness, accident, maternity and paternity)/actual hours worked.

[6] Rotation is determined as total departures (sum of voluntary redundancies, leaves of absence, retirements, deaths, dismissals, end-of-contract and other kinds of departure)/average employment * 100

Location	Departures	Average employment	Rotation in 2020	Change in Rotation 2020 vs. 2019
Male	322	661	49%	-9%
>50	78	158	49%	-11%
From 30 to 50	163	373	44%	-10%
<30	81	130	62%	-9%
Female	16	50	32%	-31%
>50	7	8	88%	29%
From 30 to 50	7	32	22%	-38%
<30	2	10	20%	-66%
Latin America	3,028	3,703	82%	10%
Male	2,877	3,362	86%	10%
>50	292	407	72%	11%
From 30 to 50	1,798	2,189	82%	29%
<30	787	766	103%	31%
Female	151	341	44%	-19%
>50	12	23	52%	-6%
From 30 to 50	92	213	43%	-17%
<30	47	105	45%	-41%
Africa	272	1,371	20%	-25%
Male	239	1,141	21%	-29%
>50	11	54	20%	-40%
From 30 to 50	169	806	21%	-32%
<30	59	281	21%	-51%
Female	33	230	14%	-49%
>50	2	9	22%	-36%
From 30 to 50	17	142	12%	-48%
<30	14	79	18%	-68%
Asia	10	26	38%	-153%
Male	9	21	43%	-152%
>50	0	3	0%	-60%
From 30 to 50	3	11	55%	1%
<30	6	7	43%	-29%
Female	1	5	20%	-43%
>50	0	0	0%	-58%
From 30 to 50	1	1	100%	40%
<30	0	4	0%	-86%
Oceania	3	24	13%	-38%
Male	3	20	15%	-30%
>50	0	4	0%	-60%
From 30 to 50	2	11	18%	-35%
<30	1	5	20%	-52%
Female	0	4	0%	-63%
>50	0	2	0%	-58%
From 30 to 50	0	2	0%	-60%
<30	-	-	-	-86%
Total Group	5,463	16,765	33%	-5%

By geographical area, gender and type of employee

Structure			Works	
Male	Female	Location	Male	Female
9%	8%	Spain	19%	18%
26%	19%	Europe	26%	9%
22%	16%	North America	57%	129%
24%	28%	Latin America	99%	86%
19%	18%	Africa	21%	12%
0%	33%	Asia	100%	0%
11%	0%	Oceania	0%	50%
14%	13%	Total	41%	30%

The rotation figures in the Works segment are due mainly to contracts ending due to project completions over the course of the year. In order to implement projects, 8,397 new recruitments were made in 2020, which implies a 31% increase compared to 2019 (6,426). Of the total of 5,463 departures, dismissals amounted to 467, a 35% decrease compared with the previous year.

New hirings and dismissals are detailed below.

New hirings

By gender and type of employee

Structure			Works	
Male	Female	Total	Male	Female
961	425	8,397	6,698	313

By gender and geographical area

Staff in Structure

Location	2019	2020	Changes
Spain	538	579	8%
Male	370	419	13%
Female	168	160	-5%
Europe	85	146	72%
Male	67	93	39%
Female	18	53	194%
North America	60	86	43%
Male	41	71	73%
Female	19	15	-21%
Latin America	341	377	11%
Male	236	242	3%
Female	105	135	29%
Africa	85	144	69%
Male	57	93	63%
Female	28	51	82%

Location	2019	2020	Changes
Asia	7	22	214%
Male	6	14	133%
Female	1	8	700%
Oceania	2	32	1500%
Male	1	29	2800%
Female	1	3	200%
Total	1,118	1,386	24%

Staff in Works

Location	2019	2020	Changes
Spain	1,431	1,707	19%
Male	1,355	1,662	23%
Female	76	45	-41%
Europe	256	323	26%
Male	248	295	19%
Female	8	28	250%
North America	475	545	15%
Male	445	532	20%
Female	30	13	-57%
Latin America	2,570	3,545	38%
Male	2,450	3,446	41%
Female	120	99	-18%
Africa	545	868	59%
Male	478	747	56%
Female	67	121	81%
Asia	30	19	-37%
Male	29	14	-52%
Female	1	5	400%
Oceania	1	4	300%
Male	1	2	100%
Female	0	2	-
Total	5,308	7,011	32%

By gender and age range

Staff in Structure

Age	2019	2020	Changes
>50	61	96	57%
Male	53	86	62%
Female	8	10	25%
From 30 to 50	573	709	24%
Male	407	510	25%
Female	166	199	20%
<30	484	581	20%
Male	318	365	15%

Age	2019	2020	Changes
Female	166	216	30%
Total	1,118	1,386	24%

Staff in Works

Age	2019	2020	Changes
>50	595	792	33%
Male	568	768	35%
Female	27	24	-11%
From 30 to 50	3,223	4,301	33%
Male	3,057	4,115	35%
Female	166	186	12%
<30	1,490	1,918	29%
Male	1,381	1,815	31%
Female	109	103	-6%
Total	5,308	7,011	32%

Dismissals

There follows a breakdown of dismissals in the Elecnor Group, which refer to the non-voluntary termination of the employment contract due to application of the disciplinary code governing the employee, regardless of whether it is declared proper or whether the company acknowledges that the dismissal is improper when so declared by a court.

The figures below include information for Spain, Angola, Argentina, Australia, Brazil, Cameroon, Chile, Ecuador, El Salvador, United States, Ghana, Mauritania, Mexico, Norway, Oman, Panama, United Kingdom, Dominican Republic and Uruguay.

By gender and professional category

	2019			2020			
Category	Male	Female	Total	Male	Female	Total	Changes
Structure	92	36	128	78	17	95	-26%
Management	1	1	2	4	0	4	100%
Executive	32	5	37	17	3	20	-46%
Technician	59	30	89	57	14	71	-20%
Works	572	22	594	363	9	372	-37%
Basic	572	22	594	363	9	372	-37%
Total	664	58	722	441	26	467	-35%

By gender and age

Staff in Structure

	2019			2020			
Age	Male	Female	Total	Male	Female	Total	Changes
>50	24	2	26	15	2	17	-35%
From 30 to 50	53	29	82	48	10	58	-29%
<30	10	4	14	15	5	20	43%
Total	87	35	122	78	17	95	-22%

Staff in Works

	2019			2020			
Age	Male	Female	Total	Male	Female	Total	Changes
>50	130	4	134	62	3	65	-51%
From 30 to 50	331	14	345	237	5	242	-30%
<30	116	5	121	64	1	65	-46%
Total	577	23	600	363	9	372	-38%

Training

The Elecnor Group has a procedure in place for training management which defines the way to pinpoint and meet the training needs of the workforce. The training needs identified, and the training and awareness actions to be implemented, are outlined in the Annual Training Plan.

Once again this year, the Group has remained committed to employee training as a key area for continuous improvement, in the understanding that the development of its professionals is a key factor for the organisation's success.

In 2020, the Training Area has made a considerable effort to adapt to the circumstances imposed by the COVID-19 pandemic which made it difficult to conduct in-person courses, and this effort has enabled employees to receive the same amount and standard of training as in previous years.

The major challenge has been to digitalise the portfolio of training itineraries for staff in Structure. On the one hand, new training methodologies have been defined: remote live (live training in which trainees interact with the instructor and their colleagues) and online (training content hosted on digital platforms). On the other hand, available training has been expanded, especially in technical or specific training itineraries.

Note the launch of two digital platforms: "Pharos", providing courses associated with technical and/or specific training, and "RosettaStone", focusing solely on language learning.

The Group offers its employees in Structure and Works training itineraries that are tailored to the needs of their job descriptions:

- **Structure**. In 2020, 8,423 people attended training events, such as: management, technology, IT, languages, quality and environment, and occupational risk prevention.

- **Works**. Works personnel received training in connection with electricity, installations, maintenance, gas, telecommunications, vehicle and machine operators, quality and environment, and occupational risk prevention. This continuous training makes it possible to acquire and maintain the necessary qualifications to perform specialist tasks involving execution risk. In total, 20,738 people have received some of the aforementioned training.

Moreover, training itineraries were launched with a view to strengthening certain competencies. Consequently, a total of 248 people have received training associated with Developing Leaders at Elecnor, We Are All Sales, Negotiations and Our Way of Doing Things: Project Management.

Next year we plan to build on the progress made, analyse results and introduce improvements in the digital training designed in 2020.

Training indicators[7]

The number of attendees measures the number of people who have received training, and one person may have completed several courses.

Item	2019	2020
Investment in training (€)	6,867,450	5,933,227
Training hours	285,281	251,529
No. of attendees	37,952	29,161
Training hours/employee	19.20	13.82

2019

Staff in Structure

Area	No. of courses	Attendees			Hours		
		Male	Female	Total	Male	Female	Total
Management	130	576	192	768	6,732	2,302	9,034
Technology	139	644	118	762	10,722	1,911	12,633
IT	39	165	81	246	2,003	1,007	3,010
Languages	479	303	176	479	9,135	4,497	13,632
Quality and Environment	115	356	129	485	1,615	937	2,552
Occupational health and safety	500	4,469	601	5,070	23,641	5,014	28,655
Total	1,401	6,513	1,297	7,810	53,848	15,668	69,516

Staff in Works

7 *The figures correspond to 96.9% of the Group's workforce

Area	No. of courses	Attendees Male	Attendees Female	Attendees Total	Hours Male	Hours Female	Hours Total
Management	244	155	77	232	804	354	1,158
Technology	883	6,172	44	6,216	76,717	539	77,256
IT	17	111	35	146	597	246	843
Languages	55	40	17	57	3,236	1,312	4,548
Quality and Environment	91	632	101	733	1,162	221	1,383
Occupational health and safety	2,171	22,066	692	22,758	128,634	1,943	130,577
Total	3,462	29,176	966	30,142	211,150	4,615	215,765

2020

Staff in Structure

Area	No. of courses	Attendees Male	Attendees Female	Attendees Total	Hours Male	Hours Female	Hours Total
Management	61	1,360	531	1,891	4,040	2,108	6,148
Technology	90	321	48	369	5,523	1,193	6,716
IT	61	238	126	364	2,946	1,516	4,462
Languages	313	251	132	383	2,338	786	3,124
Quality and Environment	211	797	261	1,058	2,956	1,196	4,152
Occupational health and safety	276	3,301	1,057	4,358	24,884	8,047	32,931
Total	1,012	6,268	2,155	8,423	42,687	14,847	57,533

Staff in Works

Area	No. of courses	Attendees Male	Attendees Female	Attendees Total	Hours Male	Hours Female	Hours Total
Management	14	532	19	551	630	2	633
Technology	833	5,628	19	5,647	73,338	243	73,581
IT	6	34	6	40	425	58	482
Languages	3	5		5	63		63
Quality and Environment	35	743	29	772	774	43	817
Occupational health and safety	1,833	13,419	304	13,723	116,057	2,365	118,422
Total	2,724	20,361	377	20,738	191,286	2,710	193,996

Professional category	2019 Attendees	2019 Hours	2020 Attendees	2020 Hours
Structure	5,466	69,498	8,423	57,479

Management	182	3,544	180	1,032
Executive	1,767	18,042	1,743	11,555
Technician	3,517	47,912	6,500	44,892
Works	32,486	215,783	20,738	194,050
Basic	32,486	215,783	20,738	194,050
Total	37,952	285,281	29,161	251,529

Training hours by gender and type of employee

Structure			Works	
Male	Female	Total	Male	Female
42,687	14,847	251,529	191,285	2,710

Average hours of training by category

	2019		2020	
Category	Workforce	Average	Workforce	Average
Management	164	21.61	166	6.22
Executive	1,098	20.12	1,333	8.67
Technician	3,245	13.52	3,828	11.73
Basic	10,348	20.85	12,876	15.07

Average hours of training by category and gender

2020

	Male		Female		Total	
Category	Number	Average	Number	Average	Workforce	Average
Structure	3,748	11.38	1,578	9.38	5,326	10.79
Management	145	6.57	21	3.79	166	6.22
Executive	1,102	9.05	231	6.85	1,332	8.67
Technician	2,502	12.69	1,326	9.91	3,828	11.73
Works	12,305	15.55	571	4.82	12,877	15.07
Basic	12,305	15.55	571	4.82	12,877	15.07
Total	16,054	14.57	2,149	8.17	18,203	13.82

With a view to continuous improvement, the Group assesses each training itinerary considering the opinion of trainees by means of an anonymous questionnaire. In the global satisfaction survey, 97% of trainees rated the training as good (41%) or very good (56%).

Note also in this connection the personalised training and updating programme in specific skills for the members of the Group's Board of Directors.

Remuneration and benefits

Elecnor's job chart clarifies and simplifies its organisational structure, the responsibilities of each post and the profiles required. This model is based on functional groups and organisational dependencies that prepare the organisation for possible developments. This definition of jobs and responsibilities makes it easier to adapt remuneration in a more objective and fair way, rewarding and recognising merit where due. In 2020, a job chart for Management Team positions was devised.

Elecnor offers its employees social benefits that are described in more detail in the Work-Life Balance section of this chapter.

Remunerations Policy

In the framework of the Integrated Human Resources Management System, the Elecnor Group seeks to ensure that its remuneration policy respects the criteria of objectivity, fairness and non-discrimination, recognising and rewarding merits.

Elecnor uses salary surveys as a benchmark to obtain information relating to the salaries and social benefits in the sector or at similar companies. These surveys are a tool to gauge how competitive positions are at the Group as compared to the same positions in the market. Furthermore, the Group also accesses other market research to achieve this purpose.

With a view to compiling all the necessary information regarding employee payrolls in a homogeneous, agile and effective manner, the Elecnor Group works to ensure that the Iberper system is the only system in which to store all the information on the Group's personnel using standardised criteria.

In addition, in order to speed up the process of managing time sheets and labour costs, the Group has implemented the GAO management system, currently in place in Spain and at various subsidiaries abroad.

Average remuneration by gender, age and professional category

2019

	Structure						Works	
	Management		Executive		Technician		Basic	
Age	Male	Female	Male	Female	Male	Female	Male	Female
Spain								
>50	125,526	96,542	53,767	56,619	33,694	27,316	22,503	20,353
From 30 to 50	93,480	92,250	47,933	47,026	32,229	27,473	21,040	19,537
<30	-	-	47,734	30,159	26,921	24,833	18,350	17,585
Europe (Italy, Norway, Portugal, United Kingdom and Romania)								
>50	-	-	50,491	46,189	52,445	22,910	31,399	-
From 30 to 50	-	-	53,476	36,943	34,371	31,192	26,886	21,334
<30	-	-	-	-	31,228	22,168	24,658	19,993
North America (United States and Canada)								
>50	180,269	*	88,627	86,510	119,041	50,676	76,368	27,666
From 30 to 50	163,507	-	88,975	71,249	63,019	49,637	63,167	81,131
<30	-	-	63,604	56,394	53,275	34,078	48,276	-
Latin America (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Honduras, Mexico, Panama, Peru, Dominican Republic and Uruguay)								
>50	-	-	60,313	40,180	27,283	10,770	9,918	5,407
From 30 to 50	-	-	47,085	46,460	19,579	14,875	7,135	5,118

	Structure						Works	
	Management		Executive		Technician		Basic	
Age	Male	Female	Male	Female	Male	Female	Male	Female
<30	-	-	-	-	10,570	7,931	4,611	3,506
Africa (Angola, Algeria, Cameroon, Ghana, Mauritania and Senegal)								
>50	-	-	71,822	-	17,393	11,689	5,301	1,660
From 30 to 50	-	-	29,072	26,035	21,111	5,390	6,420	1,837
<30	-	-	-	7,697	5,345	6,040	2,731	1,722
Asia (Jordan and Oman)								
>50	-	-	-	-	104,323	-	-	-
From 30 to 50	-	-	-	-	37,260	-	12,898	-
<30	-	-	-	-	25,038	-	5,311	*
Oceania (Australia)								
>50	-	-	74,766	*	-	24,277	-	-
From 30 to 50	-	-	88,687	-	79,837	-	82,260	-
<30	-	-	-	-	30,834	-	51,735	-

* This information is not shown in the interest of protecting the data of the persons represented, since there is only one employee in that professional category.

2020

	Structure						Works	
	Management		Executive		Technician		Basic	
Age	Male	Female	Male	Female	Male	Female	Male	Female
Spain								
>50	143,087	98,460	56,647	57,662	34,262	29,820	23,151	22,697
From 30 to 50	96,868	92,929	47,470	46,521	31,636	27,504	21,577	21,624
<30			36,356	38,159	27,449	25,575	19,194	19,808
Europe (Italy, Norway, Portugal, United Kingdom and Romania)								
>50	-	-	51,677	49,260	41,897	29,445	29,409	33,588
From 30 to 50	-	-	50,318	33,785	37,692	31,770	27,941	28,031
<30	-	-	26,463	21,173	30,758	23,295	22,692	26,021
North America (United States and Canada)								
>50	164,073	*	106,262	*	111,685	54,211	84,125	*
From 30 to 50	151,599	-	101,544	72,185	70,050	49,788	80,684	69,663
<30		-	70,170	43,565	51,469	39,959	67,400	51,775
Latin America (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Honduras, Mexico, Panama, Peru, Dominican Republic and Uruguay)								
>50	-	-	44,942	34,248	24,145	8,160	9,589	7,273
From 30 to 50	-	-	41,151	35,849	19,749	13,886	7,612	4,713
<30	-	-	*	-	11,738	6,996	5,403	6,571
Africa (Angola, Algeria, Cameroon, Ghana, Mauritania and Senegal)								
>50	-	-	*	-	17,974	10,666	5,637	2,000
From 30 to 50	-	-	36,526	28,317	16,838	5,555	5,917	1,938
<30	-	-	*	5,093	4,614	5,251	2,733	1,795
Asia (Jordan and Oman)								
>50	-	-	-	-	52,372	-	28,280	-

From 30 to 50	-	-	78,867	-	25,542	*	16,307	-
<30	-	-	-	-	19,979	20,495	15,227	*
Oceania (Australia)								
>50	-	-	71,359	*	59,476	*	*	-
From 30 to 50	-	-	91,270	-	80,877	44,324	-	46,158
<30	-	-	-	-	57,983	-	*	-

* This information is not shown in the interest of protecting the data of the persons represented, since there is only one employee in that professional category.

Average remuneration by geographical area, gender and type of employee

2020	Structure		Works	
	Male	Female	Male	Female
Spain	40,795	32,018	21,791	21,549
Europe (Italy, Norway, Portugal, United Kingdom and Romania)	38,014	29,270	27,212	28,149
North America (United States and Canada)	90,125	55,734	84,199	60,575
Latin America (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Honduras, Mexico, Panama, Peru, Dominican Republic and Uruguay)	21,992	12,627	7,226	5,506
Africa (Angola, Algeria, Cameroon, Ghana, Mauritania and Senegal)	15,630	6,786	5,041	1,894
Asia (Jordan and Oman)	31,565	18,908	18,934	12,083
Oceania (Australia)	72,167	46,758	71,061	46,158

The wage gap

Elecnor's wage policy is for men and women performing jobs with equal responsibility to receive equal pay. As outlined in its Equality Plan, Elecnor implements a remuneration system that guarantees neutrality at all times with no conditioning factors whatsoever on the basis of gender, a circumstance that will continue over time.

The table below details the wage gap ratio which represents the salary difference between men and women by professional category and employee type in the Elecnor Group.

The wage gap has been calculated as the difference between the median wage of men and of women, over the median wage of men. This year, the result is a lower median wage among women than among men.

Category

Management	18.1%
Executive	8.1%
Technician	20.8%
Basic	27.4%

Employee type	
Structure	24.3%
Works	27.4%

Moreover, it is worth representing the wage gap in Spain, where 58% of the workforce is located.

Spain

Employee type	2019	2020
Structure	20.2%	18.4%
Works	3.5%	1.7%

Category	2019	2020
Management	14.7%	14.2%
Executive	2.7%	3.7%
Technician	13.2%	15.9%
Basic	3.5%	1.7%

Work-life balance

The Elecnor Group organises working hours in accordance with sector-specific and conventional standards applicable to the company and by means of negotiations with the Employee Representatives at each work centre, and this is materialised in various work schedules.

During the health crisis triggered by the COVID-19 outbreak, Elecnor has organised work in strict compliance with the recommendations of health experts. In Spain, during the state of emergency, 100% of office personnel teleworked and when the state of emergency was scaled down to phase 3 there was a staggered return to offices, establishing a shifts system.

Works personnel performing activities considered to be essential followed the protocol implemented by the COVID-19 Monitoring Committee to the letter, organising brigades of a maximum of 4 persons (always the same 4), establishing shifts so that more than the recommended number of employees never coincided, and staggered arrivals and departures, among other measures. All of this was controlled by quadrants so as to establish the hours/shifts organised by those directly responsible and supervised by Management.

In other countries, the same protocol applied, but was adapted to the specific circumstances of each place.

Elecnor considers that the concept of work-life balance encompasses measures to improve quality of employment, support for families, professional development, equality of opportunities and flexibility in accordance with framework agreements such as EFR (*empresa familiarmente responsable* – family-friendly company). In this connection, the Group is working to improve each aspect based on the circumstances of the company, country and individual worker.

Although there is currently no formal policy to facilitate disconnection from work, the company encourages the implementation of policies, wherever possible, that facilitate a work-life balance, such as avoiding late meetings, scheduling training during work hours, having flexible working hours, compressed work schedules every Friday and in summer or, where applicable, shorter working days, with all measures provided in the various applicable regulations being implemented.

As a result of the health crisis this year, Elecnor has included and implemented requests for the adaptation of working hours, offering the possibility of adaptation without reducing the working day for people struggling to achieve a balance. It has also made total and or partial teleworking possible.

Elecnor, S.A. and its Spanish subsidiaries also have a Flexible Compensation Plan to which Structure personnel with open-ended contracts have access. This plan includes health insurance (employees may include their spouse and children), dinner vouchers and cards, transport and kindergarten. In 2020, this plan was offered to a total of 2,327 employees, of whom 658 employees decided to subscribe. A new inclusion in the catalogue of products this year is retirement savings insurance.

Moreover, there is a study support programme available to all staff at Elecnor and its Spanish subsidiaries who have children aged 4 to 16, regardless of their contract and work hours. The only requirement is to have been at the company for at least one year. 2,879 people benefited in 2020. Study support is also available for disabled children of employees, which ranges from Euros 164 to Euros 276 depending on the school year.

Other social benefits granted by the company are life insurance and accident insurance, travel insurance for employees who travel, medical insurance for employees in positions of responsibility, medical check-up for all employees, company car for those whose work requires them to travel by car and a retirement plan for Senior Management.

In addition, this year an agreement was reached with International SOS, a company specialising in travel security and medical assistance which allows people not only to better integrate in their destination but also facilitates risk assessment before, during and after journeys.

Note also that the Más Elecnor digital platform includes special offers and discounts on products and services for the entire workforce and their direct relatives.
In aspects relating to employee health and well-being, aside from the stipulations of the Health and Safety Area, there are agreements in place with physiotherapy clinics and some offices are offering fruit as a healthy eating initiative.

Equality and diversity

The Group's Equality Plan reflects its commitment to equal opportunities for men and women and non-discrimination in its guiding principles.

Furthermore, Elecnor's commitment to equal opportunities is enshrined in its Code of Conduct: "Elecnor applies criteria of non-discrimination and equal opportunities in its selection processes as well as in the development of the professional careers of its employees. More precisely, race, colour, nationality, social origin, age, sex, marital status, sexual orientation, ideology, religion and kinship are excluded as factors for professional assessment. The only professional differentiation features used are merit, effort, the results of hard work, training, experience and future potential. Promoting equality entails a special part concerning gender balance, as stated in the recruiting and professional promotion procedures, training and general work conditions."

In line with historical trends regarding gender in the sector, men are more widely represented in the Group, especially among Works personnel. Staff in Structure, however, are more balanced: at 31 December 2020, 30% were women and 70% men; while in Works, 4% were women and 96% men.

The Equality Plan establishes various working areas to boost equality between men and women in the following axes of action: selection and recruitment, training, remuneration, communication, work-life balance and harassment protection, among others.

Moreover, the Group has a Compliance Policy and internal controls to ensure all forms of discrimination are prevented; these controls include workplace harassment, sexual harassment and pregnancy risk protocols, among others.

The e-mail in-box igualdad@elecnor.com is a communications channel for employees to submit suggestions of any kind or to resolve conflicts. No lawsuits have been filed against the Group for harassment or discrimination in 2020.

In the year, 328 male employees were entitled to paternity leave and all of them took said leave, while 99% of the female employees entitled to maternity leave (82) took said leave.

Diversity in Governing Bodies

Elecnor's Policy for the Selection of Directors and for Board Diversity outlines all the measures adopted in relation to the selection of directors, diversity policy in relation to gender, age, experience, etc., as well as the procedures for said selection so as to foster a diversity of experience, knowledge, competencies and gender and so as to ensure that, in general, they do not entail implicit biases that might imply any kind of discrimination.

Furthermore, the Appointments and Remuneration Committee regularly examines the Policy so as to make further improvements on an ongoing basis.

In December, the Board of Directors modified this Policy to adapt it to the reformed Code of Good Governance of Listed Companies approved by the CNMV in June 2020.

The Policy for the Selection of Directors and for Board Diversity is available on the corporate website.

With regard to the goal of ensuring that the number of female directors represents at least 40% of members of the Board of Directors by the end of 2022 and thereafter, and no lower than 30% before then, the company intends to continue fostering an increased presence of female directors on the Board so as to fulfil the recommendation without affecting the normal functioning of the Board and the suitability of its members as a whole to discharge their duties.

Representation of women in executive positions	2019	2020
Women in executive positions *	11.6%	12.7%
Women in the Board of Directors **	13.3%	13.3%

* Considering Management category of Elecnor Group
**The Board in December of the reporting year

Disability

The Elecnor Group in Spain employs a total of 74 people with various disabilities, accounting for 0.7% of the national workforce and for 0.41% of the total workforce. In parallel, and in compliance with Spain's Disabled Persons and Social Inclusion Act (LGD), Elecnor implemented alternative measures by means of the acquisition of raw materials and through services contracting to Special Employment Centres for a total of more than Euros 5 million.

Suppliers	
P&M SL	€ 2,511,951
C.M. Unceta	€ 259,243
CEE Apta	€ 58,671
Integra PMC	€ 57,154
I.L. Sijalon	€ 1,061,286
Iturri CEE	€ 24,581
S.S. Arza, S.L.	€ 1,159,844
Cemi Norte	€ 81,971
Gelim	€ 53,562
Total	€ 5,268,262

In 2021, the Group will launch a project to enhance the commitment, awareness, information and advice with a view to normalising disability at the company. Along these lines, it will collaborate with Fundación Adecco in drives to raise awareness and integrate persons with disabilities.

The Group does not currently have a formal policy on universal accessibility.

In the interests of data confidentiality, no information is reported regarding differently-abled persons in the rest of countries in which the Group is present.

About our people

At Elecnor, internal communication has played an essential role in managing the health crisis unleashed by the COVID-19 pandemic, especially regarding maintaining a constant connection between the company and the team of which it is comprised. The continuous dissemination of information, the emotional management of employees and new ways of working, as well as compliance with safety measures, have been the main axes on which internal communication was based in 2020.

In this regard, various initiatives were launched to keep the workforce motivated and to maintain the most normal work climate possible. In such extraordinary circumstances, especially in the early months of the pandemic, the priority has been to ensure that more than 16,000 people (many of them confined to their homes) felt the proximity and care of the Group. Accordingly, the company's communication channels have remained opened and were busier than ever, most notably the corporate intranet, Buenos Días Elecnor, posting updated information, providing support, thanking employees for their commitment and generating pride in belonging to the company.

When the staggered return to offices and work centres began, internal communication focused on disseminating knowledge and raising awareness about the safety measures established by Elecnor's COVID-19 Monitoring Committee to engage the entire workforce in the effort to achieve a safe working environment.

Some notable initiatives implemented in 2020 include:

"Hoy el aplauso es para..." ("Today we applaud...")

This initiative focused on people within the Group whom, at the toughest moments of lockdown, worked in activities considered to be essential. Thanks to their work it was possible to keep essential services fully operational, including hospitals at full capacity, households connected and infrastructure running.

The initiative was aimed at highlighting the value of their work at such an exceptional time and thanking them for their commitment, dedication and effort in the service of public interest.

Cuídate, cuídame (Look after yourself, look after me)

When lockdowns were lifted and people returned to offices, the Cuídate, cuídame initiative underscored the importance of decent personal behaviour and how it benefits everyone directly. Safety actions were implemented and disseminated to minimise potential risks. Subsequently, the initiative continued in the form of weekly safety tips and guidelines.

Comunidad Elecnor (Elecnor Community), a virtual space in which to share

So as not to lose the day-to-day interaction with colleagues despite the physical distance, a virtual space was created in which to share pleasant moments during the most stringent lockdown. Comunidad Elecnor emerged as a means of staying in touch, albeit at a distance, in any location where the Group is present. It has since become a social media platform in its own right, with more than 2,200 active users. It is a space for sharing hobbies, pleasures, passions, advice, conversations and activities.

TuneIn

In 2020 a new, person-centric communication channel was designed: TuneIn. This channel from the Human Resources Area is a new way to relate to people who work at Elecnor in order to strengthen the Group's determination to take measures to attune productivity to professional and personal well-being.

Within this framework the first work environment survey was conducted. This online survey was performed with the support of expert consultants Willis Tower Watson so as to ensure respondents' anonymity and privacy.

The survey was sent to members of the workforce of Elecnor and its Spanish subsidiaries (figures as of July: 9,342 employees), and the response rate was 57%. The participation rate of staff in Structure was 88% and of staff in Works it was 41%.

In order to receive assessments in all spheres of management, 53 questions, grouped into 11 categories, were submitted:

- Sustainable commitment: pride of belonging to Elecnor, work environment and general satisfaction with work at Elecnor.
- Senior Management: the employee's view of Senior Management (involvement, trust, etc.).
- Collaboration: in the team itself and with teams from other units.
- Communication: information received from the company and capacity to convey our opinions as employees.
- Training and development: training, development and promotion options.
- Image/market: internal and external image.
- My boss: trust and support from direct supervisor.
- Organisation: speed of the organisational structure and efficiency.
- Compensation and benefits: adequate salary and remuneration system.
- Inclusion and diversity: equality of opportunities, dignity and respect.
- COVID-19.

To mark **World Environment Day,** a video was launched and the Group's Climate Change Strategy was disseminated to report on the commitments undertaken in the fight against the effects of climate change, as well as the Group's contribution to SDG 13 – Climate Action.

In order to foster and create a culture of quality management, **"The Quality League"** was launched. This consists of a competition between teams from various countries in which the Group operates to showcase knowledge concerning quality. In this connection, a micro-site was designed in which, just as in a sports league, all the teams competed against each other on various dates, with the team ending up with the highest score being declared the winner.

In addition to communication with employees, Elecnor has continued to communicate with the rest of its stakeholder groups in the most critical moments of the pandemic. Social media (Twitter and LinkedIn) and the various corporate websites of the Group and its subsidiaries became priority communication channels, establishing continuous and fluid communication of what was happening in the corporate environment.

Social dialogue

In Spain, 100% of the workforce is covered by collective bargaining agreements. Of the rest of countries where the Group operates, there is only comparable legislation in Argentina, Belgium, Brazil, Cameroon, Jordan, Lithuania, Portugal and Uruguay, and it covers our professionals in those countries.

Elecnor also has Human Resources Departments to ensure compliance with and application of the current legislation throughout the Group.

The work centres in Spain with between 10 and 49 employees have staff delegates, with Workers' Committees representing employees at centres with 50 workers or more. Both the staff delegates and the Committee members are chosen in trade union elections, in which both unions and independent groups may field candidates. At present, the majority union is Comisiones Obreras (CCOO), but others are also represented: UGT, ELA, LAB, CGT, ESK, CSIF and independent groups. In the rest of countries the Group is compliant with legislation in force.

Labour relations at the Group are managed on the basis of provincial collective bargaining agreements within the sector. In certain cases, specific agreements are signed with particular groups. In 2020, the collective bargaining agreements for the Metal sector in Zaragoza, Málaga, Badajoz, Murcia, Cáceres, Ciudad Real, Vizcaya, Castellón and Almería; management of the time pool of the Energy Unit; the shifts system in Gerona; and the 13 furlough agreements were all reviewed.

The Group has various channels for employee dialogue and participation, such as meetings with workers' representatives, the intranet, eTalent and the e-mail addresses codigoetico@elecnor.com and igualdad@elecnor.com, among others.

In 2020, the pandemic has further advanced social dialogue in the Elecnor Group. Numerous meetings have been held with workers' representatives as this year, in addition to the usual negotiations, there have been talks concerning furlough schemes and COVID-19 protocols.

Measures linked to COVID-19

As a result of the health and economic crises generated by the pandemic, exceptionally, the Elecnor Group has had to implement 14 furlough schemes, one of which due to force majeure and the other 13 negotiated, 11 of which were signed off by employee representation with 100% of favourable votes. In terms of the degree of impact, 660 workers were affected by the suspension due to force majeure caused by the state of emergency; 3,926 workers were affected by the suspension of working hours for objective reasons, up to a maximum of 52 working days; and 2,641 workers were affected by the 30% reduction in working hours for 49 days.

In addition, the Management Team decided to reduce its remuneration by 30% throughout the duration of the furlough schemes involving reduced working hours.

Likewise, in the same period the Board of Directors decided to implement a 30% reduction in remuneration to directors for non-executive duties and to the Chairman and Secretary. During the period, no per diems were paid to any director.

15.4. We look after our people

Our commitment to employee health and safety has been a priority for the Elecnor Group since the outset. Consequently, work is ongoing to achieve the goal of zero accidents, zero tolerance to any breaches of preventive measures and the continuous fostering of safe conduct among employees.

Clear evidence of the Group's commitment to improvement in health and safety is that, in Spain, for all activities in this sphere in 2020, a budget of more than Euros 11 million was allocated, and a further Euros 5.7 million was subsequently earmarked to undertake investments linked to the COVID-19 pandemic.

At Elecnor, the Health and Safety Area is organised on the basis of the Joint Prevention Service (JPS), which is broken down between the Head Office and JPS Technicians who are distributed throughout all the countries in which the Group operates.

Head Office JPS comprises 13 technicians and is structured as follows:

- Technical Office Department: which prepares and maintains the Group's occupational risk prevention (OPR) documentation, campaigns, etc., as well as ensuring that internal audits are conducted in Spain and some countries in the international market.
- Internal Work Audit Department: which conducts this kind of control in Spain as well as certain other countries.
- International OPR Coordinator: coordinating with all the Group's international organisations by means of reviewing reports, conducting meetings, monitoring implementation of the Safety Excellence Plan, software rollout, etc.
- Technicians: who coordinate and unify actions at broad implementation customers in Spain.

JPS technicians cater for the day-to-day needs of the Group's various organisations, such as technical support for customers and the performance of inspections and training, among other actions. There are 104[8] technicians in Spain, with various skill levels and specialities, focused on health and safety. Abroad, there are 260 technicians in various categories in accordance with the legislation of each country.

[8] The figures do not include health technicians hired specifically for large projects.

Health and safety management

In health and safety, the main risk which the Elecnor Group faces in conducting its activities is the possibility of a serious or fatal accident at its projects. Mainly, these are linked to working at heights, electrical hazards, handling large loads and confined spaces.

Consequently, the Elecnor Group has implemented a Health and Safety Management System encompassed within the Integrated Management System. The aim is to remove or minimise the risks that people executing the projects might face. This System is firmly grounded on the goal of achieving zero accidents. To achieve this, multiple actions are conducted, notably including:

- Safety inspections and internal work audits to monitor the conditions in which work is executed.
- Information and training on health and safety for all workers.
- Monitoring and awareness meetings.
- Campaigns to increase awareness and change behaviours.

The Management System includes the initial risk assessment procedures (adapted to the legal requirements of each country) identifying the risks associated with Elecnor's activities, the probability of those risks emerging and the severity of the consequences of their materialising. Below are the corrective/preventive measures to eliminate or reduce risk.

By means of controlling work conditions (safety inspections, internal work audits, system audits, principal risk permits or spontaneous observations), the environment in which activities are conducted is monitored and remedial measures are implemented, which may include the re-assessment of the work to be executed. If there has not been a re-assessment the risk assessment is reviewed and, where applicable, it is modified periodically (every 3-5 years).

The risk assessments are performed by health and safety technicians. The safety inspections involve the entire hierarchical structure to foster integration of health and safety in people's everyday routines. Those directly responsible for projects are in charge of the principal risk permits, observations and other activities. In addition, all these aspects are monitored in conjunction with the Group's Management.

The Health and Safety Management System applies to employees, activities and places of work. All the systems are certified to the OHSAS 18001 standard, except those of Elecnor Mexico, Brazil and Canada, which have already migrated to the new ISO 45001 standard which will replace OHSAS 18001 in September 2021. This process will be conducted in the next year in the rest of countries where the Group operates.

72% of turnover is certified in accordance with international OHSAS 18001 or ISO 45001 standards.

In 2020, 15 internal audits were performed in Spain in accordance with OHSAS 18001 standards. During the course of the audits, various deviation notes were filed, mostly for one-off errors/non-compliances. Furthermore, external audits were carried out of Elecnor and its subsidiaries Atersa, Audeca, Ehisa, Enerfín and Jomar Seguridad, all with a satisfactory outcome; and the multi-site certification was also completed which groups together Elecnor and all its subsidiaries (except Audeca and Enerfín, which have independent certification).

This year the legal external audit was conducted as required by Spanish legislation for Elecnor and its aforementioned subsidiaries, as well as an independent audit of the subsidiaries Área 3, Deimos Space, Elecnor Seguridad and Hidroambiente, with a satisfactory outcome. No non-conformities were reported at most of the companies audited, with one minor non-conformity each at Área 3 and Hidroambiente.

Abroad, 11 internal audits were performed in accordance with OHSAS 18001 requirements. With regard to external audits, 7 audits were conducted in various countries.

Among other actions, 75,064 safety inspections were conducted throughout the Group, as a result of which 23,145 remedial measures were implemented, and 1,102 internal works audits were implemented as a means of control and in-depth analysis of the safety environment at projects.

Moreover, Elecnor's Risk Prevention Policy includes the right of workers to refrain from performing work where there is grave or imminent risk, requesting that execution of the work should halt and consulting their managers or the Safety Technician to perform the work in a safe way.

The Management System contains a procedure to investigate workplace accidents and incidents that define the responsibilities and actions, including the application of the remedial measures to avoid the repetition of the event or minimise its consequences. The findings of accident and incident investigations are analysed on a monthly basis, and the advisability of reviewing the System is assessed.

Health and Safety Committees

93% of the Group's employees are represented in formal health and safety committees, in which aspects such as work procedures, protection equipment, etc. are discussed. In Spain the committees are specific to work centres and in other countries they may be specific to work centres or project sites.

Generally speaking, in almost all the countries where Elecnor operates, there are worker participation committees, in which the workers' chosen representatives and representatives of the company intervene.

They are equal consultative and participatory bodies. The frequency of the meetings is that established in applicable legislation, but they normally meet monthly or quarterly.

In work places or countries where there is no worker representation, consultation and participation is by means of other mechanisms (awareness meetings, notice boards, circulars, e-mails, etc.).

Training in workplace occupational health and safety

Mindful of the importance of training in this connection, Elecnor has continued to pursue the scheduled activities. Depending on the activity, different training groups are distinguished, based on the following aspects:

- Management systems.
- Ab initio or induction when joining the company/project.
- Significant specific risks: height, electrical hazards, machinery, confined spaces, etc.
- Action in case of emergency: first aid, evacuation, fire prevention, etc.

With regard to the training offered by Elecnor since the pandemic began, there have been two stages. In the first and most stringent lockdown phase, training actions were suspended, with the exception of online training to those groups who could receive remote instruction (office risks, for example).

In the wake of the most critical phase, training actions were conducted as part of the new normality, adopting a series of additional measures: use of masks, social distancing, hand sanitiser, improved ventilation, not sharing common items, etc. There were no infections during training courses.

Training actions were held in Spain for a total of 15,750 attendees (14,294 men and 1,456 women), most of whom attended more than one training action. A total of 112,141 training hours were provided in Occupational Risk Prevention in Spain (103,356 training hours corresponded to men and 8,785 to women), a decrease of 13.6% on the 129,750 hours of 2019. Other technological and management training, which also have a clear impact on Prevention, are not included in this total (qualifications/electrical permits, machinery operators, etc.). This reduction was due largely to the limitations on training as a result of the pandemic. However, the workforce has received information and training on the pandemic through short-term actions.

Some of the most notable training actions are:

Courses	Participants	Hours
Basic course	581	34,860
First cycle of the TPC	1,388	11,104
Second cycle of the TPC	3,177	19,642
Working at heights	2,369	19,416
Confined spaces	1,279	10,460
First aid	653	2,965
Total	9,447	98,447

Actions were held abroad for a total of 45,012 attendees, most of whom attended more than one training action. Total training hours in the Occupational Risk Prevention area amounted to a total of 140,140, a 3.7% decrease on the 145,500 hours offered in 2019, as a result of the impact of COVID-19. Training focused primarily on working at heights and electrical hazards, as well as induction on safety at the company entrance, COVID-19 and defensive driving.

Occupational health services

Elecnor is committed to the health of its workers, providing them access to health services at work so as to identify and eliminate hazards and minimise risks. As a result of the monitoring of these services, actions considered necessary are taken and, in extreme cases, may lead to a change of service.

Depending on where the activity is conducted, a different type of service is offered:

- Presence of an adequate medical service on site (doctor, nurse, paramedic or trained personnel).
- If necessary, workers may be transported in their own vehicles if their injuries permit or via ambulance to the nearest hospital.
- If workers use their own transport, the resulting expenses will be reimbursed.

In any event, workers are given the necessary information for their use in the local language or, where applicable, in the language in which said indications are understandable to them.

Health and safety in the workplace with customers and subcontractors

Elecnor applies to subcontracted staff the same health and safety controls and measures as it applies to its own workers, conducting inspections, training, etc.

As part of the Safety Excellence Project, there is a specific line of action for subcontractors.

This year, in Spain the new procedure for subcontractor assessment was launched and the new model for tracking their health and safety performance using the Evalu@ software was rolled out.

This procedure enables the actions of subcontractors to be analysed and the action plans to be established in the event that they fail to meet the health and safety standards established by the Elecnor Group.

With regard to customers and other stakeholders (for example, third parties present at the workplace, with or without a contractual relationship with the customer), business health and safety coordination initiatives are implemented to eliminate or reduce to a minimum the potential hazards due to interference.

For the public in general, demarcation, signalling and surveillance helps avoid injury to third parties.

Accident rates

	2019	2020
Frequency rate	3.5	2.7
Severity	0.14	0.10
Incident rate	6.71	5.14

Frequency rate = (number of accidents involving more than one day's leave, not counting those on way to or from work/hours worked) x 10^6
Severity = (number of days lost/hours worked) x 10^3
Incident rate = (number of accidents involving more than one day's leave/Average number of employees) x 10^3

Figures broken down by gender

	2019		2020	
	Male	Female	Male	Female
Frequency rate	3.9	0.0	3.0	0.0
Severity	0.16	0.0	0.12	0.0
Occupational illness rate*	1.1	1.5	0.1	0.0

* Occupational illness rate = (number of occupational illnesses/hours worked) x 10^6

In general, figures are compiled using IT tools, varying from payroll software, intranet, health and safety management tools (Notific@, SegurT, Delt@, etc.), spreadsheets, monthly reports, follow-up meetings, etc.

In 2020, the Group's frequency rate was 2.7, compared with 3.5 in 2019, and the severity score was 0.10, compared with 0.14 in 2019. Both scores are the best it has obtained since the Group began compiling these indices (1967).

In Spain, the final frequency rate was 3.5, compared with 4.1 in 2019, and was the lowest value ever obtained; and the severity rate was 0.15, compared with 0.20 in 2019. There were no fatal accidents in 2020 and there were fewer accidents in the year (69 accidents, compared with 77 in 2019).

In the international market, the final frequency rate was 1.6, also the lowest since the series commenced, compared with 2.4 in 2019. The severity rate was 0.04, down from 0.05 in 2019. This year there has been a significant reduction in accidents (24, from 32 in 2019) and there have been no fatal accidents.

With regard to the impact of COVID-19 on the rate of accidents and occupational illnesses, the Group has followed the health or labour authorities' guidelines in each country. For example, in Spain, pursuant to Labour Ministry guidelines, infections were counted as workplace accidents, regardless of whether their origin was at the workplace or elsewhere, although only for the purposes of financial benefits, which are more generous in the case of a professional contingency than in the case of a common contingency.

Regardless of the foregoing, from the outset cases have been monitored and quarantines implemented in all countries where the Group operates.

From June 2020 onwards, these values were included in the monthly monitoring of rates to gain a visible picture of the impact. Furthermore, and although not a legal requirement, those infections that took place in a strictly labour context (excluding those taking place at lunchtime, evening gatherings, etc.) are counted as a workplace accident, which has impacted on the frequency rate at the relevant units.

Employee accident rate

Geographical area	No. of injuries due to workplace accidents			No. of workplace accidents with serious consequences (1)			Hours worked		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Spain	69	0	69	2	0	2	17,347,580	2,469,167	19,816,747
Europe	7	0	7	1	0	1	1,484,333	240,484	1,724,817
North America	0	0	0	0	0	0	1,426,199	131,323	1,557,522
Latin America	11	0	11	0	0	0	7,549,433	476,317	8,025,750
Africa	6	0	6	0	0	0	3,092,496	383,437	3,475,933
Asia	0	0	0	0	0	0	72,088	2,576	74,664
Oceania	0	0	0	0	0	0	34,877	5,443	40,320
Total international	24	0	24	1	0	1	13,659,426	1,239,580	14,899,006
Total	93	0	93	3	0	3	31,007,006	3,708,747	34,715,753

(1) Injury due to workplace accident leading to death or so severe that the employee cannot recover or fully recover their state of health as it was prior to the accident, or is not expected to fully recover their state of health as it was prior to the accident within a period of 6 months.

The most significant workplace hazards with serious consequences are determined based on the record of accidents at Elecnor:

- Working at heights (risk of falling to another level from, in many cases, considerable height).
- Work involving electrical hazard (risk of electrical contact, arc flash, fire or spatter from incandescent material).
- Handling large loads (risk of objects falling or of becoming trapped by objects).
- Work in confined spaces (risk of suffocation or explosion).
- Traffic accidents (risk of crashes, being run over, fire).

There were no fatal accidents involving the Group’s own staff in 2020.

Accident rate at subcontractors

Geographical area	No. of injuries due to workplace accidents			Hours worked		
	Male	Female	Total	Male	Female	Total
Spain	31	0	31	8,827,741	0	8,827,741
Europe	3	0	3	373,767	0	373,767
North America	0	0	0	9,372	0	9,372
Latin America	25	0	25	4,634,453	0	4,634,453
Africa	4	0	4	1,632,581	0	1,632,581

Geographical area	No. of injuries due to workplace accidents			Hours worked		
	Male	Female	Total	Male	Female	Total
Asia	0	0	0	115,278	0	115,278
Oceania	0	0	0	34,800	0	34,800
Total international	32	0	32	6,800,251	0	6,800,251
Total	63	0	63	15,627,992	0	15,627,992

Health monitoring

In general terms, Elecnor employees do not perform activities with a high rate or risk of occupational illnesses. In those activities in which there might be a risk of developing an occupational illness (work at nuclear plants, involving asbestos, phytosanitary products, etc.) the necessary preventive measures are implemented and health monitoring performed, including checking physiological parameters that may help detect any problems in those tasks that may harm employees' health and safety. There were no significant cases in 2020.

When Elecnor employees are working in areas where there are endemic diseases (malaria, dengue, yellow fever, typhoid, AIDS, etc.), these are tackled through vaccines or preventive/prophylactic measures, backed by the relevant information campaigns.

Awareness initiatives are implemented such as campaigns to combat AIDS and sexually transmitted diseases in various countries, with actions and campaigns to foster healthy habits (avoiding cardio-respiratory disease and musculo-skeletal disorders, nurturing a healthy and balanced diet, etc.), back training, etc. Likewise, in several countries, risk awareness drives were conducted to coincide with World Breast Cancer Day and World Prostate Cancer Day.

Numerous actions were implemented in 2020 to raise awareness among staff and their families regarding the risk of COVID-19 infection.

Employee occupational illnesses

Geographical area	No. of occupational medical conditions and illnesses			Hours worked		
	Men	Women	Total	Men	Women	Total
Spain	3	0	3	17,347,580	2,469,167	19,816,747
Europe	0	0	0	1,484,333	240,484	1,724,817
North America	0	0	0	1,426,199	131,323	1,557,522
Latin America	1	0	1	7,549,433	476,317	8,025,750
Asia	0	0	0	72,088	2,576	74,664
Africa	0	0	0	3,092,496	383,437	3,475,933
Oceania	0	0	0	34,877	5,443	40,320
Total international	1	0	1	13,659,426	1,239,580	14,899,006
Total	4	0	4	31,007,006	3,708,747	34,715,753

The most significant workplace hazards that present a risk of medical condition or illness are determined on the basis of their past record at Elecnor:

- Endemic diseases in certain countries where the company operates: malaria, dengue fever, etc.
- Asbestosis in places where there is asbestos.
- Musculo-skeletal diseases at construction sites.

In 2020, there were four instances of occupational illness, all of them in men, although the figures are incomplete since there are countries where they are not registered as such. There were two serious cases of malaria and a third, less serious case, and one case of musculo-skeletal disease. Cases among local staff in countries with endemic diseases are not considered to be occupational illnesses.

Safety Excellence project

In 2020, the second phase of the Safety Excellence Project (SEP) was rolled out in Spain and the internationalisation of the project continued, although it has been slowed down by the pandemic.

Meanwhile, the work groups in Angola, Argentina, Chile and Uruguay have adapted and implemented many of the actions defined in the SEP in Spain, with the requisite changes in accordance with the characteristics of each country.

The digital transformation of prevention

The digital transformation, as in other areas of the Group, contributes significant added value to the management of occupational risk prevention. In this regard, processes are optimised, the most suitable technology is applied and efficiency is boosted.

In 2020 initiatives were launched and consolidated within the framework of the Group's Digital Transformation project. Some of them are listed below:

- The PRP (Principal Risk Permit) tool has been 100% rolled out in Spain, and includes an app and web environment for its management and control. PRPs enable brigades to identify key aspects to prevent serious accidents and errors in the implementation of projects, before the work begins. At present, an average of 30,000 PRPs are performed per month, identifying and eliminating projects' risks. In Spain, a total of 207,453 PRPs were carried out in 2020.
- Development of the Evalu@ software, implemented in Spain for new subcontractors and compiling evidence of their qualification process. Moreover, the software tracks their performance in health and safety and also receives inputs from other tools: SegurT (safety inspections) and Notific@ (notification of incidents, accidents and ideas for improvement).
- Unification of documents and criteria in e-coordina: an evaluation process carried out by OHS experts at various business units.
- Implementation of the various IT tools (SegurT, Notific@, PRP, e-coordina) in different countries in the international market (Angola, Argentina, Chile, Italy, Panama, the United Kingdom, etc.).

Health and safety management during COVID-19

With the onset of the global pandemic, the Elecnor Group sought to minimise cases of the illness in the working environment among its own employees and those of subcontractors.

As the section on Responsible Management of this report explains in greater detail, in mid-March, as a consequence of the rapid spread of COVID-19 and the measures restricting mobility implemented by most governments, the Group set up a top-level COVID-19 Monitoring Committee to respond in a quick, coordinated and effective manner to the major challenges and difficulties posed by this exceptional situation.

The Group's priority has been to guarantee the health of its employees, customers and suppliers; to maintain production so as to ensure the maintenance of critical infrastructure in the energy, telecommunications, water, gas and transport sectors; and to boost the Group's financial strength.

As a measure of the Group's efforts, note that in Spain alone it has invested more than Euros 5.7 million in measures to prevent or minimise COVID-19 infections within the organisation.

Below is an outline of the main preventive measures implemented to tackle the health crisis in an efficient way, which has enabled the Group to keep case numbers in the working environment low:

- Specific protocols for works sites and fixed work centres (warehouses, offices, plants, etc.), which have been translated into the most widely used languages at the Group (English, Portuguese, Italian and French).
- Development of our own signage showing safety measures, also translated into the four languages.
- Preventive measures and protective equipment: masks, gloves, disposable suits, watertight goggles, sanitisers, thermometers at entrances to work centres, screens separating work stations, disposable tissues, waste paper baskets, specific disinfectants, etc.
- Protocol to protect workers who are most vulnerable due to their specific physical conditions.
- Conducting serological tests, PCR, antigens, etc.
- Management of confirmed cases and close and casual contacts of confirmed cases.

When case numbers were at their highest, production activity and some actions including training, meetings, safety inspections, etc., were affected by the restrictions and limitations on mobility.

One of the most significant measures taken in the toughest months of the pandemic was the repatriation of ex-pat workers in various African countries. Elecnor, in collaboration with the Spanish Embassy in Luanda, conducted what was the largest repatriation of a Spanish colony from an African country due to COVID-19. An aircraft was chartered for 151 people, 96 of them Elecnor staff and 55 residents in Angola, so that they could return to their countries of origin.

During the pandemic, communication and awareness of workers and their families via the Buenos Días intranet have been key. One of the most significant campaigns was "Cuídate, cuídame" (Look after yourself, look after me), which, by means of continuous, clear and practical messages, disseminated the safety measures put in place to minimise the potential risks.

To raise awareness among children, posters were made to enable workers and their families to play "Find Covid", along the lines of the "Where's Wally?" game. They are distributed on paper and digitally.

At the end of the year, the Christmas campaign focused on wishing people a "Happy and Safe Christmas". In order to continue raising awareness in the Group, a competition was launched in which Christmas and safety featured as the pivotal axes for a responsible festive season.

15.5. Operating excellence

Elecnor has an **Integrated Management System** encompassing the following aspects: Environment, Quality, Occupational Risk Prevention, Energy Management and RDI Management.

The Integrated Management System is configured around strict compliance with applicable legislation and any other requirements binding upon Elecnor in the markets in which it operates; knowledge of the nature and scale of environmental impacts, customers' requirements; the health and safety of all workers and collaborators; and improvements in competitiveness through RDI enabling it to contribute value and differentiation. Based on these criteria, specific commitments and action lines are established for each sphere.

The Integrated Management System Policy is available in the corporate website www.elecnor.com.

In 2020, multi-site certification audits were conducted according to ISO standards 9001 and 14001. This is a single certificate for all of the organisations in the Elecnor infrastructures area that contains all of the scopes of the various activities and all of the work centres.

72% of turnover is certified in accordance with international ISO 9001 standards.

Quality management

Elecnor's quality strategy consists mainly of strengthening customer satisfaction, consolidating the continuous improvement in the organisation's processes and involving the workforce in this process.

In 2020, the quality goals were aimed primarily at continuing to roll out the Quality and Environment Management System abroad and at optimising quality processes.

Main achievements

- The methodology for managing risks and opportunities in the various processes has been improved.
- Within the framework of the digitalisation project, a software tool to digitalise the Quality and the Environment Management System both at the corporate level and at work sites has been developed.
- In the international sphere, Elecnor Chile was added to the multi-site certificate and the Quality and the Environment Management System was implemented at Elecnor Angola in accordance with ISO 9001 and ISO 14001 standards.
- The system to report incidents at the international level has been improved by strengthening the available resources for the incident report and review process.
- Certificates were maintained at the subsidiaries Audeca, Deimos, Hidroambiente, Omninstal, Elecnor México, Elecnor do Brasil, Elecnor de Argentina, IQA and Montelecnor.

Customers, at the heart of the business

Elecnor periodically manages customer satisfaction through digital surveys, enabling it to gauge the degree of satisfaction with the services offered, as well as to identify strengths and areas for improvement.

1,681 surveys were sent out this year, of which 1,089 responses were received (65% response rate). The results show that Elecnor's valuation among its customers has improved compared with 2019.

Satisfaction surveys	2019	2020
Number of surveys	684	1,089
Average score	8.32	8.53
The most highly valued aspects	• Training and technical capacity • Degree of communication, service and response • Compliance with the safety requirements	• Compliance with the safety requirements • Global valuation • Response and attention to need for changes

For satisfaction surveys that obtain low scores, a methodology was established to ascertain more details of the reasons for the score and to analyse how to improve it. This is implemented by means of improvement management reports defining the necessary corrective actions to remedy the cause of the low score obtained.

As for customer claims or complaints, they are managed in accordance with the "Internal and External Communication and Consultation" and "Improvement Management" procedures that outline the system to be applied for their management, analysis of causes and definition of efficient remedial actions.

In 2020, 144 customer complaints were filed, most of which were linked to technical management (38%), materials and equipment (22%) and workforce (19%). All complaints were fielded within a defined period and 54% of them were closed to the customer's satisfaction. In some cases, a survey is sent to customers in order to ascertain whether the proposed solution to the complaint is satisfactory.

Supply chain

Guaranteeing the most stringent quality standards to customers requires constant attention to and control of the supply chain. In this connection, Elecnor affords priority to those suppliers of materials and services that can have a significant impact on the final quality provided by the Group to its customers.

The Elecnor Group's suppliers are classified as suppliers of materials or suppliers of services. Elecnor currently has 3,475 approved local (in proximity to works sites or their catchment areas), national and international suppliers. Whenever possible, priority is afforded to contracting local suppliers to boost the area's economy. The Social Impact chapter of this Report provides details of the Group's procurements from local suppliers.

Elecnor's Integrated Management System comprises procedures, policies and manuals that describe supply chain management. Below is a summary of the foremost procedures:

- Procurement procedure. Establishes the method for preparing procurements documents so that they contain the necessary and sufficient data to correctly identify the material/service requested, as well as the supply conditions for activities subject to the Integrated Management System. General procurement conditions envisage quality, compliance, ethical, labour, social and environmental criteria, among others. These conditions must be accepted and fulfilled by suppliers wishing to work with Elecnor.

- Procedure for drafting agreements/orders with subcontractors. Establishes subcontracting conditions, including quality, environment, energy management and compliance requirements.
- Logistics procedure. Establishes the air or maritime loading of equipment, supplies and materials.
- The process for approving and evaluating suppliers follows the "Procedure for managing suppliers of materials/services". Said procedure establishes that suppliers of materials/services classified as important must provide the relevant documentation concerning quality, environment, energy management, occupational risk prevention, compliance, RDI, data security and other documentation in regard to ethical, employment, social and environmental issues that suppliers may provide. Depending on the requirements fulfilled, the supplier is afforded a score.
- Instruction concerning the management of critical suppliers. Describes the system for managing supplies selected by Elecnor as being critical or potential. Every year, audits are conducted at suppliers identified as being critical for the organisation.

Elecnor continuously assesses its suppliers by means of the procurements platform and on-site audits, which include social and environmental criteria. The internal audits and re-assessments ensure that Elecnor's suppliers comply with the quality requirements established in the Management System.

Among the requirements expressly stated is the evidence by the supplier of commitments in relation to conduct comparable to those set forth in Elecnor's own Ethical Code. This condition is especially important in those countries considered to pose a risk by qualified international bodies. Elecnor's employees will ensure that its image, reputation and values are safeguarded by contractors and collaborating companies.

At present, the main risks identified in processes relating to Elecnor's supply chain were late delivery (of both equipment and materials) and deficient quality of supplies or work executed by subcontractors. In accordance with the established methodology, once the risks have been identified, they are assessed and, depending on the result, measures are established to mitigate their effects.

Some indicators in 2020

- Of the 853 approved suppliers, 34% (286 suppliers) have proven to be aligned with Elecnor's environmental requirements, and 3% (22 suppliers) with the social requirements.
- 487 suppliers were re-assessed in accordance with the quality requirements established in the Integrated Management System.
- The supplier assessment system now includes on-site internal audits of critical suppliers.
- With a view to progress in calculating Scope 3 of the carbon footprint, information was requested from certain suppliers regarding environmental performance.
- Commercial relations were not severed with any suppliers.

15.6. Committed to the environment

The Elecnor Group aims to contribute actively and decisively to the construction of a sustainable, low-carbon future by generating renewable energies, implementing energy efficiency measures, reducing its carbon footprint and through proper environmental management.

In 2020, along with the goals of continuing to roll out the Integrated Management System internationally and optimising processes, Elecnor set the target of improving the score obtained in the sustainability ranking of the Carbon Disclosure Project (CDP), and achieved the goal by securing a score of A- (B in 2019), evidencing the company's leadership in combating climate change.

Environmental management

The General Services Area is responsible for overseeing the Integrated Management System which combines the Quality, Environmental, Occupational Risk Prevention, Energy and RDI management systems of the organisations belonging to the Elecnor Group with the aim of identifying opportunities for improvement applicable to the various businesses and activities and thereby fostering synergies between them.

In Quality and Environmental management, 95 people are distributed between the General Services Area and the various organisations of the Group, both in Spain and internationally, in order to ensure compliance with Elecnor's established Management Systems.

In performing its activities, Elecnor is committed to incorporating environmental considerations in the decision-making processes regarding investments and the planning and execution of activities, encouraging their being taken into account in cost-benefit analyses.

Consequently, Elecnor's activity is framed by its Environmental Management System and Energy Management, certified in accordance with ISO 14001 and ISO 50001 standards, respectively, as well as its Climate Change Strategy. The Environmental Management System establishes effective control mechanisms to minimise the most significant impacts arising from the Group's various activities, such as the generation of waste, impact on the natural environment, the use of natural and energy resources and the impact on flora and fauna.

Moreover, the Group has an environmental liability policy which covers all the activities of Elecnor S.A. and its subsidiaries both in Spain and abroad, with a general limit of Euros 20,000,000 per claim and on annual aggregate for all the policy guarantees and coverages.

In 2020, multi-site certification audits were conducted according to ISO standards 9001 and 14001. Moreover, the certificates of the following subsidiaries were maintained: Audeca, Elecnor Deimos, Hidroambiente, Enerfín, Elecnor México, Elecnor do Brasil, Elecnor de Argentina, IQA and Montelecnor. 72% of turnover is certified in accordance with international ISO 14001 standard.

In addition, Elecnor renewed its environment certificate for carbon dioxide emissions, obtained from the Spanish Association for Standardisation and Certification (AENOR) and verified in accordance with ISO 14064-1 standard; and adapted the Energy Management System to the 2018 UNE-EN ISO 50001 standard, which is AENOR-certified.

Also notable this year were the 2020 GRESB scores obtained by Celeo Redes Chile and Celeo Redes Brasil, companies that are co-managed by Elecnor. GRESB is an independent international index that analyses companies' environmental, social and governance performance. This year, Celeo Redes Brasil obtained a score of 99 points out of 100, the second best GRESB score out of the 406 participants in the global infrastructure category. It has also been recognised as a leader in the infrastructure assets sector. Meanwhile, Celeo Redes Chile obtained a score of 94 points and it was ranked eleventh-best enterprise of those analysed. Likewise, both companies obtained a GRESB 5 Stars rating in 2020, which recognises the leading companies in the ranking.

The fight against climate change

Increasing expectations of more profound changes to the climate, with higher temperatures, lower precipitation and more frequent and intense weather events have placed climate change among the top priorities of the global political, social and business agenda.

Climate change strategy

Climate change is a challenge and strategic priority in respect of which the Group has been working hard for some years, since it began calculating its carbon footprint in accordance with internationally accepted standards and implemented measures to reduce GHG emissions within its scope of action. At present, Elecnor remains committed to a sustainable way of operating that is suited to the new climate conditions, which in turn contribute to achieving Sustainable Development Goal 13 – Climate Action.

Elecnor also conducted a strategic diagnosis of adaptation to climate change based on the recommendations of the Intergovernmental Panel on Climate Change, in order to identify opportunities and risks in that connection.

Elecnor's climate risk is defined in accordance with the potential impacts of the various climate threats on the business lines, as well as exposure to climate threats based on the geographical location of the activities, offset by its capacity to adapt. On the one hand, there are business opportunities for Elecnor deriving from climate change considering reconstruction, repairs and maintenance activities deriving from climate threats and, on the other hand, its business is shaped by its exposure to these threats, depending on the geographical location of the activity and the capacity to address the situation of each business belonging to Elecnor Infrastructures.

The analysis of opportunities concluded that countries presenting the greatest business opportunities for Elecnor will be Angola, Brazil, Spain and Mexico in electricity, power generation, construction, environment and telecommunications. From a risk standpoint, business lines focusing on power grid and wind energy concessions are most affected, with those located on the American continent presenting the highest levels of climate risk.

From this starting point, in 2018 the 2030 Climate Change Strategy was devised, consisting of two main goals and three lines of action, and setting the framework for all the Group's actions to reduce greenhouse gas (GHG) emissions, adapt to climate change impacts and harness the associated opportunities.

The Climate Change Strategy aims to achieve two main goals:

- Mitigation: reduce GHG emissions by 25% by 2030 (as compared with 2014). In 2020, emissions were reduced by 24%, while in 2019 the reduction was 27%. Elecnor expects to maintain this positive trend and ratify compliance with the goal in 2030.
- Adaptation: ensure the resilience of Elecnor's concessions business as climate change advances and become a leader in the sector thanks to the opportunities afforded by climate change.

There are three strategic lines of action: People, Assets and Know-How, from which 22 climate change mitigation and adaptation actions derive, including aspects such as fostering training and awareness policies to encourage saving and reducing the consumption of energy, paper and water by the workforce; a commitment to technology to reduce unnecessary travel associated with the staff's professional activity; the steady replacement of energy-consuming equipment and company vehicles by others with lower associated greenhouse gas emissions; improvements in renewable energy facilities; optimisation of processes to reduce water usage linked to park and garden management activities both at the Group and its customers; improved know-how relating to both mitigation and adaptation to climate change, enabling more informed decision-making; and a commitment to best practices to adapt businesses to a changing climate.

Monitoring, evaluation and review of the climate change strategy

To ensure that the implementation of the Strategy is attaining the expected results in economic and energy terms, Elecnor carries out periodic and systematic monitoring of the measures in place, as well as of the GHG emissions linked to the organisation's carbon footprint. Every year, a document entitled "Monitoring of the Elecnor Group's Climate Change Strategy" is produced. The latest report was completed in July 2020 and referred to the results obtained in 2019.

The initiatives implemented in 2019 led to a two-fold increase in investment, which rose from Euros 1,549,040 in 2018 to Euros 3,733,464 in 2019. This investment led to a significant reduction in associated emissions, which went from 382.63 tCO_2e saved in 2018 to 2,627 tCO_2e saved in 2019.

Below are details of some measures and their related emissions savings.

Strategic axis	Action	Objective	Annual saving of tCO_2e	Scope of carbon footprint
People	Implementation of awareness campaigns	Raising awareness among staff regarding the environmental impacts of their daily activities to help enhance environmental performance	96.21	1, 2 and 3
	Conference calls encouraged to avoid journeys	Reduction of greenhouse gas emissions associated with business travel	49.09	3
Assets	Improvements in renewable energy generation facilities and the acquisition of green power	Improvement of the design of wind farms and solar panels, in order to optimise power generation	1,936.84	N/A
	Installation of timers for electronic devices and automatic off switches. LED lighting to replace existing fixtures	Reduce energy consumption associated with lighting and, consequently, the related emissions	110.58	2
Knowledge	RDI projects	Implementation of RDI projects linked to climate change	45.24	Not estimated

Emissions

Carbon footprint

Elecnor calculates its carbon footprint on an annual basis in accordance with international standards by means of a tool that enables each organisation belonging to the Group to report its electricity consumption, fuel consumption and use of coolants, with the data broken down by offices, warehouses, work sites and plants.

In February 2021, for the seventh consecutive year the Elecnor Group verified greenhouse gas emissions in accordance with UNE ISO 14064-1 standard, linked to the direct and indirect emissions relating to its activities. Within the framework of carbon footprint registration, offsetting and CO_2 absorption by the Ministry for Ecological Transition (MITECO), the Group also received the “Calculo y Reduzco” seal granted by the Spanish Office for Climate Change (OECC).

Moreover, for the third consecutive year, Elecnor took part in the Carbon Disclosure Project (CDP), presenting its voluntary report on climate change. In 2020, Elecnor managed to improve on the previous year’s score, obtaining a score of A- (B in 2019), a score that positions the Group at the highest level in terms of sustainability, adaptation and mitigation of the impact of climate change. The inclusion of Elecnor in this international ranking recognised by customers, investors and shareholders is part of its Climate Change Strategy.

Elecnor’s carbon footprint in 2020, in connection with Scopes 1 and 2, amounted to 57,070 tonnes of CO_2e (50,308 tCO_2e in 2019). Factoring in Scope 3 emissions (deriving from the value chain), the organisation’s total emissions amounted to 101,328 tCO_2e (80,931 tCO_2e in 2019).

Since 2019, the carbon footprint has included Scope 3 emissions, for which purpose a selection was made of critical suppliers and subcontractors. Scope 3 refers to processes associated with Elecnor’s value chain, but which take place in sources that do not belong to it and which it does not control.

Emissions (t CO_2e)

Scope	2019*	2020
Scope 1 Stationary and mobile combustion**	45,904	53,394
Scope 2 Consumption of electricity	4,404	3,676
Scope 1 & 2 totals	50,308	57,070
Scope 3	30,623	44,259
Total	80,931	101,328

*The 2019 figures have been recalculated since Celeo Concesiones e Inversiones left the consolidation scope in 2020 and based on adjustments to commutes. Accordingly, the figures for the last two years are comparable.

**Fugitive emissions were counted, but not reported since they are only reported every three years due to their representing less than 1% of the total carbon footprint.

Scope 1 emissions have increased as compared to the previous year, due to an increase in activity in Brazil which resulted in particular in a rise in fuel consumption.

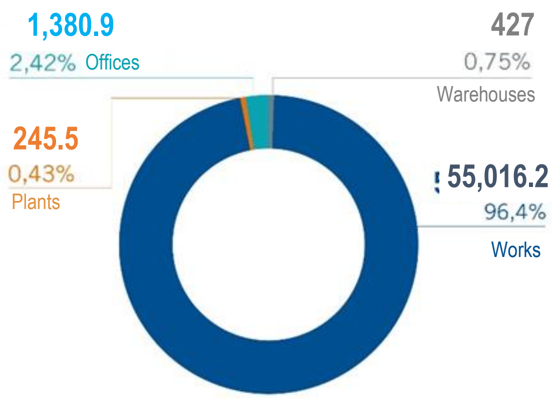
Meanwhile, the reduction in energy consumption is due to more organisations being committed to using electricity from renewable sources, which has led to a 17% reduction in Scope 2 emissions.

As for Scope 3 emissions, suppliers and sub-contractors accounted for 79% of the total, business travel for 10% and commutes for 9%. Emissions from consumables and waste generated at the facilities accounted for just 3% of the total. In 2020, these emissions increased since they included sub-contracted units (around 70%). Furthermore, the characterisation of upstream and downstream processes at the organisation improved, obtaining more accurate data, and including new emissions sources such as hotels, teleworking and business travel.

Scope 3 emissions	2020
Suppliers and subcontractors	34,922
Business travel and hotels	4,329
Commutes	3,806
Waste, water and paper	1,202
Total	44,259

At 2020 year-end, the ratio of emissions generated per hour worked was 1.86 $kgCO_2e$/hour, similar to that of 2019 (1.81 $kgCO_2e$/hour). Nevertheless, taking 2014 as the basis for comparison, the ratio has clearly improved, having fallen by 24% (2.4 $kgCO_2e$/hour in 2014 vs. 1.8 $kgCO_2e$/hour in 2020).

The most notable facilities when it comes to analysing Scope 1 and 2 emissions are works projects, which account for 96%; followed by plants, offices and warehouses, which account for 4%.



Mitigation through activities. Emissions avoided

The Group's power generation activity using renewable sources avoids the emission of greenhouse gases. Elecnor undertakes projects in the areas of wind, solar PV and solar thermal power, hydroelectric and biomass plants.

By means of its Concessions Business, Elecnor has holdings in 1,694 MW of renewable energy facilities in operation and construction in Spain, Brazil, Canada, Colombia and Australia (1,464 MW in 2019), broken down as follows:

Renewable energy (MW)	2019	2020
Wind energy	1,299	1,349
Solar thermal energy	150	150
Solar PV energy	15	195
Total	1,464	1,694

As part of its commitment to diversification, the Group's wind subsidiary Enerfín, is implementing innovative projects that include, among others, the hybridisation of wind energy and photovoltaic energy and storage, or generation, storage and supply of green hydrogen. In an initial phase, these projects are centred in Spain in light of the new regulation (Royal Decree Law 23/2020) and the National Recovery and Resilience Plan.

This kind of project responds to the need to decarbonise the economy, enabling, on the one hand, greater penetration of renewables in the electricity system (hybridisation, storage); and, on the other hand, reaching sectors with high emissions such as heavy goods transport or cogeneration.

Below are some of the most significant renewables projects awarded in 2020:

Wind energy

Spain

Gecama wind farm, 312 MW
Montetorrero wind farm, 99 MW
Croas I and II wind farms, 18 MW
Montetourado wind farm, 10 MW

International

Tucano wind farm, 322 MW, in Brazil
Port Augusta wind farm, 210 MW, in Australia
Cerro Tigre wind farm, 185 MW, in Chile
Llanos del Viento wind farm, 156 MW, in Chile
Corumuel wind farm, 50 MW, in Mexico
Guajira I wind farm, 50 MW, in Colombia

Solar PV energy

Spain

Perseo Foton solar PV farm, 126 MW
Zuera self-consumption, 11 MW
Las Motillas solar PV farm, 5 MW

International

New England Solar Farm I, 520 MW, in Australia
Coremas IV-VIII solar PV farm, 156 MW, in Brazil
Girasol solar PV farm, 120 MW, in Dominican Republic
Pesé solar PV farm, 14 MW, in Panama
Mayorca solar PV farm, 13 MW, in Panama

Biomass

Biomass cogeneration plant, 20 MW, in Belgium

Consumption management

In 2020, energy consumption totalled 756,81 TJ, a 13% increased on the previous year due mainly to the increase in the consumption of biodiesel in Brazil.

The various energy consumptions are presented below:

Energy consumption (TJ)

	2019*	2020
Natural gas	0.16	0.13
Diesel	33.76	29.24
Petrol	50.44	54.14
Gas oil	466.45	479.75
Biodiesel	53.57	156.41**
Electricity	62.80	64.23
Non-renewable source	45.79	43.42
100% Renewable source	17.00***	20.65***
Other fuels	3.37	4.51
Total	670.56	852.48

*Figures for 2019 have been recalculated since Celeo Concesiones e Inversiones left the consolidation scope in 2020. Accordingly, the figures for the last two years are comparable.
**The increase in biodiesel was triggered by a rise in activity in Brazil.
*** Since 2018, Enerfín has had a contract to consume 100% renewable energy in all its national facilities (offices and wind farms).

Energy efficiency initiatives

Energy management is one of the Group's areas of activity. Elecnor is certified as an Energy Services Company (ESC), empowering it to develop projects to boost energy efficiency in street lighting, buildings and facilities. At present, Elecnor manages 284,887 street lights in 93 Spanish municipalities.

Meanwhile, internally and over the course of 2020, the Group continued to implement a number of energy-saving and energy efficiency actions as part of its Climate Change Strategy, most notably:

- Fleet renewal, including new hybrid vehicles in the organisation.
- One-off modifications to the facilities at water treatment plants to reduce electricity consumption, installing more energy-efficient machines.

- The first electric vehicle for Celeo's Diego Almagro base in Chile to be recharged using solar panels on the roof.
- Conference calls encouraged to avoid journeys.
- Courses in efficient driving practices to drivers of vans and heavy vehicles.
- Installation of timers for electronic devices and automatic off switches.
- Acquisition of sustainable and efficient vehicles, machinery and tools.
- Acquisition of more efficient computers.
- Route optimisation.
- Replacement of LED lighting in control buildings and wind turbines in the Páramo de Poza (Burgos) and Faro-Farelo (Galicia) wind farms. In Páramo de Poza, 30% of lighting in wind turbines was replaced.
- The "Apuesta por una conducción eficiente" (Choose efficient driving) campaign for wind farms.

Green financing

In line with its commitment to the highest standards of responsibility in sustainability, in June 2020 Elecnor signed its first "green guarantees" facility, valued at Euros 70 million, with Société Générale acting as the issuing bank for the operation. This financing is aimed at the implementation of selected ecological projects that are beneficial for the environment and are socially responsible.

Moreover, towards the end of 2020, Elecnor set up a Securitisation Fund called "Elecnor Eficiencia Energética 2020", to which it has assigned the credit claims derived from the contracts for the management of energy services and maintenance of street lighting installations, which Elecnor executes for 43 municipalities and public entities in Spain.

The Fund has issued Euros 50 million in bonds maturing in seven years to trade in Spain's Alternative Fixed Income Market (MARF). This was the first securitisation transaction for the sale of future credit claims derived from contracts with Public Entities to be conducted in Spain.

These bonds are compliant with the requirements established by Green Bond Principles and therefore qualify as green bonds for G-advisory, the Garrigues Group's consultancy firm. For Elecnor, this bond issue is further evidence of the Group's commitment to sustainability, contributing in particular to the achievement of Sustainable Development Goal 13 – Climate Action, pursuant to the United Nations Global Compact.

Consumption of renewable energy

In 2020, Enerfín signed electricity supply contracts guaranteeing that the power supplied at both offices and in national wind farms is from 100% renewable sources.

Water consumption

Elecnor's water consumption as a result of its activities is as follows:

- Processing for customers, meaning water captured from waste water treatment facilities, treatment plants or water supply services operated by Elecnor and processed to attain human consumption quality or at least a sufficient degree of treatment as established by law. In this regard, in mid-2020, the three water treatment concessions in Aragón (Spain) that were managed by Celeo were transferred to other companies. Accordingly, until the date of that transaction, in July, the amount of water treated totalled 4.3 hm^3.

- Own consumption, meaning water used in the facilities and to conduct the Group’s various activities. Since this consumption is low, it is not considered to be a material environmental aspect in Elecnor’s activities.

Although own water consumption is not significant in the Group, in the Environmental Management System it is identified as an environmental aspect of the organisation. As a result, at both the fixed facilities and works executed, control mechanisms have been established and potential impacts relating to water consumption while conducting activities are assessed and monitored as follows:

- Monitoring of consumption.
- Identification and compliance with legal requirements.
- Standard environmental management procedures.
- Location of areas at high risk of water stress (WRI).

The Group is aware of the importance of this limited resource and that some of its activities are performed in areas where there is a high risk of water stress. Consequently, initiatives are fostered to reduce and optimise water consumption and water collection is avoided in those areas.

In this connection, for example, Elecnor do Brasil, during the construction of the 230 kV Piripiri substation, implemented an evaporative cooling system combining energy efficiency and optimisation of water usage. Moreover, a water saving mechanism was installed in the taps at some of Elecnor’s office buildings. At the main offices of the Major Networks Unit, located in Bilbao, there is a system to recover grey water from bathrooms for use in toilets. The system also harnesses rainwater.

In addition, within the framework of the Climate Change Strategy, specific actions are being rolled out in connection with water consumption:

- Development of a plan to reduce water consumption in offices.
- Reuse of water for various purposes (watering gardens, street cleaning, etc.).
- Implementation of efficient irrigation systems. In the last few years, the facilities have been analysed and opportunities for improvement have been identified in relation to the integrated water cycle in various municipalities in which Elecnor provides gardening services.

Moreover, Elecnor ensures compliance with all legislation in the areas where it performs its activities. Elecnor avoids collecting water in areas of high water stress where it operates.

	2019*	2020
Mains water consumption (hm^3)	0.110	0.094
Water consumption in areas of high water stress (hm^3)	N/A	0.057
Water consumption in areas without water stress (hm^3)	N/A	0.037

* Figures for 2019 have been recalculated since Celeo Concesiones e Inversiones left the consolidation scope in 2020. Accordingly, the figures for the last two years are comparable.

Improving access to drinking water

Elecnor acknowledges the importance of accessing drinking water, and as a result in 2020 it joined forces with AUARA to improve access to water in developing countries. Although our involvement in this kind of initiative is aimed at helping vulnerable groups to have access to drinking water, it also helps minimise the environmental impact, such as reducing the use of oil, and using bottles made from 100% recycled and 100% recyclable materials.

This year, water supply has been provided directly and permanently to 30 people, and 75,243 litres of drinking water were contributed to AUARA projects. Moreover, 138 kg of plastic were recycled, saving 231 litres of oil by recycling more than 6,128 plastic bottles.

Other consumption

Elecnor uses the following raw materials: steel, cables, insulators, electrical panels, cells, pumps and pipelines. The company currently implements initiatives to recycle and re-use some of these, such as cables and steel.

Waste management

Elecnor's Waste Management Procedure includes the protocol for managing waste generated in order to ensure adequate protection of people's health and the environment, as well as compliance with applicable legislation. The waste generated is treated by authorised managers in accordance with current legislation, seeking the best available techniques for recycling, wherever possible. Moreover, in 2020 the company generated a total of 32,981 tonnes of waste, 73% of which was recovered (re-use, recycling, soil treatment or other means).

Elecnor also contributes to waste recovery by managing municipal recycling centres and recovering silt at the water treatment plants (WWTP and DWTP) it manages.

Below are details of the amounts of waste generated in Elecnor's operations:

Waste (Kg)	2019	2020
Non-hazardous waste	32,339,288	32,267,427
Hazardous waste	292,693	713,193

The increase in hazardous waste was due mainly to a rise in activity in Brazil.

Other initiatives

Enerfín, the Group's wind subsidiary, is very active in its commitment to reduce, re-use and recycle waste, at both its offices and its wind farms. Below are some of the initiatives introduced:

- Use of recycled paper and Forest Stewardship Council (FSC) certification guaranteeing that products were sourced from well-managed forests that provide environmental social and economic benefits.
- The "Apúntate al consumo inteligente" (Be a smart consumer) campaign.
- Reduction of paper consumption via the development and implementation of a digital invoice approval process to facilitate processes and minimise printing.

Celeo, meanwhile, continued with the "Celeo Recicla" (Celeo Recycles) campaign which is aimed at fostering recycling at work centres by providing separate bins, placing information signs and conducting awareness campaigns.

Management of biodiversity and protection of the natural environment

Elecnor's human-induced impact on biodiversity refers to the potential effects on flora and fauna due to disturbances, loss of habitat and even loss of species. Elecnor identifies and assesses this impact from all its activities, either for legal compliance or at the initiative of the organisation or its customers, by means of research or environmental impact statements. When so required by the environmental assessment of the project, an environmental monitoring plan is executed, including periodic controls of the impacts and preventive or remedial measures taken to reduce them.

Some examples of biodiversity actions or mitigation measures are outlined below:

- Replanting/plant restoration programmes:

  In the 500/230 kV Parnaíba III-Tianguá II-Teresina III transmission line and the related substations in Brazil a plant restoration programme spanning 270 ha has been launched to offset the loss of plant life in the project area. The areas for replanting surround the project and primarily are located in the "Serra de Ibiapaba" Officially Protected Area with a view to expanding this preservation area.

- Programmes to repel, handle, protect, monitor and rescue fauna:

  In the 500/230 kV Parnaíba III-Tianguá II-Teresina III transmission line and related substations in Brazil, a programme to monitor bird collisions has been implemented, which gauges the effectiveness of the anti-collision structures (metal spirals and others) for birds.

  Various programmes for the handling and rescue of fauna have also been introduced in order to minimise the risk of death and accident of wild animals in some projects, such as:

  - 500/230 kV Parnaíba III-Tianguá II-Teresina III transmission line and related substations, in Brazil.
  - The new 220/66 kV Hualqui sectioning substation and the La Pólvora substation, in Chile.
  - Mayorca solar PV farm, in Panama.
  - 230 kV Acajutla-Ahuachapan transmission line, in El Salvador.
  - 400 kV Baza-Caparacena and 220 kV Puente Bibey transmission lines, in Spain.

- Plant management and monitoring programmes:

  In Brazil, in the 500/230 kV Parnaíba III-Tianguá II-Teresina III transmission line and related substations, a programme is underway to harvest plant germoplasm to mitigate and offset the elimination of native vegetation necessary to implement the project, collecting the germoplasm from some of the native plant species in the project's area.

  In Spain, in the Miñón wind farm in La Coruña a plant restoration project was rolled out, including the restoration of slopes and platforms as well as hydroseeding.

The Elecnor Group generates a positive impact on biodiversity and the natural environment by means of Audeca, the subsidiary focused on the preservation of protected areas and the conservation of the natural environment.

Some of the actions implemented by Audeca in 2020 are outlined below.

Protecting nature to mitigate the effects of climate change in the PRAE environmental education complex

The Castilla y León Natural Heritage Foundation is implementing the initiative "Nature-based solutions for resilience to climate change and its impact on human health" as part of the "Research, health and environment agreement" with La Caixa Foundation.

Elecnor is taking part with a view to conducting a series of nature-based architectural actions (enclosures and separation of spaces – in the environmental complex and pellets plant –, increasing green zones and trees, as well as shaded areas) to mitigate the extreme effects of climate change.

RDI projects concerning antibiotics

Elecnor has undertaken a project to optimise the biological process of photosynthesis in order to re-use processed household waste water.

The aim of this project is to eliminate contaminants emerging from household waste water through low-cost solutions like micro-algae and bacteria introduced at different stages of the treatment process so as to obtain optimal quality for the re-use of treated water.

Elecnor also develops wind projects through its subsidiary Enerfín which may have an impact on the immediate environment (including flora and fauna). Consequently, it works with specialist groups to ensure that projects are compatible with the environment and with existing habitats.

In the pre-operational phase (prior to the start of construction work) it is standard practice to conduct studies agreed with the administration and with a minimum duration of one year in order to list the species and populations of birds in the area and their behaviour (nesting areas, home range, flight heights, and so on). The findings of these studies are crucial for the environmental body's consideration of the project's viability.

Any impact can be avoided or reduced by properly locating or relocating the wind turbines. Various pre-operational studies of birds and bats were implemented in 2020 in a number of areas of Spain. Especially noteworthy are the studies on the golden eagle in Orense (Galicia) and on the lesser kestrel to find breeding colonies and count numbers in pre-migration roosting sites in Navarra.
In the construction phase, environmental monitoring is conducted to prevent potential impacts at the site and to assess the suitability of the measures proposed. In the event of identifying impacts not initially foreseen (nesting areas, presence of unlisted species, etc.), measures are established to reduce, offset or cancel those impacts.

Once the facility has entered into service, by means of a proper environmental supervision programme, the actual impacts are evaluated and, where necessary, any suitable measures are taken.

In the wind farms of La Herrería and Pasada de Tejeda, managed by Enerfín, remedial environmental measures include a preventive shutdown of the wind turbines in situations of risk to birds, continuous monitoring of birds, periods of increased monitoring due to mass influx of birds during migration and ongoing annual control of the presence of carrion in the area in which the wind farms are located. Since March 2020, environmental monitoring in these wind farms has been increased, by adding new monitoring stations and hours of supervision.

The final goals of these measures are to minimise bird mortality in the various wind farms and ascertain the degree to which this mortality affects local populations.

For several years Enerfín has also been managing the Malpica Wind Farm (La Coruña, Spain), part of which is located in the Red Natura environmental protection network, which means it is necessary to have various monitoring plans in place for birds and bats, as well as a plan for morphological, soil and plant restoration or the monitoring of noise, among others.

As for Celeo, the main impacts identified on biodiversity from the operation of electricity transmission lines in Brazil and Chile relate to the removal or loss of vegetation. The impacts are managed through an environmental impact assessment that defines mitigation, repair and compensation measures. The mitigation of impacts relating to the operation of electricity distribution lines is achieved through the optimisation and reduction of interventions to the minimum necessary, as well as the environmental regeneration of the areas affected.

In Brazil, various environmental programmes are underway to comply with legal requirements inherent to the activities. With regard to biodiversity, note the bird monitoring programme aimed at verifying whether there is any interference by the transmission line in bird traffic, whether accidents are taking place involving birds as a result of the developments and whether birds use the transmission line structures.

In Chile, 56.4 ha were reforested pursuant to the environmental commitments relating to the CHATE (Charrúa Transmisora de Energía) projects. Furthermore, in Brazil a total of 33.23 ha were restored as part of the various projects (CAIUA, CANTE, JTE, among others).

Environmental awareness

Elecnor is working to raise awareness among stakeholders by means of awareness and information campaigns and programmes.

Some of the most notable of these are:

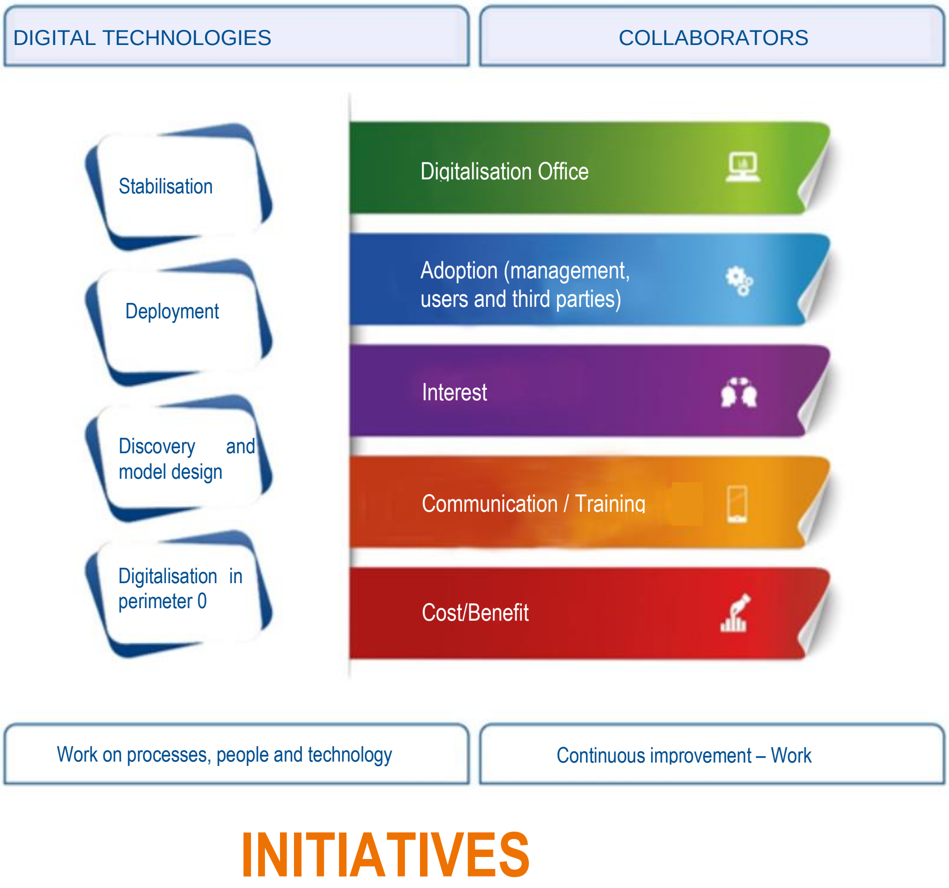
- World Environment Day. Elecnor marked this day with a campaign that conveyed its commitment to the protection of and respect for the environment, disseminating the Group's Climate Change Strategy. Furthermore, it held a competition to encourage employees to perform eco-challenges linked to the environment.
- #Antesdeimprimir #Responsabilidad #Compromiso #MedioAmbiente (#Beforeyouprint #Responsability #Commitment #Environment). These tags are featured in the corporate e-mail signature message for the entire Group, and they are aimed at raising awareness about whether it is really necessary to print e-mails and documents received daily.

- To mark the 5th anniversary of the approval of the 2030 Agenda, the Group launched the campaign #ApoyamoslosODS (#WeSupporttheSDGs) to help familiarise people with the SDGs and encourage them to work towards them.
- Elecnor keeps its employees informed regarding the actions being taken to fulfil its commitment to reduce its carbon footprint through the Scope 3 calculation, verification of ISO 14064-1 (verified AENOR environment certificate for carbon dioxide emissions) and its involvement in the Carbon Disclosure Project (CDP).
- Awareness drives are run for the proper management of waste at wind farms, in order to improve waste segregation.
- Elecnor Brasil has conducted initiatives to raise awareness among workers regarding various environmental matters, such as economising on water consumption, dangerous animals, waste management, environmental aspects and impacts and specific training in environmental issues.
- The talks and campaigns organised by Elecnor Chile have encompassed the following topics: flora & fauna, recycling, climate change, responsible paper consumption, environmental conservation, campaign to clear access roads and entrances to work areas so as to prevent fires.
- In Cameroon, Ghana, Panama and El Salvador, environmental awareness is being raised by means of training, talks and volunteer programmes, among other actions.

15.7. Technology and innovation

The digital transformation at Elecnor: processes, technology and people

By means of the Digital Transformation strategic project, the Elecnor Group continues to achieve progress in improving processes, operating efficiency, cultural change and competitiveness. The digital transformation at Elecnor has driven the development of an efficient management model that aligns processes, technologies and people.



This project focuses on the design, digitalisation and roll-out of an innovative management model, with organic capacity to create value in a sustainable manner over time, with technology and people as the drivers of change.

To ensure the Digital Transformation project's success, the Digitalisation Office was created to oversee compliance with the established goals and measure progress by means of certain indices such as the Digitalisation Index or the Implementation Rate. This office is now fully established, and guarantees that the project has the necessary structure, method and model of governance.

Through various working panels, the Office coordinates all the initiatives for innovation in processes, technologies and people. Each panel examines a series of initiatives on a specific matter and involves the required number of people within the organisation to reach a decision on which process to implement and the most suitable IT medium.

The decisions adopted are assessed by the Operating Committee, which includes a representation from all areas of the company and contributes a transversal business approach.

Lastly, the Operating Committee refers the decision to the Steering Committee, responsible for analysing the next steps and, where applicable, allocate the necessary resources to carry out the relevant initiatives.

Achievements 2020

- The initiatives in place at the start of the year obtained a Digital Development Score (DDS) of 96% and an Implementation Rate (IR) of 89%. The new initiatives launched in 2020 obtained a DDS of 96% and an IR of 88%.
- Progress in the digitalisation of transversal and business processes: procurements management, fleet management, financial reporting, various spheres of occupational risk prevention, consolidation of financial statements, insurance management, estimated closures, clocking in, document management, overseeing of major construction projects, framework agreement management, time sheets, CRM, etc.
- Launch and activation of initiatives to improve and digitalise contracts for street lighting, digital signatures, monitoring of Group employees abroad, reporting of goals and allocations of structure costs, among others.
- Continuity of initiatives regarding compliance, security and cyber-risks.
- Generation of synergies, reduction of technological risk and enhancement of intra-learning within the organisation.
- Increased levels of involvement: +400 participants, +6,000 users, +7,000 third parties, 600 working sessions, +80 training sessions and 22 committee meetings held.

Cybersecurity

In 2020, cybersecurity became an even more significant factor for companies since, as a result of the crisis unleashed by the pandemic, cyberattacks have increased.

Elecnor's cybersecurity team has worked to ensure that assets are protected at all times. In this regard, a number of steps were taken:

- Process of certification to ISO 27001 standard.
- Technical projects such as the implementation of secure WiFi or projects to guarantee security at installations and plants.
- Awareness and training to the entire workforce, crucial to maintain a high degree of protection against external threats.

Tackling COVID-19 by means of the digital transformation

From the technological standpoint, tackling COVID-19 has been a big challenge within the company, aimed mainly at guaranteeing the continuity of employees' work remotely by providing the adequate resources and resolving IT issues for a large number of employees as quickly as possible.

The fact that Elecnor already had a Contingency Plan in place enabled it to adapt working methods as efficiently and quickly as a situation like this required. Said Plan includes potential contingencies that might affect the availability of information systems, such as power outages, internet and server failures, impossibility of accessing the building, etc.

The pandemic has led to considerable progress in the Group's digital transformation in terms of both the deployment of tools and the proactive approach of the workforce. Employees became aware that technology and digitalisation have enabled them to continue their daily work in such exceptional circumstances. As a result, the adoption of digital habits has been greatly accelerated at the Group.

Among the initiatives developed by Elecnor to respond to the new situation, we highlight the following:

- Allocation of a considerable number of laptops to enable office staff to work from home, enabling activity to continue and offering the same, top quality service to customers.

- Security has been strengthened at the technical level and resources for teleworking have been adapted: activation of the protocol with suppliers and partners, mass deployment of VPN clients, HIP – host identity protocol to control the security level for each device connecting to the network, antivirus, control of corporate devices, non-corporate devices and laptops on loan, expansion of IP range, modification of bandwidths, dynamic loan balancing, adaptation of video-conferences, adaptation of the policy for updating devices, etc.

- Massive use of VPN solution.

- Strengthening and continuous monitoring of communications infrastructure, in response to substantial increases in traffic for much of the year. For perspective, in the most critical period of the pandemic, when the strictest lockdown measures were in place, the company went from conducting 5,000 video-conferences per month to performing around 40,000.

- Monitoring and reinforced prevention of cyberattacks amid an increase in risk.

- Employee training in the use of IT tools.

- Digitalisation of the most paper-intensive processes, mainly in the administrative management of procurements or internal authorisation and signature processes, avoiding physical handling and interaction.

Some milestones

- Around 40,000 video-conferences per month during strict lockdown period (from March to June)
- +15,000 issues resolved (from January to September)

Innovation and new business opportunities

Driving innovation, Elecnor contributes greater added value to the services it provides to its customers with the guarantee of sustainability, competitiveness and differentiation of the company.

Innovation is a part of the Group's Integrated Management System. Elecnor, S.A. and its subsidiary Audeca are currently certified in accordance with UNE 166002 standard.

The Group's main strategic lines of RDI target the following areas of activity:

Infrastructure	Energy	Facilities
• Railway • Electricity transmission/distribution • Gas transmission/distribution • Roads • Construction and building solutions	• Renewable/conventional generation • Substations • Energy storage systems • Hybrid fossil fuel + solar PV systems • Biomass • Construction solutions • Improvements in efficiency, O&M and management of generation plants	• Electrical installations • Energy services • Safety • Buildings and large facilities (ports, airports, industry, hospitals, etc.) • Construction solutions • Smart Cities

Environment	Water	Singular projects
• Management and treatment of waste and waste-to-energy • Carbon capture systems (CCS) • Soil decontamination • Improvements in efficiency, O&M and management of plants	• Systems for desalinating sea water and brackish water • Waste water treatment systems • Drinking water purification systems • Water transport and distribution networks • Improvements in efficiency, O&M and management of plants and water networks	Development of projects in which innovation provides a significant qualitative leap.

Achievements 2020

- Certification of the phytotreatment project in accordance with UNE 166001 standards.
- Submission of LIFE WAPTECH Alguazas to 2020 call for proposals.
- Launch of Innova 2020 internal call for proposals for RDI project funding.
- Hosting of a virtual Innovation Meeting.
- Development of various projects with customers and collaborators.
- Continued integration of BIM working methodology and tools.
- CDTI approval of the financing for two projects related to the environment and energy storage at wind farms; and three proposals in the framework of the ESA technological programme aimed at Galileo

activities, the launch of a micro-satellite developed by Elecnor Deimos (the Group's technological subsidiary) and research into a constellation of micro-satellites.

- Adjudication to Elecnor Deimos of four new projects within the framework of the European Union Horizon 2020 programme.
- Performance by Enerfín of an experimental storage programme using lithium-ion batteries at the Montes de Cierzo wind farm (Navarra).

Innovation projects

In 2020, the Group was involved in around 40 innovation projects that, in many cases, it performs in collaboration with various universities and technological centres and institutes, such as Railway Innovation Hub, University of Valladolid, Madrid's Polytechnic University, University of Pisa (Italy), University of Ioannina (Greece), Ramón Llull University (Spain) and Rzeszow University of Technology (Poland); the company Tekiner or aerospace agencies such as Spain's Institute of Aerospace Technology (INTA), among others.

Highlighted projects

The ENTORNO project

The project by Audeca, the Group's subsidiary specialising in integrated maintenance of railway infrastructure and the conservation of the natural environment, is aimed mainly at controlling roadside vegetation by means of remote sensing, multi-spectral sensors and weather forecasting, and upkeep of vegetation to help maintain road safety. The new element is a methodology that helps make decisions regarding mowing and brush cutting based on new detection technologies, weather information and plant phenology, instead of being based on past history or visual inspection.

The WINDBATTERY project

This project, by the wind energy subsidiary Enerfín, consists of designing, implementing and optimising a new prototype of wind turbine battery integrated control system.

In this regard, Enerfín analyses and develops new battery management software in order to manage production in a much more efficient way and to very high standards.

With regard to the advantages, the wind system plus the battery allow large-scale renewable energies to be integrated without compromising on the guarantee and quality of electricity supply, thereby being able to forego well-known back-up technologies (mainly thermal), since they are the main culprits of greenhouse gas emissions.

Among the main benefits of this project for the Spanish electricity system are the following:

- Reduce imbalances between generation and forecasting.
- Shift renewable generation to peak consumption hours in order to adapt, as far as possible, the generation curve to the requirements of demand.
- Provide the system the capacity to increase/decrease generation to adjust imbalances between generation and demand in real time, so as to improve security and continuity of electricity supply with clean technologies.

- Adapt to new European network codes.
- Reduce deviation costs of the Spanish electricity system.

The Genio project

This project is executed by the Group's Railways Arm in partnership with Aner Sistemas Informáticos and Tekniker, and it is aimed at developing a smart system for planning and performing maintenance of linear facilities such as railway electrification.

The project has defined scientific-technological, industrial, market and social objectives.

The main goal of the project is to develop a smart system to support planning and execution of maintenance. In this regard, Aner, as an ICT solutions developer, will expand its product base focusing on the maintenance and management of assets incorporating technologies that enable a product to stand out for its ease of use and adaptability to staff, its interoperability with other systems and the efficiency of its results. Meanwhile, Elecnor aims to develop a complex asset management system based on information management so as to gain competitiveness and market share. Both companies will rely on the Tekniker centre and its technological industrial maintenance solution, which in turn is aimed at furthering the knowledge and application of various technologies linked to artificial intelligence within this field.

Innova 2020 calls for proposals

The Elecnor Group, through its Innova programme for funding RDI projects proposed, aims to align RDI with the development of new business for the Group, to boost competitiveness, achieve early identification of RDI projects and enhance internal collaboration.

All Elecnor Group organisations based in Spain and foreign subsidiaries can apply for funding for RDI projects.

Highlighted project

Removal of emerging contaminants

The project is aimed at developing a novel, low-cost and proprietary methodology to remove emerging contaminants from waste water. Specifically, the project will examine the elimination of the most frequent antibiotics from the water.

To reach this goal, the project plans to chart the antibiotics most frequently found in urban waste water, develop a low-cost methodology to remove these emerging contaminants and test the methodology in a laboratory and in a pilot plant operated by Elecnor.

Innovating through startups

Collaboration with startups enables Elecnor to access greater knowledge, develop innovative solutions and create new business opportunities that may contribute added value to customers.

In this regard, Elecnor partners with Solarnub to find financing and energy sales models in self-consumption solar PV projects.

Enerfín is also developing a digitalisation initiative to detect and forecast operational anomalies in wind turbines. In this project it has joined forces with the advanced data analysis startup Datatons, whose purpose is to define data models for forecasting potential losses of energy in wind turbines at the Cofrentes wind farm (50 MW).

Furthermore, since 2018 Elecnor Deimos has held a stake in the share capital of the Anglo-Danish startup ORBEX, which focuses on the development of small satellite launchers. It is also involved in developing key areas of the launcher, such as the guidance, navigation and control system, the on-board software or the ground control segment.

Membership of RDI associations and platforms

- Associate member of Eraikune Construction Cluster in the Basque Country. Eraikune helps boost the competitiveness of companies in the Construction Industry by means of training, innovation and internationalisation.
- Associate member of the Asturias Innovation Club (Innovasturias).
- Platinum member of the Efficient Energy Cluster of Catalonia.
- Member of the Interior Air Quality Cluster (IAQ), an association of businesses that cooperate and share synergies with the main goal of leading future decisions on how to improve interior air quality in buildings and infrastructure.
- Members of the R&D committees of Spain's Association of Technological Aeronautics, Space and Defence Companies (TEDAE), the European Association of Remote Sensing Companies, the European Association of Space Companies Eurospace and the Open Geospatial Consortium.
- Elecnor Deimos is a member of the Spanish Aerospace Platform, which comprises all the players in this sector, including companies, public and private research centres and universities, and submits the proposed strategic RDI agenda to administrations.

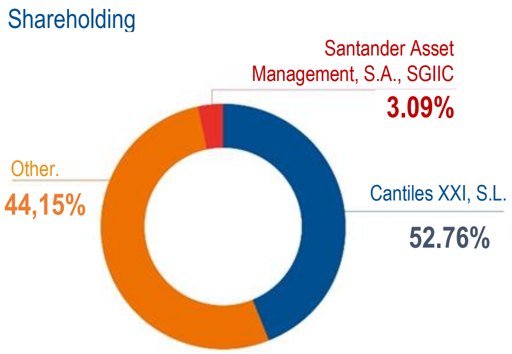
15.8. Responsible management

Corporate Governance

Elecnor meets the requirements established in Spanish Companies Act and is guided by the recommendations in the Code of Good Governance of Listed Companies issued by the National Securities Market Commission[9].

[9] This information is available under Corporate Governance in the Shareholders and Investors section of the website www.elecnor.com

Ownership structure



Elecnor S.A. is controlled by a group of shareholders comprising ten family groups that act as the company's unit of decision and control, instrumented by means of the company Cantiles XXI, S.L.

Under the heading "Other" are shareholders with an insignificant percentage stake (less than 3%), as well as own shares in Elecnor, S.A., which accounted for 2.67% at 2020 year-end (the same percentage as in 2019).

Governance structure

The governing bodies of the parent company (Elecnor S.A.) are its General Shareholders' Meeting and the Board of Directors. The Executive Committee, Audit Committee and Appointments and Remuneration Committee report to the Board of Directors.

The General Shareholders' Meeting was held on 20 May 2020, with record attendance of 83.64%. Due to the restrictions deriving from the pandemic, for the first time ever the General Shareholders' Meeting was held entirely remotely.

Board of Directors

Director name	Position on the Board	Category	Date last appointed
Jaime Real de Asúa Arteche	Chair (non-executive)	Proprietary	01 June 2018
Ignacio Prado Rey-Baltar	Vice-Chair	Proprietary	01 June 2018
Rafael Martín de Bustamante Vega	Director and Chief Executive Officer	Executive	16 May 2017
Cristóbal González de Aguilar Alonso-Urquijo	Deputy-Secretary	Proprietary	22 May 2019
Fernando Azaola Arteche	Director	External	01 June 2018
Miguel Cervera Earle	Director	Proprietary	01 June 2018
Isabel Dutilh Carvajal	Director	Independent	22 May 2019
Joaquín Gómez de Olea y Mendaro*	Director	Proprietary	20 May 2020
Irene Hernández Álvarez	Director	Independent	01 June 2018
Juan Landecho Sarabia	Director	Proprietary	01 June 2018
Santiago León Domecq**	Director	Proprietary	28 October 2020
Miguel Morenés Giles	Director	Proprietary	01 June 2018
Gabriel de Oraa y Moyúa	Director	Proprietary	01 June 2018
Rafael Prado Aranguren	Director	Proprietary	01 June 2018
Emilio Ybarra Aznar	Director	Independent	22 May 2019
Pedro Enrile Mora-Figueroa***	Secretary non-director		24 June 2020

* Re-appointed in 2020.
**Appointed by cooptation to cover the vacancy caused by the death of the proprietary director Fernando León Domecq, who was also a member of the Executive Committee and the Appointments and Remuneration Committee of Elecnor.
***Appointed in 2020.

Board of Directors' Committees

Executive Committee

The main purpose of the Executive Committee is to analyse, prior to the monthly meeting of the Board, the performance of the company and its businesses, in accordance with the strategic policies established by the Board of Directors, reporting the content of its meetings to the Board's plenary session, as per the Committee's regulations.

Name	Position	Type
Jaime Real de Asúa Arteche	Chair	Proprietary
Fernando Azaola Arteche	Secretary	External
Cristóbal González de Aguilar Alonso-Urquijo	Director	Proprietary
Rafael Martín de Bustamante Vega	Director	Executive
Miguel Morenés Giles	Director	Proprietary
Ignacio Prado Rey-Baltar*	Director	Proprietary

*Appointed in 2020.

Executive Committee	Number	% of total
Executive directors	1	16.7%
Proprietary directors	4	66.6%
External directors	1	16.7%
Committee meetings	22	

Audit Committee

This committee supports the Board in the supervision of accounting, tax and financial information, internal and external audit services, compliance, internal control and risk management.

Name	Position	Type
Irene Hernández Álvarez	Chair	Independent
Miguel Morenés Giles	Secretary	Proprietary
Isabel Dutilh Carvajal	Director	Independent
Ignacio Prado Rey-Baltar	Director	Proprietary
Emilio Ybarra Aznar	Director	Independent

Audit Committee	Number	% of total
Independent directors	3	60%
Proprietary directors	2	40%
Female directors	2	40%
Committee meetings	11	

- Over the course of the year, the Audit Committee performed the following actions:
- The review of annual financial and non-financial information and half-yearly and quarterly financial information published in markets and the goals and forecasts at year end. Note the Committee's monitoring of the implications and accounting impacts of the corporate transaction conducted at the end of 2019 in which Dutch fund APG took ownership of 49% of shares in Celeo Concesiones e Inversiones, which heads the Celeo sub-group. In addition, as a result of this transaction and in accordance with the CNMV's recommendation, in the consolidated annual accounts for 2019 the comparative figures for 2018 were restated to reflect what the Group's accounts would have looked

like had this accounting method been used since the agreement with APG was signed in 2014 in Celeo Redes.

- The monitoring of the main risks with the potential impact on the income statement and other material matters relating to the annual accounts, the Risk Management System and the Internal Audit system. Note that the Audit Committee closely monitored the main impacts and measures to tackle the situation caused by COVID-19, most notably:
- The launch of the COVID-19 Monitoring Committee, chaired by the Chief Executive Officer.
- Protocols for action against COVID-19 and other instructions.
- Main measures to contain costs and for more flexible employment.
- Liquidity situation and measures taken to strengthen it in the event of a decline in cash generation at businesses.
- Supervision, from an IT resources and systems standpoint, of problems arising from the mass implementation of teleworking and the associated security risks.
- Review of risks managed through the Risk Management System to include the risk associated with health crises (public health).
- Information to be reported to markets in connection with COVID-19 in compliance with the recommendations of the CNMV and ESMA.
- The relationship with the Group's external auditors, supervision of their independence and approval of fees.
- Supervision of the Compliance System and the activities of the Compliance Committee.
- Monitoring of the Group's Digital Transformation Project.
- Information to the General Shareholders' Meeting.
- Review, update and modification of various operating Policies and Regulations to adapt them to the recommendations outlined in the Code of Good Governance of Listed Companies and other standards. Specifically, this year the Regulation of the Audit Committee and the Policy concerning communication, contacts and engagement with shareholders, institutional investors, asset managers, financial intermediaries and proxy advisers have been updated.

Comprehensive information of the Report on the Activities of the Audit Committee is contained in the Annual Corporate Governance Report, available on the corporate website.

Appointments and Remuneration Committee

This Committee assesses the competencies, knowledge and experience necessary in the Board. Additionally, it proposes and reviews the remuneration policy for Directors and Management.

Name	Position	Type
Emilio Ybarra Aznar	Chair	Independent
Jaime Real de Asúa Arteche*	Secretary	Proprietary
Isabel Dutilh Carvajal	Director	Independent

*Appointed Secretary in 2020

Appointments and Remuneration Committee	Number	% of total

Proprietary directors	1	33%
Independent directors	2	66%
Female directors	1	33%
Committee meetings	10	

Over the course of the year, the Appointments and Remuneration Committee performed the following actions:

- It examined the category or status of the Directors, reviewed the models for assessing the Board, its Chairman and its Committees, and performed the evaluation of the Appointments and Remuneration Committee itself, with a very satisfactory result. Furthermore, it reviewed the questionnaire completed by Directors in connection with conflicts of interest in reference to 2020.

The Committee continued its study on the structure of the Board of Directors, which commenced in mid-2017.

- It has performed a preliminary analysis of the needs of the Board of Directors including competencies, know-how and experience required by the Board, which was taken into account when compiling proposals and reports submitted to the Board concerning the appointment and re-election of Directors. Specifically, at the behest of the Board of Directors, the Committee endorsed the re-election as a Director of Joaquín Gómez de Olea y Mendaro, the appointment by cooptation of Santiago León Domecq, and the appointment as Secretary (non-Director) of the Board of Directors of Pedro Enrile Mora-Figueroa.
- With regard to remuneration, the Committee proposed the annual fixed and variable remuneration for the Executive Director and compiled the 2019 Remuneration Report which the Board presented to shareholders at their General Meeting for an advisory vote. It also submitted the proposed Remuneration Policy for the management team and its application, including the proposed variable remuneration, as well as the long-term incentive, also variable, for the 2017-2019 period, which is linked to the targets set.
- An external comparative analysis was conducted of the management team's remuneration, with the help of Willis Towers Watson, a project that is still underway and that comprises a quantitative analysis of the remuneration to the Chief Executive Officer and the Management Team, and a diagnosis of the current policy in relation to the market and corporate governance best practices.
- The succession plans for the Chairman, Chief Executive Officer and Management Team have been reviewed.
- An examination was conducted, with the presence of those in charge of Human Resources, of this Management's situation, especially in matters relating to COVID-19 and furlough management, changes to the Group's workforce, work environment survey, regulatory changes and certifications, gender and wage gap analysis, inclusion and diversity, and internationalisation.
- It has undertaken measures linked to sustainability, after the creation of the first Sustainability Committee comprising people from various of the company's business areas.
- It has also proposed to the Board the modification of the Regulation of the Committee itself and of the Policy for the Selection of Directors and for Board Diversity, with a view to adapting those texts to the partial reform of the CNMV's Code of Good Governance approved in June 2020.

Comprehensive information of the Report on the Activities of the Appointments and Remuneration Committee is contained in the Annual Corporate Governance Report, available on the corporate website.

Diversity of the Board of Directors and Director selection

Elecnor's Policy for the Selection of Directors and for Board Diversity, available on the company website, outlines all the measures adopted in relation to the selection of Directors, diversity policies in connection with gender, age, experience, etc. This policy was applied in the appointment of a second female Independent Director in 2018.

In December 2020, the Board of Directors agreed to amend this Policy to bring it in line with the reform of the Code of Good Governance of Listed Companies approved by the CNMV in June of the same year.

The Policy is governed by the following guiding principles:

- Adequate composition of the Board of Directors, for which purpose the Director selection processes must be grounded on a prior analysis of the competencies required by the Board.
- Fostering diversity in the Board and its Committees, among other aspects, in relation to know-how, experience, age and gender.
- Non-discrimination and equal treatment, whether on the grounds of race, gender, age, disability or any other reason.
- Transparency in selecting candidates for Directors, with the Board of Directors being obliged to provide all significant information in this regard, duly documenting the selection processes and including the main conclusions in the reports and proposals by competent bodies that must be made available to shareholders at their General Meeting.
- Compliance with applicable regulations and the principles of good corporate governance.

Said Policy establishes that the bodies in charge of ensuring the diversity of the Board of Directors and its Committees as well as of the processes of selection of members of the Board will be the Board of Directors and the Appointments and Remuneration Committee, without prejudice to the appointment powers of the General Meeting of Shareholders.

With regard to the goal of ensuring that the number of female directors represents at least 40% of members of the Board of Directors by the end of 2022 and thereafter, and no lower than 30% before then, the company intends to continue fostering an increased presence of female directors on the Board so as to fulfil the recommendation without affecting the normal functioning of the Board and the suitability of its members as a whole to discharge their duties.

In compliance with legal stipulations, the Board of Directors of Elecnor, S.A. compiled the Annual Corporate Governance Report for the year ended 31 December 2020. Said document is available on the CNMV and Elecnor websites.

Remuneration Policy

On 27 March 2019, at the proposal of the Appointments and Remuneration Committee, the Board of Directors of Elecnor approved the Remuneration Policy corresponding to the years 2020, 2021 and 2022, which is a continuation of the Remuneration Policy in force until 2019.

As the foremost measure of the new Remuneration Policy, the Board of Directors, after studying the prevailing legal and legislative context, agreed to amend the Bylaws (article 12) and the Regulations of the Board of Directors in relation to Directors' remuneration. Article 12 establishes that the General Shareholders' Meeting will determine and approve the maximum remuneration to be received as compensation by Directors for all items and all duties they perform, including both executive and non-executive functions.

This Policy aims to reduce mercantile and tax risks emerging in the future in relation to the remuneration of Elecnor directors in the event of a change of legislation, as occurred at non-listed companies.

The Policy is governed by the following guiding principles:

- Moderation: remuneration must be reasonable, in accordance with trends and references of similar companies and in proportion to the Company's situation and the economic context at each given time.
- Suitability: the Policy is designed to attract, motivate and retain directors. It rewards directors' quality, dedication, responsibility and knowledge of the business, as well as their professional track record and commitment to the Company.
- Profitability and sustainability: remuneration to directors performing executive duties will provide an incentive for performance and reward value creation in the long term.
- Transparency: the design, establishment and application of the Policy will be implemented in strict observance of transparency. In particular, the Company will make available to shareholders, at the General Meeting, this Policy and the related Report, and it will be outlined in both the notes to the Company's annual accounts and its Annual Corporate Governance Report.
- Safeguarding shareholders' interests.

Total remuneration accrued by the Board of Directors in 2020 amounted to Euros 4,938.1 thousand (Euros 5,199.6 thousand in 2019), including remuneration deriving from their executive functions (CEO) and their non-executive functions.

The table below shows a breakdown of this amount, in thousands of Euros, on an individual basis for each member of Elecnor's Board of Directors. This breakdown is also available in the Annual Report on Remuneration to the Directors of the Company, published by the CNMV and on the corporate website.

	Remuneration accrued within the Company					Remuneration accrued within companies in the Group				
Director name	Total cash remuneration	Gross profit on vested shares or financial instruments	Remuneration from savings schemes	Other items of remuneration	Total in 2020	Total cash remuneration	Gross profit on vested shares or financial instruments	Remuneration from savings schemes	Other items of remuneration	Group total in 2020
Jaime Real de Asúa Arteche PROPRIETARY	460.5			0.34	460.8	20				20
Fernando León Domecq PROPRIETARY	126.9			0.34	127.2	13.3				13.3
Ignacio Prado Rey-Baltar PROPRIETARY	185			0.34	185.3	20				20
Rafael Martín de Bustamante Vega EXECUTIVE	1,920.8			5.24	1,926.0	20				20
Joaquín Gómez de Olea y Mendaro PROPRIETARY	173			0.34	173.3	20				20
Cristóbal González de Aguilar Alonso-Urquijo PROPRIETARY	188.8			0.00	188.8	20				20
Fernando Azaola Arteche EXTERNAL	188.8			2.48	191.3					
Miguel Cervera Earle PROPRIETARY	163.8			0.00	163.8	20				20
Isabel Dutilh Carvajal INDEPENDENT	178.8			0.34	179.1					
Irene Hernández Álvarez INDEPENDENT	171.3			0.00	171.3					
Juan Landecho Sarabia PROPRIETARY	151.3			0.91	152.2	20			71.9	91.9
Santiago León Domecq PROPRIETARY	40.4			0.00	40.4					
Miguel Morenés Giles PROPRIETARY	203.8			0.34	204.1	20				20
Gabriel Oraa y Moyúa PROPRIETARY	151.3			2.09	153.4	20				20
Rafael Prado Aranguren PROPRIETARY	151.3			0.34	151.6	20				20
Emilio Ybarra Aznar INDEPENDENT	183.8			0.00	183.8					
Total	4,639.6			13.1	4,652.7	213.3				285.4

The Board of Directors, at its meeting on 13 April 2020, unanimously decided to reduce the fixed remuneration of the Board, Chairman and Secretary by 30%, in the same terms and time frames as the furlough schemes and working day reductions implemented to tackle the COVID-19 crisis (from 13 April to

31 May 2020). In addition, per diems for Directors relating to meetings held remotely in April, May and June 2020 were cancelled.

Board of Directors' Evaluation

The Company's Board of Directors evaluates, by means of various questionnaires to be completed by all of its members, its own activity and that of its Committees, as well as the activity and actions of its Chair, Secretary and Chief Executive Officer, pinpointing the strengths and areas for improvement and applying the adequate remedial measures. These questionnaires are reviewed by the respective Committees.

They include the evaluation of areas such as the degree of compliance with targets, value creation and strategy, composition and dynamic of the Board, risk management, transparency and relations with shareholders, Corporate Governance and corporate social responsibility, the operation of the Board Committees and the performance of the duties of the Chairman and Secretary of the Board and the Chief Executive Officer.

The annual assessment by members of the Board of Directors in 2020 led to the proposal of an Action Plan which notably includes the strengthening of the Director training programme, continuous improvement in the availability of information to be discussed at Board meetings, and the launch of a Board information and analysis programme aimed at fostering an adequate sustainability policy in connection with environmental and social matters, in keeping with Principle 24 of the CNMV's Code of Good Governance of Listed Companies. Training provided to Directors in 2020 focused mainly on the following matters: key new governance, insurance, IT, framework agreements and energy services companies in street lighting installations.

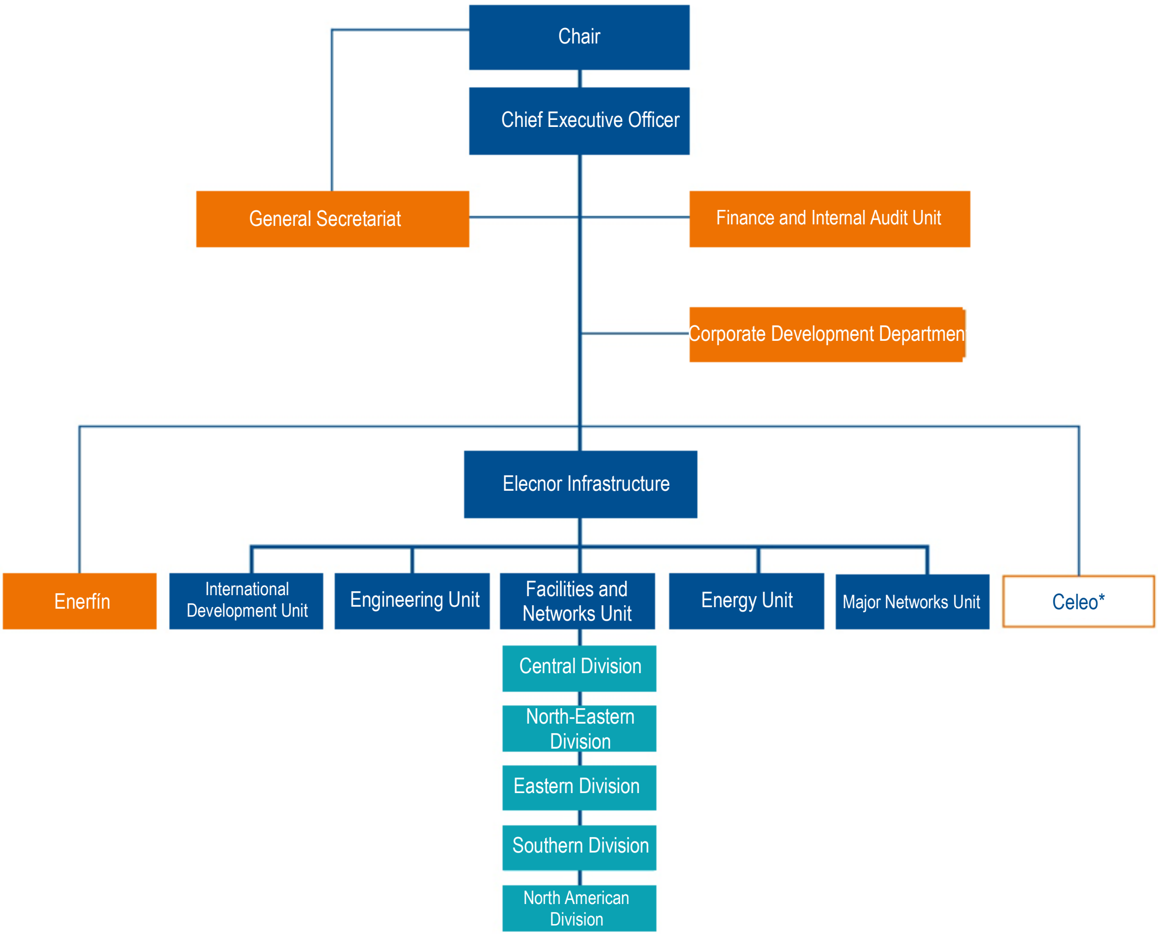
Progress on the principles of good governance

In order to continue fostering measures to boost Elecnor's shareholders' engagement and involvement, the Board of Directors of Elecnor, S.A., meeting in March 2020, approved the "Policy concerning communication, contacts and engagement with shareholders, institutional investors, asset managers, financial intermediaries and proxy advisers," which was modified in December 2020 in order to adapt it to the changes in the Code of Good Governance of Listed Companies approved by the CNMV in June 2020. From then on, the Policy became known as the "Policy on communication of information, contacts and engagement with shareholders, institutional investors, asset managers, financial intermediaries, proxy advisers and other stakeholders".

This Policy, which is published on the corporate website, establishes the Company's general information and communication channels, as well as specific channels that enable dialogue and participation of shareholders, institutional investors, asset managers, financial intermediaries and proxy advisers, to ensure that they have adequate and up-to-date information concerning the Company.

Moreover, as part of its ongoing efforts to maintain an optimal standard of Corporate Governance, in 2020, the Company's Board of Directors has reviewed and approved the modification of the regulations of the Board of Directors, Audit Committee and Appointments and Remuneration Committee, as well as the Internal Code of Conduct, so as to adapt them to the various regulatory reforms that have been introduced in the year.

Organisational structure at 31 December 2020



*Company co-managed by Elecnor (51%) and APG (49%)

Responsible management of the COVID-19 health crisis

In mid-March, as a consequence of the rapid spread of COVID-19 and the measures restricting mobility implemented by most governments, the Group set up a top-level COVID-19 Monitoring Committee to respond in a quick, coordinated and effective manner to the major challenges and difficulties posed by this exceptional situation.

The Group's priority has been to guarantee the health of its employees, customers and suppliers; to maintain production so as to ensure the maintenance of critical infrastructure in the energy, telecommunications, water, gas and transport sectors; and to boost the Group's financial strength.

For this purpose, the following initiatives were implemented:

- An Action Plan was drawn up to protect people's health.

- A Special Contingency Plan was devised defining the scope of action of Elecnor as en essential supplier for critical system operators.
- The Procedure for Occupational Risk Prevention Services was activated in respect of exposure to SARS-CoV-2 for the most vulnerable staff.
- Various measures were implemented to contain costs and make employment more flexible which have so far mitigated the effects of the pandemic.
- As a measure of prudence in the event of a potential decline in liquidity, in the first few months of the crisis the Group's financing limits were increased, despite its solid liquidity position prior to the COVID-19 outbreak.

Constant communication and information to the workforce and to stakeholders with whom the Group has a relationship have been key to preventing risks deriving from this crisis.

Elecnor has a specific space on its corporate intranet containing information relating to COVID-19, including the action protocols at work centres and project sites, instructions for handling cases and their close contacts, and a plethora of documentation and information to boost knowledge of the risks and the adequate prevention measures.

Risk management

Elecnor is exposed to various risk factors linked to the sectors in which it operates and the long list of countries in which it is present, either consistently or by means of one-off projects.

The Group continually manages and prevents these risks, reducing to acceptable levels the probability of their materialising and mitigating their potential impact, where applicable, on business volume, profitability and efficiency, reputation and sustainability.

For this purpose, the Group has a structured and dynamic Risk Management System the main pillars of which are as follows:

- Continuous risk identification and evaluation and prioritisation.
- Identification of the management and control mechanisms and tools in place in connection with the main risks and assessment of their efficacy.
- Continuous improvement of risk management by means of the development and implementation of initiatives and projects aimed at enhancing management mechanisms and tools.
- Permanent supervision and monitoring of the System.

These management and control mechanisms and tools are integrated in the organisation's various processes so as to operate continuously in the daily course of business, without prejudice to other standalone initiatives and actions that may be determined for each individual case.

Elecnor's main risks are grouped into five broad categories:

- Governance risks. Relating to the organisation's governance structure and method (structure and composition of the governing body, risk management, social responsibility and sustainability strategy and management of stakeholders' expectations).

- Strategic, planning and economic environment risks. Those linked to the main strategic variables and decisions, with the manner in which the strategy is executed and with movements or changes in the economic environment that might have a material impact on the organisation's activities and compliance with its goals. These include:
  - Business model
  - Managing and fulfilling the changing requirements of customers
  - Growth
  - Sub-contracting strategy
  - Business concentration
  - Changes in the market, industry and competition
  - Public health
  - Laws and regulations
  - Political or social situation
  - Changes in exchange and interest rates
- Operating risks. Comprising the manner in which the organisation carries out its activity and administers its resources in accordance with the established processes and procedures. These include, among others, risks relating to the management of projects, management and maintenance of assets, supply chain, commercial management, financing, credit, liquidity, financial and budget planning, legal aspects, human resources, information systems, etc.
- Reporting risks. Risks relating to information at both internal and external level, including risks ranging from the capture and processing of information to the preparation of reports and distribution thereof to designated recipients, whether management reports or mandatory reports (annual accounts, reports and tax filings, etc.).
- Compliance risks. Relating to the mechanisms in place to ensure compliance with laws and regulations and with the organisation's policies and procedures, emphasising areas such as the promotion and consolidation of the culture of compliance, management of risks of this kind, communications or incident management.

In 2020, as a result of COVID-19, the Group reviewed its Risk Management System and raised the importance level of public health risk. In this framework, an analysis was performed of the potential impacts of the materialisation of this risk and the available mechanisms to manage it, which has enabled the Group to improve the monitoring of the various action plans launched to tackle the crisis, to identify the potential impacts sufficiently in advance and to design new prevention mechanisms.

With regard to Compliance risks and within the framework of its Compliance System, the Group has identified those situations in which, in accordance with the provisions of Spain’s current Criminal Code and equivalent local regulations, legal persons may be criminally liable for certain offences committed by their employees or by certain related parties. Accordingly, the Group has implemented the necessary controls to ensure adequate prevention and management of the risks that might arise from such situations.

Due to the very nature of these risks, inasmuch as they imply a potential criminal liability, their possible impacts would be both short- and long-term, so the Group lays particular emphasis on preventive management in this regard.

The main risks associated with these offences potentially imputable to legal persons and that could potentially affect the Group are described below:

Type of risk	Impact
Foreign citizens and human trafficking	Imposition of forced labour or services, slavery or similar practices and helping persons to remain unlawfully.
Bribery and corruption	Inducement to lack of impartiality or obtaining undue benefits by delivering or promising gifts, favours, etc.
Natural resources and environment	Failure to comply with laws, legal provisions or regulations.
Taxation authorities and Social Security	Evading taxes or Social Security contributions (including false accounting) and improperly obtaining grants, aid or funds.
Money laundering	Using, performing transactions with or concealing the unlawful origin of goods obtained through criminal activity.
Financing of terrorism	Performing activities with goods or securities in the knowledge that they will be used in terrorist activities.
Market and consumer fraud	Incurring in antitrust practices, deceiving in order to make a profit, changing prices, disseminating, revealing or passing on trade secrets and using insider information.
Industrial and intellectual property	Profit from goods protected by industrial and/or intellectual property rights without the rights holder's consent.
Discovery and revelation of secrets	Discovering secrets or breaching privacy or using private information without permission.
IT damage	Erasing or damaging computer data or hampering the operation of systems.
Illegal financing of political parties	Performing donations or making contributions to political parties or similar organisations in breach of the law.

For each of the risks identified, Elecnor has specific controls in place, including the Ethical Code, Compliance Policy, periodic internal and external audits of the Integrated Management System, Payment Management and Control Procedure, Recruitment Policy, Ethical Code whistleblower channel, Supplier Assessment System, etc.

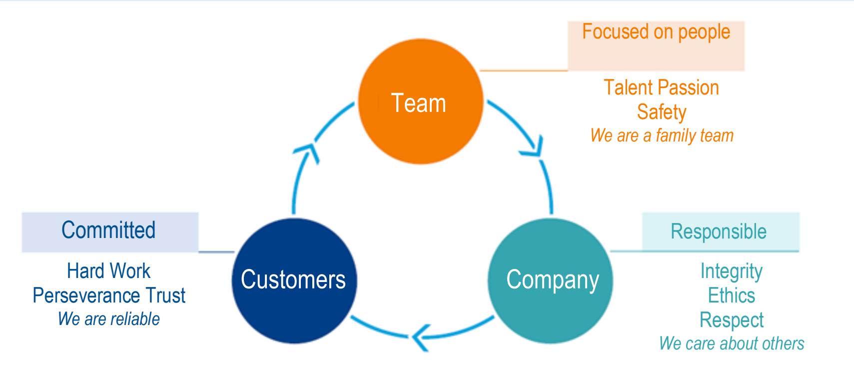
Ethical management and regulatory compliance

The Elecnor Group's responsible management and ethical, honest and transparent conduct with stakeholders is underpinned by a firm commitment, solid corporate values and the implementation of robust ethical management and regulatory compliance systems. At present, the Company has the necessary tools to ensure compliance with legislation in force and responsible management in its relations with shareholders, employees, customers, suppliers, competitors and social representatives.

Our mission
We generate change and bring about progress by deploying infrastructure, energy and services to territories all over the world in order to develop their potential.
We place engineering and technology at the service of people's well-being.

Vision
A global enterprise whose purpose is developed through a people-centric business model and that believes in generating shared value and sustainability.
Efficiency, diversification and robustness, our levers for growth and expansion.

Values



Compliance system

The Elecnor Group and each of its employees undertake, as expressed in its Ethical Code and its Compliance Policy, to discharge their activities in accordance with applicable legislation in the territories and countries in which it operates, as well as to comply with and uphold human rights and respect labour rights, act in a diligent and professional manner, with integrity, quality, care for the environment, preventing occupational risks and exercising corporate social responsibility.

The Elecnor Group's Compliance System has embodied those principles and values and strives for the ongoing improvement of its practices and management procedures with a view to strengthening its Corporate Governance.

The scope of the System covers all countries in which Elecnor and its subsidiaries and investees operate, notwithstanding the necessary adaptations in line with each country's specific characteristics.

In 2020, Elecnor strengthened its Compliance System with a reorganisation aimed at buttressing the structure and system to reinforce and improve the apparatus and maintain it in operation at all times.

The Group's commitment to the ongoing improvement of its management practices and procedures was acknowledged when it was certified to the UNE-ISO 37001 anti-bribery management system standard, positioning the organisation as a leader in this sphere as the first company from its sector in Spain and one of the first companies from any sector in Spain and globally to obtain this certification.

Furthermore, Elecnor also holds UNE 19601 criminal compliance management system certification, the main benchmark in Spain for the design and articulation of criminal risk prevention systems and based on the highest international standards in this connection.

Certification to UNE-ISO 37001 anti-bribery management system standard

This is the most modern and stringent international standard on anti-bribery management systems and the adoption of compliance protocols in general.

Certification to UNE 19601 criminal compliance management system standard.

A national standard based on the requirements of UNE-ISO 37001. This standard establishes the requirements to implement, maintain and continuously improve the criminal compliance management system in order to prevent crimes being committed inside the organisation and to reduce criminal risk by fostering a culture of ethical behaviour and compliance.

The main elements of the Compliance System

The Elecnor Group permanently seeks to ensure that all its actions are carried out in accordance with the strictest ethical standards, applying a principle of zero tolerance to ethical malpractice and a lack of professional integrity, and it expects its employees and the persons with whom it interacts to adhere to the principles of the Group's Ethical Code.

Elecnor has set up a procedure to enable all its employees to report, confidentially, in good faith and with no fear of reprisals, any irregular conduct in connection with matters covered by the Code, the rules on which it is based, its implementing policies and procedures, or the law. The e-mail address codigoetico@elecnor.com and post office box 26-48080 are available for this purpose.

Employees may also resolve queries or propose improvements in the internal control systems in place.

In 2020, no complaints were received in the sphere of human rights in connection with respect for freedom of association and the right to collective bargaining, the abolition of forced or compulsory labour or the effective abolition of child labour. Likewise, neither were any complaints received in connection with corruption, bribery or money laundering.

The five complaints received in 2020 via the Ethical Code whistleblower channel and managed by the Compliance Committee refer mainly to job-related issues. At the time of completing this report, there were no complaints pending resolution.

Both the Ethical Code and the Compliance Policy of Elecnor are available on the corporate website and intranet.

The Compliance Committee compiles an Annual Compliance Report describing the main actions conducted during the year in the spheres of prevention and monitoring of and response to compliance risks, which is submitted to the Audit Committee and the Management Team to help them in their duties of supervision of the System.

Actions in 2020

- Completion of the review and improvement of the procedures and controls established to prevent and avoid anti-trust practices. Elecnor commenced this project in 2019 and has been advised by Deloitte. A review was conducted of the main risks associated with the sphere of anti-trust laws to which Elecnor is exposed, as well as procedures, protocols and controls in place. As a result, improvements and new controls to be implemented have been identified. In order to raise awareness and bolster employee training a specific training programme has been designed for the Group's Management Team (around 200 people). This training will be held in early 2021.
- Design of a work schedule within the framework of the collaboration agreement with IE Law School to create the "*IE-Elecnor Observatory on Sustainable Compliance Cultures*". The observatory, with an initial duration of two years, is aimed at analysing the adoption of compliance at medium-sized and even medium-large companies from a global and comparative perspective, with a view to gleaning an in-depth understanding of the reality of the challenges involved, examining potential solutions and disseminating the knowledge generated. In 2020, work focused mainly on assessing the current state of compliance at medium-sized companies in Spain (this research is now in the completion phase), as well as on setting up the observatory website.
- Compliance Training:

2020
Online training
for +2,400 people

Last 3 years
+3,000 people within the Group
Management team, middle management, staff in support, advice and control duties and the rest of staff in Structure in Spain and abroad

Elecnor allocates significant investment to raising awareness and training its staff in connection with compliance issues. Below are details of the number of employees who have received this kind of training in the last 3 years, broken down by professional category and geographical area:

	Management	Executive	Technician
Spain	145	728	1,933
Europe	-	22	8
America	5	62	32
Africa	-	50	84
Asia	-	10	3

Oceania	-	1	-
Total (*)	150	873	2,060

(*) Compliance training is organised for staff in Structure. Staff in Works, given their lower exposure to compliance risk, are not included in these specific training plans.
(**) The information above includes only that designed and managed at the corporate level. Consequently, it does not include training conducted locally by the various organisations.

- Design and implementation of a Compliance Training Model for the on-boarding stage of new recruits.
- Consolidation of the "compliance contacts" initiative, which consists of presenting a compliance training pill at all meetings of the Board of Directors, Executive Committee, Management Committee and the rest of senior-level meetings.
- Continuation of the consolidation and improvement of the Compliance System at the various subsidiaries and organisations belonging to the Group, in accordance with the Compliance System Rollout Plan. Notable here in 2020 was the activity in the United States and in the wind (Enerfín) and concessions (Celeo) businesses.
- Launch and rollout of the large projects integrated management procedure (opportunity, bid and contract), aimed at improving the system, risk assessment (including compliance risk) and coordination between departments as soon as a major project opportunity arises and until the relevant contract is signed, and also encompassing the bidding phase.

In 2021, work will continue in relation to the following goals:

- Review and improvement of the compliance risk assessment and due diligence procedures in relation to third parties (mainly suppliers and subcontractors).
- Improvement of integration between the Compliance and Integrated Management Systems (better harnessing of know-how, systems and resources).
- Review of compliance indicators and improvement in the measurement and monitoring process.
- Completion of the project to improve systems relating to the preparation, issuance and approval, dissemination, review and monitoring of the mandatory Corporate Policies and Procedures.
- Continuation of the consolidation and improvement of the Group's Compliance System at the various subsidiaries in accordance with the "Compliance System Rollout Plan".

The Elecnor Group has partnered various sector associations in order to continue driving the sectors of activity in which it operates. Nevertheless, in accordance with its Compliance System, it never makes financial contributions that are unlawful or aimed at obtaining special treatment. In 2020, the Elecnor Group contributed Euros 1.1 million to sector associations (Euros 1.3 million in 2019).

Committed to fighting corruption, bribery and money laundering

Elecnor's commitment to combating corruption and bribery is consistent with its principle of zero tolerance to ethical malpractice and lack of professional integrity, and it is enshrined in its Ethical Code and its Compliance Policy, establishing that:

- Under no circumstances shall Elecnor employees and their related persons engage in unethical practices that may be seen as instigating a lack of impartiality, transparency and honesty in the decisions by authorities, civil servants or persons taking part in public service, or any other person outside the organisation.
- These unethical practices include offering or promising to deliver gifts, favours or remuneration of any kind or the existence of any situation deriving from a personal relationship with the authority, civil servant or any other person outside the organisation who might influence the obtaining of a decision that could directly or indirectly generate a financial benefit for Elecnor or a third party.
- Elecnor employees and their related persons shall refrain from receiving, requesting or accepting, or from promising, offering or granting third parties any unwarranted benefits or advantages, for themselves or for third parties, or obtaining undue advantage for themselves or a third party in the acquisition or sale of goods, contracting of services or in commercial relationships.
- For the purposes of determining whether such acts are of a criminal nature or not, their taking place outside the working hours or facilities of Elecnor, their being funded on an individual basis, or their taking place in Spain or abroad are all immaterial.

With respect to money laundering, the Compliance Policy establishes that ”Under no circumstances shall Elecnor's staff or the related persons acquire, own, use, convert or transfer goods if it is known that they arise from crime, irrespective of whether the criminal activity was carried out on national territory or abroad. Likewise, the performance of any act to hide or conceal its illegal origin, or to help someone who has participated in such breach by avoiding the legal consequences of his actions, is expressly prohibited. Elecnor’s staff shall therefore be extremely cautious and diligent in their transactions with third party providers of goods and services, to assure that they do not arise from a criminal activity.”

Elecnor’s Compliance System is its main tool to combat corruption, bribery and money laundering. As stated above, Elecnor is certified to UNE-ISO 37001 anti-bribery management system standard and UNE 19601 criminal compliance management system standard.

In 2020, no complaints were received in connection with corruption, bribery or money laundering.

Human rights

Since it commenced its activities, the Elecnor Group has been fully committed to supporting, respecting and safeguarding human rights in all spheres of action, based on its ethical principles and its corporate social responsibility.

As outlined in its Human Rights Policy, all the Group's companies are unwaveringly committed to compliance with and defence of human rights in developing their activities in all of the countries where they operate. Moreover, this Policy extends to all the Company’s stakeholders with a view to sharing and requiring the same exacting level of commitment in its relationships with them.

This Policy is fully aligned with the Group’s Corporate Social Responsibility Policy and its Ethical Code, as well as with the UN Universal Declaration of Human Rights, the principles of the UN Global Compact and the Sustainable Development Goals, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises.

The Human Rights Policy lays particular emphasis on equality of opportunities regardless of people's characteristics, as well as the avoidance of child labour and forced labour and respect for the rights of ethnic or indigenous minorities.

Furthermore, as a Signatory of the United Nations Global Compact, the Group has undertaken to incorporate the 10 principles in relation to human rights, labour, environment and anti-bribery into its corporate strategy, and to promote the Sustainable Development Goals (SDGs).

The companies co-owned by Elecnor, Celeo Redes in Chile and Brazil, have also subscribed to the Global Compact.

In 2020, no complaints were received in connection with human rights breaches relating to respect for freedom of association and the right to collective bargaining, the abolition of forced or compulsory labour, the effective abolition of child labour, and non-discrimination.

Fiscal transparency

Elecnor's Board of Directors decided to approve a governance framework for tax matters in order to ensure that the Group's actions and operations are governed by clear principles, values and standards, to enable any employee, person or entity having a relationship with the Group, when appropriate, and the Board itself to adopt suitable decisions so as to comply with tax legislation. This framework is fully aligned with the principles and criteria on which the Group's Risk Management and Control System is based.

Accordingly, Elecnor's Tax Policy reflects the Group's fiscal strategy and its commitment to the application of best tax practices. The strategy consists of ensuring compliance with applicable tax regulations and seeking to properly coordinate the fiscal practices followed by Group companies, for the corporate interest and in support of a long-term business strategy that avoids tax risks and inefficiencies in executing business decisions.

The Group's tax strategy is based on the following principles:

1. Fulfilling their tax obligations with the utmost diligence in the various countries and territories in which the Group operates.

2. Submitting all the Group's tax filings in a timely manner, including those that do not involve tax payments.

3. Paying in a proper and timely manner all taxes payable in accordance with the applicable laws.

4. Making tax decisions on the basis of a reasonable interpretation of the regulations, refraining from taking material tax risks, without relinquishing legitimate tax efficiency to maximise the Group's value for shareholders.

5. Paying particular attention, when applying tax law, to the interpretation thereof emanating from the courts in relation to each of the operations or matters that have a tax impact.

6. Preventing and minimising, to the extent possible, the tax risks associated with the Group's strategic operations and decisions.

7. Defining and implementing frameworks for the supervision, review and control of the tax function.

8. Informing the management bodies in regard to the main tax implications of the operations or matters submitted for their approval, when they constitute a significant factor in determining their intentions.

9. Fostering an open relationship with the tax authorities based on respect for the law, loyalty, trust, professionalism, collaboration, reciprocity and good faith, without prejudice to any legitimate disputes that, upholding the above principles and in defence of the corporate interest, may emerge with said authorities in connection with the interpretation of the regulations.

The Elecnor Group's Tax Policy is available in the corporate website.

Elecnor publishes its tax information in an exercise of reporting transparency. The taxes paid by the Group in the countries and territories where it operates constitute one of its main contributions to society.

Profit before tax by country

Figures in thousands of Euros

Country	2019	2020
Germany	-18	219
Angola	19,991	11,777
Algeria	-884	9,561
Argentina	1,690	1,299
Australia	-130	-325
Belgium	-	-3,636
Bolivia	-91	-178
Brazil	57,422	52,597
Cameroon	704	-2,064
Canada	1,430	2,734
Chile	11,247	10,528
Colombia	-2,952	-1,345
Ivory Coast	-	-2
Ecuador	-879	1,469
El Salvador	267	741
Spain	94,756	23,566
United States	6,520	8,128
Finland	-	919
France	2,589	-20
Ghana	-537	-1,647
Guatemala	-2	47
Guinea	21	-
Honduras	1,592	2,737
Italy	4,318	-2,446
Jordan	2,638	-1,248
Kuwait	3	-5
Lithuania	-	1,460
Morocco	-91	-33
Mauritania	557	-1,171
Mexico	-11,212	8,888
Mozambique	-	-135
Norway	3,946	6,634
Oman	56	-2,316
Panama	4,129	-1,729
Paraguay	-	2
Peru	-1,270	206
Portugal	-632	-2,185
UK	781	4,375
Dominican Republic	-7,888	-1,001

Country	2019	2020
Romania	-	60
Senegal	90	-1,234
South Africa	37	1
Uruguay	869	1,062
Venezuela	1,010	-359
Total	190,077	125,931

Income taxes

Figures in thousands of Euros

Country	2019	2020
Angola	6,193.0	1,127.9
Argentina	204.9	428.6
Australia	4,358.2	483.1
Bolivia	9.0	49.9
Brazil	14,468.0	17,274.2
Cameroon	124.0	4.4
Canada	63.2	86.3
Chile	-479.1	759.5
Colombia	-	2.5
Ecuador	230.6	226.8
El Salvador	34.0	28.0
Spain	1,815.5	1,206.3
United States	5,433.4	57.4
France	76.0	140.3
Ghana	7.0	6.5
Equatorial Guinea	-	6.2
Honduras	519.7	12.8
Italy	183.4	17.6
Jordan	244.3	72.6
Kuwait	17.0	12.7
Morocco	0.3	0.0
Mauritania	120.0	228.9
Mexico	13.7	-224.6
Panama	215.0	656.5
Peru	551.3	0.0
Portugal	-27.1	153.3
UK	472.9	35.9
Dominican Republic	263.5	263.0
Romania	1.1	1.7
Senegal	10.0	1.8
Uruguay	375.9	274.3
Venezuela	6.5	0.1
Total	35,505.2	23,394.4

Elecnor has made its best estimate of the breakdown of results by country, as well as the payments made in current income tax by country, based on the data available at the time of preparing these Annual Accounts.

For this breakdown by country, the same criteria were used as those applied to preparing the Consolidated Annual Accounts, likewise breaking down harmonisations and removals as required for the presentation of the Consolidated Income Statement.

Estimated corporate income tax payments in countries in which the Group operates, correspond mainly to the final settlement of taxes accrued in 2019, and to payments on account of taxes accrued in 2020 which will be settled in 2021.

Public grants received

In 2020, the Elecnor Group received public grants amounting to Euros 3,744 thousand, compared with Euros 3,240.6 thousand in the previous year, as detailed below.

Figures in thousands of Euros

Country	2019	2020
Spain	1,947	2,499
Canada	119	117
UK	479	340
Portugal	695	788
Romania	-	30
Total	3,241	3,774

15.9. Social impact

Via its various activities, Elecnor has a direct impact on employment, progress and social well-being in the countries where it operates, while helping to resolve some of the major global challenges: tackling climate change, reducing the energy gap, providing safe access to essential resources like energy or drinking water, etc., which are set forth in the 2030 Agenda and the Sustainable Development Goals (SDGs).

In addition, thanks to sustained growth, the Elecnor Group also distributes direct financial value to its main stakeholders: shareholders, suppliers, employees, governments, etc.

The Elecnor Foundation structures the Group’s social commitment through social infrastructure projects in the countries where these are most necessary and through a commitment to the training, research and employability of young people.

Moreover, by means of the main Group companies, numerous social and/or environmental programmes are implemented with local communities.

Value generation

Direct economic value generated and distributed

The information continued in this report concerning the creation and distribution of the financial value shows how the Elecnor Group has generated wealth for its stakeholders.

In thousands of Euros	2019	2020
Generated financial value	**2,703,775**	**2,549,406**
Income[1]	2,703,775	2,549,406
Distributed financial value	**2,435,948**	**2,485,778**
Operating costs[2]	1,630,566	1,683,196
Personnel expenses[3]	669,018	708,571
Payments to capital providers[4]	100,259	70,017
Tax contribution[5]	35,505	23,394
Investment in the community[6]	600	600

Source. Figures from the income statement in the Consolidated Annual Accounts for 2020, except for dividend payments and income tax payments shown in the statement of cash flows included in the Consolidated Annual Accounts.

1. Including: Net turnover + change in inventories + self-constructed assets + other operating income + finance income + translation differences + profit or loss from equity-accounted investees (positive) + positive translation differences.
2. Including: Materials consumed + other operating expenses + non-controlling interests + profit or loss from equity-accounted investees (negative).
3. Including: Salaries and social benefits for employees.
4. Including: Finance expenses + dividend payments (statement of cash flows).
5. Including: income tax payments (from the statement of cash flows).
6. Including: Contributions to the Elecnor Foundation.

Job creation

With a team of more than 18,000 people in over 30 countries, Elecnor's people are its main assets as it executes its activities.

At the end of 2020, the Group's workforce had increased by 3,348 people (up 22.5% on the previous year).

Workforce	2019	2020	Changes
National	9,336	10,542	12.9%
International	5,519	7,661	38.8%
Total	14,855	18,203	22.5%

Elecnor contributes to the development and well-being of local communities by means of direct job creation by contracting local employees and suppliers.

Local employment

	2019		2020	
Location	Employees	Local employment	Employees	Local employment
Spain	9,336	95%	10,542	95%
Europe	796	77%	1,033	78%
America	3,725	98%	4,861	97%
Africa	969	90%	1,683	93%

Asia	15	93%	44	82%
Oceania	14	50%	40	58%
Total	14,855	94%	18,203	94%

Procurements from local suppliers

In thousands of Euros

	2019		2020	
Location	Procurements	Local procurements	Procurements	Local procurements
Spain	292,571	100%	652,512	100%
Europe				
Belgium	-	-	20,418	100%
Finland	-	-	2,801	100%
France	442	50%	11	100%
Italy	6,587	100%	18,830	100%
Norway	5,816	50%	5,636	100%
Portugal	7,090	100%	4,941	100%
UK	12,191	50%	11,991	100%
Romania	-31	50%	-225	100%
North America				
El Salvador	120	25%	3,506	42%
United States	55,314	50%	55,376	100%
Mexico	20,121	75%	44,542	100%
Panama	11,312	98%	13,586	100%
Latin America				
Argentina	487	50%	347	100%
Bolivia	104	50%	60	100%
Brazil	113,841	50%	134,367	100%
Chile	25,972	50%	35,733	100%
Ecuador	517	50%	-	-
Guatemala	1	50%	-	-
Honduras	856	65%	3,380	35%
Peru	316	50%	-	-
Dominican Republic	5,963	99%	9,776	92%
Uruguay	3,483	50%	5,006	100%
Venezuela	181	97%	5,509	0%
Africa				
Angola	5,168	65%	26,482	16%
Algeria	1,391	100%	74	1%
Cameroon	9,149	8%	16,208	63%
Congo	6,277	8%	5,468	17%
Ivory Coast	-	-	2	0%
Ghana	7,730	28%	29,515	18%
Guinea	7,921	1%	5,282	11%
Liberia	1,919	0%	184	0%
Morocco	4	50%	3	100%
Mauritania	7,993	50%	3,098	100%
Mozambique			747	100%

Location	2019 Procurements	2019 Local procurements	2020 Procurements	2020 Local procurements
Senegal	1,055	29%	3,167	85%
Asia				
Jordan	17,634	45%	1,774	98%
Oman	48	0%	3,577	100%
Oceania				
Australia	16,185	50%	15,798	100%
Total	645,729		1,139,481	

Profitability for shareholders

Elecnor, S.A.'s shares are traded in Spain's SIBE electronic trading system, where shares in the leading Spanish companies are traded, and the market with the largest trading volume in Spain.

The Company has been able to consistently create value for its shareholders in the last few years.

Stock market indicators	2019	2020
Closing share price (€)	10.95	11.00
Dividend yield	2.4%	3.1%

Dividend yield in 2020 was 3.1%, compared to 2.4% the year before.

In 2020, shareholders received two dividends: supplementary dividend against 2019 profit and interim dividend against 2020 profit, in a gross amount of Euros 0.27455644 per share (Euros 0.28208755 per share including pro-rate distribution of treasury shares) and Euros 0.05732 (Euros 0.055889557, including pro-rate distribution of treasury shares), respectively.

Note that Elecnor is not prohibited from paying dividends charged to 2020 pursuant to the provisions of Royal Decree-Law 18/2020 of 12 May, concerning social measures to safeguard employment, as the company previously paid the social security contributions from which it had been exempted as a result of the furlough schemes regulated in art. 1 of the aforementioned Royal Decree-Law.

The Elecnor Group's social action

The Group's social action is articulated mainly by means of the Elecnor Foundation.

In 2020, Elecnor donated a total of Euros 607,479 to various associations, foundations and non-profit entities to support a range of social causes (Euros 621,505 in 2019). Of that amount, Elecnor contributed Euros 600,000 to the Elecnor Foundation (the same amount as in 2019).

Elecnor Foundation. Highlighting the human side of engineering

Since its launch, the Foundation's mission has been closely linked to Elecnor's own activities, with the aim of helping to improve people's living standards and powering the economic and social progress of the communities in which Elecnor has a stable presence.

The Foundation continued bringing to the fore the most human aspect of engineering through various projects in its two areas of action:

- The development of water and energy infrastructure for social purposes to benefit those who most need it as well as the environment.

- Fostering training and research to nurture the professional development and projection of young people.

Although the Elecnor Foundation has not been unaffected by the health crisis unleashed by Covid-19, in 2020 it continued to collaborate in 4 social infrastructure projects in Mexico, Spain, Ghana and Senegal, and in 7 training and research initiatives.

Since its incorporation, the Foundation has been present in Spain, Honduras, Dominican Republic, Ghana, Chile, Uruguay, Peru, Angola, Nicaragua, Cameroon, Mexico, Senegal and Republic of Congo. Elecnor has allocated funds amounting to Euros 6.1 million. Moreover, the Foundation has obtained other funds totalling Euros 5.8 million. Accordingly, the Elecnor Foundation has led projects worth a total of Euros 11.9 million.

In 2020, the Foundation invested Euros 442,952 in the various projects.

Social Infrastructure Projects

- *Reconstruyendo La Nopalera*, Mexico

  This project consisted of installing solar street lighting in Nopalera, Mexico. This small town with 1,000 inhabitants in the State of Morelos suffered the devastating consequences of the earthquake in 2019.

  The aim of this project was to light the entire town with the same quality and intensity as any other developed town, all in accordance with the strictest quality standards. For this purpose, 83 street lamps were installed that operate using photovoltaic solar energy, which is stored in batteries to provide clean energy at night.

  The smart street lighting offers people security in urban areas and enhances the quality of life of the inhabitants of La Nopalera.

- *Nos importa el aire que respiras*, Spain

  Focusing on the treatment of air inside the Ronald McDonald House in Madrid, this project is aimed at improving the health of the especially vulnerable children living in the home.

  Along with its technological partner Aire Limpio, the Group is implementing a project chosen by the CDTI in its call for proposals for "RDI and Investment projects to tackle the health emergence declared as a result of COVID-19".

  This innovative project includes smart systems for counting people and taking temperatures and, once executed, it will be scalable for deployment at elderly care homes, hospitals, etc.

  The Elecnor Foundation has been a member of the Board of Trustees of the Ronald McDonald House in Madrid since 2013, the year in which Elecnor built this home for 30 families and implemented an energy efficiency project at the facility. Fundación Infantil Ronald McDonald offers a "home away from home" to families who have travelled from their habitual place of residence so that their children can receive medical treatment.

- Solar Back-up Systems II, Ghana

In 2013, the Elecnor Foundation, along with the Congregations of Hermanas de la Caridad de Santa Ana and Hermanas Hospitalarias del Sagrado Corazón de Jesús, launched the Solar Back-Up Systems project. This project helped boost the electricity supply at their hospitals and health centres, where there was a high risk of outage.

At present, these institutions have identified the need to implement new photovoltaic systems to improve healthcare in the ICUs of three hospitals, a training centre and a health centre which together cater for more than 200,000 people every year.

The agreements are currently pending signature.

- Hospital Saint Jean de Dieu, Senegal

The aim of this project is to improve the hospital's unstable electricity supply which hampers most of the services it offers. Hospital Saint Jean de Dieu de Thiès provides quality care to all social groups of the population and participates in the country's public health service.

The Elecnor Foundation, in partnership with the NGO Manos Unidas, has deployed an energy audit team so as to obtain data on the hospital's energy consumption.

Training and Research Projects

- IE-Elecnor Compliance Observatory for medium-sized enterprises

The Elecnor Foundation and Fundación Instituto de Empresa, with the support of Eversheds Sutherland law offices, in 2019 signed a collaboration agreement to create the "*IE-Elecnor Observatory on Sustainable Compliance Cultures*". This initiative responds to the Elecnor Foundation's commitment to improving organisations' compliance management, with a particular focus on small and medium-sized enterprises. It hopes that the initiative will help boost aspects such as combating corruption in business, safeguarding the right to competition, human rights and employment rights and respect for the environment.

The main goals of the Observatory are to:

- Harness and develop know-how to understand the challenges facing medium-sized enterprises in the implementation of a culture of compliance.
- Develop proposals to facilitate the implementation of a culture of compliance at medium-sized enterprises and those with limited resources.
- Disseminate the know-how generated in order to enhance the development of compliance in the business fabric outside of large corporations and multinationals.
- Facilitate understanding and a common framework in connection with compliance by tackling collaborative and inter-company initiatives and projects, especially in highly integrated value chains.

In mid-December, the Observatory's website was officially launched at a virtual event involving experts and professionals and focusing on the programme "Compliance in uncertain times. How to foster a culture of compliance in small and medium-sized enterprises?"

For 2021, a study on the current state of compliance at medium-sized enterprises in Spain is due for completion.

- Cities Lab chair of excellence, Universidad de Deusto

The Elecnor Foundation is a member of the Board of Trustees of the Cities Lab Katedra, pursuant to an agreement signed with Deusto Business School.

This project is an innovation ecosystem that develops research projects, learning programmes, communication actions and urban laboratories in connection with urban, human and sustainable development, governance models and leadership styles that help or hamper the development of levers for transforming cities.

The aim is to examine integrated solutions for smart cities, cross-checking and analysing information from urban services to adapt public policies to the needs of cities, cutting costs and providing a better service to citizens.

In 2019, an initiative was launched in conjunction with the municipal government of Alcalá de Guadaira (Spain) which is currently in phase 3, a stage consisting of implementing a series of ideas based on the results obtained in the previous two phases. The aim is to make Alcalá de Guadaira into an innovation ecosystem to better integrate sustainable urban development using technological innovation.

- Awards and Grants Programme with Escuela Técnica Superior de Industriales (Polytechnic University of Valencia — UPV)

The Elecnor Foundation has been offering grants to students of the Polytechnic University of Valencia (UPV) for 31 years, placing particular emphasis on renewable energies and on developing energy efficiency.

In the 2019-2020 edition, five students received grants for their end-of-Master's theses, on the following topics:

- Project for developing a smart LED lighting network, citizens information systems and sustainable mobility in a town in Castellón to mitigate the effect of greenhouse gas emissions.
- Development of low-cost equipment to monitor and detect faults in low-power wind turbine generators.
- Simulation and experimental verification of voltage dips using a hardware-in-the-loop system and test bench: detection and performance of motors and wind turbine generators.
- Lighting control system through low-cost micro-controller and DALI bus.
- Study of the capacity of roofs of Polytechnic University of Valencia for installation of solar PV panels.

- Corporate Leadership in Entrepreneurship and Innovation programme, Deusto Business School

Within the framework of the agreement signed with Deusto Business School, the Elecnor Foundation sponsors the Corporate Leadership in Entrepreneurship and Innovation programme to be developed jointly by Deusto Business School and ICADE Business School over the 2020-2021 academic year.

Professionals enrolled in this programme, taught jointly by Deusto Business School and ICADE Business School, will learn about cutting-edge entrepreneurial initiatives by large corporations first-hand from the executives who have led them.

- "Growing in Prevention" project in the Madrid region

In keeping with Elecnor's principle of "security as a non-negotiable value", the Elecnor Foundation collaborates with the Madrid region in this project which is aimed at raising children's awareness of the importance of prevention and protection from various hazards, including the current pandemic. The COVID-19 crisis led to a redesign of the project, adapting content for virtual sessions.

Growing in Prevention is aimed at 3rd-, 4th- and 5th-year primary school pupils and their teachers who, using a digital application, can access a learning unit on risk prevention, including aspects associated with COVID-19.

The aim is for children to learn, in a didactic and fun way (games, videos, etc.) to recognise risks to their health around them, especially in this exceptional period.

The training began in the following towns in the Madrid region: Robledo de Chavela, Getafe and Navacerrada. In 2020, the project involved 3,000 children.

- Specialist course in medium- and low-voltage electrical installations, imparted by Colegio Salesianos Deusto vocational training

  The Group continued to train future professionals within the framework of our cooperation with Colegio Salesianos de Deusto. This year, 131 training hours were provided to 14 students in hybrid format (in-person and online).

  In a new development, content has been adapted and broadened to adapt to Elecnor's needs so that students who are recruited are ready to undertake work directly on the project sites.

- Vocational Training Course. Distribution, Telecommunications and Maintenance

  The project's goal is to attract recent graduates from vocational training, who receive the necessary training to integrate immediately in Elecnor works. Representatives from Elecnor's Central Regional Office identified the minimum content for Distribution, Telecommunications and Maintenance activities, as well as the areas where these profiles are most needed.

  At the date of this report, training in electric power distribution had commenced at Colegio Salesianos de Deusto in the province of Vizcaya (Basque Country).

Corporate volunteering

In 2020, annual corporate volunteering was proposed within the framework of the "Reconstruyendo la Nopalera" (Rebuilding La Nopalera) project. In light of the situation unleashed by COVID-19 it had to be cancelled and volunteers from Elecnor México, together with staff from the municipal government of Yautepec (Morelos) instead travelled to the town to deliver personal protective equipment (PPE) against COVID-19.

More social projects

Elecnor's commitment to the communities where it executes its projects leads it to roll out programmes and initiatives to foster their social, environmental and economic development.

In Honduras, in early November tropical depression ETA caused serious flooding and landslides due to heavy rainfall, leaving thousands of victims in the northern area of the country. Elecnor donated to the Red Cross in Honduras a 60 CV engine for rescue boats to enable them to provide rescue services as well as to take humanitarian aid to the people worst hit by the storm.

In Ghana, in the framework of the construction of an electricity substation in Kaleo, Elecnor refurbished the local school, donated educational materials, repaired the main road into the town and installed solar panels at the police command station to provide access to sustainable electricity.

In Guinea, two taps were connected to the network at the OMVG electricity transmission project to provide drinking water to the neighbouring population and, in addition, a school was refurbished.

Moreover, the concessions subsidiary Enerfín and the co-managed company Celeo were especially active in this regard, as described below.

Enerfín

In 2020, Enerfín commenced construction of the Cofrentes wind farm in Spain, including measures to restore, improve and highlight the value of the landscape:

- Environmental and renewable energy awareness and education.

  At present, progress is ongoing in producing learning materials for this programme, scheduled for 2021 in the wind farm's facilities and aimed at students. The objective is two-fold: to disseminate information on wind energy and its importance to combat climate change and its effects; and to boost the environmental, landscape and cultural value of the area to attract tourism.

- Adaptation and improvement to Camino de la Señorita.

  This initiative has led to a notable improvement in the conditions for accessibility to hikers, owners and intervention teams, since the trail is located in an area of urgent fire-prevention action.

- Signposting of routes and/or places of interest for tourism.

  A collaboration agreement was signed with the Cofrentes municipal government in order to finance the signposting of routes and/or places of interest for tourism around the "Cerro de Agrás", a location of geological interest in the municipality.

In Brazil, the Group's wind subsidiary continued to collaborate on various social projects, approved by the Brazilian government and in accordance with tax incentive legislation, to foster culture, sports and social investment. Some of the most notable are:

- Visitors' centre at the Osorio wind complex.

  Visits are organised every year, mainly for school children, and content divulged regarding wind power and sustainability at the wind complex, and information is disseminated regarding the main tourist attractions in the municipality of Osorio. In 2020, 1,387 people were able to visit the facility despite the COVID-19 restrictions.

- Projeto Virada Sustentável POA 2020.

  This is a very popular event in Porto Alegre, especially among young people, which tackles topics relating to conservation and environmental sustainability. The fifth edition of Festival Virada Sostenible Porto Alegre 2020 consisted of visual art actions and urban art interventions, concerts and musical shows, and a number of theatrical and artistic-literary representations.

- Annual 2020 activities schedule - Fundação Iberê Camargo.

  This foundation is a highly representative cultural institution in Porto Alegre. The project is aimed at maintaining the Foundation, preserving its collection, promoting the study and dissemination of its works, and staging temporary exhibitions of modern and contemporary art, as well as a permanent parallel programme for debating topics and issues arising from the exhibitions.

In Canada, Enerfín performed the following actions:

- Guided visits to the L'Érable wind farm, organised in conjunction with the local tourism office, until the health restrictions triggered by COVID-19 prevented them.
- Providing support to community organisations and events in the municipalities of Saint Ferdinand, Saint-Pierre-Baptiste and Sainte-Sophie-d'Halifax. Enerfín collaborated in the construction of a centre for elderly dependants, the adaptation of a rest area for hikers and cyclists in the Sainte-Sophie-d'Halifax town centre, and other initiatives.

Celeo

In Brasil, Celeo is involved in two social projects within the framework of the commitments undertaken with Brazilian Development Bank BNDES in financing the Cantareira project (CANTE):

- Let's save the Planet.

  Construction of a waste separation and sorting that will create 20 jobs and improve waste management in the Monte Santo de Minas region (Minas Gerais). With the onset of COVID-19, Celeo also helped distribute food and hygiene products.

- Live well in Caetetuba.

  Refurbishment and construction of an annex at the Caetetuba train station (São Paulo) and installation of a social centre (CRAS). This project will benefit around 20,000 residents. As a result of COVID-19, food and hygiene and cleaning kits were purchased and distributed to 1,164 residents of the district.

In Chile, Celeo joined the "Canasta Local" initiative, led by Fundación Proyecto Propio. This project has a dual objective: to deliver basic goods to the people who need them most and to reactivate the economy in the area by purchasing those goods in the local market. 135 families in the Corel and Colbun communities received help thanks to this initiative.

In addition, the social projects at the schools in Corel and Charrúa continued in 2020. In Charrúa, Celeo is looking into how to provide support to 119 students who do not have an adequate internet connection in their homes.

Social actions as a result of COVID-19

The Elecnor Group has responded to the health and social emergency triggered by COVID-19 with multiple actions to minimise the impact of the crisis, especially among people in the countries where it operates.

The company has continued to conduct its activities with all due prevention measures and has managed to provide essential and critical services in the energy, telecommunications, water, gas and transport sectors, and to maintain infrastructure in operation for the entire population.

Throughout the pandemic, the subsidiary Audeca, which specialises in the conservation of the natural environment and maintaining road infrastructure, conducted essential activities in water management (waste and drinking), road maintenance, waste collection and street cleaning. The aim was to ensure the proper operation of these services, for both citizens and emergency centres: maintaining road safety, accident response, municipal waste collection, street cleaning, container and urban furniture cleaning, and street disinfection.

Elecnor Deimos, the technological subsidiary, developed, in a single weekend, an application for calculating the distance and duration of walks during the lockdown prior to the summer. This new application calculated where families could go on their walks, which were allowed as from 26 April but were limited to a radius of one km around the home. It also enabled users to calculate the duration of their walks (which were limited to one hour) in a simple manner, all integrated in a single app.

Teams at Elecnor's US subsidiary Elecnor Hawkeye have worked ceaselessly over the last few months to maintain and improve public service infrastructure in various communities in the United States. Emergency electricity was restored, multiple fibre-optic connections were installed and electrical overhead transmission was maintained.

Moreover, at the height of the pandemic, when hospitals were stretched to the limit, Elecnor Hawkeye donated 3,000 disposable protective suits to Stony Brook Hospital in New York. In November, a team joined the Truckers for Turkeys campaign, lending 7 trucks to the NGO Harvest Food Bank to distribute food for Thanksgiving to families in need.

In El Salvador, Elecnor has donated a total of 1,000 food kits each containing some 8kg of basic foods, which were delivered by volunteers from the Salvadoran subsidiary to nine communities in the departments of Sonsonate and Ahuachapán. The food was delivered to families with very few resources or who have lost their livelihoods during the COVID-19 pandemic. To manage delivery of the kits in an efficient way, Elecnor was supported by El Salvador's Civil Protection and Disaster Prevention and Mitigation agencies, the Spanish Embassy in San Salvador and representatives of local departments.

In Mexico, the wind subsidiary Enerfín donated 4,000 face masks and 60 litres of sanitisers to local governments and indigenous communities in the catchment areas of its projects. In Colombia, Enerfín supplied food and water to 75 indigenous communities whose livelihoods were hampered as a result of the pandemic.

Celeo, the company co-managed by the Group, collaborated in the following social projects in Brazil to help mitigate the effects of COVID-19:

- Donation of basic products and hygiene and cleaning kits in Piauí state. Celeo donated 10,000 basic food baskets, 15,000 surgical masks, 15,000 disposable masks for 2,000 people in each of the 5 chosen municipalities: Pedro II, Piracuruca, Capiato de Campos, Domingos Mourao and Lagoa de São Francisco.
- Municipal Health Fund - São João do Piauí. Acquisition of hospital equipment and accessories for the installation of a recovery room and personal protection equipment (PPE) adjacent to the maternity ward of Mae Elisa Hospital.
- Match-funding life-saving campaign. BNDES released 7 million in a campaign to support the largest philanthropic hospital network in Brazil using the match funding modality (for every dollar donated by civil society and the private sector, BNDES doubled the donation). Celeo took part with a donation of BRL 100 thousand to the São Marcos de Teresina Hospital, in the capital of Piauí.
- Municipal decree for donations for the municipality of Parintins AM. Donation in response to the request from the Parintins municipal government. This consisted of the acquisition of equipment and accessories to add 10 ICU beds in two hospitals.
- Fundação Cultural Palmares (FCP). At the request of FCP, Celeo donated food baskets and PPE to the Quilombo communities of Marfim and Onca (in the IMTE project catchment area) and to indigenous communities in Gamelas (the ENTE project catchment area).

Dialogue with local communities

Dialogue, respect and proper management of impact on local communities are essential to maintain social legitimacy and ensure the success of the Group's projects.

Along these lines, within the framework of the environmental assessment of projects, preliminary approaches are made to stakeholders in a process known as Advanced Citizen Engagement (ACE). The aim is to outline the main characteristics of projects, their design and planning to communities that might be affected. Queries from local residents and authorities are also fielded and their comments taken on board so as to minimise the projects' impact on their territory. The ACE process includes meetings and interviews with municipal authorities and civil servants, leaders of social and territorial organisations and local residents.

Enerfín, Elecnor's wind subsidiary, within the framework of its development activity in Mozambique, Zimbabwe and Kenya, conducted various consultations with local communities and leaders which, in some cases, concluded with agreements with the community and letters of support for the development of certain projects. In Mexico, and specifically in the five Mayan communities located within the catchment areas of projects in Yucatan, despite the restrictions imposed as a result of the pandemic it was possible to hold five informative meetings with the Agreement Monitoring Committees (set up after the rounds of consultations with indigenous peoples in 2019).

Integration and respect for the environment

Elecnor sometimes executes projects close to indigenous communities or areas with other social minorities. In these cases the social and/or environmental impacts on the affected areas are analysed and, where necessary, measures are implemented to mitigate them.

In Brazil, legislation governing environmental permits requires that special attention be paid to traditional communities (indigenous, quilombola, etc.). When a project affects these communities it is necessary to conduct a Indigenous Component Study (ICS) or Quilombola Component Study (QCS), to gauge the specific impacts of the project on these communities. Subsequently, the Basic Indigenous Environmental Plan (BIEP) or Basic Quilombola Environmental Plan (BQEP) must be devised, presenting measures to control and mitigate each identified impact.

In the third quarter of 2020, Celeo completed the review of the Indigenous Component Study of Caiuá. The BIEP is currently under review.

In Canada, the First Nation Power Authority (FNPA), an association of which Enerfín is a member, promotes the involvement of aboriginal communities in renewable energy projects, advocating the inclusion of minimum quotas of aboriginal participation in provincial tenders and nurturing dialogue and partnerships between these communities and private promoters.

In 2020, Enerfín completed the initial development phase of the Moose Mountain project in Saskatchewan with a view to taking part in the call for bids by provincial electric utility SaskPower. During the stakeholder consultation period, various meetings were held with the Ocean Man First Nation community, which owns the land and the reservation adjacent to the project area.

During the process, mutual interest emerged in working together on the project, eventually including the Nation as landowner and investing partner. To make their involvement in the project as landowner and investor official, the Nation held informative meetings with its members. The land which Ocean Man will make available to the project covers some 2,400 acres and has the potential to house a significant portion of the project.

In Colombia, since 2018 Enerfín has secured agreements in 52 preliminary consultation processes with indigenous communities in the areas where its projects are located (El Ahumado, Musichi, Trupillo, Dividivi and Brisas del Caribe wind farms). In 2020, it conducted seven consultation processes with the Wayuu indigenous community for the "Dividivi wind farm" through multiple meetings which also involved several State bodies.

All the activities being conducted in ethnic territory in the early stages of COVID-19 were suspended, and were resumed later having been authorised and consented to by the communities, following all the biosafety protocols and the UN recommendations in connection with indigenous peoples during the pandemic.

Work is also ongoing in 37 consultation processes for the Trupillo and Brisas del Caribe wind farms. An agreement is expected to be reached soon with 13 of the 37 communities with whom the company is working in connection with the Trupillo wind farm. Preliminary consultations began in March, but were halted because of the pandemic, and resumed in October.

Those communities whose impact has not been certified by the Interior Ministry were consulted by means of differential agreements. Agreements have been reached with five communities: two with Wayuu *rancherías* in the area surrounding the 110 kV SE El Ahumado-SE Riohacha transmission line, and three with Wayuu *rancherías* in the area surrounding the wind farm. This evidences Enerfín's determination to "Going beyond mere compliance" when it comes to its commitment to local communities.

Furthermore, Enerfín's subsidiary Guajira Eólica I SAS was involved in a construction and entrepreneurship training programme in which more than 30 young Wayuu took part. This programme, which encompassed

430 theoretical and practical training hours, took place by means of a multi-sector alliance with the National Learning Service (SENA), an entity that fosters integrated training processes to boost community development.

Elecnor, committed to the SDGs

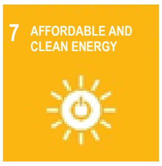
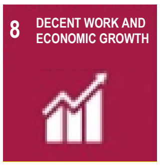
The mission, the actions of the Group and its Foundation, are very much aligned with the challenges presented in the Sustainable Development Goals of the 2030 Agenda.

Because of the nature of its activity, the Elecnor Group is a key player in society's development and progress. Its infrastructure, renewable energy, water and environmental projects contribute solutions to some of the current and future challenges such as climate change, the reduction of inequalities, the energy gap, and others.

Contribution to SDGs deriving from the main businesses

Contribution to the SDGs deriving from the Elecnor Foundation’s social action

SDGs	Some projects and initiatives by the Elecnor Group and Elecnor Foundation
1 END POVERTY	**Enerfín** Social projects (Canada, Brazil, Colombia) **Celeo** Energy transportation projects Social projects (Chile and Brazil) **Elecnor Foundation** Social infrastructure projects
2 ZERO HUNGER	**Elecnor Foundation** Social infrastructure projects
3 HEALTH AND WELL-BEING	**Elecnor Group** Safety Excellence project OHSAS 18001 certification Awareness campaigns Health and safety training plan **Elecnor Foundation** Social infrastructure projects
4 QUALITY EDUCATION	**Elecnor Group** Collaboration with universities and vocational training centres Training itineraries **Enerfín** Construction and entrepreneurship training programme involving young Wayuu people (indigenous community in Colombia) **Celeo** Initiatives with children from rural schools in Chile **Elecnor Foundation** Training and research projects
5 GENDER EQUALITY	**Elecnor Group** Equality plan

SDGs	Some projects and initiatives by the Elecnor Group and Elecnor Foundation
	**Elecnor Group** Services specialising in water infrastructure **Atersa** Water pumping projects in developing countries **Audeca** Water and waste water treatment projects **Hidroambiente** Water treatment solutions **Elecnor Foundation** Sinergia (Synergy) project, Chile
	**Elecnor Group** Renewable energy generation projects Promotion of renewable energy Energy efficiency projects and initiatives **Atersa** Development, production and distribution of solar photovoltaic products **Enerfín** Wind farms **Celeo** Energy transportation projects Solar PV farms Solar thermal plants **Elecnor Foundation** Social infrastructure projects
	**Elecnor Group** Creation and promotion of local employment Hiring local suppliers Signatories of the UN Global Compact **Elecnor Foundation** Training and research projects
	**Elecnor Group** Infrastructure development Initiatives involving startups Innova calls for proposals Innovation projects Digital Transformation Plan

SDGs	Some projects and initiatives by the Elecnor Group and Elecnor Foundation
10 REDUCED INEQUALITIES	**Elecnor** Equality plan **Enerfín** Social projects **Celeo** Energy transportation projects Social projects **Elecnor Foundation** Social infrastructure projects Training and research projects
11 SUSTAINABLE CITIES AND COMMUNITIES	**Elecnor** Energy efficiency projects Smart Cities Projects Managing street lighting **Audeca** Urban waste collection projects
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**Elecnor** Energy efficiency projects Smart Cities Projects Managing street lighting **Audeca** Urban waste collection projects **Enerfín** Wind farms **Celeo** Energy transportation projects Solar PV farms
13 CLIMATE ACTION	**Elecnor Group** Renewable energy projects: wind, solar PV, hydroelectric and biomass Climate change strategy Calculation and verification of the carbon footprint Emission reduction plan
14 LIFE BELOW WATER	**Audeca** Water and waste water treatment projects Projects to preserve natural spaces **Hidroambiente** Water treatment solutions

SDGs	Some projects and initiatives by the Elecnor Group and Elecnor Foundation
	**Elecnor Group** Initiatives to foster biodiversity **Audeca** Projects to preserve natural spaces **Enerfín** Plan to monitor bird life in wind projects **Celeo** Compensatory measures Environmental initiatives
	**Elecnor Group** Certification to UNE-ISO 37001 anti-bribery management system standard Certification to UNE 19601 criminal compliance management system standard Compliance Training **Elecnor Foundation** The IE-Elecnor Observatory on Sustainable Compliance Cultures
	**Elecnor Group** Partnerships and collaborations with entities and associations Participation in forums **Elecnor Foundation** Partnerships and collaborations with entities and associations

Other channels for engagement with society

Dialogue with stakeholders

Elecnor is in fluent and constant dialogue with its various stakeholder groups through a number of channels, through which it aims to ascertain and respond to their needs and expectations.

In 2020, within the framework of the Sustainability Committee, the list of the Group's stakeholders was updated so as to continue enhancing management of relations with these groups.

The main stakeholders and communication channels with them are outlined below:

Stakeholder group	Communication channel
Shareholders and investors	General Shareholders’ Meeting Corporate and financial reporting: Corporate Governance Report, Annual Accounts, NFIS, Integrated Report, Elecnor Foundation Report, etc. Meetings with investors Corporate websites Shareholder services channel Shareholder forum
Customers	Periodic visits Periodic communications Individual and consolidated annual and half-yearly accounts Trade fairs Satisfaction surveys Comprehensive report Elecnor Foundation report Corporate websites Social media
Employees	Periodic meetings Work groups Comprehensive report Elecnor Foundation report Communication campaigns Training sessions and courses Corporate websites Social media Intranet eTalent Ethical Code whistleblower channels E-mail igualdad@elecnor.com
Public Entities and regulatory bodies	Official filings Corporate and financial reporting: Corporate Governance Report, Annual Accounts, NFIS, Integrated Report, Elecnor Foundation Report, etc. Corporate websites Social media
Suppliers	Meetings and work groups Conventions, fairs and congresses Audits Comprehensive report Corporate websites Social media
Social environment	Social projects Comprehensive report Elecnor Foundation report Sponsorships and patronage Corporate websites Social media Specific project websites

Stakeholder group	Communication channel
Opinion leaders	Press releases Information briefings Individual and consolidated annual and half-yearly accounts Comprehensive report Elecnor Foundation report Corporate websites Social media
Partners	Collaboration agreements Forums, fairs and congresses Corporate and financial reporting: Corporate Governance Report, Annual Accounts, NFIS, Integrated Report, Elecnor Foundation Report, etc. Corporate websites Social media
Unions	Information briefings Comprehensive report Corporate websites Ethical Code whistleblower channel
Lenders/Insurers	Meetings Corporate and financial reporting: Corporate Governance Report, Annual Accounts, NFIS, Integrated Report, etc. Corporate websites

Involvement in associations and forums

The Elecnor Group is actively involved in flagship associations in the industries and countries where it operates. There follows a list of the most important of these for the Group:

Spain
AAEF, Asociación Andaluza de Empresas Forestales
ACEX, Asociación de Empresas de Conservación y Explotación de Infraestructura
ADEMI, Asociación de Empresas de Ingeniería, Montajes, Mantenimientos y Servicios Industriales
Asociación del Hidrógeno
AEDYR, Asociación de Desalación y Reutilización del Agua
AEE, Asociación Empresarial Eólica
AEFYMA, Asociación de Empresas Forestales y del Medio Ambiente de Castilla y León
AELEC, Asociación de Empresas de Energía Eléctrica
AEN, Asociación de Industria de Navarra
AESPLA, Asociación Española de Servicios de Prevención Laboral
ANCI, Asociación Nacional de Constructores Independientes
ANESE, Asociación Nacional de Empresas de Servicios Energéticos
APECYL, Asociación de Promotores de Energía Eólica de Castilla y Léon
APPA Renovables - Asociación de Empresas de Energías Renovables
ASAGUA, Asociación Española de Empresas de Tecnologías del Agua
ASEJA, Asociación Española de Empresas de Jardinería
ASERPYMA, Asociación de Empresas Restauradoras del Paisaje y Medio Ambiente
ATC, Asociación Técnica de Carreteras y Asociación Mundial de Carreteras*
CEOE, Confederación Española de Organizaciones Empresariales
CONFEMETAL, Confederación Española de Organizaciones Empresariales del Metal
EGA, Asociación Eólica de Galicia
Enercluster (Clúster Eólico de Navarra)

Plataforma enerTIC
FEEF, Federación Española de Asociaciones de Empresas Forestales y del Medio Natural
FEMEVAL, Federación Metalúrgica Valenciana
ITE, Instituto Tecnológico de la Energía
PROTERMOSOLAR, Asociación Española para la Promoción de la Industria Termosolar
SERCOBE, Asociación Nacional de Fabricantes de Bienes de Equipo
SERFOGA, Asociación de Empresas de Servicios Forestales de Galicia
UNEF, Unión Española Fotovoltaica

Brazil
Spanish Chamber of Commerce in Brazil
CIGRE, Comitê Nacional Brasileiro de Produção e Transmissão de Energia Elétrica
COGEN, Associação da Indústria de Cogeração de Energia
ABEEOLICA, Associação Brasileira de Energia Eólica
ABRACEEL, Associação Brasileira de Comercializadores de Energia
CERNE, Centro de Estratégias em Recursos Naturais e Energia

Canada
CCIBF, Chambre de commerce et d'industrie Bois-Francs, Quebec, Canada
AQPER, Quebec Association for the Production of Renewable Energy, Canada
CANWEA, Canadian Wind Energy Association
FNPA, First Nation Power Authority, Saskatchewan

Mexico
AMDEE, Asociación Mexicana de Energía Eólica
APER, Agrupación Peninsular de Energías Renovables
Energy Commission — Spanish Chamber of Commerce in Mexico

Colombia
Ser Colombia Asociación Energías Renovables

Portugal
ALER, Associação Lusófona de Energias Renováveis

Elecnor also took part in various significant events and fora:

Monographic workshop on Industry 4.0 and RDI

Elecnor organised this monographic workshop along with the technology company SAS. The workshop outlined various priority topics in the digital world and the process of transforming businesses.

Corporate Innovation Forum

The forum entitled "Innovación corporativa: empresas capaces de transformar sus sectores de actividad" was held in Bilbao and focused on showcasing innovation processes to transform business sectors.

2020 Genera Fair

With the slogan "We integrate energies for a sustainable future", the Genera Fair proposes three fundamental strategic axes: sustainability, innovation and business. The Group's solar energy subsidiary Atersa took part in this commercial platform for the energy and environment sector to report on its activities generating solar photovoltaic and solar thermal energy. New product ranges specific to the photovoltaic activity were presented at this Fair (solar panels, inverters, structures, pumps, etc.).

EnerTIC Forum

Elecnor attended this Forum as an expert in developing information and communications technology in the sphere of energy efficiency in Spain.

ICEX - Africa Energy Forum

Africa Energy Forum organised the virtual platform AEF 2.0 sponsored by Spain's Institute of Foreign Trade (ICEX), in which Elecnor took part in a discussion panel on how the current crisis might affect the development of renewable energies and the digitalisation of public services in Africa.

Induforum trade fair

In order to foster the quest for talent, the Group's Human Resources team took part in this online jobs fair organised by students from Madrid's Industrial Engineering Faculty (Escuela Técnica Superior de Ingenieros Industriales de Madrid) as an opportunity for students to meet cutting-edge companies.

Infojobs virtual fair

Elecnor took part in this fair in which more than 1,000 vacancies were posted. The schedule included webinars, talks and workshops focusing on new opportunities and improving the employment situation, and given by experts from Infojobs and human resources professionals.

Enerfín was involved in numerous fairs and events in Spain relating to renewable energies (wind, hydrogen and storage and hybridisation), most of which were held remotely as a result of the restrictions due to COVID-19. We highlight the presence of Enerfín at the 5th Spanish Wind Energy Congress.

On the international stage, the wind subsidiary has also been very active. In Brazil, note its participation in two large-scale events: ENASE - Encontro Nacional de Agentes do Setor Elétrico, and BWP - Brazilian Wind Power; in Mexico it took part in the Mexico Wind Power 2020 congress; in Colombia it served on the panel on bilateral green energy PPPs in Colombia at Colombia Wind Power Virtual 2020; and in Canada it took part in webinars and training sessions on the electricity system in Alberta province offered by the Alberta Electric System Operator (AESO) and the Alberta Utilities Commission (AUC).

Some recognitions

- Celeo Brasil and Celeo Chile were ranked second and tenth, respectively by GRESB in the electricity transmission infrastructure segment.
- Audeca won the ACEX award for Safety in road conservation
- Audeca was also recognised by the Santa Margalida municipal government in Mallorca for its collaboration in cleaning endeavours to combat COVID-19.

Appendix I

Index of content required by Law 11/2018, of 28 December, concerning non-financial information and diversity.

Information required by Law 11/2018	Materiality	Page or section of the report responding to the requirement under Law 11/2018	Reporting criterion: GRI (2016 version unless otherwise stated)
General information			
A brief overview of the business model including the business environment, organisation and structure	Material	26	GRI 102-2 GRI 102-7
Markets where it operates	Material	26	GRI 102-3 GRI 102-4 GRI 102-6
The organisation's goals and strategies	Material	26	GRI 102-14
The main factors and trends potentially affecting future performance	Material	100-102	GRI 102-14 GRI 102-15
Reporting framework used	Material	22	GRI 102-54
Principle of Materiality	Material	22-25	GRI 102-46 GRI 102-47
Environmental issues			
Management approach: description and results of policies concerning these issues and the main risks relating thereto in connection with the Group's activities.	Material	68, 69	GRI 102-15 GRI 103-2
Detailed general information			
Detailed information concerning current and foreseeable effects of the Company's activities on the environment and, where applicable, health and safety	Material	68, 69	GRI 102-15
Procedures for environmental assessment or certification	Material	68, 69	GRI 103-2
Resources allocated to preventing environmental risks	Material	68	GRI 103-2
Application of the precautionary principle	Material	68, 69	GRI 102-11
Amount of provisions and guarantees for environmental risks	Material	69	GRI 103-2
Pollution			
Measures to prevent, reduce or remedy severe environmental emissions; taking into account any kind of atmospheric pollution specific to an activity, including noise and light pollution.	Material	Not material	
Circular economy and waste prevention and management			
Prevention, recycling, re-use, other methods of waste recovery and elimination	Material	78, 79	GRI 103-2 GRI 306-2
Actions for combating food wastage	Material	Not material	
Sustainable use of resources			
Water consumption and water supply in accordance with local constraints	Material	77	GRI 303-5 (2018)

Information required by Law 11/2018	Materiality	Page or section of the report responding to the requirement under Law 11/2018	Reporting criterion: GRI (2016 version unless otherwise stated)
Consumption of raw materials and measures implemented to boost efficiency in their usage	Material	78	GRI 103-2
Direct and indirect energy consumption	Material	75	GRI 302-1
Measures taken to boost energy efficiency	Material	75, 76	GRI 103-2
Renewable energy use	Material	75, 76	GRI 302-1
Climate change			
Greenhouse gas emissions generated as a result of the Company's activities, including the use of the goods and services it produces	Material	72, 73	GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4
Measures implemented to adapt to the consequences of climate change	Material	69, 70	GRI 103-2 GRI 201-2
Targets established voluntarily in the medium and long term to reduce greenhouse gas emissions and the measures implemented for that purpose	Material	70	GRI 305-5
Safeguarding biodiversity			
Measures implemented to preserve or restore biodiversity	Material	79-81	GRI 304-3
Impacts of the activities or operations on protected areas	Material	79	GRI 304-2
Social matters and issues concerning staff			
Management approach: description and results of policies concerning these issues and the main risks relating thereto in connection with the Group’s activities.	Material	27-29	GRI 102-15 GRI 103-2
Employment			
Total number of employees and breakdown by country, gender, age and professional category	Material	29-33	GRI 102-8 GRI 405-1
Total number and distribution of contract modalities and annual average numbers of open-ended, temporary and part-time contracts by gender, age and professional category	Material	33-38	GRI 102-8
Number of layoffs by gender, age and professional category	Material	42, 43	GRI 103-2 GRI 401-1
Average remuneration and evolution thereof by gender, age and professional category or equal value	Material	47-49	GRI 103-2 GRI 405-2
Wage gap, remuneration of equal jobs or company average	Material	49-50	GRI 103-2 GRI 405-2

Information required by Law 11/2018	Materiality	Page or section of the report responding to the requirement under Law 11/2018	Reporting criterion: GRI (2016 version unless otherwise stated)
Average remuneration of directors and executives, including variable remuneration, per diem expenses, termination benefits, payments to long-term benefit schemes and any other items, broken down by gender	Material	95-98	GRI 103-2 GRI 405-2
Policies to facilitate disconnection from work	Material	50-51	GRI 103-2
Number of disabled employees	Material	52, 53	GRI 405-1 b.
Organisation of work			
Organisation of work time	Material	50, 51	GRI 103-2
Number of hours of absenteeism	Material	38	GRI 103-2
Measures aimed at facilitating work-life balance and fostering a mutually responsible approach thereto by both parents	Material	50-52	GRI 103-2 GRI 401-3 a., b.
Health and Safety			
Occupational Health and Safety conditions	Material	56-60	GRI 103-2 GRI 403-1 (2018) GRI 403-2 (2018) GRI 403-3 (2018) GRI 403-7 (2018)
Workplace accidents, in particular their frequency and severity, as well as occupational illnesses; broken down by gender	Material	60-63	GRI 403-9 a., d., e. (2018) GRI 403-10 a. (2018)
Social relations			
Organisation of social dialogue, including procedures to inform and consult employees and to negotiate with them	Material	55	GRI 103-2
Percentage of employees covered by collective bargaining agreements by country	Material	55	GRI 102-41
Balance of collective bargaining agreements, especially in connection with occupational health and safety	Material	55	GRI 403-4 (2018)
Training			
Training policies implemented	Material	43, 44	GRI 103-2 GRI 404-2
Total number of training hours by professional category	Material	44-46	GRI 404-1
Universal access			
Universal access for disabled people	Material	53	GRI 103-2
Equality			
Measures implemented to promote equal treatment and equal opportunities for women and men	Material	51, 52	GRI 103-2

Information required by Law 11/2018	Materiality	Page or section of the report responding to the requirement under Law 11/2018	Reporting criterion: GRI (2016 version unless otherwise stated)
Equality plans, measures adopted to promote employment, protocols against sexual harassment and gender-based harassment	Material	51, 52	GRI 103-2
Policy against any kind of discrimination and, in the event, for managing diversity	Material	51-53, 95	GRI 103-2
Respect for Human Rights			
Management approach: description and results of policies concerning these issues and the main risks relating thereto in connection with the Group's activities.	Material	107, 108	GRI 102-15 GRI 103-2
Application of due diligence procedures			
Application of due diligence procedures in connection with human rights and the prevention of risks of human rights breaches and, where applicable, measures to mitigate, manage and remedy potential abuse	Material	107, 108	GRI 102-16 GRI 102-17
Complaints regarding human rights breaches	Material	108	GRI 103-2 GRI 406-1
Measures implemented for the promotion and compliance with the provisions of ILO fundamental conventions relating to respect for freedom of association and the right to collective bargaining; elimination of discrimination in the workplace and occupation; elimination of forced or compulsory labour; effective abolition of child labour	Material	107, 108	GRI 103-2
Combating bribery and corruption			
Management approach: description and results of policies concerning these issues and the main risks relating thereto in connection with the Group's activities.	Material	107	GRI 102-15 GRI 103-2
Measures implemented to prevent bribery and corruption	Material	107	GRI 103-2 GRI 102-16 GRI 102-17 GRI 205-3
Anti-money laundering measures	Material	107	GRI 103-2 GRI 102-16 GRI 102-17 GRI 205-3
Contributions to foundations and non-profit organisations	Material	106, 115	GRI 102-13
Company information			

Information required by Law 11/2018	Materiality	Page or section of the report responding to the requirement under Law 11/2018	Reporting criterion: GRI (2016 version unless otherwise stated)
Management approach: description and results of policies concerning these issues and the main risks relating thereto in connection with the Group's activities.	Material	111, 112	GRI 102-15 GRI 103-2
The company's commitment to sustainable development			
Impact of the business on society, with regard to jobs and local development	Material	112-114	GRI 103-2 GRI 203-2 GRI 204-1
The impact of the business on local communities and territory		112-114	GRI 102-43
Relations with the stakeholders in local communities and modalities of dialogue with them		122, 123	GRI 102-43
Association or sponsorship actions		89, 115-120, 129-130	GRI 103-2 GRI 201-1
Subcontracting and suppliers			
Inclusion in procurements policy of social issues, equality and environmental considerations		67	GRI 103-2
Consideration, in relations with suppliers and sub-contractors, of their social and environmental responsibility		67, 68	GRI 102-9 GRI 308-1 GRI 414-1
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Consumers			
Measures to ensure consumer health and safety		65, 66	GRI 103-2
Complaints systems, complaints received and resolution thereof		66	GRI 103-2
Tax information			
Profits obtained by country		109, 110	GRI 103-2
Income tax paid		110, 111	GRI 103-2
Public grants received		111	GRI 201-4

Appendix II

GRI content index

General contents

GRI standard	Contents	Page of the report featuring response	Omissions
GRI 101: Foundation 2016			
GRI 102: General disclosures 2016			
Organisational disclosures			
102-1	Name of the organisation	22	
102-2	Activities, brands, products and/or services	26	
102-3	Location of headquarters	Paseo de la Castellana, 81 - Planta 20 28046 - Madrid Spain	
102-4	Number of countries where the organisation operates	26	
102-5	Nature of ownership and legal form	22	
102-6	Markets served	26	
102-7	Scale of the organisation	112-114	
102-8	Information on employees	29-33	
102-9	Supply chain	67-68	
102-10	Significant changes in the organisation and its supply chain	There have not been any significant changes	
102-11	Precautionary principle or approach	68-69	
102-12	Support for external initiatives	108.123-127	
102-13	Membership of associations	106, 112, 129-130	
Strategy			
102-14	Statement from senior decision-maker	The Chairman's Letter is published in the 2020 Integrated Report available at https://www.elecnor.com/annual-reports	
Ethics and integrity			
102-16	Values, principles, standards and norms of behaviour	100-108	
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102-18	The organisation's governance structure	90-91	
Stakeholder engagement			
102-40	List of stakeholder groups	127-129	
102-41	Collective bargaining agreements	55	

GRI standard	Contents	Page of the report featuring response	Omissions
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102-43	Approach to stakeholder engagement	23-24	
102-44	Key topics and concerns raised	24-25	
Reporting practices			
102-45	Entities included in the consolidated financial statements	22	
102-46	Defining report content and topic boundaries	22, 25	
102-47	List of material topics	22, 25	
102-48	Restatement of information	Not applicable	
102-49	Changes in reporting	There have not been any significant changes	
102-50	Reporting period	2020	
102-51	Date of most recent report	2019	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report	elecnor@elecnor.com	
102-54	Claims of reporting in accordance with GRI Standards	This report was prepared in accordance with the Essential option of GRI Standards	
102-55	GRI content index	136-142	
102-56	External assurance	150-152	

Material topics

GRI standard	Contents	Page of the report featuring response	Omissions
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103-2	The management approach and its components	112-114	
103-3	Evaluation of the management approach	112-114	
GRI 201: Economic performance 2016			
201-1	Direct economic value generated and distributed	112	
201-2	Financial implications and other risks and opportunities due to climate change	69-76	
201-4	Financial assistance received from government	111	
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GRI 103: Management approach 2016			
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103-2	The management approach and its components	111-118	
103-3	Evaluation of the management approach	111-118	
GRI 203: Indirect economic impacts 2016			
203-1	Infrastructure investments and services supported	115-116	
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GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	67-68	
103-2	The management approach and its components	67-68	
103-3	Evaluation of the management approach	67-68	
GRI 204: Procurement practices 2016			
204-1	Proportion of spending on local suppliers	113-114	
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GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	103-108	
103-2	The management approach and its components	103-108	
103-3	Evaluation of the management approach	103-108	
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GRI standard	Contents	Page of the report featuring response	Omissions
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103-1	Explanation of the material topic and its boundary	75-76	
103-2	The management approach and its components	75-76	
103-3	Evaluation of the management approach	75-76	
GRI 302: Energy 2016			
302-1	Energy consumption within the organisation	75-76	
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GRI 303: Management approach 2018			
303-1	Interactions with water as a shared resource	76-77	
303-2	Management of water discharge-related impacts	76-77	
GRI 303: Water 2018			
303-3	Water withdrawal	77	
303-5	Water consumption	77	
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GRI 103: Management approach 2016			
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103-2	The management approach and its components	79-81	
103-3	Evaluation of the management approach	79-81	
GRI 304: Biodiversity 2016			
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GRI 103: Management approach 2016			
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103-3	Evaluation of the management approach	100-108	
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103-3	Evaluation of the management approach	67-68	
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103-3	Evaluation of the management approach	29-38,38-42,46,50-51	

[10] The Group is working to provide a breakdown of waste by type and disposal method in 2021.

[11] No noteworthy incidents or aspects are known.

GRI standard	Contents	Page of the report featuring response	Omissions
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401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	50-51	
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GRI 403: Management approach 2018			
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GRI 403: Occupational Health and Safety 2018			
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404-1	Average hours of training per year per employee	44-46	
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GRI 103: Management approach 2016			
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GRI standard	Contents	Page of the report featuring response	Omissions
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GRI 405: Diversity and Equal Opportunity 2016			
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GRI 412: Human Rights Assessment 2016			
412-2	Employee training on human rights policies or procedures	105-106	
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413-1	Operations with local community engagement, impact assessments, and development programs	122-131	
413-2	Operations with significant actual and potential negative impacts on local communities	122-131	
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GRI standard	Contents	Page of the report featuring response	Omissions
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Appendix containing alternative performance measures

Alternative measures of the Elecnor Group's performance

KEY FIGURES (thousands of Euros)	2020	2019		Change (%)
Turnover	2,455,952	2,453,726		*0.1%*
Domestic	1,238,600	1,168,656		*6.0%*
International	1,217,352	1,285,070		*-5.3%*
EBITDA	245,802	265,350	(1)	*-7.4%*
Profit before tax	125,932	190,077		*-33.7%*
Attributable consolidated net profit	78,303	126,377		*-38.0%*

(1) EBITDA net from corporate transactions

Turnover by segments (thousands of Euros)	2020	2019	Change (%)
Infrastructure business	2,352,471	2,279,501	*3.2%*
Concessions business	145,232	190,769	*-23.9%*
Subtotal Businesses	**2,497,703**	**2,470,270**	***1.1%***
Corporation	-	-	
Operations between segments	(41,751)	(16,544)	-
	2,455,952	**2,453,726**	*0.1%*

Turnover by activity (thousands of Euros)	2020	2019	Change (%)
Electricity	982,949	908,347	*8.2%*
Power generation	470,708	573,375	*-17.9%*
Telecommunications and space	233,301	247,719	*-5.8%*
Facilities	213,434	215,105	*-0.8%*
Construction, environment and water	237,677	181,276	*31.1%*

Maintenance	170,770	171,830	*-0.6%*
Oil & Gas	92,572	106,793	*-13.3%*
Railways	54,541	49,281	*10.7%*
	2,455,952	**2,453,726**	***0.1%***

EBITDA

"Earnings Before Interest, Taxes, Depreciation, and Amortisation" or Gross Operating Profit.

	2020	2019	Change (%)
EBITDA = Gross Operating Profit:	**245,802**	**386,996**	*-36.5%*
Operating income	146,568	239,676	
+ Expense for amortisation, depreciation, impairment and charges to provisions	99,240	162,122	
+ Negative difference in business combinations	-6	-14,802	
EBITDA from corporate transactions in the year		121,646	
NET EBITDA FROM CORPORATE TRANSACTIONS	**245,802**	**265,350**	-7.4%

EBITDA from corporate transactions

(thousands of Euros)	2020	2019
Profit/loss from equity-accounted investees:		
Profit/loss from business combinations as per Note 2.f to the Annual Accounts of Elecnor, S.A. and Subsidiaries	-	178,345
Profit/loss from business combinations as per Note 7 to the Annual Accounts of Elecnor, S.A. and Subsidiaries	-	-47,445
Profit/loss from business combinations (solar thermal companies) as per Note 7 to the Annual Accounts of Elecnor, S.A. and Subsidiaries	-	-9,254
Assignment of purchase price of Jaurú to Celeo Redes (as per Note 13 of the Annual Accounts of Elecnor, S.A. and Subsidiaries)		
EBITDA from corporate transactions in the year	-	**121,646**

EBITDA by segments (thousands of Euros)	**2020**	**2019**	**Change (%)**
Infrastructure business	161,708	176,717	*-8.5%*
Concessions business	112,791	144,712	*-22.1%*
Subtotal Businesses	**274,499**	**321,429**	***-14.6%***
Corporation	(21,394)	72,637	
Operations between segments	(7,303)	(7,070)	
EBITDA	**245,802**	**386,996**	***-36.5%***
NET **EBITDA** FROM CORPORATE TRANSACTIONS	**245,802**	**265,350**	*-7.4%*

Profit before income tax by segment (thousands of Euros)	**2020**	**2019**	**Change (%)**
Infrastructure business	112,311	104,998	*7.0%*
Concessions business	44,265	52,462	*-15.6%*
Subtotal Businesses	**156,576**	**157,460**	***-0.6%***
Corporation	(24,055)	38,978	
Operations between segments	(6,589)	(6,361)	
Total Group	**125,932**	**190,077**	***-33.7%***

Consolidated net profit attributable by segment (thousands of Euros)	**2020**	**2019**	**Change (%)**
Infrastructure business	71,517	66,519	*7.5%*
Concessions business	30,970	36,726	*-15.7%*
Consolidated net profit from the businesses	**102,487**	**103,245**	***-0.7%***
Corporation	(19,815)	29,560	
Operations between segments	(4,369)	(6,428)	
Total Group	**78,303**	**126,377**	***-38.0%***

Alternative measures of profit and loss of the Parent of the Elecnor Group

KEY FIGURES (thousands of Euros)	**2020**	**2019**	**Change (%)**
Turnover	1,544,049	1,368,728	*12.8%*
Domestic	1,079,540	987,643	*9.3%*
International	464,509	381,085	*21.9%*
Operating income	20,752	(7,203)	-
EBITDA	45,412	18,160	*150.1%*
Profit before tax	46,765	54,659	*-14.4%*
Profit after tax	31,633	30,122	*5.0%*

	2020	**2019**	**Change (%)**
EBITDA = Gross Operating Profit	45,412	18,160	*150.1%*
Operating income	20,752	(7,203)	
+ Expense for amortisation, depreciation, impairment and charges to provisions	24,660	25,364	

Stock market information

	2020	**2019**
Closing share price (€)	11	10.95
Total volume of securities (million)	4.3	3.3
Total cash traded (€ million)	39.8	37.7
Number of shares (million)	87	87
Market capitalisation (€ million)	957	952.6
PER	12.2	7.5
Dividend yield	3.1%	2.4%

Group backlog

Pending backlog

(thousands of Euros, at year-end)	2020	2019	% of total (2020)
Domestic	611,915	547,368	*27%*
International	1,661,166	1,675,349	*73 %*
TOTAL	**2,273,081**	**2,222,717**	
Growth percentage	*2.3%*	*4.5%*	

Alternative debt measures; indebtedness ratio

Net Financial Debt

(thousands of Euros, at year-end)	2020	2019	Change (%)
Corporation Net Financial Debt	129,940	135,672	*-4.2%*
Net EBITDA from corporate transactions	245,802	265,350	
With recourse	*144,591*	*122,633*	
Without recourse	*101,211*	*142,717*	
Ratio of Debt/EBITDA with recourse + projects	0.83	0.92	
Total Net Financial Debt	536,649	494,133	8.6%
With recourse	*129,940*	*135,672*	
Without recourse	*406,709*	*358,461*	
Net EBITDA from corporate transactions	245,802	265,350	
Ratio of total net financial debt to net EBITDA from corporate transactions	2.18	1.86	

	2020	2019
Corporation Net Financial Debt *(Net Financial Debt in Note 17 of the Annual Accounts of Elecnor, S.A. and Subsidiaries)*	**129,940**	**135,672**
Net EBITDA from corporate transactions	245,802	265,350
EBITDA without recourse (from projects financed via funding without recourse)	*101,211*	*142,717*
EBITDA with recourse	*144,591*	*122,633*
Dividends from projects financed via funding without recourse.	25,403	30,719
Reversal of the effect on EBITDA with recourse of application of IFRS 16	-12,655	-6,385
EBITDA with recourse +Dividends from projects without recourse net of the effect of IFRS 16	**157,339**	**146,967**
Indebtedness ratio = Corporation Net Financial Debt/(EBITDA with recourse + dividends from projects)	*0.83*	*0.92*

Calculation of Total Net Financial Debt:

	2020	2019
+ Financial liabilities from issuing bonds and other marketable securities	110,349	135,120
+ Financial liabilities on loans and borrowings	807,840	680,898
+ Derivative financial instruments (from Non-current liabilities and current liabilities in the Consolidated Statement of Financial Position)	18,131	19,854
- Current investments in related companies	(141)	(128)
- Derivative financial instruments	(830)	(3,873)
- Cash and cash equivalents	(391,628)	(325,116)
- Other current financial investments	(9,594)	(6,429)
+ Loans granted by public entities (Note 17)	4,448	5,277
+ Derivative financial instruments (from Current assets in the Consolidated Statement of Financial Position) for exchange rate hedging (Note 18)	391	
- Derivative financial instruments (from Non-current liabilities and current liabilities in the Consolidated Statement of Financial Position) for exchange rate hedging (Note 18)	(4,220)	(11,469)
- Reversal of the effect on EBITDA with recourse of the application of IFRS 9	1,903	
Total Net Financial Debt	**536,649**	**494,134**
(increase on previous year’s close)	*8.6%*	*-13.4%*

[*Logo*] KPMG

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Barcelona

Independent Verification Report on the Consolidated Non-Financial Information Statement of Elecnor, S.A. and subsidiary companies for the year 2020

To Elecnor, S.A. shareholders:

In accordance with article 49 of the Code of Commerce, we have undertaken the verification, with limited assurance scope, of the Consolidated Non-Financial Information Statement (hereinafter NFIS) for the annual period ended 31 December 2020, of Elecnor, S.A. (hereinafter, the Parent company) and subsidiary companies (hereinafter the Group) which forms part of the accompanying Group's Consolidated Management Report.

The content of the NFIS includes additional information to that required by Global Reporting Initiative Sustainability Reporting Standards (GRI standards) in their core option and by current trade regulations regarding non-financial information that has not been subject to our verification work. In this respect, our work has been confined exclusively to verifying the information identified in the tables "Table of GRI contents" and "Appendix 1. Table of contents of Act 11/2018 of 28 December, on non-financial information and diversity" included in the NFIS.

Responsibility of the Directors of the parent company

The formulation of the NFIS included in the Group's Consolidated Management Report, and its content, is the responsibility of the directors of the parent company. The NFIS has been prepared in accordance with the contents set forth in the trade regulations currently in force and following the criteria of the GRI standards in their core option, in accordance with what is mentioned for each subject matter in the tables "Table of GRI contents" and "Appendix I. Table of contents of Act 11/2018, of 28 December, on non-financial information and diversity" of the aforesaid Statement.

These responsibilities also include the design, implementation and maintenance of the internal control deemed necessary to enable the NFIS to be free from material misstatement, whether due to fraud or error.

The directors of the parent company are also responsible for defining, implementing, adapting and maintaining the management systems from which the information needed to prepare the NFIS is obtained.

Susan Meredith
Traductora - Intérprete Jurada de Inglés
Nº 343

Our independence and quality control

We have complied with the requirements of independence and other ethical requirements of the International Code of Ethics for Accounting Professionals (including international regulations on independence) issued by the International Ethics Standards Board for Accounting Professionals (IESBA) which is based on the fundamental principles of integrity, objectivity, professional competence, diligence, confidentiality and professionalism.

Our firm applies International Quality Control Standard 1 (IQCS 1) and, consequently, maintains a global quality-control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The work team was made up of professionals who are experts in reviews of Non-Financial Information and, specifically, in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited-assurance verification report based on the work undertaken.

We have carried out our review work in accordance with the requirements laid down in the current Revised International Standard on Assurance Engagements 3000, "Assurance Engagements other than the Audit and the Review of Historical Financial Information (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Guidelines for Action for Non-Financial Information Statement verification engagements, issued by the Spanish Institute of Chartered Accountants.

In a limited assurance engagement, the procedures carried out vary in nature and time and are shorter in length than those undertaken in a reasonable assurance engagement and, therefore, the assurance provided is less, as well.

Our work consisted of posing questions to the management, as well as to the various units and responsible areas of the Group that took part in preparing the NFIS, in reviewing the processes for compiling and validating the information presented in the NFIS, and in applying certain analytical procedures and sampling-based review tests which are described below:

- Meetings with Group staff to get to know the business model, policies and management approaches applied, the principal risks connected with those matters and to obtain the information necessary for the external review.

- Analysis of the scope, relevance and integrity of the contents included in the NFIS on the basis of the materiality analysis made by the Group and described in the "1.About this report" section, considering the contents required under the trade regulations currently in force.

- Analysis of processes for collecting and validating the data presented in the NFIS for the year 2020

- Review of the information regarding the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for the year 2020.

Susan Meredith
Traductora - Intérprete Jurada de Inglés
Nº 343

- Checking, by means of tests, on the basis of the selection of a sample, the information related to the contents included in the NFIS for the year 2020 and the appropriate compilation thereof on the basis of the data supplied by the sources of information.

- Obtaining a representation letter from the directors and the management.

Conclusion

Basing ourselves on the procedures carried out in our verification and on the evidence that we obtained, no aspect at all has come to our attention that leads us to believe that the NFIS of Elecnor, S.A. and subsidiary companies for the year ended 31 December 2020 was not prepared, in all significant aspects, in accordance with the contents set forth in the trade regulations currently in force, in accordance with what is mentioned for each matter in table "Appendix 1. Table of contents of Act 11/2018, of 28 December, on non-financial information and diversity" of the NFIS and following the criteria of GRI standards, in their core option, as set out under point 102-54 of the GRI table of contents of the aforesaid Statement.

Use and distribution

Report was drawn up in response to the requirement laid down in the trade regulations currently in force in Spain, so it might not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

[*Signature mark*]
Patricia Reverter Guillot
25 February 2021

I, Susan Meredith,
Accredited Translator (Spanish-English), appointed by the Spanish Ministry of Foreign Affairs and for Cooperation, hereby certify that the translation above is a true and full rendering in English of a document drawn up in Spanish.

Madrid, 15th April 2021

Doña Susan Meredith,
Traductora/Intérprete Jurada de inglés, nombrada por el Ministerio de Asuntos Exteriores y de Cooperación, certifica que la que antecede es traducción fiel y completa al inglés de un documento redactado en español.

En Madrid, a 15 de abril de 2021

Susan Meredith
Traductora - Intérprete Jurada de Inglés
Nº 343 Susan Meredith

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Informe de Verificación Independiente del Estado de Información No Financiera Consolidado de Elecnor, S.A. y sociedades dependientes del ejercicio 2020

A los Accionistas de Elecnor, S.A.:

De acuerdo con artículo 49 del Código de Comercio, hemos realizado la verificación, con alcance de seguridad limitada, del Estado de Información No Financiera Consolidado (en adelante EINF) correspondiente al ejercicio anual finalizado el 31 de diciembre de 2020 de Elecnor, S.A. (en adelante, la Sociedad dominante) y sociedades dependientes (en adelante el Grupo) que forma parte del Informe de Gestión Consolidado adjunto del Grupo.

El contenido del EINF incluye información adicional a la requerida por los estándares *Sustainability Reporting Standards* de *Global Reporting Initiative* (estándares GRI) en su opción esencial y por la normativa mercantil vigente en materia de información no financiera que no ha sido objeto de nuestro trabajo de verificación. En este sentido, nuestro trabajo se ha limitado exclusivamente a la verificación de la información identificada en las tablas "Índice de contenidos GRI" y "Anexo I. Índice de contenidos de la Ley 11/2018, de 28 de diciembre, en materia de información no financiera y diversidad" incluidas en el EINF.

Responsabilidad de los Administradores de la Sociedad dominante

La formulación del EINF incluido en el Informe de Gestión Consolidado del Grupo, así como del contenido del mismo, es responsabilidad de los Administradores de la Sociedad dominante. El EINF se ha preparado de acuerdo con los contenidos recogidos en la normativa mercantil vigente y siguiendo los criterios de los estándares GRI en su opción esencial, de acuerdo con lo mencionado para cada materia en las tablas "Índice de contenidos GRI" y "Anexo I. Índice de contenidos de la Ley 11/2018, de 28 de diciembre, en materia de información no financiera y diversidad" del citado Estado.

Estas responsabilidades incluyen asimismo el diseño, la implantación y el mantenimiento del control interno que se considere necesario para permitir que el EINF esté libre de incorrección material, debida a fraude o error.

Los administradores de la Sociedad dominante son también responsables de definir, implantar, adaptar y mantener los sistemas de gestión de los que se obtiene la información necesaria para la preparación del EINF.

Susan Meredith
Traductora - Intérprete Jurada de Inglés
Nº 343 15/04/2021

Nuestra independencia y control de calidad

Hemos cumplido con los requerimientos de independencia y demás requerimientos de ética del Código Internacional de Ética para Profesionales de la Contabilidad (incluyendo las normas internacionales de independencia) emitido por el Consejo de Normas Internacionales de Ética para Profesionales de la Contabilidad (IESBA, por sus siglas en inglés) que está basado en los principios fundamentales de integridad, objetividad, competencia profesional, diligencia, confidencialidad y profesionalidad.

Nuestra firma aplica la Norma Internacional de Control de Calidad 1 (NICC 1) y mantiene, en consecuencia, un sistema global de control de calidad que incluye políticas y procedimientos documentados relativos al cumplimiento de requerimientos de ética, normas profesionales y disposiciones legales y reglamentarias aplicables.

El equipo de trabajo ha estado formado por profesionales expertos en revisiones de Información No Financiera y, específicamente, en información de desempeño económico, social y medioambiental.

Nuestra responsabilidad

Nuestra responsabilidad es expresar nuestras conclusiones en un informe de verificación independiente de seguridad limitada basándonos en el trabajo realizado.

Hemos llevado a cabo nuestro trabajo de revisión de acuerdo con los requisitos establecidos en la Norma Internacional de Encargos de Aseguramiento 3000 Revisada en vigor, "Encargos de Aseguramiento distintos de la Auditoría y de la Revisión de Información Financiera Histórica" (ISAE 3000 Revisada) emitida por el Consejo de Normas Internacionales de Auditoría y Aseguramiento (IAASB) de la Federación Internacional de Contadores (IFAC) y con la Guía de Actuación sobre encargos de verificación del Estado de Información No Financiera emitida por el Instituto de Censores Jurados de Cuentas de España.

En un trabajo de aseguramiento limitado los procedimientos llevados a cabo varían en naturaleza y momento, y tienen una menor extensión, que los realizados en un trabajo de aseguramiento razonable y, por lo tanto, la seguridad proporcionada es también menor.

Nuestro trabajo ha consistido en la formulación de preguntas a la Dirección, así como a las diversas unidades y áreas responsables del Grupo que han participado en la elaboración del EINF, en la revisión de los procesos para recopilar y validar la información presentada en el EINF y en la aplicación de ciertos procedimientos analíticos y pruebas de revisión por muestreo que se describen a continuación:

– Reuniones con el personal del Grupo para conocer el modelo de negocio, las políticas y los enfoques de gestión aplicados, los principales riesgos relacionados con esas cuestiones y obtener la información necesaria para la revisión externa.

– Análisis del alcance, relevancia e integridad de los contenidos incluidos en el EINF en función del análisis de materialidad realizado por el Grupo y descrito en el apartado "1.Sobre este informe", considerando los contenidos requeridos en la normativa mercantil en vigor.

– Análisis de los procesos para recopilar y validar los datos presentados en el EINF del ejercicio 2020.

– Revisión de la información relativa a los riesgos, las políticas y los enfoques de gestión aplicados en relación con los aspectos materiales presentados en el EINF del ejercicio 2020.

Susan Meredith
Traductora - Intérprete Jurada de Inglés
Nº 343 Sy 15/04/2021

- Comprobación, mediante pruebas, en base a la selección de una muestra, de la información relativa a los contenidos incluidos en el EINF del ejercicio 2020 y su adecuada compilación a partir de los datos suministrados por las fuentes de información.
- Obtención de una carta de manifestaciones de los Administradores y la Dirección.

Conclusión

Basándonos en los procedimientos realizados en nuestra verificación y en las evidencias que hemos obtenido, no se ha puesto de manifiesto aspecto alguno que nos haga creer que el EINF de Elecnor, S.A. y sociedades dependientes correspondiente al ejercicio anual finalizado el 31 de diciembre de 2020, no haya sido preparado, en todos los aspectos significativos, de acuerdo con los contenidos recogidos en la normativa mercantil vigente, de acuerdo con lo mencionado para cada materia en la tabla "Anexo I. Índice de contenidos de la Ley 11/2018, de 28 de diciembre, en materia de información no financiera y diversidad" del EINF y siguiendo los criterios de los estándares GRI, en su opción esencial, según lo detallado en el punto 102-54 del Índice de contenidos GRI del citado Estado.

Uso y distribución

Este informe ha sido preparado en respuesta al requerimiento establecido en la normativa mercantil vigente en España, por lo que podría no ser adecuado para otros propósitos y jurisdicciones.

KPMG Asesores, S.L.

Patricia Reverter Guillot

25 de febrero de 2021

Susan Meredith
Traductora - Intérprete Jurada de Inglés
Nº 343 15/04/2021

Auditor's Report on Elecnor, S.A.

(Along with the annual accounts and management report of the Company Elecnor, S.A. for year ending 31/12/2020)

KPMG

KPMG Auditores, S.L.
Torre Iberdrola
Plaza Euskadi, 5
Planta 17
48009 Bilbao

Auditor's Report on the Annual Accounts issued by an Independent Auditor

To the Shareholders of Elecnor, S.A.

REPORT ON THE ANNUAL ACCOUNTS

Opinion

We have audited the annual accounts of Elecnor, S.A. (the Company), which comprise the balance sheet as at 31 December 2020, the income statement, the statement of changes in net equity, the statement of cash flows, and the notes for the year then ended.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company as at 31 December 2020 and of its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework (identified in Note 2 of the notes to the annual accounts) and, in particular, with the accounting principles and criteria included therein.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the annual accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the annual accounts in Spain pursuant to the legislation regulating the audit of accounts. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

SILVINA MARÍA GARRIDO GARDÉ
Traductora-Intérprete Jurada de INGLÉS
N.º 1081

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Revenue from construction contracts
See note 4.o to the annual accounts</th></tr>
<tr><td>Key Audit Matter</td><td>How the Matter was Addressed in Our Audit</td></tr>
<tr><td>The revenue of Elecnor, S.A. is mainly generated by construction and service provision contracts in which the revenue is recognised based on the percentage of completion method, in other words, on the basis of the degree of fulfilment of the contract at the end of each accounting period, requiring the Company to make estimates of the costs, revenue and results foreseen in each of the contracts in order to determine the revenue to be recognised.

The application of this method therefore requires a high degree of judgment on the part of the Directors and comprehensive checks on the estimates made and any deviations that may arise in the course of the contract duration. These estimates must take into account all of the costs and revenues associated with the contracts, including any cost over and above those initially budgeted, the risks for disputed claims, as well as revenue in the process of negotiation or claim to the customer. In this sense, revenue is only recognised when it can be reliably estimated, the company is likely to receive a financial benefit from the transaction and the costs incurred and pending, as well as the degree of execution of the contract, as at year end, can be reliably estimated.

Owing to the uncertainty associated with the said estimates and the fact that changes in the same might give rise to material differences in the revenue recorded, it has been considered a key audit matter.</td><td>Our audit procedures have included the following measures, among others:

- Evaluation of the design and implementation of checks and balances related to the revenue valuation and recognition process using the percentage of completion method and to the process for budget control and testing of the key controls identified;

- Verification that the methodology used by the Company to determine revenue, calculated on the basis of the proportion of the services performed with respect to the total of the services to be rendered, is one of the methodologies accepted by the applicable financial reporting regulatory framework;

- Based on certain quantitative and qualitative selection criteria, we selected a sample of the construction contracts to evaluate the estimates made in the drafting of the forecasts of the results of the contract and in the recognition of revenue. In this sense, we have obtained the contracts and the additional supporting documentation on which these estimates and judgment applied by the Company were based;

- Retrospective assessment comparing the margin of the completed contracts in the year with the margin estimated in the previous year for said contracts;

- Based on certain quantitative and qualitative selection criteria, evaluation of whether the allowances recognised regarding each of the contracts at year end reasonably reflect present obligations that are likely to generate a future outflow of economic benefits, in accordance with the provisions contained in the contracts and obtaining supporting documentation to justify their recognition and evaluating the judgment applied by the Company in its estimates; and

- Evaluation of whether the information disclosed in the annual accounts comply with the requirements of the financial reporting regulatory framework applicable lo the Company.</td></tr>
</table>

SILVINA MARÍA GARRIDO GARDÉ
Traductora-Intérprete Jurada de INGLÉS
N.º 1081

Other Information: Management Report

Other information comprises only the management report for the 2020 financial year, the preparation of which is the responsibility of the Company's Directors and which does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the management report. Our responsibility regarding the information contained in the management report is defined in the regulations that govern auditing, as follows:

a) Determine, solely, whether the non-financial information statement and certain information included in the Annual Corporate Governance Report, as specified in the Audit Law, has been provided in the manner stipulated in the applicable legislation and, if not, to report on this matter.

b) Assess and report on the consistency of the remaining information contained in the management report with the annual accounts, based on knowledge of the Company obtained during the audit of the aforementioned accounts and assess and report on whether the content and presentation of this part of the management report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have verified that the information mentioned in section a) above has been provided in the management report and that the rest of the information contained in the management report is consistent with that disclosed in the annual accounts for 2020 and the content and presentation of the report are in accordance with applicable legislation.

Responsibilities of the Directors and of the Audit Committee for the Annual Accounts

The Company's Directors are responsible for the preparation of the accompanying annual accounts in such a way that they give a true and fair view of the equity, financial position and results of the Company in accordance with the financial reporting framework applicable to the Company in Spain, and for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Company's Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Company's audit committee is responsible for overseeing the preparation and presentation of the annual accounts.

SILVINA MARÍA GARRIDO GARDÉ
Traductora-Intérprete Jurada de INGLÉS
N.º 1081

Auditor's Responsibilities for the Audit of the Annual Accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's directors[2].

- Conclude on the appropriateness of the Company's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee of Elecnor, S.A. regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

SILVINA MARÍA GARRIDO GARDÉ
Traductora-Intérprete Jurada de INGLÉS
N.º 1081

We also provide the Company's audit committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the audit committee those matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated to the Company's audit committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Additional Report to the Audit Committee

The opinion expressed in this report is consistent with the content of our additional report to the Company's audit committee dated 25 February 2021.

Appointment Period

The Annual General Meeting of Shareholders held on 20 May 2020, appointed our firm as the Auditors of the Company for the term of one year, starting from 31 December 2019.

We were previously designated by means of a resolution adopted by the Annual General Meeting of Shareholders for the period of 3 years with annual renewals, so we have been performing audit work without interruption since the financial year ended on 31 December 2013.

KPMG Auditores, S.L.
Entered on the R.O.A.C. no. S0702
[Signature]
Alberto Fernández Solar
Entered on the R.O.A.C. no. 22472

25 February 2021

[Seal:]

AUDITORS
INSTITUTE OF CHARTERED AUDITORS IN SPAIN

KPMG AUDITORES, S.L.

2021 number 03/21/00277
EUR 96.00

CORPORATE SEAL:
Audit Report subject to Spanish or international auditing regulations.

SILVINA MARÍA GARRIDO GARDÉ
Traductora-Intérprete Jurada de INGLÉS
N.º 1081

Doña Silvina María GARRIDO GARDÉ, Traductora-Intérprete Jurada de INGLÉS, nombrada por el Ministerio de Asuntos Exteriores, Unión Europea y Cooperación, certifica que la que antecede es traducción fiel y completa al INGLÉS de un documento redactado en ESPAÑOL.

En Galicia, a

14 MAYO 2021

SILVINA MARÍA GARRIDO GARDÉ
Traductora-Intérprete Jurada de INGLÉS
N.º 1081

Ms Silvina María GARRIDO GARDÉ, Sworn Translator-Interpreter of ENGLISH, appointed by the Ministry of Foreign Affairs, European Union and Cooperation, does hereby certify that this is a true translation into ENGLISH of a document in SPANISH.

In Galicia, on this

14 MAYO 2021

SILVINA MARÍA GARRIDO GARDÉ
Traductora-Intérprete Jurada de INGLÉS
N.º 1081

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ELECNOR, S.A.

BALANCE SHEET AT 31 December 2020

(Thousands of Euros)

ASSETS	Notes to the Annual Accounts	Year 2020	Year 2019
NON-CURRENT ASSETS		**994,476**	**988,608**
Intangible assets	**Note 6**	**6,075**	**4,766**
Concessions and patents		37	38
Goodwill		515	619
Computer software		5,523	4,109
Property, plant and equipment	**Note 7**	**75,703**	**63,294**
Land and buildings		16,737	16,959
Technical installations and other property, plant and equipment		58,966	46,335
Long-term investments in Group companies and associates		**866,934**	**871,077**
Equity instruments	**Note 9.2**	858,941	860,516
Credits to Group companies	**Notes 9.4 & 19**	7,993	10,561
Long-term financial investments	**Note 9.1**	**7,796**	**7,261**
Equity instruments		1,040	1,040
Credits to third parties		2,176	2,176
Derivatives	**Note 10**	180	23
Other financial assets		4,400	4,022
Deferred tax assets	**Note 16**	**37,968**	**42,210**
CURRENT ASSETS		**1,169,045**	**953,883**
Non-current assets held for sale	**Note 5**	**81**	**10,784**
Inventories		**31,186**	**13,494**
Raw materials and other materials consumed		2,180	2,359
Finished goods – short cycle		639	823
Advances to suppliers		28,367	10,312
Trade and other receivables	**Note 9.5**	**902,261**	**830,513**
Customers, sales and services rendered		857,816	774,940
Customers, Group companies and associates	**Note 19.2**	20,013	18,537
Sundry receivables		1,774	10,530
Personnel		95	159
Current tax assets	**Note 16**	4,177	6,588
Public Administrations, other	**Note 16**	18,386	19,759
Short-term investments in Group companies and associates	**Notes 9.4 & 19**	**31,534**	**8,650**
Credits to companies		28,439	6,887
Other financial assets		3,095	1,763
Short-term financial investments	**Note 9.1**	**7,129**	**1,624**
Credits to companies		13	56
Derivatives	**Note 10**	143	384
Other financial assets		6,973	1,184
Short-term accruals		**1,356**	**1,285**
Cash and cash equivalents		**195,498**	**87,533**
Cash		195,123	87,110
Cash equivalents		375	423
TOTAL ASSETS		**2,163,521**	**1,942,491**

The accompanying notes form an integral part of the annual accounts.

ELECNOR, S.A.

BALANCE SHEET AT 31 December 2020

(Thousands of Euros)

EQUITY AND LIABILITIES	Notes to the Annual Accounts	Year 2020	Year 2019
EQUITY		**593,717**	**591,200**
EQUITY	**Note 11**	**599,569**	**596,828**
Capital		**8,700**	**8,700**
Issued capital		8,700	8,700
Reserves		**586,122**	**584,956**
Legal and statutory		1,743	1,743
Other reserves		584,379	583,213
Own shares and equity		**(21,899)**	**(21,963)**
Profit/loss for the year		**31,633**	**30,122**
Interim dividend		**(4,987)**	**(4,987)**
VALUATION ADJUSTMENTS			
Hedges		**(5,852)**	**(5,628)**
NON-CURRENT LIABILITIES		**443,458**	**323,840**
Long-term provisions	**Note 12**	**44,638**	**40,653**
Other provisions		44,638	40,653
Long-term payables	**Note 13**	**392,364**	**279,421**
Loans and borrowings		381,546	268,826
Finance lease payables	**Note 8**	3,880	4,352
Derivatives	**Note 10**	6,938	6,243
Deferred tax liabilities	**Note 16**	**6,456**	**3,766**
CURRENT LIABILITIES		**1,126,346**	**1,027,451**
Short-term provisions	**Note 12**	**40,255**	**41,518**
Short-term payables	**Note 13**	**118,733**	**132,689**
Bonds and other marketable securities		69,969	69,989
Loans and borrowings		3,769	52,932
Finance lease payables	**Note 8**	461	437
Derivatives	**Note 10**	1,176	1,656
Other financial liabilities		43,358	7,675
Short-term payables to Group companies and associates	**Note 19.2**	**16,883**	**27,612**
Trade and other payables		**948,839**	**823,975**
Suppliers		378,581	336,786
Suppliers, Group companies and associates	**Note 19.2**	27,327	6,722
Sundry payables		36,076	42,693
Personnel		19,096	23,918
Current tax liabilities	**Note 16**	4,111	4,717
Public Administrations, other	**Note 16**	32,732	35,261
Advances from customers	**Note 15**	450,916	373,878
Short-term accruals		**1,636**	**1,657**
TOTAL EQUITY AND LIABILITIES		**2,163,521**	**1,942,491**

The accompanying notes form an integral part of the annual accounts.

ELECNOR, S.A.

INCOME STATEMENT
FOR 2020
(Thousands of Euros)

	Notes to the Annual Accounts	Year 2020	Year 2019
CONTINUING OPERATIONS			
Net turnover	**Note 17.1**	**1,544,049**	**1,368,728**
Sales		1,544,049	1,368,728
Changes in inventories of finished goods		**(184)**	**12**
Self-constructed assets		**3,120**	**2,156**
Materials consumed		**(872,677)**	**(740,717)**
Consumption of raw materials and other consumables	**Note 17.2**	(430,009)	(374,157)
Work carried out by other companies		(442,668)	(366,560)
Other operating income		**8,055**	**8,046**
Non-trading income and other day-to-day income		7,214	7,265
Operating grants included in profit/loss for the year		841	781
Personnel expenses	**Note 17.3**	**(444,545)**	**(428,427)**
Salaries, wages and similar		(345,414)	(336,420)
Employee benefit costs		(99,131)	(92,007)
Other operating expenses		**(203,271)**	**(201,521)**
External services		(183,175)	(182,985)
Taxes		(6,354)	(5,540)
Losses, impairment and changes in trade provisions	**Notes 9 & 12**	(10,195)	(9,886)
Other day-to-day expenses	**Note 7**	(3,547)	(3,110)
Depreciation/Amortisation	**Notes 6 & 7**	**(14,465)**	**(12,975)**
Impairment and profit/loss on disposals of fixed assets	**Note 7**	**670**	**(2,505)**
Profit/Loss on disposals and others		670	(2,505)
PROFIT/LOSS FROM OPERATING ACTIVITIES		**20,752**	**(7,203)**
Finance income		**40,054**	**87,141**
From holdings in equity instruments			
– Group companies and associates	**Note 19.1**	35,569	83,278
Marketable securities and other financial instruments			
– Group companies and associates	**Notes 9 & 19.1**	3,600	3,764
- Third parties	**Note 9**	885	99
Finance expenses	**Note 13**	**(10,198)**	**(13,009)**
Payables to Group companies and associates	**Note 19.1**	(343)	(567)
Payables to third parties		(9,855)	(12,442)
Translation differences		**3,391**	**243**
Impairment and profit/loss on disposals of financial instruments		**(7,234)**	**(12,513)**
Impairment and losses	**Notes 9.2 & 9.4**	(10,704)	(27,372)
Profit/Loss on disposals and others	**Notes 5 & 9.2**	3,470	14,859
FINANCE INCOME/EXPENSES		**26,013**	**61,862**
PROFIT/LOSS BEFORE TAXES		**46,765**	**54,659**
Income taxes	**Note 16**	(15,132)	(24,537)
PROFIT/LOSS FROM CONTINUING OPERATIONS		**31,633**	**30,122**
PROFIT/LOSS FOR THE YEAR		**31,633**	**30,122**

The accompanying notes form an integral part of the annual accounts.

ELECNOR, S.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2020

STATEMENT OF RECOGNISED INCOME AND EXPENSES

(Thousands of Euros)

	Notes to the Annual Accounts	Year 2020	Year 2019
PROFIT/LOSS IN THE INCOME STATEMENT (I)		**31,633**	**30,122**
Income and expenses recognised directly in equity:			
- Cash flow hedges	**Note 10**	(2,507)	(3,483)
- Tax effect	**Note 16**	627	871
TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (II)		**(1,880)**	**(2,612)**
Transfers to the income statement			
- Cash flow hedges	**Note 10**	2,207	2,352
- Tax effect	**Note 16**	(551)	(588)
TOTAL TRANSFERS TO THE INCOME STATEMENT (III)		**1,656**	**1,764**
TOTAL RECOGNISED INCOME AND EXPENSES (I+II+III)		**31,409**	**29,274**

The accompanying notes form an integral part of the annual accounts.

ELECNOR, S.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2020
B) STATEMENT OF TOTAL CHANGES IN EQUITY
(Thousands of Euros)

	Capital	Reserves	Own shares	Profit/Loss for the year	Dividend dividend	Adjustments for adjustments adjustments	TOTAL
BALANCE AT 31 DECEMBER 2018	**8,700**	**567,366**	**(21,884)**	**44,136**	**(4,795)**	**(4,780)**	**588,743**
Total recognised income and expenses	-	-	-	30,122	-	(848)	29,274
Transactions with shareholders:							
– Distribution of profit for 2018							
Reserves	-	17,401	-	(17,401)	-	-	-
Interim dividend	-	-	-	(4,795)	4,795	-	-
Supplementary dividend	-	-	-	(21,940)	-	-	(21,940)
- Transactions with own shares (net) (Note 11.3)	-	189	(79)	-	-	-	110
- Interim dividend	-	-	-	-	(4,987)	-	(4,987)
BALANCE AT 31 December 2019	**8,700**	**584,956**	**(21,963)**	**30,122**	**(4,987)**	**(5,628)**	**591,200**
Total recognised income and expenses	-	-	-	31,633	-	(224)	31,409
Transactions with shareholders:							
– Distribution of profit in 2019 (Note 3)							
Reserves	-	1,249	-	(1,249)	-	-	-
Interim dividend	-	-	-	(4,987)	4,987	-	-
Supplementary dividend	-	-	-	(23,886)	-	-	(23,886)
- Transactions with own shares (net) (Note 11.3)	-	(83)	64	-	-	-	(19)
- Interim dividend	-	-	-	-	(4,987)	-	(4,987)
BALANCE AT 31 December 2020	**8,700**	**586,122**	**(21,899)**	**31,633**	**(4,987)**	**(5,852)**	**593,717**

ELECNOR, S.A.

STATEMENT OF CASH FLOWS FOR 2020
(Thousands of Euros)

	Notes to the Annual Accounts	Year 2020	Year 2019
CASH FLOWS FROM OPERATING ACTIVITIES (I)		**142,294**	**117,948**
Profit/Loss for the year before taxes		46,765	54,659
Adjustments to profit/loss:			
- Depreciation/Amortisation	**Notes 6 & 7**	14,464	12,975
- Changes in provisions		8,650	17,238
- Impairment adjustments		21,323	33,300
- Profit/Loss on derecognitions and disposals of fixed assets		(670)	740
- Finance income		(40,054)	(87,141)
- Finance expenses		10,198	13,009
- Exchange rate differences		(3,391)	(243)
- Profit/Loss on derecognitions and disposals of financial instruments	**Notes 5 & 9**	(752)	(14,859)
- Other income and expenses	**Note 7**	3,547	3,110
Changes in current capital			
- Inventories		(17,692)	9,461
- Trade and other receivables		(80,030)	(103,536)
- Other current assets		(71)	(768)
- Trade and other payables		161,787	129,745
- Other current liabilities		(24)	(5)
- Provisions (payments)		(7,928)	(14,744)
Other cash flows from operating activities			
- Interest paid		(9,560)	(10,908)
- Dividends received		35,569	84,668
- Interest received		4,485	2,513
- Income tax received (paid)		(4,322)	(11,266)
CASH FLOWS FROM INVESTMENT ACTIVITIES (II)		**(57,113)**	**(9,052)**
Payments for investments			
- Group companies and associates		(43,531)	(38,419)
- Intangible assets	**Note 6**	(3,625)	(2,410)
- Property, plant and equipment	**Note 7**	(28,749)	(15,367)
- Other financial assets		(6,124)	(2,702)
Proceeds from divestments			
- Group companies and associates		13,248	49,656
- Property, plant and equipment		733	155
- Non-current assets held for sale	**Note 5**	10,935	-
- Other financial assets		-	35
CASH FLOWS FROM FINANCING ACTIVITIES (III)		**22,784**	**(100,570)**
Proceeds from and payments for equity instruments			
– Acquisition of own equity instruments	**Note 11**	(1,588)	(1,213)
– Disposal of own equity instruments	**Note 11**	1,569	1,323
Proceeds from (payments for) financial liabilities			
- Issuance of bonds and other marketable securities	**Note 13.2**	966,000	1,601,100
- Issuance of loans and borrowings		134,432	67,581
- Issuance of payables to Group companies and associates	**Note 19.2**	14,100	9,000
- Issuance of other payables		-	1,641
- Repayment and cancellation of loans and borrowings		(69,348)	(35,000)
- Repayment and cancellation of payables to Group companies and associates	**Note 19.2**	(24,475)	(29,800)
- Repayment of bonds and other marketable securities	**Note 13.2**	(966,020)	(1,685,927)
- Repayment of other payables		(3,013)	(2,348)
Payments for dividends and remuneration on other equity instruments			
- Dividends	**Note 3**	(28,873)	(26,927)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)		**107,965**	**8,326**
Cash and cash equivalents at beginning of period		87,533	79,207
Cash and cash equivalents at end of period		195,498	87,533

The accompanying notes form an integral part of the annual accounts.

1. Nature, Activities of the Company and Composition of the Group

Elecnor, S.A. (hereinafter, the Company) was incorporated for an indefinite period on 6 June 1958.

The Company's statutory activity, according to its bylaws, is:

- Wide-ranging commercial activity in connection with the engineering, design, construction, erection, repair, maintenance and upkeep of all manner of construction projects and installation work in the broadest sense, i.e. the entire execution thereof with or without the supply of materials, on its own account or through third parties, on an exclusive basis or through associations of any kind.

- The provision of public and private services in relation to the collection of all types of waste; sweeping and cleaning of streets; transfer and transport of waste to the place of end disposal; the end disposal of such waste, recycling, treatment and deposit of public, private, industrial, hospital and pathological waste; cleaning, maintenance and upkeep of sewers; and, in general, urban water treatment services and all other ancillary services related directly or indirectly to the aforementioned services in their broadest sense.

- The design, research, development, construction, operation, maintenance and marketing of waste treatment, recovery and elimination facilities, and the purchase and sale of the by-products originating from these treatments.

- the design, research, development, construction, operation, maintenance and marketing of plants and facilities for the treatment of water, wastewater and waste, the recovery and elimination of waste, and the purchase and sale of the by-products originating from these treatments;

- The use, transformation and marketing of water of all types.

The aforementioned business activities can also be fully or partially carried out indirectly by the Company through investments in other companies with a similar statutory activity, both in Spain and abroad. The Company may not carry out any business activity for which specific conditions or limitations are imposed by law, unless it fully meets such conditions.

The Company's registered and tax office is located at Marqués de Mondéjar, 33, in Madrid.

The Company is shareholder in various ventures with other venturers, which are included in the annual accounts in accordance with the criteria set forth in Note 4.b. The information concerning joint ventures incorporated as Temporary Business Associations (UTEs) is presented in Appendix II.

The Company is the head of a group of subsidiaries, and, in accordance with applicable legislation, it discloses consolidated annual accounts separately. The consolidated annual accounts of the Elecnor Group in 2020 were authorised for issue by the Company's Directors at the meeting of the Board of Directors held on 24 February 2021. In accordance with the content of the consolidated annual accounts prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS-EU), consolidated equity at 31 December 2020 amounted to Euros 599,936 thousand (Euros 737,320 thousand at 31 December 2019), consolidated profit/loss attributable to the Parent amounted to Euros 78,303 thousand (Euros 126,377 thousand at 31 December 2019), and the total volume of assets and revenues amounted to Euros 3,046,631 thousand and Euros 2,455,952 thousand, respectively (Euros 2,979,244 thousand and Euros 2,453,726 thousand at 31 December 2019, respectively), and will be deposited with Madrid Company Register within the established legal terms.

The Elecnor Group's consolidated annual accounts for 2019 were approved by the General Shareholders' Meeting of Elecnor, S.A. at their meeting held on 20 May 2020 and have been filed in the Madrid Companies Register.

2. Basis of presentation

2.1. True and fair view

The accompanying annual accounts have been prepared on the basis of the accounting records of Elecnor, S.A. (and of the consolidated temporary business associations (UTEs)). The annual accounts for 2020 were prepared in accordance with applicable commercial legislation and the rules established in the Spanish General Chart of Accounts to provide a true and fair view of the equity and financial position at 31 December 2020 and the results of its transactions, changes in equity and cash flows corresponding to the financial year ended on that date.

The Directors of the Company consider that the annual accounts for 2020, authorised for issue on 24 February 2021, will be approved with no changes by the General Shareholders' Meeting.

2.2. Comparative information

For comparative purposes, the annual accounts include figures for 2019 alongside the 2020 figures for each item in the balance sheet, the income statement, the statement of changes in equity, the statement of cash flows and the notes thereto. The 2019 figures were included in the annual accounts for 2019, which were approved at the Ordinary Annual General Shareholders' Meeting on 20 May 2020.

2.3. Functional currency and presentation currency

The figures disclosed in the annual accounts are expressed in thousands of Euros, the Company's functional and presentation currency.

2.4. **Critical aspects of measurement and uncertainty estimates and significant judgements in applying accounting policies**

The information contained in the annual accounts is the responsibility of the Company's Directors. The preparation of annual accounts requires the application of significant accounting estimates and judgements, estimates and assumptions in the process of applying the Company's accounting policies. In this connection, there follows a detailed summary of the aspects that have involved the greatest degree of judgement, complexity or in which the assumptions and estimates are not significant for preparing the annual accounts.

Significant accounting estimates and assumptions

- The Company performs a significant portion of its activities in construction contracts with customers. This method is based on performing estimates in relation to the stage of completion of projects. Depending on the method used to determine project progress, significant estimates correspond to costs pending incurring in each contract. In addition, the Company recognises provisions for negative margins when the estimate of total costs exceeds estimated income from contracts. These estimates are subject to changes based on new information regarding the stages of completion.

- Adjustments due to customer insolvencies, the revision of individual balances based on the credit ratings of customers, current market trends and a historical analysis of insolvencies on an aggregate basis involve significant judgements.

- The calculation of provisions for litigation and inspections is subject to considerable uncertainty. If it is likely that there will be an obligation at the end of the year that will imply an outflow of resources, a provision is recognised if the amount can be reliably estimated. Legal processes usually imply complex legal matters and are subject to considerable uncertainty. The Company relies on third-party advice to estimate the probability of the outcome of litigation and inspections.

Changes in estimates

Although the estimates performed by the Company's Directors were calculated based on the best information available at 31 December 2020, it is possible that future events might oblige their modification in the next few years. The effect on the annual accounts of modifications that, in the event, may derive from adjustments over the next few years would be recognised prospectively.

3. Distribution of Profit/Loss

The proposed distribution of the Company's profit/loss for 2020, to be presented to the General Shareholders' Meeting, is as follows:

	Euros
Basis of distribution	
Profit for the year	31,632,749.89
Voluntary reserves	1,249,867.75
Total	**32,882,617.64**
Distribution	
Voluntary reserves	2,759,499.61
Capitalisation reserves Law 27/2014	1,249,867.75
Interim dividend	4,986,840.00
Supplementary dividend	23,886,410.28
Total	**32,882,617.64**

The appropriation of the Company's profit and reserves for the year ended on 31 December 2019, approved by shareholders at their General Meeting of 20 May 2019, was as follows:

	Euros
Basis of distribution	
Profit for the year	30,123,118.03
Voluntary reserves	2,150,562.05
Total	**32,273,680.08**
Distribution	
Voluntary reserves	1,249,867.75
Capitalisation reserves Law 27/2014	2,150,562.05
Interim dividend	4,986,840.00
Supplementary dividend	23,886,410.28
Total	**32,273,680.08**

At the General Shareholders' Meeting held on 20 May 2020 a supplementary dividend of Euros 23,886 thousand (Euros 0.33 per share) was approved, taking into account the interim dividend of Euros 4,987 thousand out of profit for 2019 paid in December 2019.

At the meeting held on 28 October 2020, the Board of Directors of the Company agreed to distribute an interim dividend for 2020 of Euros 4,987 thousand (Euros 4,987 thousand for 2019), which was recognised as a reduction in equity under "Interim dividend" on the liability side of the accompanying balance sheet, which was paid on 9 December 2020.

These distribution amounts did not exceed the profit obtained in the last year by the Company, having deducted the estimated Corporate Income Tax payable on said profit, in accordance with the provisions of article 277 of the Revised Spanish Companies Act.

The provisional accounting statement prepared in accordance with legal requirements evidencing the existence of sufficient liquidity for the distribution of the dividend was as follows:

WORKING CAPITAL POSITION AT 30 September 2020

(Thousands of Euros)

(Excluding inventories and accruals)

	Thousands of Euros
Realisable values -	
Customers	769,111
Other accounts	136,472
	905,583
Short-term payables -	
Suppliers	285,906
Short-term loans	307,860
Other accounts	176,108
	769,874
Total working capital	**135,709**
Cash available:	
Cash on hand and at banks (including foreign currency)	167,685
Total cash available	**167,685**
Gross interim dividend proposed-	
(Euros 0.05732 for 87,000,000 shares)	4,987
% of net profit at the end of the year	93.17%
% of working capital + cash available	1.64%

At 31 December, the amounts of reserves not available for distribution are as follows:

	Thousands of Euros	
	2020	2019
Reserves not available for distribution:		
Legal reserve	1,743	1,743
Goodwill reserve	516	619
Capitalisation reserve	6,559	4,408
Differences for adjustments of share capital to euros	15	15
	8,833	**6,785**

Profit recognised directly in equity cannot be distributed, either directly or indirectly.

4. Accounting and Measurement Standards

In preparing its annual accounts for 2020, the Company has applied the main accounting and measurement standards in accordance with the Spanish General Chart of Accounts, as follows:

a) Business combinations

Business combinations from 1 January 2010 are recognised by applying the acquisition method established in Accounting and Measurement Standard 19 of the Spanish General Chart of Accounts, as amended by article 4 of Royal Decree 1159/2010, approving the standards for preparing consolidated annual accounts and amending the Spanish General Chart of Accounts.

In business combinations, except mergers, spin-offs and non-monetary contributions of a business between Group companies, the Company applies the acquisition method.

The acquisition date is the date on which the Company obtains the control of the acquired business.

b) Jointly-controlled operations and assets

Joint ventures are those in which there is a contractual or statutory agreement to share the control over an economic activity, in such a way that strategic operating and financial decisions concerning the activities require the unanimous consent of the Company and the remaining venturers.

In jointly-controlled operations and assets, the Company recognises in the annual accounts the assets that are under its control, the liabilities in which it has incurred and the proportionate part in accordance with its interest percentage in the jointly-controlled assets and the jointly-incurred liabilities; and the part of the proceeds of the sale of goods or provision of services and the expenses incurred by the joint venture. Moreover, the statement of changes in equity and the statement of cash flows also include the proportionate part corresponding to the Company pursuant to the agreements reached.

The transactions, balances, income, expenses and reciprocal cash flows were eliminated in proportion to the Company's interest in the joint ventures.

Profit or loss not realised in non-monetary contributions or descendent transactions by the Company with joint ventures are recognised based on the substance of the transactions. In this connection, in the event that the transferred assets are maintained in the joint ventures and the Company has substantially transferred the risks and rewards inherent to ownership thereof, it only recognises the proportionate part of the profit or loss that correspond to the rest of venturers. Moreover, losses not realised are not eliminated to the extent that they constitute evidence of an impairment in the value of the transferred asset.

Profit or loss on transactions between joint ventures and the Company are only recognised in the proportion thereof that corresponds to the rest of venturers, applying the same recognition criteria in the case of losses as are described in the previous paragraph.

The Company has made the necessary valuation and timing adjustments to integrate the joint ventures in the annual accounts.

The information concerning jointly-controlled economic activities pertaining to Temporary Business Associations (UTEs) is presented in Appendix II.

c) Intangible assets

Assets under Intangible assets are recognised at their acquisition price or production cost. Intangible assets are presented in the balance sheet at cost less amortisation and cumulative impairment adjustments.

Subsequent costs incurred on intangible assets are recognised as an expense, unless they increase the expected future economic benefits attributable to the assets.

Computer software

The Company recognises under this heading the costs incurred in acquiring and developing software. Maintenance costs of computer software are recognised in the income statement for the year in which they are incurred. Computer software is amortised using the straight-line method over a period of 3 years.

Goodwill

Goodwill is measured as outlined in the section on business combinations.

The Company allocates the goodwill resulting from business combinations to each of the Cash-Generating Units (CGU) that are expected to benefit from the synergies from the combination and determines the useful life thereof separately for each CGU. After initial recognition, goodwill is measured at cost less amortisation and cumulative impairment adjustments. The Company amortises goodwill over the course of its useful life, which is 10 years.

Impairment

The Company measures and determines the intangible assets' impairment adjustments and reversals in accordance with the criteria set forth in section e) Impairment of non-financial assets carried at amortised or depreciated cost.

d) Property, plant and equipment

Initial recognition

Property, plant and equipment are accounted for at acquisition price or production cost and include updates conducted in accordance with various applicable legal provisions (Royal Decree-Law 7/1996). Property, plant and equipment are presented in the balance sheet at cost less depreciation and cumulative impairment adjustments.

Improvements to properties under operating leases that are definitively added to the leased property are capitalised as higher costs under the relevant heading and depreciated over the contractual term or, if shorter, the estimated useful life of the asset.

Self-constructed property, plant and equipment is capitalised under "Self-constructed assets" in the income statement and recognised at accumulated cost; i.e., external costs plus in-house costs, determined on the basis of materials consumed, direct labour costs incurred and overall manufacturing costs calculated using absorption rates similar to those used for the measurement of inventories.

With regard to "Hand and machine tools" recognised under Property, plant and equipment (Note 7), the Company performs an annual adjustment based on a physical count under "Other operating expenses - Other day-to-day expenses" in the income statement, directly removing said amount from the cost of the asset account. In 2020, this kind of write-off amounted to Euros 3,547 thousand (Euros 3,110 thousand in 2019).

Depreciation

Property, plant and equipment is depreciated by distributing the depreciable amount using the straight-line method over its useful life.

The Company determines depreciation of property, plant, and equipment by applying the following criteria:

	Years of Useful Life
Buildings	25
Technical installations and machinery	8-10
Furniture and fixtures	10
Information technology equipment	4- 7
Motor vehicles	6-10

The Company reviews the residual value, useful life and depreciation method of the property, plant, and equipment at the end of each financial year. Any changes to the initially established criteria are recognised as a change in estimate.

Subsequent costs

Subsequent to the initial recognition of the asset, the Company only capitalises those costs incurred that imply an increase in its capacity, productivity or lengthening of useful life, and the carrying amount of the replaced items must be derecognised. In this connection, the costs deriving from the daily upkeep of property, plant and equipment are recognised as they are incurred.

The replacement of items of property, plant and equipment that may potentially be capitalised implies reducing the carrying amount of the items replaced.

Impairment

The Company measures and determines the property, plant and equipment's impairment adjustments and reversals in accordance with the criteria set forth in section e) Impairment of non-financial assets carried at amortised or depreciated cost.

e) Impairment of non-financial assets carried at amortised or depreciated cost

The Company evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount, understood as the higher between fair value less the costs to sell and value in use.

Impairment losses are recognised in the income statement.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

A Cash-Generating Unit (CGU) is the smallest identifiable group of assets that generates cash flows that are largely independent of the cash flows from other assets or group of assets.

Impairment losses for the CGU are allocated, first, to reduce the value of any goodwill allocated to the cash-generating unit; and then, to the other non -current assets of the CGU pro rata on the basis of the carrying amount of each asset in the CGU, while not reducing the carrying amount of an asset below the highest of its fair value less costs to sell, its value in use and zero.

Reversal of the impairment loss is recognised with a credit in the income statement. However, reversal of the impairment loss cannot exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset.

f) Non-current assets held for sale

The Company recognises under this heading non-current assets or disposal groups of items whose carrying amount will be recovered primarily through a sale transaction, rather than through continuing use. To be classified as non-current assets or disposal groups as held for sale, they must be available in their current state for immediate disposal, subject only to the usual and widely accepted terms of sale transactions, and the derecognition of the asset must also be considered to be highly probable.

Non-current assets or disposal groups classified as held for sale are measured at the lower of the carrying amount and fair value less the costs of sale and are not depreciated.

g) Leases

The Company classifies leases as finance leases when substantially all the risks and rewards incidental to ownership of the leased asset are transferred to the lessee under the terms and conditions of the lease at the start of the lease period, otherwise they are classified as operating leases.

Finance leases

At the start of the lease period, the Company recognises an asset and liability as the lower of the fair value of the leased asset or the current value of the minimum lease payments. Initial direct costs are included as the higher asset value. Minimum payments are divided between the financial charge and the reduction of the outstanding debt. Finance expenses are allocated to income statement, by applying the effective interest rate method.

The accounting principles applied to the assets used by the Company pursuant to lease agreements classified as finance leases are those outlined in section d) Property, plant, and equipment. Nevertheless, if there is no reasonable certainty that the Company will obtain ownership at the end of the asset lease period, they are amortised over the shorter of the useful life or the term thereof.

Operating leases

The payments from operating leases are recognised as an expense on a straight-line basis over the lease term.

Any collection or payment that may be made upon contracting an operating lease will be treated as an advanced collection or payment that will be taken to profit and loss throughout the period of the lease, as the profits from the leased asset are assigned or received.

h) Financial instruments

Recognition

The Company recognises a financial instrument when it becomes a party to the contract or legal transaction, in accordance with the terms set out therein.

Classification and separation of financial instruments

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument.

The Company classifies financial instruments in the various categories based on the characteristics and intentions of the Company at the time of their initial recognition.

At 31 December 2020 and 2019, financial assets relate entirely to loans and receivables booked at amortised cost or cost/carrying amount, except for hedge derivatives that are accounted for at their fair value.

Offsetting principles

The Company only offsets financial assets against financial liabilities when it has a legally enforceable right to offset the amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Loans and receivables

Loans and receivables comprise trade and non-trade receivables with fixed or determinable payments that are not quoted in an active market other than those classified in other categories of financial assets. These assets are initially recognised at fair value, including transaction costs incurred, and are subsequently measured at amortised cost using the effective interest method.

However, financial assets with no established interest rate, the amount of which is due or receivable in the short term and where the effect of discounting is not material are measured at their nominal amount.

Investments in Group companies, associates and jointly-controlled entities

Group companies are understood to be companies over which the Company exercises control, either directly or indirectly through subsidiaries, as provided in article 42 of the Commercial Code, or companies that are controlled by any means by one or several physical or legal persons acting jointly or under single management through agreements or statutory clauses.

Control is the power to govern the financial and operating policies of an entity or business so as to obtain profits from its activities, considering potential voting rights held by the Company or third parties that are exercisable or convertible at the end of each reporting period for these purposes.

Associates are companies over which the Company, either directly or indirectly through subsidiaries, exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the company but is not control or joint control over those policies. The existence of potential voting rights that are exercisable or convertible at the end of each reporting period, including potential voting rights held by the Company or other companies, are considered when assessing whether an entity has significant influence.

Jointly-controlled entities are those managed jointly by the Company or one or more Group companies, including parent entities or physical persons, and one or more third parties external to the Group.

Investments in Group companies, associates and jointly-controlled entities are initially recognised at cost, which is equivalent to the fair value of the consideration paid, including for investments in associates and jointly-controlled entities the transaction costs incurred and subsequently measured at cost, less cumulative impairment adjustments. Investments in Group companies acquired prior to 1 January 2010 include in the acquisition cost the transaction costs incurred.

Non-monetary contributions in exchange for investments in the equity of other companies

In non-monetary business contributions, including investments in Group companies, Group companies themselves, investments in equity received are measured on the transaction date, at the carrying amount of the equity items delivered or the representative amount of the interest percentage equivalent to the carrying amount of the net assets of the investment contributed, in the consolidated annual accounts of the Group, in accordance with the Standards for Preparing Consolidated Annual Accounts. Any difference between the carrying amount of investments received and the carrying amount of the equity items delivered is recognised in reserves.

Interest and dividends

Interest is recognised using the effective interest rate method.

Dividends from investments in equity instruments are recognised when the Company is entitled to receive them. If dividends paid unequivocally come from profit generated prior to the acquisition date because amounts have been distributed in excess of the profits generated by the investee since the acquisition, they are deducted from the carrying amount of the investment.

Derecognition of financial assets

Financial assets are derecognised when the associated rights to receive cash flows have expired or been transferred and the Company has substantially transferred the risks and rewards deriving from their ownership.

The Company applies the weighted average price criterion to measure and derecognise the cost of equity or debt instruments belonging to homogeneous portfolios and having the same rights.

Impairment of financial assets

A financial asset or a group of financial assets is impaired and impairment losses have been incurred when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event or events have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Company follows the criterion of recognising the pertinent impairment adjustments on loans and receivables when debtor insolvency has prompted a reduction or delay in estimated future cash flows.

Moreover, in the case of equity instruments, there is impairment when the carrying amount of the asset becomes non-recoverable due to a prolonged or significant decline in its fair value.

- Impairment of financial assets measured at amortised cost

The amount of the impairment loss of financial assets measured at amortised cost is measured as the difference between the asset's carrying amount and the current value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The impairment loss is recognised against profit and loss and is reversible in subsequent years, if the reduction may objectively be linked to an event subsequent to its recognition. However, the reversal is capped at the amortised cost of the assets had the impairment loss not been recognised.

- Investments in Group companies, associates and jointly-controlled entities measured at cost.

Impairment is calculated as the difference between the carrying amount of the investment and its recoverable amount, the latter of which is understood as the higher of the asset's value in use and fair value less costs to sell.

In this connection, value in use is calculated as a function of the Company's interest in the current value of estimated cash flows in ordinary activities and the final disposal or the estimated flows expected from the distribution of dividends and resulting from the final disposal of the investment.

However, in certain cases, barring better proof of the recoverable amount of the investment, in estimating the impairment of this kind of asset, the investee's equity is taken into consideration, corrected for any unrealised gains existing at the measurement date and in accordance with generally applicable accounting principles and standards in Spain. If the investee forms a subgroup of companies, the equity shown in the consolidated annual accounts is taken into account, provided that these annual accounts have been authorised for issue. Otherwise, the equity reflected in the separate annual accounts is considered.

In subsequent years, reversals of impairment in the form of increases in the recoverable amount are recognised, up to the limit of the carrying amount that would have been determined for the investment if no impairment had been recognised.

Financial liabilities

Financial liabilities, including trade and other payables, that are not classified as held for trading or financial liabilities at fair value through the income statement are initially recognised at fair value less, in the event, transaction costs that are directly attributable to their issuance. Subsequent to initial recognition, liabilities classified under this heading are measured at amortised cost using the effective interest rate method.

However, financial liabilities with no established interest rate, the amount of which is due or payable in the short term and where the effect of discounting is not material, are measured at their nominal value.

Confirming

The Company has arranged confirming lines with various financial institutions to manage supplier payments. Trade payables the settlement of which is managed by financial institutions are shown under “Trade and other payables” on the balance sheet until such time as they have been settled, cancelled or expired.

Income received from financial institutions in consideration for the assignment of business due to acquisition of invoices or payment documents from customers are recognised on accrual under “Other operating income” in the income statement.

Moreover, bank borrowings as a result of the assignment of trade payables are recognised as trade payables advanced by credit institutions, under “Trade and other payables” in the balance sheet.

Guarantees

Guarantees delivered are measured in accordance with the criteria set forth for financial assets.

Derecognitions and modifications of financial liabilities

The Company derecognises a financial liability or a portion thereof when it has fulfilled the obligation contained in the liability or when it is legally released from the principal responsibility contained in the liability either pursuant to judicial proceedings or by the creditor.

The exchange of debt instruments between the Company and the counterparty or substantial modifications to initially recognised liabilities are recognised as an extinguishment of the original financial liability and recognition of a new financial liability, provided the instruments have substantially different terms.

The Company considers that the terms are substantially different if the current value of the cash flow discounted under the new terms, including any fees paid net of any fees received, and using for the purpose of the discount the original effective interest rate, differs by at least 10 per cent from the current discounted value of the remaining cash flows of the original financial liability.

If the exchange is recognised as the extinguishment of the original financial liability, the costs or fees are recognised in the income statement. Otherwise, the costs or fees adjust the liability’s carrying value and are amortised using the amortised cost method during the remaining life of the modified liability.

The Company recognises the difference between the carrying amount of the financial liability or a part thereof cancelled or assigned to a third party and the consideration paid as a charge or credit against the income statement.

Hedge accounting

Derivative financial instruments that meet hedge accounting criteria are initially recognised at fair value.

The Company uses cash flow hedges.

At the inception of the hedge the Company formally designates and documents the hedging relationships and the objective and strategy for undertaking the hedges. Hedge accounting is only applicable when the hedge is expected to be highly effective at the inception of the hedge and in subsequent years in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, throughout the period for which the hedge was designated (prospective analysis), and the actual effectiveness is within a range of 80%-125% (retrospective analysis) and can be reliably measured.

- Cash flow hedges

The Company books as income and expenses recognised in equity the gains or losses from fair value measurement of the hedge instrument corresponding to the part identified as effective hedge.

The separate equity component associated with the hedged item is adjusted to the lower of the cumulative gain or loss on the hedging instrument from inception of the hedge and cumulative change in the fair value of the hedged item (i.e. the current value of the hedged expected future cash flows from inception of the hedge).

In hedges of planned transactions that give rise to the recognition of a financial asset or liability, the associated gains or losses that were recognised in equity are reclassified to profit and loss in the same year or years during which the asset acquired or liability assumed affects profit and loss and under the same heading of the income statement.

i) Own equity instruments held by the Company and shares in the Parent

The acquisition by the Company of equity instruments is presented separately at acquisition cost as a decrease in the shareholders' equity in the balance sheet. No profit or loss was recognised in the income statement for transactions with own equity instruments.

The acquisition of shares in the Parent is recognised and measured as provided in section h) Investments in Group companies, associates and jointly-controlled entities, with the relevant amount being allocated to the legal reserve.

j) Inventories

Inventories are initially measured at acquisition or production cost.

Acquisition cost includes the amount invoiced by the seller after deducting any discount, price cut or other similar item and the interest on the nominal amount of debits, plus additional expenses incurred until the goods are ready for sale and expenses directly attributable to the acquisition.

Advances on inventories are initially recognised at cost. In subsequent years and provided that the period between payment and receipt of the inventories exceeds one year, advances accrue interest at the supplier's incremental rate.

When the cost of inventories exceeds net realisable value, inventories are written down to net realisable value.

The previously recognised adjustment is reversed against profit or loss, if the circumstances that caused the impairment have ceased to exist or when there is clear evidence of an increase in net realisable value as a result of changes in economic circumstances. The impairment reversal is limited to the lower between cost and the new net realisable value of inventories.

Inventories impairment adjustments and reversals are recognised under Changes in inventories of finished goods and work in progress and Materials consumed, depending on the type of inventories.

k) Foreign currency transactions and balances

Foreign currency transactions and balances

Foreign currency transactions were translated into Euros by applying to the amount in foreign currency the spot exchange rate on the dates on which the transactions were carried out.

Where there are different exchange rates, the rate that best reflects the value at which the transactions will be settled is used.

Monetary assets and liabilities denominated in foreign currencies have been translated into Euros at the closing rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rates at the transaction dates.

Exchange gains and losses emerging when foreign currency transactions are settled and in translating monetary assets and liabilities denominated in foreign currencies into Euros are recognised in profit or loss.

l) Income tax

Income tax revenue or expenses include both current and deferred taxes.

Current income tax assets or liabilities are measured by the amounts expected to be paid to or recovered from the taxation authority, based on the prevailing tax rules and rates or on those that have been approved and are pending publication at the end of the year.

Current or deferred income tax is recognised in profit and loss unless there is a transaction or economic event that has been recognised in the same financial year or another year, against equity or from a business combination.

Recognition of deferred tax liabilities

The Company recognises deferred tax liabilities in all cases except those arising from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affect neither accounting profit/loss nor taxable income.

Recognition of deferred tax assets

The Company recognises deferred tax assets provided that it is likely that sufficient taxable profits will be obtained in the future to offset those items, or when tax legislation allows for the future conversion of deferred tax assets into an enforceable credit in respect of the Public Administration.

The Company only recognises deferred tax assets deriving from tax loss carryforwards to the extent that it is likely that the Company will have future taxable profits against which the tax assets can be utilised within the legally established period, up to a maximum of ten years, unless they are likely to be recovered in a longer period, when tax legislation allows them to be utilised in a longer period or does not establish any time limits in this connection.

At the end of each reporting period the Company reviews the recognised deferred tax assets, making any appropriate adjustments to the extent that there is uncertainty regarding their future recovery. Likewise, at the end of each year, the deferred tax assets not recognised on the balance sheet are evaluated and these are recognised to the extent that their recovery with future taxable profit becomes likely.

In determining future taxable profit, the Company takes into account tax planning opportunities, provided it intends to adopt them or is likely to adopt them.

Measurement of deferred tax assets and liabilities

Deferred tax assets and liabilities are measured by the applicable tax rates in the years in which the assets are expected to be realised or the liabilities paid, based on prevailing rules and rates or those that have been approved and are pending publication and having considered the fiscal consequences deriving from the manner in which the Company expects to recover the assets or settle the liabilities. In this connection, the Company has considered the deduction due to the reversal of temporary measures pursuant to transitory provision thirty-seven of Corporate Income Tax Law 27/2014, of 27 November, as an adjustment in the tax rate applicable to the deductible temporary difference associated with the non-deductibility of amortisations performed in 2013 and 2014.

Classification

Deferred tax assets and liabilities are recognised in the balance sheet as non-current assets or liabilities, irrespective of the expected date of realisation or settlement.

m) Cash and cash equivalents

Cash and cash equivalents include cash on hand and sight bank deposits placed with credit institutions. This heading also includes other highly liquid short-term investments which can be readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Accordingly, this heading includes investments that are due within less than three months from their acquisition date.

n) Provisions and contingencies

In preparing the annual accounts, the Company's Directors distinguish between:

- Provisions: current obligations, whether legal, contractual, implicit or tacit, as a result of a past event; recognised by the Company when there is likely to be an outflow of resources requiring future profits to cancel the obligation; and it is possible to reliably estimate the amount of the obligation.

- Contingent liabilities: possible obligations arising from past events, the materialisation of which will be confirmed only by the occurrence or non-occurrence of one or more future events beyond the control of the Company.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the year, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where it is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated.

Provisions are reversed against profit and loss when it is not likely to be an outflow of resources to extinguish the obligation.

Unless these are considered as remote, contingent liabilities are not recognised in the annual accounts, but are instead disclosed in the notes to the annual accounts.

Tax provisions

Tax provisions related to the estimated amount of taxes payable determined on the basis of the general criteria set forth above. Provisions are allocated against income tax for the annual rate, to finance expenses for late payment interest and to other profit/loss for fines. The effect of changes in estimated provisions from prior years are recognised under their related headings except when correcting an error.

Provisions for termination benefits

Involuntary termination benefits are recognised when the Company has a detailed formal plan and it has raised a valid expectation that it will carry out the process by starting to implement the plan or announcing its main features to those affected by it.

In 2020, the amount recognised in this connection under "Personnel expenses – Wages, salaries and similar" in the accompanying income statement amounted to approximately Euros 4,028 thousand (approximately Euros 2,903 thousand in 2019). Furthermore, on 31 December 2020 it had booked a provision for this item amounting to Euros 3,498 thousand (Euros 2,420 thousand in 2019). The Company's Directors consider that potential future staff cuts will not have a material impact on the accompanying annual accounts.

o) Construction contracts and income from the sales and services rendered

Construction contracts and services rendered

Income from construction contracts include the initial amount of the agreed income, any changes to the scope of the contractual work and the amounts linked to claims and incentives, provided that these can be reliably measured and it is likely to obtain them.

The costs of construction contracts include costs directly linked to the contract, those relating to the contract activity in general that might be attributable thereto and any other cost that may be passed on to the customer on the basis of the contract terms.

Ordinary income and costs associated with a construction contract are recognised considering their stage of completion at the end of the year, when they can be reliably estimated. In this regard, in fixed-price contracts, this happens when the amount of income, the stage of completion, the attributable costs and the cost yet to be incurred can be reliably estimated; attributable costs can be clearly identified, so that real costs can be compared with the estimates; and the economic benefits deriving from the contracts are likely to be received.

The Company determines the stage of completion of the contracts in accordance with the proportion of contract costs incurred in the work carried out on that date with respect to the total estimated contract costs. The Company makes periodic reviews to estimate pending costs.

Changes to estimated contract income and costs are recognised prospectively in the current year and in future years as a change in estimates.

Estimated losses from construction contracts are recognised immediately as expenses in the year.

p) Environment

The Company takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

Expenses derived from environmental activities are recognised as Other operating expenses in the year in which they are incurred.

Items of property, plant and equipment acquired by the Group for consistent use in its activity and whose main purpose is to minimise the environmental impact of its activity and protect and improve the environment, including the reduction and elimination of future pollution from the Company's activities, are recognised as assets, applying the measurement, presentation and disclosure criteria described in section d) Property, plant and equipment.

q) Transactions between Group companies

Transactions between Group companies, except those relating to mergers, spin-offs and non-monetary business contributions, are recognised at the fair value of the consideration delivered or received. The difference between that value and the amount agreed is recognised in accordance with the underlying economic substance.

5. Non-current assets held for sale

The Company, at 31 December 2019, classified investments in Group companies and associates and loans to companies that operate water treatment plants amounting to Euros 10,687 thousand (Euros 10,362 thousand in investments in Group companies and associates and Euros 325 thousand in loans) as held for sale, on the basis of sale agreements signed on 11 July 2019. The sale transactions were effected on 30 July 2020, having obtained all pertinent authorisations, resulting in a capital gain of Euros 752 thousand recorded under "Impairment and result from disposals of financial instruments - Results from disposals and others" of the attached income statement.

6. Intangible assets

Details of “Intangible assets” were as follows:

2020

	Thousands of Euros				
	Administrative Concessions	Computer software	Goodwill	Commercial rights	Total
COST:					
Balance at 31 December 2019	**79**	**12,938**	**1,031**	**2,228**	**16,276**
Additions	-	3,625	-	-	3,625
Disposals	-	(70)	-	(141)	(211)
Balance at 31 December 2020	**79**	**16,493**	**1,031**	**2,087**	**19,690**
ACCUMULATED DEPRECIATION:					
Balance at 31 December 2019	**(41)**	**(8,829)**	**(412)**	**(2,228)**	**(11,510)**
Charges	(1)	(2,211)	(104)	-	(2,316)
Disposals	-	70	-	141	211
Balance at 31 December 2020	**(42)**	**(10,970)**	**(516)**	**(2,087)**	**(13,615)**
Net cost at 31 December 2020	**37**	**5,523**	**515**	**-**	**6,075**

2019

	Thousands of Euros				
	Administrative Concessions	Computer software	Goodwill	Commercial rights	Total
COST:					
Balance at 31 December 2018	**79**	**10,563**	**1,031**	**2,228**	**13,901**
Additions	-	2,410	-	-	2,410
Disposals	-	(35)	-	-	(35)
Balance at 31 December 2019	**79**	**12,938**	**1,031**	**2,228**	**16,276**
ACCUMULATED DEPRECIATION:					
Balance at 31 December 2018	**(39)**	**(6,903)**	**(309)**	**(2,228)**	**(9,479)**
Charges	(2)	(1,961)	(103)	-	(2,066)
Disposals	-	35	-	-	35
Balance at 31 December 2019	**(41)**	**(8,829)**	**(412)**	**(2,228)**	**(11,510)**
Net cost at 31 December 2019	**38**	**4,109**	**619**	**-**	**4,766**

The Company’s fully amortised Intangible assets at 31 December 2020 amounted to Euros 10,928 thousand (Euros 8,780 thousand at 31 December 2019), approximately, and correspond mainly to computer software and commercial rights.

At the end of 2020 and 2019, the Company has no investments commitments in intangible assets.

7. Property, plant and equipment

Details of "Property, plant and equipment" were as follows:

2020

	Thousands of Euros					
	Land	Buildings	Technical Installations and Machinery	Hand and machine tools (Note 4.d) Furniture and fixtures	Other Property, Plant and Equipment	Total
COST:						
Balance at 31 December 2019	**14,649**	**9,039**	**107,364**	**17,586**	**13,039**	**161,677**
Additions	-	17	19,824	6,189	2,146	**28,176**
Disposals	-	-	(2,900)	(3,651)	(1,952)	**(8,503)**
Balance at 31 December 2020	**14,649**	**9,056**	**124,288**	**20,124**	**13,233**	**181,350**
ACCUMULATED DEPRECIATION:						
Balance at 31 December 2019	**-**	**(3,376)**	**(78,609)**	**(4,600)**	**(8,423)**	**(95,008)**
Charges	**-**	(231)	(8,818)	(1,145)	(1,955)	**(12,149)**
Disposals	**-**	-	2,842	104	1,947	**4,893**
Balance at 31 December 2020	**-**	**(3,607)**	**(84,585)**	**(5,641)**	**(8,431)**	**(102,264)**
CUMULATIVE IMPAIRMENT:						
Balance at 31 December 2019	**(1,432)**	**(1,921)**	**-**	**(22)**	**-**	**(3,375)**
Impairment losses	-	(8)	-	-	-	(8)
Irreversible impairment losses	-	-	-	-	-	-
Balance at 31 December 2020	**(1,432)**	**(1,929)**	**-**	**(22)**	**-**	**(3,383)**
Net cost at 31 December 2020	**13,217**	**3,520**	**39,703**	**14,461**	**4,802**	**75,703**

2019

	Thousands of Euros					
	Land	Buildings	Technical Installations and Machinery	Hand and machine tools (Note 4.d) Furniture and fixtures	Other Property, Plant and Equipment	Total
COST:						
Balance at 31 December 2018	**14,649**	**10,257**	**106,545**	**16,292**	**9,770**	**157,513**
Additions	-	34	9,278	4,640	3,889	**17,841**
Disposals	-	(1,252)	(8,459)	(3,346)	(620)	**(13,677)**
Balance at 31 December 2019	**14,649**	**9,039**	**107,364**	**17,586**	**13,039**	**161,677**
ACCUMULATED DEPRECIATION:						
Balance at 31 December 2018	**-**	**(4,186)**	**(77,083)**	**(4,288)**	**(6,658)**	**(92,215)**
Charges	**-**	(307)	(7,725)	(509)	(2,368)	**(10,909)**
Disposals	**-**	1,117	6,199	197	603	**8,116**
Balance at 31 December 2019	**-**	**(3,376)**	**(78,609)**	**(4,600)**	**(8,423)**	**(95,008)**
CUMULATIVE IMPAIRMENT:						
Balance at 31 December 2018	**(1,432)**	**(467)**	**(1,245)**	**(22)**	**-**	**(3,166)**
Impairment losses	-	(1,765)	-	-	-	(1,765)
Irreversible impairment losses	-	311	1,245	-	-	1,556
Balance at 31 December 2019	**(1,432)**	**(1,921)**	**-**	**(22)**	**-**	**(3,375)**
Net cost at 31 December 2019	**13,217**	**3,742**	**28,755**	**12,964**	**4,616**	**63,294**

The additions for 2020 and 2019 are mainly the machinery necessary for the works done by Elecnor, S.A. Furthermore, in 2020, the company's Oman branch made investments of Euros 8,969 thousand in the development of its activity.

At 31 December 2020 and 2019, the Company did not have individually significant items of property, plant and equipment.

Cost disposals in 2020 and 2019 include the annual adjustment of machine tools that implied an expense of Euros 3,547 thousand and Euros 3,110 thousand, respectively, recognised under Other day-to-day management expenses in the accompanying income statement.

The cost of property, plant and equipment which, at 31 December 2020 and 2019, is fully depreciated and in use as follows:

	Thousands of Euros	
	2020	2019
Buildings, technical installations and machinery	53,282	50,048
Furniture and fixtures	2,102	2,110
Information technology equipment	3,236	3,049
Motor vehicles and others	512	517
	59,132	**55,724**

The Company's procedures include taking out insurance policies to cover possible risks to which various items within its property, plant and equipment are exposed. At 31 December 2020 and 2019, the policies taken out covered the net carrying amount of the property, plant and equipment.

As indicated in Note 8, at the end of 2020 and 2019 the Company had finance lease agreements pertaining to its property, plant and equipment.

At the end of 2020 and 2019, the Company had no significant investments commitments in property, plant and equipment.

Moreover, at 31 December 2020 and 2019, the Company had the following items of property, plant and equipment located abroad:

2020

	Thousands of Euros		
Country	Cost	Accumulated depreciation	Net
Angola	1,709	(521)	1,188
Dominican Republic	996	(632)	364
Mexico	276	(276)	-
Brazil	255	(254)	1
Italy	5,987	(3,715)	2,272
Ghana	1,060	(391)	669
Mauritania	403	(185)	218
Cameroon	1,622	(624)	998
Panama	1,260	(604)	656
Senegal	-	-	-
El Salvador	953	(118)	835
Oman	8,969	(1,804)	7,165
Mozambique	346	(26)	320
Other	1,031	(394)	637
	24,867	**(9,544)**	**15,323**

2019

Country	Thousands of Euros		
	Cost	Accumulated depreciation	Net
Venezuela	242	(242)	-
Angola	1,504	(560)	944
Dominican Republic	1,223	(610)	613
Mexico	615	(589)	26
Brazil	254	(254)	-
Italy	5,767	(2,807)	2,960
Ghana	982	(136)	846
Mauritania	448	(111)	337
Cameroon	499	(128)	371
Panama	1,445	(315)	1,130
Senegal	240	(46)	194
El Salvador	120	(32)	88
Other	241	(125)	116
	13,580	**(5,955)**	**7,625**

8. Leases

Finance leases – Lessee

At the end of 2020 and 2019, as a finance lessee, the Company recognised finance leases as follows:

2020

	Thousands of Euros		
	2020		
	Land	Buildings	Total
Cost	6,651	2,480	9,131
Accumulated depreciation	-	(1,347)	(1,347)
Total	**6,651**	**1,133**	**7,784**

2019

	Thousands of Euros		
	2019		
	Land	Buildings	Total
Cost	6,651	2,480	9,131
Accumulated depreciation	-	(1,248)	(1,248)
Total	**6,651**	**1,232**	**7,883**

The Company's only finance lease agreement at the end of 2020 and 2019 corresponds to its offices in Bilbao, signed on 11 June 2007, and recognised in the gross amount of Euros 9,131 thousand, an amount that corresponds to the updated value on the date of signing the minimum payments agreement for the duration of the contract term.

Said contract expires in 2027 and payment will be over 240 monthly instalments.

The contract is subject to annual increases indexed to Euribor + 55 basis points and the Company has arranged a swap to hedge against interest rate fluctuations which expires on the same date as the contract (Note 10).

At the end of 2020 and 2019, the Company has contractually agreed the following minimum finance lease payments with lessors (including, if any, purchase options), based on the leases currently in force, without taking into account any shared expenses passed on, future CPI increases or future contractual lease payment reviews:

	Thousands of Euros			
	2020		2019	
Finance leases minimum payments	Nominal amount	Current value	Nominal amount	Current value
Less than one year	700	461	705	437
Between 1 and 5 years	2,758	2,124	2,775	2,027
More than 5 years	1,862	1,756	2,545	2,325
Total	**5,320**	**4,341**	**6,025**	**4,789**

The reconciliation between the amount of future minimum lease payments and their current value is as follows:

	Thousands of Euros	
	2020	2019
Future minimum payments	4,420	5,125
Purchase option	900	900
Unaccrued finance expenses	(979)	(1,236)
Current value	**4,341**	**4,789**

Operating leases – Lessee

In addition, in 2020 and 2019 the operating lease expenses included under “Other operating expenses – External services” in the accompanying income statement amounted to approximately Euros 49,813 thousand and Euros 46,948 thousand, respectively. At the end of 2020 and 2019, the Company’s most significant operating leases were for machinery and motor vehicles, and buildings used to carry out its business activities. This amount includes machinery and motor vehicle leases which, due to their inherent activity, are leased for the duration of the works, and amount to Euros 40,325 thousand (Euros 38,609 thousand in 2019).

At the end of 2020 and 2019, the Company has contractually agreed the following minimum lease payments with lessors, based on the leases currently in force, without taking into account any shared expenses passed on, future CPI increases or future contractual lease payment reviews:

Non-cancellable future minimum payments	Thousands of Euros	
	Nominal amount	
	2020	2019
Less than one year	7,164	6,719
Between 1 and 5 years	10,949	9,660
More than 5 years	10,439	9,321
Total	**28,552**	**25,700**

9. Investments in equity instruments of Group companies, associates and multi-group companies, Financial investments and Trade receivables

9.1. Long- and short-term financial investments

The amounts under the headings "Long-term financial investments" and "Short-term financial investments" in the balance sheets at 31 December 2020 and 2019 are as follows:

Category	Thousands of Euros			
	2020		2019	
	Non-current	Current	Non-current	Current
Equity instruments	1,040	-	1,040	-
Credits	2,176	438	2,176	487
Deposits and securities	4,400	6,973	4,022	1,184
Derivatives (Note 10)	180	143	23	384
Impairment adjustments	-	(425)	-	(431)
Total	**7,796**	**7,129**	**7,261**	**1,624**

Non-current "Deposits and securities" in the above table at 31 December 2020 and 2019 corresponds to security and other deposits delivered in relation to the various operating leases entered into by the Company (Note 8).

The current "Deposits and securities" heading in the table prior to 31 December 2020 corresponds mainly to a deposit maturing in the short term and accruing an interest rate of 1.7%.

9.2. Investments in equity instruments of Group companies, associates and multi-group companies

The breakdown of non-current investments in equity instruments of Group companies, associates and multi-group companies at 31 December 2020 and 2019 is as follows:

	Thousands of Euros				
	Balance 31/12/2019	Additions	Derecognitions	Transfers	Balance 31/12/2020
Group companies:					
Interests	482,639	3,756	-	5,974	492,369
Disbursements pending	(1,964)	-	64	-	(1,900)
Impairment adjustments	(43,675)	(2,371)	-	(11,867)	(57,913)
	437,000	**1,385**	**64**	**(5,893)**	**432,556**
Associates:					
Interests	16,469	-	-	-	16,469
Disbursements pending	(2)	-	-	-	(2)
Impairment adjustments	(902)	-	-	-	(902)
	15,565	**-**	**-**	**-**	**15,565**
Jointly-controlled entities:					
Interests	407,951	2,869	-	-	410,820
	407,951	**2,869**	**-**	**-**	**410,820**
Total	**860,516**	**4,254**	**64**	**(5,893)**	**858,941**

The most significant information concerning interests in Group companies, jointly-controlled entities and associates at the end of 2020 and 2019 is shown in Appendix I to these annual accounts.

Equity instruments

The main movements in 2020 under "Equity instruments" in the above table were as follows:

- Contribution of partners the Group company Eledepa, S.A. for Euros 1,665 thousand (2,000 thousand US Dollars).
- Shareholder contributions to the multi-group company Celeo Concesiones e Inversiones, S.L.U. amounting to Euros 2,869 thousand.
- The Company has reclassified the impairment recorded in the loan granted to the Company Elecnor Perú S.A.C to participation impairment for Euros 11,867 thousand and the value of the loan receivable for Euros 5,974 thousand. This reclassification has not had an impact on the attached income statement.

The main movements in 2019 under "Equity instruments" in the above table were as follows:

- Shareholder contributions to the subsidiary Celeo Concesiones e Inversiones, S.L.U. amounting to Euros 6,967 thousand.

- On 30 July 2019, the Company granted a loan to Celeo Concesiones e Inversiones, S.L.U. amounting to Euros 10,000 thousand, which was capitalised in the same year.

- On 17 December 2019, the Company signed a shareholders' agreement with APG to jointly control the subgroup Celeo Concesiones, pursuant to which the Company would hold a 51% interest in Celeo Concesiones e Inversiones, S.L. This agreement implied a loss of the control hitherto held by the Elecnor Group over the subgroup Celeo Concesiones. This new agreement was instrumented by means of the contribution by APG to the subgroup Celeo Concesiones of 49% of the interests it hitherto held in the subgroup Celeo Redes plus a cash payment of Euros 42,912 thousand to the Company for a 3.51% interest in Celeo Concesiones e Inversiones, S.L., affording it a 49% interest in the subgroup Celeo Concesiones. This sale of interests implied a reduction in the value of the interest of Euros 28,053 thousand, applying the weighted average cost method, and the recognition of income amounting to Euros 14,859 thousand under Impairment and profit/loss on disposal of financial instruments – Profit/loss on disposals and others in the accompanying income statement for 2019.

- On 10 July 2019, Sociedad Aguas Residuales Pirineos, S.A., agreed to reduce share capital by Euros 1,635 thousand by means of reimbursing the amount of shareholder contributions in a proportionate manner, which reduced the amount of the interest by Euros 817 thousand.

- On 11 July 2019, the Company signed sale agreements over participations in Sociedad Aragonesa de Aguas Residuales, S.A. and Sociedad Aguas Residuales Pirineos, S.A. the cost of which came to Euros 6,600 thousand and Euros 3,762 thousand, respectively. Since the sale transactions were effective in the first half of 2020, once all the relevant permits were obtained, at 31 December 2019, the Company classified its investments in these companies as non-current assets held for sale in the amount of Euros 10,362 thousand (Note 5).

- According to the minutes of 4 April 2019, Electrificaciones del Norte Elecnor, S.A. agreed to a share capital increase that was fully subscribed by the Company in the amount of Euros 13,485 thousand.

- According to the deed of 28 October 2019, the Company dissolved Elecfrance, S.A.S.U., whose investment cost totalled Euros 1,179 thousand and which was impaired in the amount of Euros 568 thousand. This operation implied a loss of Euros 577 thousand recognised under Impairment and profit/loss on disposals of financial instruments – Impairment and losses, in the accompanying income statement.

The functional currency of foreign interests is the currency of the countries in which their registered offices are located.

Provision for impairment of equity instruments

In accordance with the criteria set forth in Note 4.h, the Company assesses impairment and, where appropriate, calculates the relevant amounts, when there is objective evidence that the future cash flows from its investments in equity instruments are being reduced.

Details of provisions for impairment of equity instruments at 31 December 2020 and 2019 are as follows:

	Thousands of Euros	
	2020	2019
Omninstal Electricidade, S.A.	1,996	1,996
Elecnor de Argentina, S.A.	16,127	16,127
Elecven, S.A.	2,216	2,216
Montelecnor, S.A.	13,224	13,224
Elecnor Energie and BAU GmbH	1,367	1,145
Elecnor South África, Ltd.	2,138	2,138
Elecnor Perú, S.A.C.	17,958	5,593
Elecnor Angola, S.A. Group	802	-
Betonor, S.L.	420	-
Parque Eólico Montañes, S.L.	427	-
Other	2,140	2,138
	58,815	**44,577**

In 2019, given the situation of Elecnor Perú, S.A., the Company allocated an impairment of Euros 5,593 thousand in the value of its interest and the loan granted to that company in the amount of Euros 11,867 thousand (Note 9.4). Elecnor Perú, S.A.C. had a contract with Consorcio Constructor Ductos del Sur to build the Gasoducto Sur Peruano (Southern Peruvian Gas Pipeline) which was cancelled in 2017, with Euros 27 million pending payment to the company, of which Euros 25 million are payable by the Odebrecht Group in 2021. Due to Odebrecht's financial difficulties and the fact that Elecnor Perú, S.A.C. does not currently have any other contracts in execution, the Company booked an impairment based on the underlying carrying amount of that company and considering that it is unlikely to recover the amount payable from Odebrecht. In 2020, the Company transferred the impairment of the credit recorded in 2019 to investment impairment as detailed in the previous section "Equity instruments".

Moreover, due to the recurring losses and weak equity position of Elecven, S.A., the Company impaired the entire amount of its interest in that company in 2019.

In 2020, no significant impairment losses on investments in group companies, associates and multi-group companies were registered.

9.3. Information on the nature and level of risk of financial instruments

Elecnor, S.A. is exposed to certain financial risks, which it manages by grouping together its systems for identifying, measuring and supervising risks and limiting the concentration thereof. Financial risk management and containment is performed on a coordinated basis by Corporate Management and the various Business Units and Subsidiaries that comprise the Group. Financial risk management activities are approved at the highest executive level, in accordance with the rules, policies and procedures in place.

Market risk

Foreign currency risk

Market risk due to foreign currency risk arises from transactions that the Group performs on the international markets in the course of its business. Certain income and costs of materials consumed are denominated in currencies other than the Euro. For this reason, the risk of fluctuating exchange rates of these currencies could have an impact on the Company's profits.

In order to manage and minimise this risk, the Company uses hedging strategies (see note 10), since its objective is to generate profits only through its ordinary business, and not by speculating in relation to exchange rate fluctuations.

The instruments used to achieve this hedge are essentially borrowings tied to the contract's collection currency, foreign currency hedges and swaps, whereby Elecnor, S.A. and the bank exchange the cash flows arising from a loan expressed in Euros for the flows of another loan expressed in the currency in question, as well as the use of "currency baskets" in order to hedge mixed financing tied to various currencies.

Interest rate risk

Interest rate fluctuations change the fair value of assets and liabilities that accrue interest at fixed rates and the future cash flows from assets and liabilities indexed to floating interest rates. Elecnor, S.A. has external financing to carry out its operations under the form of a "Syndicated Loan". The hedging instruments, which are specifically assigned to financial debt instruments and are limited to the same nominal value as the latter and the same maturity dates as the hedged items, are essentially IRSs, the aim of which is to convert loans originally arranged at floating rates to fixed rates. In any case, the interest rate hedges arranged are all effective for accounting purposes.

Liquidity risk

Liquidity risk is mitigated through a policy of holding cash and highly liquid non-speculative short-term instruments, such as the acquisition of treasury bills under non-optional repurchase agreements and very short-term US Dollar deposits, through leading credit institutions in order to be able to meet its future commitments and the arrangement of committed credit facilities of sufficient amount to cover its projected needs.

In March 2020, it became obvious that the pandemic would have an unforeseeable but in any case, profound impact on global economic performance, especially in terms of:

1. Impact on global production volumes.
2. Major disruption in supply and distribution chains.
3. Financial impact on companies, affecting all sectors, albeit to very different degrees:
    - Cash stresses in the event of having insufficient liquidity.
    - Increase in perceived risk and in the cost of financing.

The financial department analysed the situation and the potential scenarios, in permanent contact with advisers and analysts from financial institutions. The main conclusions were:

- Once governments and the ECB had announced measures (in the latter case, primarily the Euros 750 billion pandemic emergency purchase programme, or PEPP), a collapse of the financial system leading to widespread bank default or the application of market disruption clauses was considered highly unlikely.
- There was a market consensus concerning the importance of having considerable liquidity to tackle a period of maximum uncertainty, so Elecnor examined the various alternatives to raise its financing limits.

The conclusion was that the existing financing limits should be sufficient to tackle even the most adverse scenarios in cash forecasting, having updated the potential effects of COVID-19.

Nevertheless, it had to be taken into account that the financing sources include promissory notes issued in the MARF, and that, at the time, it was not possible to know if they could be renewed, so the company decided to arrange new bilateral loans.

Ultimately, the MARF did continue to provide financing, and although many issuers are struggling to place debt in this market, Elecnor is not among them, so its current financing limits exceed the forecasts and liquidity risk is negligible.

At 31 December 2020, the Company has a solid liquidity position, with sufficient cash and available credit facilities to comfortably meet liquidity requirements even if markets contract.

Credit risk

The main credit risk arises from trade receivables, when the counterparty or customer does not meet their contractual obligations. To mitigate this risk, the Group operates with customers that have adequate credit records. In view of its activities and the sectors in which it operates, Elecnor, S.A. has customers with very high credit ratings. However, in the case of non-recurring international sales to customers, mechanisms such as advances, irrevocable letters of credit and insurance policies are used to ensure collection. Furthermore, the financial solvency of customers is analysed, and specific terms and conditions are included in contracts, aimed at guaranteeing customer payments of the stipulated price.

Other risks

In addition to the risks outlined above, the Company is exposed to various risk factors (governance, strategic, planning and economic environment, operating, reporting and compliance risks) linked to the sectors in which it operates and the long list of countries in which it operates, either consistently or by means of one-off projects. The Company uses its Risk Management System to continually manage and prevent these risks, reducing to acceptable levels the probability of their materialising and mitigating their potential impact, where applicable, on business volume, profitability and efficiency, reputation, and sustainability. The pillars of this Risk Management System are the ongoing identification and assessment of the risks to which the Company is exposed, the improvement of related management mechanisms and tools and the permanent oversight and monitoring of the entire process.

The technological means used to safely and successfully deal with the months of the pandemic lockdowns were mainly: over-dimensioning communications, immediately buying in laptops and distributing them at various work centres, establishing secure and robust VPN technologies, securing workplaces with next-generation anti-virus treatments, dual-factor authentication, training employees with regard to cybersecurity and, in particular, the human factor.

9.4 Financial investments in Group companies and associates

Details of “Long- and short-term investments in Group companies and associates”, except Investments in equity instruments, on the assets side of the balance sheet at 31 December 2020 and 2019, is as follows:

Category	Thousands of Euros			
	2020		2019	
	Non-current	Current	Non-current	Current
Credits to companies	7,993	46,833	22,428	20,118
Other financial assets	-	6,264	-	1,763
Impairment adjustments	-	(21,563)	(11,867)	(13,231)
Total	**7,993**	**31,534**	**10,561**	**8,650**

Long-term credits to Group companies

The balance as of 31 December 2020 and 2019 corresponds wholly to the credit receivable from Gasoducto de Morelos S.A.P.I. de C.V.

In 2012, the Company made various contributions to subsidiary Gasoducto de Morelos S.A.P.I. de C.V. for future capital increases amounting to a total of approximately USD 33,483 thousand, some of which were instrumented through various loans whose balance at 31 December 2020 and 2019 amounted to Euros 7,993 thousand and Euros 10,561 thousand, respectively, and which accrue interest at an annual rate of 7.5%. In 2020 the Company received approximately Euros 2.6 million in payments relating to these credits (Euros 5.8 million in 2019).

On 3 May 2017, the Company and Elecnor Perú, S.A.C. agreed to raise the ceiling of the credit granted in 2016 from an initial amount of US dollars 10,500 thousand to US dollars 14,000 thousand, due to that company's financing needs. This credit accrued fixed annual interest at a rate of 2%, payable half-yearly. The duration of this credit was of one year, extendable monthly, although the Company reclassified it in 2018 to non-current assets since its collection is subject to the receipt of that company's trade receivables, estimated for 2021. During financial year 2019, the receivable balance of Euros 11,867 thousand was fully impaired (see note 9.2) and in 2020 it was reclassified to investment impairment in equity instruments.

Short-term credits to Group companies

The breakdown by company of "Short-term investments in Group companies and associates – Credits to Group companies" under current assets at 31 December 2020 and 2019, is as follows:

	Thousands of Euros	
	2020	2019
Elecdor, S.A.	1,133	1,230
Jomar Seguridad, S.L.	300	-
Enerfin Enervento Exterior, S.L.	23,800	-
IQA Operations Group Ltd.	1,101	-
Elecnor Senegal, S.A.	1,961	-.
Celeo Apolo FV, S.L.	75	-
Elecnor, INC	-	4,936
Audeca, S.L.	-	600
Gasoducto de Morelos S.A.P.I. de C.V.	-	118
Other	69	3
	28,439	**6,887**

On 27 February 2018, the Company granted Elecnor INC a credit of up to USD 2,000 thousand. This credit accrued fixed annual interest at a rate of 1.5%, payable half-yearly. This credit was for one year, renewable each year, and was cancelled in its entirety in 2020.

On 29 September 2016, the Company and Duro Felguera, S.A. (shareholders in Dunor Energía S.A.P.I. de CV) agreed to grant a credit to Dunor Energía S.A.P.I. de CV amounting to a total of USD 13,700 thousand, granted proportionately by each shareholder. The term of this credit is of one year, and it may be extended annually. The Company impaired the outstanding balance at 31 December 2019, of Euros 6,422 thousand, since it considered it unlikely to be recovered due to the recurring losses and the company's weak equity position. In 2020, the Company had to make further contributions of Euros 8,332 thousand to Dunor Energía S.A.P.I. de CV due to its poor financial position, impairing this since it does not expect to recover anything considering that this company has one sole project that it has completed. Of this amount, the Company recorded Euros 3,169 thousand as "Other financial assets" of a current account that it maintains with Dunor Energía S.A.P.I. de CV over the payment of loans and borrowings that the Company has had to face as guarantor.

In 2020, the company granted Enerfin Enervento Exterior, S.L.U. two credits for Euros 13,300 thousand and Euros 21,000 thousand on 30 June and 9 November, respectively. These credits accrue annual interest of 2% and are for one year, renewable each year. The pending amount of these credits as of 31 December 2020 is Euros 23,800 thousand.

9.5. Trade and other receivables

Details of trade and other receivables at 31 December 2020 and 2019 are as follows:

	Thousands of Euros	
	2020	2019
Group (note 19.2)		
Customer	16,229	15,113
Impairment adjustments	(949)	(1,729)
Associates and multi-group companies (note 19.2)		
Customer	6,265	6,128
Impairment adjustments	(1,532)	(975)
Non-related		
Customer	928,006	839,238
Other receivables	2,580	11,351
Personnel	95	159
Public Administrations, Corporate Income Tax (Note 16)	4,177	6,588
Public Administrations, other (note 16)	18,386	19,759
Impairment adjustments	(70,996)	(65,119)
Total	902,261	830,513

The analysis of movements in 2020 and 2019 under changes in allowance accounts related to impairment losses due to credit risk of trade and other receivables is as follows:

	Thousands of Euros		
	Current		
	Customer	Receivables	Total
Balance at 31 December 2018	(85,788)	(5,730)	(91,518)
Charges	(6,844)	(76)	(6,920)
Applications	25,135	4,963	30,098
Reversals	495	22	517
Balance at 31 December 2019	(67,002)	(821)	(67,823)
Charges	(13,228)	(19)	(13,247)
Applications	6,232	-	6,232
Reversals	2,607	34	2,641
Other	(1,280)	-	(1280)
Balance at 31 December 2020	(72,671)	(806)	(73,477)

At 31 December 2020, non-related customer receivables included Euros 91,503 thousand in unprovisioned debt past due (Euros 85,655 thousand in 2019), of which Euros 21,245 thousand is past over one year due (Euros 22,206 thousand in 2019).

The carrying amount of financial assets. recognised in the balance sheet at amortised cost does not present significant differences with respect to their fair value.

Net income and expense by categories of financial assets at 31 December 2020 amounted to an expense of Euros 6,121 thousand and corresponds to finance income from loans and receivables applying the amortised cost method totalling Euros 4,485 thousand and impairment losses on loans and receivables totalling Euros 10,606 thousand (expense of Euros 2,540 thousand at 31 December 2019 corresponding to finance income on receivables applying the amortised cost method totalling Euros 3,863 thousand and impairment losses on loans and receivables totalling Euros 6,403 thousand).

9.6 Amounts denominated in foreign currencies

The breakdown at 31 December 2020 and 2019 of the main monetary financial assets denominated in foreign currency is as follows:

2020

	Thousands of Euros					
	Long-term credits to Group companies	Long-term financial investments	Trade and other receivables	Short-term investments in Group companies	Short-term financial investments	Cash and cash equivalents
AOA	-	229	39,807	-	-	529
BOB	-	-	472	-	3	286
DOP	-	41	11,223	-	4,349	369
DZD	-	787	16,132	-	-	107
GBP	-	-	-	1,101	-	31
GHS	-	11	7,203	-	-	242
GMD	-	-	1,205	-	-	-
GNF	-	3	2,742	-	-	80
HNL	-	2	2,344	-	-	856
HTG	-	-	12,744	-	-	-
JOD	-	-	5,226	-	5	81
KWD	-	-	1,423	-	-	314
MAD	-	-	297	-	-	3,898
MRO	-	-	5,649	50	-	178
MXN	-	-	322	-	-	333
NOK	-	-	9,719	-	-	3,308
OMR	-	142	28,607	-	-	3,789
USD	7,993	37	32,784	2,856	12	13,437
VES	-	-	1	3	-	1
XAF	-	47	11,087	-	-	857
XOF	-	-	1,125	509	-	-
Other	-	83	2,479	-	-	2,712
TOTAL	**7,993**	**1,382**	**192,591**	**4,519**	**4,369**	**31,408**

2019

	Thousands of Euros					
	Long-term credits to Group companies	Long-term financial investments	Trade and other receivables	Short-term investments in Group companies	Short-term financial investments	Cash and cash equivalents
AOA	-	95	14,229	-	-	1,974
BOB	-	-	452	-	3	826
DOP	-	42	26,355	1	3	4,859
DZD	-	943	19,741	-	-	30
GHS	-	12	5,778	-	-	239
GMD	-	-	601	-	-	-
GNF	-	-	1,593	-	-	-
HNL	-	5	4,195	-	-	611
HTG	-	-	12,921	-	-	-
JOD	-	-	8,695	-	6	157
KWD	-	-	1,589	-	-	-
MAD	-	-	302	-	-	3,970
MRO	-	1	11,056	-	-	701
MXN	-	2	567	-	-	808
NOK	-	-	7,394	-	4	5,999
OMR	-	-	13,380	-	-	791
USD	10,561	49	41,134	7,499	7	13,360
XAF	-	30	4,813	-	-	3,578
XOF	-	17	3,028	-	-	865
Other	-	44	401	3	3	370
Total	**10,561**	**1,240**	**178,224**	**7,503**	**26**	**39,138**

10. Derivative financial instruments

The Company uses derivative financial instruments to cover the risks to which its business activities, transactions and future cash flows are exposed, mainly risks as a result of changes in exchange rates and interest rates. Details of hedging instruments in force at 31 December 2020 and 2019 are as follows:

Interest rate swaps:

	Thousands of Euros					
	2020			2019		
Year of contract	Notional amount	Measurement of swaps floating to fixed rate	Measurement of swaps floating to floating rate	Notional amount	Measurement of swaps floating to fixed rate	Measurement of swaps floating to floating rate
2015	-	-	-	145,000	(1,510)	291
2016	145,000	(592)	(48)	80,000	(862)	(168)
2017	80,000	(2,061)	77	45,000	(1,967)	(14)
2018	-	(4,106)	66	-	(2,757)	(219)
2019	-	(567)	37	-	(75)	(1)
Total	**225,000**	**(7,326)**	**132**	**270,000**	**(7,171)**	**(111)**

The total amount of cash flow hedges recognised in equity at 31 December 2020 was an expense of Euros 2,507 thousand, before the tax effect (an expense of Euros 3,483 thousand, before the tax effect, at 31 December 2019).

The total amount of cash flow hedges transferred from income and expenses recognised in equity to finance expenses in the income statement was Euros 2,207 thousand, before the tax effect (Euros 2,352 thousand, before the tax effect, at 31 December 2019).

Interest rate swaps do not exceed the nominal amount of outstanding principals of hedged financing and their settlement dates coincide with the settlement dates of the financing they cover.

In 2019, the Company arranged interest rate hedges tied to the syndicated financing obtained the previous year, pursuant to the novation contract of 14 November 2018, and described in Note 13. Specifically, these are 8 interest rate swaps of an initial nominal amount of Euros 1.5 million and a maximum nominal amount of Euros 54 million with 8 banks and a basis swap transaction for an initial nominal amount of Euros 1.5 million and a maximum nominal amount of Euros 54 million, in which floating interest rates are swapped. The maturities and interest settlement dates of the swaps coincide with those of the agreements to which they are assigned. These contracts were arranged in June 2019, their start date is 19 January 2021, and they expire on 19 July 2024.

During 2020 the company arranged no interest rate hedges associated with the syndicated financing, as no novation was signed in the year.

Interest rate swaps assigned to the lease agreement**:**

	Thousands of Euros			
	2020		2019	
Year of contract	Notional amount	Measurement of swaps floating to fixed rate	Notional amount	Measurement of swaps floating to fixed rate
2018	4,391	(203)	4,840	(180)

Exchange rate hedging instrument:

	Thousands of Euros	
Year	2020	2019
Notional amount (USD sale) (*)	2,100	7,100
Exchange rate measurement	143	107
Notional amount (USD purchase) (*)	6,207	1,678
Exchange rate measurement	(537)	(146)
Notional amount (GBP) (*)	-	120
Exchange rate measurement	-	9

(*) Figures expressed in the pertinent currency

The Company has fulfilled the requirements set forth in Note 4.h to be able to classify as hedges the financial instruments detailed. Specifically, they have formally been designated as such and the coverage has been verified to be effective. In this regard, no transactions are planned that affect those others for which a hedge accounting policy was adopted.

In addition to exchange rate insurance, in 2020, the Company, in order to reduce exchange rate risk in its net monetary flows in dollars, performed a number of cross-currency swaps with credit institutions whereby the Company and the bank exchanged the flows of a loan expressed in euros for the flows of another loan expressed in dollars, settling the resulting difference on maturity. The Company translates the loan into dollars (plus the accrued interest) at the closing exchange rate and compares it with the loan in Euros (plus the accrued interest), and the net value (i.e. the difference) is recognised under "Cash and cash equivalents", "Long-term financial investments – Other financial assets" or "Long-term payables – Loans and borrowings" or "Short-term payables – Loans and borrowings", depending on whether the difference is positive or negative and on the maturity thereof, giving rise to a balancing entry under translation differences. As of 31 December 2020 and 2019, there are no active cross currency swap operations, since all expired in the same year.

11. Equity

The composition and movement of equity is presented in the statement of changes in net equity.

11.1. Capital

At 31 December 2020 and 2019, the share capital of Elecnor, S.A. was represented by 87,000,000 book entry shares, each with a par value of Euros 0.10, fully subscribed and paid in.

The shares of the Company are listed on the Spanish electronic trading system.

At 31 December 2020 and 2019, the Company's shares were held as follows:

Interest %	2020	2019
Cantiles XXI, S.L.	52.76%	52.76%
Santander Asset Management, S.A., SGIIC	3.09%	3.09%
Other (*)	44.15%	44.15%
	100.00%	**100.00%**

(*) All with an interest % of less than 3%.

11.2. Reserves

Details of "Reserves" are as follows:

	2020						
	Thousands of Euros						
	Legal and statutory reserve	Voluntary reserves	Capitalisation reserve	Goodwill reserve	Differences for adjustments of capital to euros	Profit/loss for the year	Total
Balance at 31 December 2019	1,743	578,171	4,408	619	15	30,122	615,078
Profit for 2020	-	-	-	-	-	31,633	31,633
Distribution of profit for 2019							
Voluntary reserves	-	1,249	-	-	-	(1,249)	-
Dividends	-	-	-	-	-	(28,873)	(28,873)
Transfers	-	(2,048)	2,151	(103)	-	-	-
Profit/loss on disposal of own shares	-	(83)	-	-	-	-	(83)
Balance at 31 December 2020	1,743	577,289	6,559	516	15	31,633	617,755

	2019						
	Thousands of Euros						
	Legal and statutory reserve	Voluntary reserves	Capitalisation reserve	Goodwill reserve	Differences for adjustments of capital to euros	Profit/loss for the year	Total
Balance at 31 December 2018	1,743	561,737	3,149	722	15	44,136	611,502
Profit for 2019	-	-	-	-	-	30,122	30,122
Distribution of profit for 2018							
Voluntary reserves	-	17,401	-	-	-	(17,401)	-
Dividends	-	-	-	-	-	(26,735)	(26,735)
Transfers	-	(1,156)	1,259	(103)	-	-	-
Profit/loss on disposal of own shares	-	189	-	-	-	-	189
Balance at 31 December 2019	1,743	578,171	4,408	619	15	30,122	615,078

a. Legal reserve

The legal reserve has been allocated in accordance with article 274 of Spanish Companies Act, which establishes that, in any event, a figure equal to 10% of the profit for the year must be earmarked to the reserve until it reaches at least 20% of share capital.

The legal reserve can be used to increase capital provided that the balance left on the reserve is at least equal to 10% of the nominal amount of the total capital after the increase. Except for the aforementioned purpose, unless the legal reserve exceeds 20% of the share capital it may only be used to offset losses if no other reserves are available.

At 31 December 2020 and 2019, the Company has appropriated to this reserve the minimum amount required by the Spanish Companies Act.

b. Goodwill reserve

The goodwill reserve was appropriated in compliance with article 273.4 of the Revised Spanish Companies Act, which requires companies to transfer profits equivalent to 5% of goodwill to a non-distributable reserve until this reserve reaches an amount equal to goodwill recognised in the balance sheet. In the absence of profit, or if profit was insufficient, freely available reserves were to be used. This reserve has been freely available since 1 January 2016, for the amount exceeding the net carrying amount of the goodwill recorded in the balance sheet.

c. Voluntary reserves

Voluntary reserves are freely available.

d. Capitalisation reserve

The capitalisation reserve has been appropriated in accordance with article 25 of the Corporate Income Tax Law, which requires that an amount equal to the reduction in taxable income for the year be appropriated to the reserve. The amount by which taxable income may be reduced is equal to 10% of the increase in equity, as defined in the aforementioned article. In no case may the amount of the reduction exceed 10% of the taxable income for the tax period prior to the reduction, before the integration referred to in article 11.12 of the Law and before offsetting tax loss carryforwards. However, if the reduction cannot be applied due to insufficient taxable income, the outstanding amounts may be applied in the tax periods ending in the two years immediately after the end of the tax period in which the reduction entitlement was generated, together with any reduction applicable in that period, subject to the limit indicated. The reserve is non-distributable and the increase in equity must be maintained for a five-year period from the end of the tax period in which the reduction is generated, unless accounting losses are incurred.

11.3. Own shares

According to the minutes of the General Shareholders' Meeting of 16 May 2017, the Board of Directors is authorised to acquire own shares in the Company on behalf of the latter or of subsidiaries, up to a maximum established by law and in mandatory legal provisions at each given time and which, at present, in combination with those already held by the Company, may not exceed 10% of its share capital, with a minimum acquisition price of the nominal value of the shares and a maximum price that may not exceed 30% of its share price, over a period of five years, superseding and leaving without effect the authorisation granted in the General Shareholders' Meeting of 23 May 2012.

At 31 December 2020 and 2019, the Company held own shares amounting to Euros 21,899 thousand and Euros 21,963 thousand, respectively, which are booked under "Own shares and equity" in equity in the balance sheet.

Movement of own shares and movement in 2020 and 2019 is as follows:

	No. of Shares
Own shares at 31 December 2018	**2,336,496**
Acquisition of own shares	104,509
Sale of own shares	(120,196)
Own shares at 31 December 2019	**2,320,809**
Acquisition of own shares	175,097
Sale of own shares	(174,964)
Own shares at 31 December 2020	**2,320,942**

In 2020, the Company acquired 175,097 own shares and sold 174,964 own shares, for an approximate global amount of Euros 1,588 thousand and Euros 1,569 thousand, respectively, giving rise to a loss of Euros 83 thousand which was recognised directly against Reserves (in 2019, the Company acquired 104,509 own shares and sold 120,196 own shares, for an approximate global amount of Euros 1,213 thousand and Euros 1,323 thousand, respectively, obtaining a profit of Euros 189 thousand which was recognised directly against Reserves).

All the own shares held by the company at 31 December 2020 and 2019 represented 2.67% of the total share capital of Elecnor, S.A. at those dates.

12. Provisions

The breakdown of "Long-term provisions" and "Short-term provisions" of non-current and current liabilities in the balance sheet at the end of 2020 and 2019, and the movements in 2020 and 2019, are as follows:

	Thousands of Euros					
Provisions	Balance at 31/12/2019	Charges	Reversals	Application	Transfers	Balance at 31/12/2020
Other employee benefits	4,057	2,351	-	(2,472)	-	3,936
Provisions for litigation and other responsibilities	78,114	21,454	(13,155)	(5,456)	-	80,957
Total	**82,171**	**23,805**	**(13,155)**	**(7,928)**	**-**	**84,893**

	Thousands of Euros					
Provisions	Balance at 31/12/2018	Charges	Reversals	Application	Transfers	Balance at 31/12/2019
Other employee benefits	4,131	2,055	-	(2,129)	-	4,057
Provisions for litigation and other responsibilities	56,808	50,451	(16,526)	(12,733)	114	78,114
Total	**60,939**	**52,506**	**(16,526)**	**(14,862)**	**114**	**82,171**

On 31 May 2017, Spanish National Markets and Competition Commission (CNMC) notified the Company, that it was opening disciplinary proceedings against it and another 15 companies, for a potential infringement in the sphere of the construction and maintenance of electrification systems and electromechanical equipment in railway lines. On 14 March 2019, the CNMC Council issued a resolution reducing the fine with respect to that proposed in the resolution of 31 August 2018 to Euros 20.4 million. In May 2019, the Company lodged an appeal and on 16 July 2019 the National Court (*Audiencia Nacional*) suspended execution of the CNMC resolution of 14 March 2019, dependent upon the presentation of bank guarantees.

On 26 September 2019, the Company received an incidental request of the National Court to bring proceedings, said proceedings having been brought in proper and timely manner on 11 November 2019.

On 22 June 2020, the Company filed a claim before the National Court; the judgment is pending.

In light of these events, and based on the assessment of the Company's legal advisers, although they consider that there are still solid arguments to challenge the CNMC's inspection, due to recent events in connection with other appeals against the Resolution, and the developments in other proceedings in the National Court in the last 2 years when the arguments presented by the parties have been rejected and the CNMC's decision confirmed, the Directors of the Company booked a provision of Euros 20.4 million to cover this risk, since they estimate that there is a probability of the appeal prospering of less than 50%. This provision is maintained as of 31 December 2020 as there has been no event in the last year to change the Company's estimates.

Furthermore, under Provisions for litigation and other liabilities at 31 December 2020 the tax provision was recognised on the basis of what has been described in note 16.

Lastly, Provisions for litigation and other liabilities at 31 December 2020 includes the Company's best estimate with regard to penalties and other contingencies in relation to the execution of various projects, mainly abroad, whose disbursement is estimated to take place in the short term, including provisions for negative works margins the amounts of which are individually not material making up a total amount of Euros 11,556 thousand (Euros 9,298 thousand at 31 December 2019), save a work in Mozambique, where an estimated loss of Euros 5,363 thousand is expected. Reversals in 2020 and 2019 correspond to penalties and other contingencies in relation to the execution of various projects that were completed in 2020 and 2019, respectively, in a manner favourable to the Group.

Other employee benefits include the cost payable by the Company to early-retiring employees using the replacement contract modality.

13. Financial debts

13.1. Classification and maturity of financial liabilities

The classification of financial liabilities by categories and classes under "Long- and short-term payables" in current and non-current liabilities at the end of 2020 and 2019 is as follows:

Category	2020					
	Thousands of Euros					
	Non-current			Current		
	At amortised cost or cost	At fair value	Total	At amortised cost or cost	At fair value	Total
Trade and other payables						
Bonds and other marketable securities	-	-	-	69,969	-	69,969
Loans and borrowings	381,546	-	381,546	3,769	-	3,769
Finance lease payables (Note 8)	3,880	-	3,880	461	-	461
Other financial liabilities	-	-	-	43,358	-	43,358
Hedge derivatives (Note 10)	-	6,938	6,938	-	1,176	1,176
Total	**385,426**	**6,938**	**392,364**	**117,557**	**1,176**	**118,733**

Category	2019					
	Thousands of Euros					
	Non-current			Current		
	At amortised cost or cost	At fair value	Total	At amortised cost or cost	At fair value	Total
Trade and other payables						
Bonds and other marketable securities	-	-	-	69,989	-	69,989
Loans and borrowings	268,826	-	268,826	52,932	-	52,932
Finance lease payables (Note 8)	4,352	-	4,352	437	-	437
Other financial liabilities	-	-	-	7,675	-	7,675
Hedge derivatives (Note 10)	-	6,243	6,243	-	1,656	1,656
Total	**273,178**	**6,243**	**279,421**	**131,033**	**1,656**	**132,689**

The breakdown by maturity of "Long-term payables" is as follows:

2020

Category	Thousands of Euros					
	2022	2023	2024	2025	2026 and thereafter	Total
Loans and borrowings	21,301	60,783	290,853	8,609	-	381,546
Finance lease payables (Note 8)	494	518	543	569	1,756	3,880
Derivatives (Note 10)	2,669	2,477	1,683	109	-	6,938
Total	**24,464**	**63,778**	**293,079**	**9,287**	**1,756**	**392,364**

2019

Category	Thousands of Euros					
	2021	2022	2023	2024	2025 and thereafter	Total
Loans and borrowings	1,561	21,474	31,361	205,823	8,607	268,826
Finance lease payables (Note 8)	472	495	518	543	2,324	4,352
Derivatives (Note 10)	1,562	1,761	1,667	1,165	88	6,243
Total	**3,595**	**23,730**	**33,546**	**207,531**	**11,019**	**279,421**

The amount of net income and expense by category of financial liabilities at 31 December 2020 was Euros 10,198 thousand and corresponds to finance expenses from Trade and other payables amounting to Euros 7,991 thousand and reclassification from equity to profit and loss for Hedge derivatives amounting to Euros 2,207 thousand, applying the amortised cost method (Euros 13,009 thousand and corresponding to finance expenses from Trade and other payables amounting to Euros 10,657 thousand and reclassification from equity to profit and loss for Hedge derivatives amounting to Euros 2,352 thousand, applying the amortised cost method, in 2019).

13.2. Payables

Details of payables are as follows:

	Thousands of Euros			
	Non-current		Current	
	2020	2019	2020	2019
Promissory notes	-	-	69,969	69,989
Loans and borrowings	381,546	268,826	2,701	51,631
Interest	-	-	1,068	1,301
Finance lease payables (Note 8)	3,880	4,352	461	437
Financial instruments, hedge derivatives (note 10)	6,938	6,243	1,176	1,656
Suppliers of fixed assets	-	-	4,655	5,237
Other	-	-	38,703	2,438
Total	**392,364**	**279,421**	**118,733**	**132,689**

Loans and borrowings - syndicated loan

On 21 July 2014, Elecnor arranged syndicated financing of Euros 600 million with a group of 19 banks, which replaced the Euros 401 million that had been drawn down at that date in the syndicated financing arranged in 2012. This financing was structured into two tranches: one loan tranche totalling Euros 300 million, repayable in instalments, and a revolving credit tranche with a limit of Euros 300 million, maturing in July 2019.

On 27 June 2019, Elecnor signed a fifth novation of this agreement, subscribed by all 14 lenders. This renewal entailed the addition as a borrower of Electrificaciones del Ecuador (Elecdor), the division of the credit tranche (tranche B) into two sub-tranches, one sub-tranche (sub-tranche B1) with a ceiling of Euros 134.2 million available for Elecnor and one sub-tranche (sub-tranche B2) with a ceiling of USD 75 million available for both Elecnor and Elecdor.

The Company analysed whether or not the conditions had been substantially modified and concluded that there was no extinguishment of the original liabilities in any of the years.

With respect to interest rate hedging, swaps had been arranged prior to the novation to cover the loan for 70% of the loan calendar generated by the novation of 2018. In June 2019, it was decided to hedge the interest rate risk of the remaining 30%, for which purpose another 8 interest rate swaps (IRSs) were arranged, with an initial notional amount of Euros 1.5 million and a maximum notional amount of Euros 54 million and a new basis swap with an initial notional amount of Euros 1.5 million and a maximum notional amount of Euros 54 million. At 31 December 2019, there were 39 IRSs and 5 basis swaps, assigned mainly to hedging interest rate risk in syndicated financing and, to a lesser extent, to hedging interest rate risk on promissory note issuance in the Alternative Fixed Income Market (MARF). The maturities and interest settlement dates of the swaps coincide with those of the financing agreements to which they are assigned (Note 10).

In 2020, Elecnor did not arrange a novation of the syndicated loan, so the financing calendar remains unchanged. Therefore, no new swaps were arranged in connection with the loan (since the calendar remains the same).

This syndicated financing bears interest indexed to Euribor for the interest term chosen by the borrower (1, 3 or 6 months) for drawdowns in euros and to Libor for the interest period chosen by the borrower (1, 3 or 6 months), plus a spread tied to the net financial debt/(EBITDA + dividends from projects) ratio. The Company has undertaken to comply with different ratios over the term of the bank financing agreement ((Net financial debt/EBITDA), (EBITDA/Net finance expenses), and (Net financial debt/Equity)), which will be calculated on the basis of the Elecnor Group's consolidated figures. Non-compliance could be cause for terminating the contract, although, at 31 December 2020, all the ratios linked to this financing were compliant.

At 31 December 2020, the drawn down amount of the syndicated financing agreement totals Euros 341 million and corresponds to Euros 200 million of the loan tranche, Euros 134 million of the credit tranche in euros and Euros 7 million of the credit tranche in US Dollars (Euros 257 million at 31 December 2019, Euros 200 million corresponding to the loan tranche and Euros 30 million to the credit tranche and Euros 27 million of the credit tranche in US Dollars).

The aforementioned syndicated financing agreement (loan tranche and credit tranche) in 2020 accrued interest at an average rate of 1.99%, amounting to a total of Euros 5,102 thousand in interest, considering the effect of the Euros 2,207 thousand in hedges booked by the Group under "Finance expenses" in the accompanying consolidated income statement for 2020 (Euros 5,182 thousand in interest in 2019, which included a finance expense for hedges totalling Euros 2,273 thousand).

Moreover, at 31 December 2020, the credit tranche accrued finance expenses relating to availability fees amounting to Euros 479 thousand (Euros 689 thousand in 2019).

Loans and borrowings - other debts

Current and non-current loans and borrowings corresponded entirely to a financing agreement for Euros 9,200 thousand, arranged on 18 August 2017, with the European Energy Efficiency Fund, S.A., SICAV-SIF, maturing in 2031 and linked to the assignment of future credit rights of the Company. The amount outstanding at 31 December 2020 is approximately Euros 7,586 thousand (Euros 8,350 thousand at 31 December 2019).

Moreover, on 13 March 2018, the Company arranged a financing agreement through a policy for the assignment of credit rights with the Efficiency Solutions fund, amounting to Euros 11,500 thousand, and maturing in June 2027. The amount outstanding at 31 December 2020 is approximately Euros 8,168 thousand (Euros 9,311 thousand at 31 December 2019).

In 2020 these borrowings accrued interest of Euros 744 thousand (Euros 818 thousand in 2019).

Promissory notes

At the beginning of 2020, Elecnor, S.A. had issued promissory notes on the Alternative Fixed Income Market (MARF) for an amount of Euros 70 million (Euros 155 million in 2019). New issues in 2020 totalled Euros 996 million while maturities totalled Euros 996 million. The outstanding balance at 31 December 2020 was therefore Euros 70 million, reflecting 700 securities with a nominal value of Euros 100 thousand each.

At the beginning of 2019, Elecnor, S.A. had issued promissory notes on the Alternative Fixed Income Market (MARF) for an amount of Euros 155 million. New issues in 2019 totalled Euros 1,601 million while maturities totalled Euros 1,686 million. The outstanding balance at 31 December 2019 was therefore Euros 70 million, reflecting 700 securities with a nominal value of Euros 100 thousand each.

The promissory note programmes in force in 2020 and 2019 provided for a maximum number of outstanding issues at all times of Euros 300 million.

In 2020, these promissory notes accrued interest and fees totalling Euros 829 thousand (Euros 1,161 thousand in 2019) which the Company recognised under "Finance expenses" in the accompanying income statement.

Credit facilities

Furthermore, the Company has credit facilities granted with the following limits (excluding the credit facility of tranche B of the syndicated loan):

	Thousands of Euros			
	2020		2019	
Category	Limit	Amount not drawn down	Limit	Amount not drawn down
Credit facilities	221,000	190,569	111,000	61,087
Total	**221,000**	**190,569**	**111,000**	**61,087**

Excluding tranche B of the syndicated financing, at 31 December 2020 Elecnor, S.A. had 10 open credit facilities with financial institutions, with a maximum total limit of Euros 221 million. These bilateral credit facilities bear interest indexed to EURIBOR/LIBOR plus a market spread, and most of them mature at one year, or at a maximum three years with automatic annual renewals (7 credit facilities at 31 December 2019).

All the above financing facilities have a personal guarantee attached.

This bank financing accrued interest during 2020 of approximately Euros 462 thousand, which the Company recognised under "Finance expenses" in the accompanying income statement (approximately Euros 380 thousand in 2019).

Other

This heading, as of 31 December 2020, mainly includes an advance received by the Company for a job that will be done with another partner abroad for Euros 36,310 thousand. The Company expects to deliver the job to said partner in 2021 once it has made the pertinent guarantees. To date, the Company has received 100% of the advance of Euros 72,620 thousand as all the guarantees have been made (its own and those of the other party).

In addition, in 2020 the company set up a Securitisation Fund 'Elecnor Eficiencia Energética 2020', to which it has assigned the credit claims derived from the contracts for the management of energy services and maintenance of public street lighting installations which Elecnor executes for 43 municipalities and public entities in Spain. By means of this new structure, the Company obtains advantageous financing conditions for investment in the assigned contracts in the amount of Euros 50 million as a result of the future receipt rights assignment. The securitisation fund issued 7-year bonds worth Euros 50 million, which are subscribed and fully paid in, and which are trading in Spain's Alternative Fixed Income Market (MARF). The Company has not drawn down any amount of this financing as of 31 December 2020.

13.3. Amounts denominated in foreign currencies

The breakdown at 31 December 2020 and 2019 of the main financial liabilities denominated in foreign currency is as follows, in Thousands of Euros:

2020

Currency	Loans and borrowings	Trade and payables
BOB	-	143
DOP	-	9,865
DZD	-	10,339
GMD	-	821
GHS	-	1,013
HNL	-	597
HTG	-	2,897
JOD	-	2,986
MRO	-	925
NOK	-	5,302
OMR	-	21,885
USD	7,414	12,752
VES	-	341
XOF	-	1,056
Other	-	5,162
Total	**7,414**	**76,084**

2019

Currency	Loans and borrowings	Trade and payables
BOB	-	234
DOP	-	11,429
DZD	-	17,012
GMD	-	451
GHS	-	1,596
HNL	-	446
HTG	-	2,601
JOD	-	5,082
MRO	-	2,048
NOK	-	4,158
OMR	-	786
USD	26,848	14,681
VES	-	766
XOF	-	2,095
Other	-	2,644
Total	**26,848**	**66,029**

14. Information on the average supplier payment period. Additional Provision Three. "Duty of Information" pursuant to Law 15/2010 of July 5

Information on the average supplier payment period in 2020 and 2019 is as follows:

	Days	
	2020	2019
Average supplier payment period	60	65
Transactions paid ratio	67	73
Transactions payable ratio	35	42
	Expressed in Thousands of Euros	
Total payments made	992,593	776,103
Total payments outstanding	258,201	237,042

15. Advances from customers

The breakdown of this heading of current liabilities on the balance sheet at the end of 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
Advance invoices	353,249	304,212
Advances from customers	97,667	69,666
	450,916	**373,878**

Advance invoices comprise invoices on account issued in accordance with the timing conditions specified in the agreements for works currently in progress.

Advances from customers basically reflect payments made in advance by customers prior to the start of the related contracts. These advances are discounted from invoices issued during the execution of the contracts and tend to be linked to projects carried out abroad.

As of 31 December 2020 Customer Advances includes Euros 36,310 thousand from what is discussed in note 13.2 "Others".

16. Taxation

16.1. Current balances with Public Administrations

The breakdown of balances with Public Administrations at the end of 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
Assets:		
Current tax assets	4,177	6,588
Value Added Tax and similar	12,439	12,230
Withholdings	3,301	4,415
Other	2,646	3,114
	22,563	**26,347**
Liabilities:		
Current tax liabilities	4,111	4,717
Value Added Tax and similar	13,244	18,778
Social Security	10,668	9,118
Withholdings	8,519	6,937
Other	301	428
	36,843	**39,978**

In its estimated corporate income tax settlement for 2020, the Company applied withholdings and payments on account performed in the year amounting to approximately Euros 74 thousand and Euros 2,155 thousand, respectively (approximately Euros 14 thousand and Euros 3,546 thousand, respectively, in 2019).

The Company has the following years open to inspection by the taxation authority in respect of the main taxes applicable to it:

Tax	Years open to inspection
Corporate Income Tax (*)	2014-2019
Value Added Tax	2015-2020
Personal Income Tax	2015-2020
Social Security	2015-2020
Capital Gains Tax	2015-2020
Non-residents	2015-2020

(*) The deadline for filing Corporate Income Tax returns is 25 calendar days after the six months subsequent to conclusion of the tax periods, so corporate tax corresponding to 2020 will not be open to inspection until 25 July 2021.

On 10 February 2021, based on its request of 28 December 2020, the Company received notification from the tax authority that it will be taxed under the consolidated tax regime from 1 January 2021 with the rest of the national companies of the Group taxed under state regulations.

Inspections conducted by the Tax Authority's Large Taxpayers Division at the Company, and commenced by notification on 1 July 2016, concluded in 2018.

Said inspections encompassed the following taxes and periods:

- Corporate Income Tax for the tax periods 2011 to 2013,
- Value Added Tax for the tax periods 06/2012 to 12/2014,
- Withholdings and payments on account for earnings for personal work and professional activities for the tax periods 06/2012 to 12/2014,
- Withholdings and payments on account for capital gains for the periods 06/2012 to 12/2014,
- Withholdings and payments on account for real estate earnings for the tax periods 06/2012 to 12/2014,
- Withholdings on account for non-residents tax for the tax periods 06/2012 to 12/2014,

The aforementioned inspections concluded in 2018 and the Group signed statements of conformity for a total payment of Euros 10,915 thousand in tax, late payment interest and, where applicable, fines, the expense of which is recognised in the accompanying income statement; it also signed statements of disconformity whose settlement implies a payment obligation totalling Euros 14,208 thousand.

On 28 December 2018, the Company filed economic-administrative appeals against the settlement agreements derived from the statements of disconformity before the Central Economic-Administrative Court, which were the subject of a request for suspension while the proceedings were underway.

On 23 November 2020, the Company was notified that the files were accessible, and of the procedure for allegations, which were submitted on 17 December 2020.

In light of this situation, the Company's Directors, in cooperation with its tax advisers, and consider that although there are weighty arguments to underpin the position of the Company, decided in 2019 to allocate a provision for the amounts claimed in the appealed settlement agreements in connection with differences in interpretation in respect of related party transactions amounting to Euros 7,559 thousand, since they consider that in 2019 retroactivity had been ruled out and, accordingly, the reviewing bodies are more likely to approve the Tax Authority's position than not (note 12), and considering the impact for the rest of years open to inspection, should the Tax Authority apply the same criteria for the years open to inspection.

In addition to the foregoing, on 29 October 2019, the Company received a notification of the commencement of an inspection in relation to the following taxes and years:

- Corporate Income Tax for the tax periods 2014 to 2016,
- Value Added Tax for the tax periods 09/2015 to 12/2016,
- Withholdings and payments on account for earnings for personal work and professional activities for the tax periods 09/2015 to 12/2016,
- Withholdings and payments on account for capital gains for the periods 09/2015 to 12/2016,
- Withholdings and payments on account for real estate earnings for the tax periods 09/2015 to 12/2016,
- Withholdings on account for non-residents tax for the tax periods 09/2015 to 12/2016,

However, the Administration's entitlement to verify or investigate tax loss carryforwards offset or pending offsetting, deductions for double taxation and deductions to encourage certain activities applied or pending application prescribes after 10 years from the day after the end of the established period for filing the tax return or self-assessment for the tax period in which the Company's entitlement to offsetting or application was generated. Once that period has elapsed, the Company must accredit tax losses or deductions by presenting the settlement or self-assessment and the accounts, and also evidencing that they have been filed during the aforementioned period in the Companies Register.

Due to the treatment permitted by prevailing fiscal legislation, additional tax liabilities that cannot be objectively quantified could arise in the event of inspection. In any case, the Company's Directors consider that the aforementioned taxes have been correctly paid and therefore, even in the event of discrepancies in the interpretation of prevailing fiscal legislation of certain transactions, they consider that any such liabilities that could arise would not have a significant effect on the accompanying annual accounts.

16.2. Reconciliation between accounting profit/loss and taxable income

The reconciliation between accounting profit/loss and taxable income for Corporate Income Tax purposes is as follows:

2020

	Thousands of Euros		
	Increase	Decrease	Total
Accounting profit/loss before taxes			**46,765**
Permanent differences:			
Income obtained abroad	23,315	(20,430)	2,885
Dividends (Note 19)	-	(35,569)	(35,569)
Capitalisation reserve	-	(2,132)	(2,132)
Non-deductible expenses	10,010	-	10,010
Gains on financial investments	-	(729)	(729)
Portfolio provision	3,237	-	3,237
Temporary differences:			
Originating in previous years:			
Fixed assets	254	(163)	91
Other provisions (Note 12)	-	(6,792)	(6,792)
Originating in the current year:			
Insolvency provision	3,774	-	3,774
Credit impairment (Note 9.5)	8,339	-	8,339
Other provisions (Note 12)	-	(10,693)	(10,693)
Offsetting of tax losses			**(5,330)**
Taxable income			**13,856**

2019

	Thousands of Euros		
	Increase	Decrease	Total
Accounting profit/loss before taxes			**54,659**
Permanent differences:			
Income obtained abroad	18,634	(9,148)	9,486
Dividends (Note 19)	-	(83,278)	(83,278)
Capitalisation reserve	-	(353)	(353)
Non-deductible expenses	34,340	-	34,340
Gains on financial investments	-	(14,859)	(14,859)
Portfolio provision	9,303	-	9,303
Temporary differences:			
Originating in previous years:			
Fixed assets	505	(289)	216
Other provisions (Note 12)	-	(26,121)	(26,121)
Originating in the current year:			
Insolvency provision	2,630	-	2,630
Other provisions (Note 12)	24,848	-	24,848
Offsetting of tax losses			**(2,806)**
Taxable income			**8,065**

Applicable fiscal legislation in 2020 and 2019 provides for certain credits whose aim is, in certain circumstances, to avoid double taxation of income obtained abroad, in connection with both permanent establishments located in foreign countries and dividends paid by non-resident subsidiaries. When applying these two tax credits, the Company has made the adjustments indicated in the tables above to the basis for calculating Corporate Income Tax in 2020 and 2019.

On 31 December 2020, Law 11/2020 of 30 December, on the General State Budgets for 2021 was published, which includes certain changes to the Corporation Income Tax Law. The main change to the Corporation Income Tax Law is the elimination of the total tax exemption of dividends and capital gains, which remains at 95%. This tax change has not had any impact on the attached annual accounts.

16.3. Tax recognised in Equity

The breakdown of tax recognised directly in Net Equity in 2020 and 2019 is as follows:

2020

	Thousands of Euros		
	Increases	Decreases	Total
Deferred tax:			
Originating in previous years:			
Measurement of cash flow hedges	-	76	76
Total deferred tax			**76**
Total tax recognised directly in equity			**76**

2019

	Thousands of Euros		
	Increases	Decreases	Total
Deferred tax:			
Originating in previous years:			
Measurement of cash flow hedges	-	283	283
Total deferred tax			**283**
Total tax recognised directly in equity			**283**

In both 2020 and 2019, tax recognised directly in net equity corresponds to the tax effect of fair value measurement of derivative instruments in force at the close of each of those years.

16.4. Reconciliation between the accounting profit/loss and the Corporate Income Tax expense

The reconciliation between the accounting profit/loss and the Corporate Income Tax expense for 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
Accounting profit/loss before taxes	**46,765**	**54,659**
Rate of 25%	11,691	13,665
Permanent differences:		
Impairment of investments in Group companies	809	2,326
Dividends	(8,892)	(20,820)
Profit/loss on disposals of investments in Group companies and associates	(182)	(3,715)
Capitalisation reserve	(533)	(88)
Income obtained abroad	721	2,371
Other non-deductible expenses	2,503	8,585
Tax branches	7,047	4,569
Prior years' adjustments	(249)	(623)
Other	2,217	18,267
Total tax expense recognised in the income statement	**15,132**	**24,537**

As established by applicable legislation, taxes cannot be deemed as definitively settled until the tax returns filed have been audited by taxation authority or until relevant statute of limitations has concluded.

Other non-deductible expenses at 31 December 2019 corresponded to the impairment of the loan granted to Elecnor Perú SAC (Note 9) and the provision for the fine imposed by the CNMC (Note 12).

Others in 2020 and 2019 mainly includes the effect of the tax provision (note 12 and 16.1).

16.5. Deferred tax assets

The breakdown of the balance of this account at the end of 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
Temporary differences (prepaid taxes)		
Provisions for PV plants	232	232
Remuneration provision	3,694	5,332
Insolvency and credit provisions	7,695	4,843
Other provisions	8,325	11,021
Fair value measurement of derivative instruments (Note 10)	2,029	1,975
Corporate transactions	739	739
Other	992	983
Tax credits and deductions	14,262	17,085
Total	**37,968**	**42,210**

The aforementioned deferred tax assets have been recorded in the balance sheet as the Company's Directors consider that, taking into account the positive tax bases that it generates, there is no doubt about their recoverability.

16.6. Deferred tax liabilities

The breakdown of the balance of this account at the end of 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
Temporary differences		
Fair value measurement of derivative instruments (Note 10)	82	103
Corporate transactions	515	515
Accelerated amortisation	99	162
Other	5,760	2,986
Total	**6,456**	**3,766**

Deferred tax assets and liabilities that are expected to be realised or reversed in periods of less than 12 months are not significant.

17. Income and expenses

17.1. Net turnover

The breakdown of the turnover in 2020 and 2019, by both geographic areas and products, is as follows:

	Thousands of Euros	
By geographical area	2020	2019
Domestic	1,079,540	987,643
International	464,509	381,085
Total	**1,544,049**	**1,368,728**
By product or activity		
Electricity	583,190	457,194
Power generation	227,966	230,404
Telecommunications	190,985	206,738
Construction, environment and water	148,523	98,189
Maintenance	164,861	167,389
Facilities	145,086	122,306
Gas	28,897	37,227
Railways	54,541	49,281
Total	**1,544,049**	**1,368,728**

17.2. Materials consumed

The breakdown of Consumption of goods, Raw materials and other materials consumed for 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
Consumption of raw materials and others		
Domestic purchases	323,005	300,820
EU purchases	36,829	23,853
Imports	74,078	52,977
Discounts and returns	(4,081)	(3,315)
Changes in inventories	178	(178)
	430,009	**374,157**

17.3. Personnel expenses

The breakdown of “Personnel expenses” in the accompanying income statements for 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
Salaries and wages	345,414	336,420
Social Security	94,190	86,782
Other employee benefits expenses	4,941	5,225
	444,545	**428,427**

17.4. Transactions denominated in foreign currencies

Details of income and expenses denominated in foreign currency at 31 December 2020 and 2019 are as follows:

	Thousands of Euros	
	2020	2019
Income		
Net sales	652,933	562,162
Rendering of services	50	439
Financial Instruments		
Finance income	172	5
Dividends	20,008	24,007
Other	447	2,387
	673,610	**589,000**
Expenses		
Net purchases	(116,698)	(105,451)
Expenses on operating leases	(6,750)	(6,611)
Other services received	(27,831)	(30,087)
Personnel expenses	(28,194)	(28,414)
Financial Instruments		
Finance expenses	(90)	(117)
Taxes	(10,287)	(9,657)
Other	(6,924)	(3,812)
	(196,774)	**(184,149)**

18. Information on employees

The average headcount, by professional category, in 2020 and 2019 was as follows:

	Average headcount	
	2020	2019
Management	125	122
Executive	779	685
Technician	2,234	1,921
Basic	8,036	7,192
Total	**11,174**	**9,920**

Of the average headcount at Elecnor, S.A. in 2020, 4,983 employees had temporary contracts (4,743 in 2019).

Moreover, the breakdown by gender at the end of 2020 and 2019, specified by professional category, of staff and Directors is as follows:

Category	2020		2019	
	Male	Female	Male	Female
Directors	13	2	13	2
Management	107	14	107	13
Executive	683	155	555	126
Technician	1,531	875	1,345	765
Basic	8,188	408	6,978	351
Total	**10,522**	**1,454**	**8,998**	**1,257**

The average number of Company employees with a disability equal to or higher than 33% (or equivalent local rating) in 2020 and 2019, detailed by professional category, is as follows:

Category	2020	2019
Technical area	5	6
Administration	8	7
Specialists	35	34
Total	**48**	**47**

19. Related Party Balances and Transactions

19.1. Related Party Transactions

The Company's transactions with Group companies, associates and multi-group companies are as follows:

2020

	Thousands of Euros			
	2020			
	Group companies	Group associates	multi-group companies	Total
Income				
Sales	16,488	14,632	15	31,135
Other operating income	3,078	96	97	3,271
Financial Instruments				
Finance income	2,313	811	476	3,600
Dividends	34,132	-	1,437	35,569
Profits on disposals	3,470	-	-	3,470
	59,481	**15,539**	**2,025**	**77,045**
Expenses				
Materials consumed	(101,501)	-	-	(101,501)
External services	(3,484)	-	(338)	(3,822)
Personnel expenses	(16)	-	-	(16)
Adjustments to customers	-	-	(557)	(557)
Financial Instruments				
Finance expenses	(343)	-	-	(343)
Impairment and losses				
Equity instruments	(2,371)	-	(8,333)	(10,704)
Credits	-	-	-	-
	(107,715)	**-**	**(9,228)**	**(116,943)**
	(48,234)	**15,539**	**(7,203)**	**(39,898)**

2019

	Thousands of Euros			
	2019			
	Group companies	Group associates	multi-group companies	Total
Income				
Sales	17,414	14,922	-	32,336
Other operating income	3,020	190	116	3,326
Financial Instruments				
Finance income	1,827	1,382	555	3,764
Dividends	81,799	1,479	-	83,278
Profits on disposals (Note 9)	14,859	-	-	14,859
	118,919	**17,973**	**671**	**137,563**
Expenses				
Materials consumed	(20,938)	-	-	(20,938)
External services	(4,539)	-	-	(4,539)
Personnel expenses	(3)	-	-	(3)
Adjustments to customers	(893)	-	(975)	(1,868)
Financial Instruments				
Finance expenses	(567)	-	-	(567)
Impairment and losses				
Equity instruments	(9,080)	(3)	-	(9,083)
Credits	(11,867)	-	(6,422)	(18,289)
	(47,887)	**(3)**	**(7,397)**	**(55,287)**
	71,032	**17,970**	**(6,726)**	**82,276**

Materials consumed with group companies as of 31 December 2020 includes Euros 74,056 thousand with the group company Aplicaciones Técnicas de la Energía, S.L. (Euros 7,922 thousand at 31 December 2019) for the supply of panels for the construction of the Perseo Fotón photovoltaic solar plants in Castilla la Mancha and the construction of the Sunflower Solar Park in the Dominican Republic.

Financial Instrument Expenses - impairment of credits with joint ventures as of 31 December 2020 and 2019, corresponds entirely to the impairment of Company credits with Dunor Energía S.A.P.I. de CV in view of the company's financial position, described in note 9.4.

Financial Instrument Expenses - impairment of credits with group companies as of 31 December 2019 for Euros 11,867 thousand corresponded to the impairment of the Company credit maintains with Elecnor Perú, S.A.C. in view of this company's financial position, described in note 9.2.

19.2. Related party balances

The breakdown of balances with Group companies, associates and multi-group companies at 31 December 2020 and 2019 is as follows:

2020

	Thousands of Euros			
	2020			
	Group companies	Group associates	multi-group companies	Total
Long-term investments in Group companies and associates				
Equity instruments	432,556	15,565	410,820	858,941
Credits to companies	-	7,993	-	7,993
Total non-current assets	**432,556**	**23,558**	**410,820**	**866,934**
Advances to suppliers	4,861	-	-	4,861
Trade and other receivables				
Customers, short-term Group companies and associates	15,280	256	4,477	20,013
Short-term investments in Group companies and associates				
Credits to companies	28,298	66	75	28,439
Other financial assets	3,028	-	67	3,095
Total current assets	**51,467**	**322**	**4,619**	**56,408**
Total assets	**484,023**	**23,880**	**415,439**	**923,342**
Short-term payables to Group companies and associates	(16,878)	(5)	-	(16,883)
Trade and other payables				
Suppliers, Group companies and associates	(27,327)	-	-	(27,327)
Total current liabilities	**(44,205)**	**(5)**	**-**	**(44,210)**
Total liabilities	**(44,205)**	**(5)**	**-**	**(44,210)**

2019

	Thousands of Euros			
	2019			
	Group companies	Group associates	multi-group companies	Total
Long-term investments in Group companies and associates				
Equity instruments	437,000	15,565	407,951	860,516
Credits to companies	-	10,561	-	10,561
Total non-current assets	**437,000**	**26,126**	407,951	**871,077**
Advances to suppliers	2,297	-	-	2,297
Trade and other receivables				
Customers, short-term Group companies and associates	13,384	5,055	98	18,537
Short-term investments in Group companies and associates				
Credits to companies	6,770	117	-	6,887
Other financial assets	1,691	-	72	1,763
Total current assets	**24,142**	**5,172**	**170**	**29,484**
Total assets	**461,142**	**31,298**	**408,121**	**900,561**
Short-term payables to Group companies and associates	(27,607)	(5)	-	(27,612)
Trade and other payables				
Suppliers, Group companies and associates	(6,722)	-	-	(6,722)
Total current liabilities	**(34,329)**	**(5)**	**-**	**(34,334)**
Total liabilities	**(34,329)**	**(5)**	**-**	**(34,334)**

On 11 July 2019, the Group company Ehisa Construcciones y Obras, S.A. granted the Company a mercantile loan amounting to Euros 5,000 thousand, with a term of one year that may be extended annually, accruing interest at a fixed annual rate of 1.5%. In 2020, the company repaid Euros 3,625 thousand of this loan. Furthermore, on 26 November 2020, arranged a new mercantile loan was arranged for Euros 2,000 thousand, with a term of one year that may be extended annually, accruing interest at a fixed annual rate of 2%.

On 30 September 2019, the Group company Hidroambiente S.A.U. granted the Company a mercantile loan amounting to Euros 1,000 thousand, with a term of one year that may be extended annually, accruing interest at a fixed annual rate of 1.5%. In 2020, the company repaid this loan in full and on 30 July 2020, it took out a new commercial loan for Euros 4,267 thousand, for one year renewable each year and accruing a fixed annual interest of 1.5%, which was repaid in full by 31 December 2020. The Company therefore has no outstanding debt with the Hidroambiente S.A. Group company as of 31 December 2020.

On 29 June 2018, Enerfin Sociedad de Energía, S.L.U. granted the Company a loan amounting to Euros 44,900 thousand, with a term of one year that may be extended annually, accruing interest at a fixed annual rate of 1.5%, the drawn down amount of which at 31 December 2020 and 2019 was Euros 3,100 thousand. In addition, in 2020, the Group company Enerfin Sociedad de Energía, S.L.U. granted the Company two loans amounting to Euros 12,100 thousand with a term of one year that may be extended annually, accruing interest at a fixed annual rate of 2%. In 2020, Euros 10,100 thousand of these loans was repaid.

In 2019, Enerfin Enervento Exterior, S.L.U. a member of the group Enerfin Sociedad de Energía, S.L., granted the Company a mercantile loan of Euros 7,000 thousand, with a term of one year that may be extended annually, accruing interest at a fixed annual rate of 1.5%, which had been fully drawn down in 2020. In turn, at 31 December 2020, the company maintains a credit of Euros 23,800 thousand with Enerfin Enervento Exterior, S.L.U. for various loans granted in the year. 2020

On 28 May 2018, the Group company Aplicaciones Técnicas de la Energía, S.L. granted the Company a mercantile loan amounting to Euros 6,000 thousand, with a term of one year that may be extended annually, accruing interest at a fixed annual rate of 2%. In 2019, Euros 500 thousand of this loan was repaid. On 19 December 2019, the Company arranged a new mercantile loan for Euros 3,500 thousand, with a term of one year that may be extended annually, accruing interest at a fixed annual rate of 2%. In 2020, the Company repaid Euros 2,750 thousand of these loans, so the balance pending is Euros 6,250 thousand.

Furthermore, group company suppliers at 31 December 2020 include a balance of Euros 10,767 thousand with the group company Aplicaciones Técnicas de la Energía, S.L. for the projects described in note 19.1.

Finally, at 31 December 2020 and 2019 the Company had an account payable to the Directors amounting to Euros 2,415 thousand and Euros 2,438 thousand, respectively.

19.3. Remuneration of the Board of Directors

a) Remuneration and other benefits-

In 2020 the members of the Company's Board of Directors received remuneration amounting to Euros 4,938.1 thousand for all items (Euros 5,199.6 thousand in 2019). This remuneration includes that earned in their capacity as management personnel.

The Company has paid approximately Euros 13.1 thousand for life insurance arranged for former or current members of its Board of Directors (Euros 4.1 thousand in 2019).

At 31 December 2020 and 2019, the Company does not have any pension obligations with former or current members of the Board of Directors nor has it extended any guarantees on their behalf or granted any loans thereto.

At 31 December 2020 and 2019, the Board of Directors of the Company is formed by 15 individuals, two of whom are female.

At 31 December 2020 and 2019, the amount paid by the Company with regard to public liability insurance for all or some of the directors in relation to damage caused due to acts or omissions in discharging their duties was not significant.

Moreover, and in line with the measures in place for the Company's employees, the members of the Board of Directors agreed to reduce their remuneration during this period.

b) Conflicts of interest concerning the Directors-

The members of the Board of Directors of Elecnor, S.A. and their related parties have had no conflicts of interest requiring disclosure in accordance with article 229 of the Revised Spanish Companies Act.

c) Transactions other than ordinary business or under terms differing from market conditions carried out by the Directors-

In 2020 and 2019 the Directors of the Company have not carried out any transactions other than ordinary business or applying terms that differ from market conditions with the Company or any other Group company.

19.4. Remuneration to the Management Team

In 2020, the Company's Management Team received remuneration amounting to Euros 5,728 thousand (Euros 4,661 thousand in 2019).

The stated total remuneration includes fixed remuneration, annual variable remuneration and variable remuneration for compliance with the 2017-2019 Strategic Plan.

At 31 December 2020 and 2019, the Company does not have any material pension obligations with management nor has it extended any guarantees on their behalf or granted any advances or loans thereto.

It should also be noted that the Management Team, on a voluntary basis, decided to reduce its fixed salary by 30% during the months of the furlough schemes and working hours reductions implemented by the Company to combat the COVID-19 crisis (from 13 April to 31 May 2020), in solidarity with the rest of the workforce.

20. Bonds and guarantees

At 31 December 2020 and 2019, the breakdown of bonds and guarantees for bids, completion or performance, generally provided by banks on behalf of the Company in respect of third parties, is as follows:

	Thousands of Euros	
	2020	2019
Completion bonds	802,181	498,153
Advances on contracts	335,083	203,054
Performance bonds	172,940	130,701
Bid bonds	64,589	63,033
Standby	17,028	25,209
	1,391,821	**920,150**

At 31 December 2020 and 2019, the Company had provided bonds to the customer Empresa de Transmisión Eléctrica, S.A. for Euros 67 million and Euros 33 million, respectively. It had also provided guarantees to the customer Toabré for Euros 26 million in both years.

Furthermore, in 2020 it provided guarantees to customers AB Lietuvos Gelezinkeliu, Mataquito Transmisora de Energía and Nesf in the respective amounts of Euros 84 million, Euros 65 million and Euros 74 million.

The Company's Directors consider that any liabilities that might arise from the bank guarantees provided would not give rise to significant losses in the accompanying annual accounts.

Contingencies-

On 17 January 2020, the Central Court of Instruction No. 5 issued an order decreeing the commencement of a trial concerning a former employee of the subsidiary Deimos Space, S.L., the latter for alleged criminal liability as a legal person for possible crimes of corruption in international commercial transactions and money laundering, requiring that the company provide a guarantee of Euros 1,460 thousand to cover civil liability, and additional guarantees of Euros 10,240 thousand and Euros 2,625 thousand to cover possible future pecuniary sanctions and confiscations.

The Company presented the shares it owns in the Deimos Group to cover the aforementioned guarantee.

The Group is in complete disagreement with the legal decision and is exercising its rights in the proceedings, appealing the guarantee amount required and requesting its free acquittal, as is the former Company employee and the latter's legal team, and it considers that there has been no proof in the proceedings to presume with a sufficient degree of certainty, beyond all reasonable doubt, that either Deimos Space, S.L. or its former employee will be sentenced, so that the Directors of the Company, in accordance with the terms of the plaintiff's defence writ presented on 4 March 2020, consider that the probable result of the trial will be an acquittal, and that therefore no criminal or civil liability will be enforced.

On this basis, the Company's Directors do not estimate that this will have any impact on the recoverable value of the investment in Deimos Space, S.L. (Note 9.2).

21. Temporary Business Associations (UTEs)

The balance sheets and income statements of the Temporary Business Associations in which Elecnor, S.A. is involved are proportionately consolidated in the accompanying annual accounts, in accordance with the provisions for adaptation of the Spanish General Chart of Accounts to the construction sector.

Details of UTEs and the Company's interest percentage therein at 31 December 2020 and 2019, the amount of revenues from construction work performed in 2020 and 2019 and the order book at said dates are attached as Appendix II to these annual accounts.

Details of the contribution of UTEs to the various headings in the accompanying balance sheet and income statement at 31 December 2020 are as follows:

ASSETS	Thousands of Euros	LIABILITIES	Thousands of Euros
Property, plant and equipment	453	Profit/loss for the year	4,849
Inventories	3,975	Provision for liabilities and charges	1,985
Receivables	50,708	Short-term payables	79,397
Temporary investments	11		
Cash	31,084		
Total	**86,231**	**Total**	**86,231**

Details of the contribution of UTEs to the various headings in the accompanying balance sheet and income statement at 31 December 2019 were as follows:

ASSETS	Thousands of Euros	LIABILITIES	Thousands of Euros
Property, plant and equipment	615	Profit/loss for the year	(7,652)
Inventories	1,546	Short-term payables	85,087
Receivables	52,083		
Temporary investments	(430)		
Cash	23,621		
Total	**77,435**	**Total**	**77,435**

The heading "Inventories" at 31 December 2020 includes advance payments by Temporary Business Associations to their suppliers amounting to Euros 3,776 thousand (Euros 1,425 thousand at 31 December 2019).

Furthermore, the heading "Short-term payables" in the attached table includes advance invoices and advances from customers amounting to Euros 21,715 thousand (Euros 27,198 thousand in 2019).

Below is a breakdown of the UTEs' contributions to the various headings of the income statement:

Income statement	Thousands of Euros	
	2020	2019
Net turnover	78,800	71,611
Materials consumed	(59,494)	(50,220)
Non-trading income	188	1,015
Personnel expenses	(4,201)	(6,594)
External services	(10,816)	(14,589)
Taxes	(843)	(1,593)
Losses, impairment and changes in trade provisions	(902)	(2,125)
Depreciation and amortisation charge	(294)	(2,414)
Impairment and profit/loss on disposal of fixed assets	608	(6)
Finance income	78	25
Finance expenses	(99)	(116)
Translation differences	2,438	(1,081)
Foreign tax expense	(614)	(1,565)
Total	**4,849**	**(7,652)**

22. Order book

Details, by line of business, of the Elecnor, S.A.'s order book at 31 December 2020 and 2019, excluding UTEs, are as follows:

By geographical area	Thousands of Euros 2020	Thousands of Euros 2019
Domestic	511,726	460,249
International	1,007,279	1,128,920
Total	**1,519,005**	**1,589,169**
By line of business		
Electricity	809,423	632,051
Power generation	171,438	288,748
Telecommunications	123,936	169,774
Construction, environment and water	197,310	314,918
Maintenance	26,238	28,559
Facilities	85,068	64,056
Gas	12,915	24,754
Railways	92,677	66,309
Total	**1,519,005**	**1,589,169**

The above order book does not include projects that are expected to generate losses.

23. Audit fees

The auditor (KPMG Auditores, S.L.) of the Company's annual accounts invoiced the following net fees for professional services at 31 December 2020 and 2019:

Description	Thousands of Euros 2020	Thousands of Euros 2019
For audit services	271	185
For other Verification services	101	98
For other services	11	8
Total	**383**	**291**

The above amounts include all fees relating to services provided in 2020 and 2019, regardless of when they were invoiced.

Other verification services refer to the limited review of interim financial statements and procedures in regard to ICSFR, provided by KPMG Auditores, S.L. to Elecnor S.A. in the years ended 31 December 2020 and 2019.

Other services refer to procedural reports regarding compliance with covenants and other procedures agreed provided by KPMG Auditores, S.L. to Elecnor, S.A. in the years ended 31 December 2020 and 2019.

Moreover, other affiliates of KPMG International invoiced the Company in the years ended on 31 December 2020 and 2019 for net fees relating to professional services, as follows:

Description	Thousands of Euros 2020	Thousands of Euros 2019
For other Verification services	15	38
For other services	1,102	1,350
Total	**1,117**	**1,388**

Other auditors also invoiced the Company in the years ended on 31 December 2020 and 2019 for net fees relating to professional services, as follows:

Description	Thousands of Euros	
	2020	2019
Tax advisory services	-	46
Other services	3	66
Total	**3**	**112**

24. Environmental information

Respect for the environment and sustainability are an integral part of Elecnor's core values and culture. The Company is committed to protecting the environment and fostering efficiency in the consumption of energy resources.

Consequently, Elecnor's activity is framed by its Environmental Management and Energy Management System, certified in accordance with ISO 14001 and ISO 50001 standards, respectively, as well as its Climate Change Strategy. The Environmental Management System establishes effective control mechanisms to minimise the most significant impacts arising from the Group's various activities, such as the generation of waste, impact on the natural environment, the use of natural and energy resources and the impact on flora and fauna.

In 2020, AENOR multi-site certification audits were conducted according to ISO 9001: 2015 and ISO 14001:2015 standards. This is a single certificate for all of the Organisations in the Elecnor infrastructures area that contains all of the scopes of the various activities and all of the work centres which, up until now, obtained certification individually.

The Quality Management (ER-0096/1995) and Environmental Management (GA-2000/0294) certification includes the following Group areas:

- Major Networks Unit.
- Energy Unit.
- Engineering Unit.
- Facilities and Networks Unit: Central Regional Office and Northern Branches, North-Eastern Regional Office, Eastern Regional Office, Southern Regional Office, Elecnor Medio Ambiente, Elecnor Seguridad, Área 3 Equipamiento, Diseño e Interiorismo; Elecnor Infrastrutture S.R.L. (Italy); Ehisa Construcciones y Obras; Aplicaciones Técnicas de la Energía and Jomar Seguridad.
- Elecnor Chile

Environmental Management certificates are also held for the following subsidiaries:

- Audeca
- Deimos
- Hidroambiente
- Enerfín
- Elecnor México
- Elecnor do Brasil
- Elecnor de Argentina
- IQA
- Montelecnor

For the sixth consecutive year, Elecnor renewed its environment certificate for carbon dioxide emissions, obtained from the Spanish Association for Standardisation and Certification (AENOR) and verified in accordance with ISO 14064-1 standard, which certifies the amount of GHG emissions caused by its activities; and adapted the Energy Management System to the 2018 UNE-EN ISO 50001 standard, which is AENOR-certified. Within the framework of carbon footprint registration, offsetting and CO2 absorption by the Ministry for Ecological Transition (MITECO), the Group also received the “Calculo y Reduzco” seal granted by the Spanish Office for Climate Change (OECC).

In addition, in 2018 the Group developed its 2030 Climate Change Strategy, focusing on two main goals and three lines of action, and creating the framework for all the Group’s actions to reduce greenhouse gas emissions, adapt to climate change impacts and harness the associated opportunities.

Lastly, for the third consecutive year, Elecnor took part in the Carbon Disclosure Project (CDP) presenting its voluntary report on climate change. In 2020, Elecnor improved on the previous year’s score, obtaining a rating of A- (B in 2019), evidencing the company’s leadership in combating climate change. The inclusion of Elecnor in this international ranking recognised by customers, investors and shareholders is part of its Climate Change Strategy.

25. Other disclosures

On 11 March 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic, due to its rapid global spread, affecting more than 150 countries on that date. Most governments took restrictive measures to curb the spread, which include isolation, lockdowns, quarantine and restrictions on the free movement of people, closure of public and private premises except those considered essential or relating to healthcare, border closures and drastic reductions in air, sea, rail and road transport. In Spain, the government approved Royal Decree 463/2020, of 14 March, declaring a state of emergency in order to manage the healthcare crisis unleashed by the COVID-19 outbreak.

This situation is having a significant impact on the global economy, due to the disruption or slowing of supply chains and the sizeable increase in economic uncertainty, evidenced by an increase in the volatility of asset prices, exchange rates and cuts in long-term interest rates.

In this complex environment, the Company has implemented a series of cost containment and employment flexibility measures that are making it possible to mitigate the risks that we face. This plan enabled the gradual return to full operating capacity of the workforce as some degree of normal economic activity was restored.

Our priority is to guarantee the safety of our employees, customers and suppliers, as well as to buttress the Group’s financial strength. With these objectives in view, Elecnor is carrying out some initiatives in line with the recommendations of the authorities, namely: the creation of a COVID-19 Monitoring Committee that has developed an Action Plan to protect health; the creation of a Special Contingency Plan that also defines the scope of action by Elecnor and its workers as an essential supplier of critical operators in the system; and, for a number of vulnerable groups and particularly at-risk workers, the “Occupational Health and Safety Service Action Procedure for exposure to SARS-CoV-2” has been activated.

1- Accounting estimates

Below are the estimates performed by the Company on the basis of the best available information.

Impairment of non-financial assets

On the date of issue these annual accounts, there were no signs that the COVID-19 pandemic has affected the long-term performance of the businesses in such a way as to affect the valuation of the company’s non-financial assets.

Impairment of financial assets

Although general credit risk has increased due to COVID-19, it has not been necessary to significantly increase the estimated credit loss with which the provisions for unrecoverable receivables are calculated. On the date of these annual accounts no indications were identified of significant changes in the credit terms of customers or in the capacity thereof to pay outstanding invoices when due.

However, although there is no indication of significant changes in credit risks other than those already recognised in the annual accounts, the Company intends to monitor the credit risk of its financial assets as new information becomes available that enables more accurate calculations to be performed of the estimated loss.

Provisions, contingent liabilities and onerous contracts

On the date of issuing these annual accounts, no additional liabilities emerged in relation to contracts in force as a result of COVID-19 which might imply additional provisions at 31 December 2020.

Contracts with customers

In 2020, no significant contract modifications or cancellations were identified as a consequence of COVID-19 or any situations in which it was impossible for a customer to fulfil the contractual conditions, although there have been occasional delays in some projects which are expected to be recovered in the next few months. Furthermore, it was not considered necessary to update key estimates when recognising revenues using the degree of completion method as a result of the pandemic, although the margins of some contracts were affected by the measures implemented by the Company to ensure the safety of its employees, customers and suppliers.

2- Impacts on the annual accounts for the period ending at 31 December 2020

On the date of preparation of these annual accounts, the impacts of this crisis were moderate, in terms of both revenues and costs, with the insolvency rate unchanged and a robust liquidity position as a result of boosting financing facilities, as described in the Directors' Report.

With regard to the employment measures adopted by the Elecnor Group, we highlight those implemented in Spain. During this crisis, steps were taken in connection with the employees to adapt their dedication and cost to the situation of projects underway. In this regard, it is important to distinguish between staff in Structure and staff in Works:

Staff in Structure:

100% of staff in Structure has been affected. Specifically:

- Management staff: voluntary reduction in remuneration during the period from 13 April to 31 May 2020.

- Rest of staff: agreement with the Bargaining Committee (comprising various legal workers' representatives) for the implementation of a furlough scheme and working day reduction. The duration of this furlough scheme was the same as that of the remuneration reduction for management.

Staff in Works:

- Force Majeure Furlough: Approved by the Employment Authority and affecting 658 employees providing services in some of the activities that were legally prohibited due to the health crisis. Working days suspensions commenced on 20 March, and restrictions on the last workers were withdrawn on 31 May. The company, despite meeting the legal requirements, opted not to apply deductions on its Social Security contributions.

- Working hours suspension scheme for objective reasons (productive reasons): For the rest of activities, the company and the Bargaining Committee agreed to a maximum suspension of 52 calendar days between 13 April and 1 July. The number of suspended working days was considerably lower than the maximum agreed.

At the Company's work centres outside Spain, measures legally permitted in the various counties were taken in accordance with the framework explained above for Spain.

Moreover, and in line with the measures in place for the Company's employees, the members of the Board of Directors agreed to reduce their remuneration during this period.

Furthermore, all the Company's costs were monitored, and significant savings were achieved in various spheres.

Elecnor is not prohibited from paying dividends charged to 2020 pursuant to the provisions of Royal Decree-Law 18/2020 of 12 May, concerning social measures to safeguard employment, as the company previously paid the social security contributions from which it had been exempted as a result of the furlough schemes regulated in art. 1 of the aforementioned Royal Decree-Law.

3- Financial risks

The Company is structurally subject to financial risks which it permanently supervises, monitoring the performance of the various financial markets in which it operates, in compliance with the risk limits established in its Risk Policies and anticipating risk situations in markets such as the one triggered by COVID-19.

Liquidity risk

At the onset of the COVID-19 outbreak and until central banks started implementing liquidity injections so as to stabilise the markets, there were liquidity restrictions which affected mainly entities with the lowest ratings.

The Company's liquidity situation was solid prior to COVID-19, ensuring that its compliance with its commitments was not jeopardised even in a scenario of complete market closure.

However, in order to guarantee liquidity in the event of an additional deterioration in businesses' cash flow generation, the financing limits were raised, noting that, even in a context of liquidity shortage, the Company received the support of both fixed income investors and banks at competitive prices.

At 31 December 2020, the Company has a solid liquidity position, with sufficient cash and available credit facilities to comfortably meet liquidity requirements even if markets contract further.

Elecnor has not undertaken commitments that imply restrictions on the decisions to use the company's cash, such as on dividend payments, and neither is it expected to undertake commitments entailing such restrictions in the future.

Interest rate risk

Among the measures adopted by central banks, cuts to official benchmark interest rates were among the main levers to reactivate the economy.

Moreover, the current uncertainty makes it likely that rates will remain low, reducing interest rate risk in the short and medium term.

(Thousands of Euros)

2020	Registered Office	Auditor	Activity	% Ownership: Net Cost	% Ownership: Direct	% Ownership: Indirect	Thousands of Euros: Capital	Thousands of Euros: Accumulated Reserves	Thousands of Euros: Net profit/ loss for the year	Thousands of Euros: Interim dividend paid in the year
Consolidation method - Fully Consolidated										
Andes Solares,SAS	COLOMBIA	***	Development and operation of renewable energy sources	12	100,00%	0,00%	146	(87)	(16)	--
Aplicaciones Técnicas de la Energia, S.L.U.(ATERSA)	SPAIN	Deloitte	Solar Energy	4,126	100,00%	0,00%	24,536	(5,264)	4,892	--
Area 3 Equipamiento y Diseño Interiorismo, S.L.U.	SPAIN	***	Interior design	12	100,00%	0,00%	12	426	94	--
Audeca, S.L.U.	SPAIN	KPMG	Environmental restoration and reforestation and operation of roads	23,000	100,00%	0,00%	132	3,347	1,311	--
Betonor,S.L.	ANGOLA	***	No activity	73	51,00%	0,00%	967	(824)	--	--
Charrua Transmisora De Energia,S.A.	CHILE	KPMG	Assembly, installation, operation of the new 2x500 Charrua-Ancoa Line	--	0,01%	51,00%	--	--	--	--
Corporacion Electrade, S.A.	VENEZUELA	***	Construction and assembly	779	100,00%	0,00%	799	(516)	86	--
Deimos Engenharia, S.A.	PORTUGAL	ESAC Espirito Santo Associados	Services in the areas of telecommunicatios and aeronautic and space energy	1,227	56,00%	44,00%	250	1,107	168	--
Deimos Space, S.L.U.	SPAIN	KPMG	Analysis, engineering and development of space missions and software	17,532	100,00%	0,00%	1,000	13,971	208	--
Ehisa Constructiones y Obras, S.A.U.	SPAIN	Jose Francisco Villamonte Fernando	Construction and assembly	3,802	100,00%	0,00%	600	2,682	1,451	3,625
Elecdal, URL	ALGERIA	***	Construction and assembly	12	100,00%	0,00%	12	1.144	(13)	--
Elecdor ,S.A.	ECUADOR	Seel & Company, S.A	Construction and assembly	364	19,20%	80,80%	2,425	(2,915)	2,681	--
Elecen, S.A.	HONDURAS	***	Construction and assembly	4	97,00%	3,00%	8	989	(35)	--
Elecnor Argentina , S.A.	ARGENTINA	SMS	Construction and assembly	1,342	100,00%	0,00%	9,136	(6,782)	979	--

(Thousands of Euros)

2020	Registered Office	Auditor	Activity	Net Cost	% Ownership Direct	Indirect	Thousands of Euros Capital	Accumulated Reserves	Net profit/ loss for the year	Interim dividend paid in the year
Elecnor Australia PTY LTD	AUSTRALIA	ESV	Management and administration of companies	4,447	100,00%	0,00%	4,447	(332)	(757)	--
Elecnor Cameroun Société Anonyme	CAMEROON	Mazars	Construction and assembly	150	100,00%	0,00%	151	(1)	(903)	--
Elecnor Chile, S.A.	CHILE	KPMG	Construction and assembly	19,413	100,00%	0,00%	19,507	28,757	12,883	8,084
Elecnor Côte D'Ivoire,S.A.(*****)	IVORY COAST	***	Construction and assembly	150	100,00%	0,00%	150	--	--	--
Elecnor de Mexico, S.A.	MEXICO	KPMG	Construction and assembly	735	100,00%	0,00%	910	(731)	2.323	--
Elecnor Do Brasil , L.T.D.A.	BRAZIL	KPMG	Construction and assembly	30,361	100,00%	0,00%	30,767	(15,896)	18,649	11,923
Elecnor Energie and Bau, GmbH	GERMANY	***	A broad range of business activities in the areas of engineering, development, construction, assembly, repairs and maintenance of all types of works, installation work of any kind, particularly in energy efficiency and renewable energies.	554	100,00%	0,00%	75	213	(5)	--
Elecnor Infrastruttre e Aerospaziale,S.R.L.	ITALY	***	Construction and assembly	500	100,00%	0,00%	500	67	91	--
Elecnor Infrastruture, LLC	OMAN	BDO	Construction and maintenance	371	70,00%	0,00%	529	(77)	(64)	--
Elecnor Paraguay, S.A.	PARAGUAY	***	No activity	28	99,83%	0,17%	--	--	--	--
Elecnor Peru, S.A.C	PERU	***	Construction and assembly	1,612	99,99%	0,01%	19,394	(19,356)	859	--
Elecnor Seguridad, S.L.U.	SPAIN	***	Installation and maintenance of fire prevention and safety systems	120	100,00%	0,00%	120	1,906	544	--
Elecnor Senegal, SASU	SENEGAL	AC Corporate	Construction and assembly	2	100,00%	0,00%	1	--	(889)	--

(Thousands of Euros)

2020	Registered Office	Auditor	Activity	% Ownership			Thousands of Euros			
				Net Cost	Direct	Indirect	Capital	Accumulated Reserves	Net profit/ loss for the year	Interim dividend paid in the year
Elecnor Servicios y Proyectos,S.A.U.	SPAIN	***	A broad range of business activities	13,545	100,00%	0,00%	13,545	(43)	(2)	--
Elecnor South Africa (PTY) LTD	SOUTH AFRICA	***	Construction and assembly	--	100,00%	0,00%	2,138	(2,152)	(52)	--
Elecnor, INC	USA	RP&B	Facilities	57,913	100,00%	0,00%	57,913	(6,293)	4,494	--
Elecred Servicios, S.A.U.	SPAIN	***	A broad range of services, development and management and administration of companies	60	100,00%	0,00%	60	11	--	--
Electrolineas de Ecuador , S.A.	ECUADOR	Seel & Company, S.A	Construction and assembly	1,237	100,00%	0,00%	1,272	800	(221)	--
Elecven Constructiones, S.A.	VENEZUELA	Deloitte	Construction and assembly	--	99,88%	0,00%	3,299	(3,157)	(19)	--
ELEDEPA,S.A.(*****)	PANAMA	Ernst & Young		1,665	100,00%	0,00%	1,665	45	(756)	--
Enerfin Sociedad de Energía,S.L.U.	SPAIN	Deloitte	Management and administration of companies	219,527	100,00%	0,00%	64,224	158,520	4,402	7,000
Enertel, S.A. de C.V.	MEXICO	KPMG	Construction and assembly	--	99,99%	0,00%	55	290	56	--
Eresma Solar, S.L.U.	SPAIN	***	Development, construction and operation of companies linked to renewable energy	753	100,00%	0,00%	753	(311)	(50)	--
Everblue Private Limited	INDIA	***	Environmental activities	1	0,15%	99,85%	322	(364)	--	--
Grupo Elecnor Angola	ANGOLA	***	Activities in the areas of public works and civil engineering	35	55,00%	0,00%	1,521	(1,452)	(6)	--
Hidroambiente, S.A.U.	SPAIN	KPMG	Environmental activities	4,635	100,00%	0,00%	615	4,064	(473)	3,500
IDDE,S.A.U.	SPAIN	***	Commercial	1,066	100,00%	0,00%	1,202	77	--	--
IQA Operatios Group LTD	SCOTLAND	KPMG	Electrical Installations	10,622	100,00%	0,00%	5,986	(7,096)	4,144	--

(Thousands of Euros)

2020	Registered Office	Auditor	Activity	% Ownership			Thousands of Euros			
				Net Cost	Direct	Indirect	Capital	Accumulated Reserves	Net profit/ loss for the year	Interim dividend paid in the year
Jomar Seguridad, S.L.U.	SPAIN	***	Sales, installation and maintenance of fire prevention and safety systems	2,800	100,00%	0,00%	60	1,358	60	--
Los Llanos Fotovoltaica de Castilla La Mancha,S.L.U.(*****)	SPAIN	***	Promotion, Construction and Power generation	100	100,00%	0,00%	--	--	--	--
Montelecnor, S.A.	URUGUAY	Ernst & Young	Construction and assembly	3,545	100,00%	0,00%	3,878	(301)	971	--
Omninstal Electricidade, S.A.	PORTUGAL	KPMG	Construction and assembly	2,704	100,00%	0,00%	1,053	777	247	--
Parque Eólico Montañes,SLU	SPAIN	***	Contrucción y explotación Parque Eólico	151	100,00%	0,00%	578	(351)	(76)	--
Parque Solar Porton, SAS	COLOMBIA	***	Power generation	840	100,00%	0,00%	1,332	(537)	(522)	--
S.C. Deimos Space,S.R.L.	ROMANIA	***	Analysis, engineering and development of space missions and software	--	0,00%	100,00%	1,516	(272)	212	--
Stonewood Desarrollos,S.L.	SPAIN	***	Commercial	603	100,00%	0,00%	603	(343)	(465)	--
TDS, S.A.	ARGENTINA	***	No activity/ En proceso de disolucion	--	100,00%	0,00%	--	--	--	--
Yariguies Solar,SAS	COLOMBIA	***	Development and operation of renewable energy sources	24	100,00%	0,00%	291	(80)	(14)	--
Equity method										
Acciona Infraestructuras- Elecnor Hospital David,S.A.	PANAMA	***	Construction	--	25,00%	0,00%	8	4.637	--	--
Alto Jahuel Transmisora de Energia,S.A.	CHILE	KPMG	Development, construction and operation of electrical facilities	1	0,02%	50,99%	--	--	--	--
Celeo Concesiones E Inversiones,S.L.U.	SPAIN	KPMG	Management and administration of companies	410,817	51,00%	0,00%	166,671	723,434	785	1,437
Centro Logistico Huerta el Peñon	SPAIN	***	Operating and maintenance of treatment and disposal of waste plants	--	50,00%	0,00%	1.608	(2.158)	(220)	--

(Thousands of Euros)

2020	Registered Office	Auditor	Activity	% Ownership			Thousands of Euros			
				Net Cost	Direct	Indirect	Capital	Accumulated Reserves	Net profit/ loss for the year	Interim dividend paid in the year
Cosemel Ingenieria,Aie	SPAIN	***	Development, construction and operation of installations and electrifications of high-speed railway lines	3	33,33%	0,00%	9	110	(122)	--
Dunor Energia,Sapi De Cv	MEXICO	KPMG	Construction of the Empalme II combined cycle power plant 313	--	50,00%	0,00%	3	(23,314)	(22,906)	--
Energia Olmedo- Ourense Fase I,S.A.	SPAIN	***	All perfomances required for the design, construction, financing, operating and maintenance of the High Speed Line Installations from Madrid-Galicia, section Olmedo-Zamora-Pedralba	1,264	18,00%	0,00%	7,020	221	185	--
Eólica la Patagonia,S.A.	ARGENTINA	***	Operating and maintenance of wind farms	--	50,00%	0,00%	12	(13)	--	--
GASODUCTO DE MORELOS, S.A.P.I.(Sdad Anónima Promotora de Inversión) DE C.V.	MEXICO	Deloitte	Operation and maintenance of the Morelos gas pipeline	14,262	50,00%	0,00%	28,524	14,906	6,455	--
Inti Energia,S.A.P.I de CV	MEXICO	***	No activity	1	50,00%	0,00%	--	--	--	--
Morelos Epc S.A.P.I. De Cv	MEXICO	***	Construction, engineering and suply of the Morelos gas pipeline	3	49,99%	0,01%	6	168	(13)	--
Morelos O&M, Sapi,Cv	MEXICO	***	Maintenance of the Morelos gas pipeline	35	50,00%	0,00%	71	354	100	--
Proyectos Electricos Agua Prieta, Sapi De Cv.	MEXICO	PKF Accountants & business advisers	International public tender nº 18164093-022-09 of CFE connected to the central project named 171 CC Agua Prieta	1	50,00%	0,00%	3	(12,415)	12	--
				858.941						**35.569**

(*) Related to Individual Companies Number

(***) Companies not legaly bound to be audited

(Thousands of Euros)

2019	Registered Office	Auditor	Activity	Net Cost	% Ownership		Thousands of Euros			
					Direct	Indirect	Capital	Accumulated Reserves	Net profit/ loss for the year	Interim dividend paid in the year
Consolidation method - Fully Consolidated										
Alto Jahuel Transmisora de Energia,S.A.	CHILE	KPMG	Development, construction and operation of electrical facilities	1	0,02%	50,99%	--	--	--	--
Andes Solares,SAS	COLOMBIA	***	Development and operation of renewable energy sources	--	100,00%	0,00%	146	(15)	(63)	--
Aplicaciones Técnicas de la Energia, S.L.U.(ATERSA)	SPAIN	Deloitte	Solar Energy	4,126	100,00%	0,00%	24,536	3,521	8,746	--
Area 3 Equipamiento y Diseño Interiorismo, S.L.U.	SPAIN	***	Interior design	12	100,00%	0,00%	12	368	58	--
Audeca, S.L.U.	SPAIN	KPMG	Environmental restoration and reforestation and operation of roads	23,000	100,00%	0,00%	132	2,682	,665	--
Betonor,S.L.	ANGOLA	***	No activity	493	51,00%	0,00%	967	(454)	(295)	--
Charrua Transmisora De Energia,S.A.	CHILE	KPMG	Assembly, installation, operation of the new 2x500 Charrua-Ancoa Line	--	0,01%	51,00%	--	--	--	--
Corporacion Electrade, S.A.	VENEZUELA	***	Construction and assembly	778	100,00%	0,00%	799	(257)	136	253
Deimos Engenharia, S.A.	PORTUGAL	ESAC Espirito Santo Associados	Services in the areas of telecommunicatios and aeronautic and space energy	1,227	56,00%	44,00%	250	995	112	--
Deimos Space, S.L.U.	SPAIN	KPMG	Analysis, engineering and development of space missions and software	17,532	100,00%	0,00%	1,000	13,043	928	--
Ehisa Constructiones y Obras, S.A.U.	SPAIN	Jose Francisco Villamonte Fernando	Construction and assembly	3,802	100,00%	0,00%	600	3,202	3,105	--
Elecdal, URL	ALGERIA	***	Construction and assembly	12	100,00%	0,00%	12	1.345	(11)	--
Elecdor ,S.A.	ECUADOR	Seel & Company, S.A	Construction and assembly	364	19,20%	80,80%	2,425	(2.656)	(130,00)	--
Elecen, S.A.	HONDURAS	***	Construction and assembly	4	97,00%	3,00%	8	894	157	--
Elecnor Argentina , S.A.	ARGENTINA	SMS	Construction and assembly	1,342	100,00%	0,00%	9,136	(7,382)	1.305	--
Elecnor Australia PTY LTD	AUSTRALIA	ESV	Management and administration of companies	4,447	100,00%	0,00%	4,447	(7.490)	7.164	7.434

(Thousands of Euros)

2019	Registered Office	Auditor	Activity	Net Cost	% Ownership Direct	% Ownership Indirect	Thousands of Euros Capital	Accumulated Reserves	Net profit/ loss for the year	Interim dividend paid in the year
Elecnor Cameroun Société Anonyme	CAMEROON	Mazars	Construction and assembly	151	100,00%	0,00%	151	(1)	--	--
Elecnor Chile, S.A.	CHILE	KPMG	Construction and assembly	19,413	100,00%	0,00%	19,507	18,569	10,117	--
Elecnor de Mexico, S.A.	MEXICO	KPMG	Construction and assembly	735	100,00%	0,00%	910	2.104	(2.798)	--
Elecnor Do Brasil , L.T.D.A.	BRAZIL	KPMG	Construction and assembly	30,361	100,00%	0,00%	30,767	(19,386)	22,115	14,842
Elecnor Energie and Bau, GmbH	GERMANY	***	A broad range of business activities in the areas of engineering, development, construction, assembly, repairs and maintenance of all types of works, installation work of any kind, particularly in energy efficiency and renewable energies.	776	100,00%	0,00%	75	(233)	11	--
Elecnor Infrastruttre e Aerospaziale,S.R.L.	ITALY	***	Construction and assembly	500	100,00%	0,00%	500	53	30	--
Elecnor Infrastruture, LLC	OMAN	BDO	Construction and maintenance	371	70,00%	0,00%	529	35	(51)	--
Elecnor Paraguay, S.A.	PARAGUAY	***	No activity	14	99,83%	0,17%	--	--	--	--
Elecnor Peru, S.A.C	PERU	***	Construction and assembly	8,003	99,99%	0,01%	13,419	(3,548)	(15.829)	--
Elecnor Seguridad, S.L.U.	SPAIN	***	Installation and maintenance of fire prevention and safety systems	120	100,00%	0,00%	120	1,366	540	--
Elecnor Senegal, SASU	SENEGAL	AC Corporate	Construction and assembly	2	100,00%	0,00%	--	--	--	--
Elecnor South Africa (PTY) LTD	SOUTH AFRICA	***	Construction and assembly	--	100,00%	0,00%	2,138	(2,033)	(101)	--
Elecnor, INC	USA	RP&B	Facilities	57,913	100,00%	0,00%	57,913	(3,419)	1,891	--
Elecred Servicios, S.A.U.	SPAIN	***	A broad range of services, development and management and administration of companies	60	100,00%	0,00%	60	11	(1)	--
Electrificaciones del Norte, S.A.	SPAIN	***	A broad range of business activities	13,545	100,00%	0,00%	13,545	27	(70)	--
Electrolineas de Ecuador , S.A.	ECUADOR	Seel & Company, S.A	Construction and assembly	1,237	100,00%	0,00%	1,272	1.278	(314)	--
Elecven Constructiones, S.A.	VENEZUELA	Deloitte	Construction and assembly	--	99,88%	0,00%	3,299	(3,036)	13	--
Enerfin Sociedad de Energía,S.L.U.	SPAIN	Deloitte	Management and administration of companies	219,527	100,00%	0,00%	64,224	147,608	6,911	50,000
Enertel, S.A. de C.V.	MEXICO	KPMG	Construction and assembly	--	99,99%	0,00%	55	327	3	--

(Thousands of Euros)

2019	Registered Office	Auditor	Activity	% Ownership Net Cost	Direct	Indirect	Thousands of Euros Capital	Accumulated Reserves	Net profit/ loss for the year	Interim dividend paid in the year
Eresma Solar, S.L.U.	SPAIN	***	Development, construction and operation of companies linked to renewable energy	3	100,00%	0,00%	3	--	(311)	--
Everblue Private Limited	INDIA	***	Environmental activities	1	0,15%	99,85%	322	(364)	--	--
Grupo Elecnor Angola	ANGOLA	***	Activities in the areas of public works and civil engineering	836	55,00%	0,00%	1,521	(1,093)	(325)	--
Hidroambiente, S.A.U.	SPAIN	KPMG	Environmental activities	4,635	100,00%	0,00%	615	7,421	142	--
IDDE,S.A.U.	SPAIN	***	Commercial	1,067	100,00%	0,00%	1,202	77	--	--
IQA Operatios Group LTD	SCOTLAND	KPMG	Electrical Installations	10,622	100,00%	0,00%	5,986	(7,850)	,759	--
Jomar Seguridad, S.L.U.	SPAIN	***	Sales, installation and maintenance of fire prevention and safety systems	2,800	100,00%	0,00%	60	1,285	73	--
Montelecnor, S.A.	URUGUAY	Ernst & Young	Construction and assembly	3,545	100,00%	0,00%	3,878	(156)	698	--
Omninstal Electricidade, S.A.	PORTUGAL	KPMG	Construction and assembly	2,704	100,00%	0,00%	1,053	795	(48)	--
Parque Eólico Montañes,SLU	SPAIN	***	Contrucción y explotación Parque Eólico	228	100,00%	0,00%	228	(10)	(341)	--
Parque Solar Porton, SAS	COLOMBIA	***	Power generation	90	100,00%	0,00%	577	(32)	(455)	--
Stonewood Desarrollos,S.L.	SPAIN	***	Commercial	603	100,00%	0,00%	603	(44)	(299)	--
TDS, S.A.	ARGENTINA	***	No activity/ En proceso de disolucion	--	100,00%	0,00%	--	--	--	--
Yariguies Solar,SAS	COLOMBIA	***	Development and operation of renewable energy sources	--	100,00%	0,00%	291	(25)	(24)	--
Equity method										
Acciona Infraestructuras-Elecnor Hospital David,S.A.	PANAMA	***	Construction	--	25,00%	0,00%	8	5.061	--	--
Celeo Concesiones E Inversiones,S.L.U.	SPAIN	KPMG	Management and administration of companies	407,948	51,00%	0,00%	90,848	266,909	11.080	8,587
Centro Logistico Huerta el Peñon	SPAIN	***	Operating and maintenance of treatment and disposal of waste plants	--	50,00%	0,00%	1.608	(1.958)	--	--
Cosemel Ingenieria,Aie	SPAIN	***	Development, construction and operation of installations and electrifications of high-speed railway lines	3	33,33%	0,00%	9	163	(53)	--

(Thousands of Euros)

2019	Registered Office	Auditor	Activity	Net Cost	% Ownership Direct	% Ownership Indirect	Thousands of Euros Capital	Accumulated Reserves	Net profit/ loss for the year	Interim dividend paid in the year
Dunor Energia,Sapi De Cv	MEXICO	KPMG	Construction of the Empalme II combined cycle power plant 313	1	50,00%	0,00%	3	(76)	(36,111)	--
Energia Olmedo- Ourense Fase I,S.A.	SPAIN	***	All perfomances required for the design, construction, financing, operating and maintenance of the High Speed Line Installations from Madrid-Galicia, section Olmedo-Zamora-Pedralba	1,262	18,00%	0,00%	7,020	158	--	--
Eólica la Patagonia,S.A.	ARGENTINA	***	Operating and maintenance of wind farms	--	50,00%	0,00%	12	(13)	--	--
GASODUCTO DE MORELOS, S.A.P.I.(Sdad Anónima Promotora de Inversión) DE C.V.	MEXICO	Deloitte	Operation and maintenance of the Morelos gas pipeline	14,262	50,00%	0,00%	28,524	8,408	6,497	--
Inti Energia,S.A.P.I de CV	MEXICO	***	No activity	--	50,00%	0,00%	--	--	--	--
Morelos Epc S.A.P.I. De Cv	MEXICO	***	Construction, engineering and suply of the Morelos gas pipeline	3	49,99%	0,01%	6	5.131	(4.963)	1.479
Morelos O&M, Sapi,Cv	MEXICO	***	Maintenance of the Morelos gas pipeline	35	50,00%	0,00%	71	288	40	--
Proyectos Electricos Agua Prieta, Sapi De Cv.	MEXICO	PKF Accountants & business advisers	International public tender nº 18164093-022-09 of CFE connected to the central project named 171 CC Agua Prieta	1	50,00%	0,00%	3	(12,415)	(135)	--
				860.516						**82.595**

(*) Related to Individual Companies Number

(***) Companies not legaly bound to be audited

Appendix II: List of temporary business associations (UTEs)

		Thousands of Euros (*)			
		2020		2019	
	Percentage ownership	Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
UTE PUENTE MAYORGA	50.00%	--	--	--	--
UTE ELNR-CONSTUCSA E. HIDROGENO	50.00%	--	--	--	--
UTE PARQUESUR OCIO	90.00%	--	--	--	--
UTE INSTALACIONES ELÉCTRICAS SINCROTRÓN ALBA	50.00%	--	--	--	--
UTE ROTA HIGH SCHOOL	50.00%	--	--	--	--
UTE EXPLOTACIÓN ZONA 07-A	60.00%	569	--	961	--
CONSORCIO ELECNOR DYNATEC	100.00%	2,200	2,514	7,498	5,068
UTE ZONA P-2	50.00%	--	--	--	--
UTE SUBESTACIÓN JUNCARIL	50.00%	--	--	--	--
UTE CASA DE LAS ARTES	50.00%	--	--	--	--
UTE CENTRO DE PROSPECTIVA RURAL	20.00%	--	--	--	--
UTE CENTRO MAYORES BAENA	20.00%	--	--	--	--
UTE TERMINAL DE CARGA	50.00%	--	--	--	--
UTE LED MOLLET	70.00%	--	--	--	--
UTE GALINDO	100.00%	--	--	--	--
UTE EXPLOTACIÓN ZONA P2	50.00%	395	--	616	34
UTE AS SOMOZAS	50.00%	--	--	--	--
UTE JARDINES MOGAN	50.00%	--	--	(2)	--
UTE URBANIZACIÓN PEDRO III	50.00%	--	--	--	--
UTE ELECNOR-ONDOAN SERVICIOS	50.00%	712	700	758	142
UTE ELECNOR - DEIMOS SIPA	50.00%	--	--	--	--
UTE PATRIMONIO SEGURIDAD	33.33%	--	5	--	500
UTE PLAZAS COMERCIALES T4	50.00%	--	--	--	--
UTE TRANVIA OUARGLA	49.50%	--	--	2,595	--
UTE ENERGÍA GALICIA	20.00%	885	19,725	7,841	20,610
UTE AEROPUERTO DE PALMA	45.00%	(1)	--	1	--
GROUPEMENT INTERNATIONAL SANTÉ POUR HAITI	100.00%	785	--	4,824	--
UTE ENERGÍA GRANADA	33.34%	--	--	126	230
UTE MOBILIARIO HUCA	50.00%	--	--	--	--
UTE ANILLO GALINDO	25.00%	--	--	--	--
Consorcio Nueva Policlínica de Chitre	100.00%	51	13	771	64
Consorcio Nueva Policlínica de Chepo	100.00%	358	--	500	--
UTE ADEC LOCALES CERCANÍAS	185.00%	--	--	--	--
UTE CAMPO DE VUELO TF NORTE	70.00%	--	--	--	--
UTE VOPI4-ELNR CA L'ALIER	50.00%	39	359	42	398
UTE MANTENIMIENTO AVE ENERGÍA	12.37%	16,321	70,511	16,169	86,833

Appendix II: List of temporary business associations (UTEs)

		Thousands of Euros (*)			
		2020		2019	
	Percentage ownership	Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
UTE ASEGOP IBIZA	32.50%	6	17	15	23
UTE ELECNOR BUTEC BELLARA	60.00%	5,799	--	27,227	188
UTE EDARES SEGOVIA	40.00%	--	--	54	--
UTE SICA	50.00%	9	227	189	236
UTE MANTENIMIENTO AEROPUERTO DE PALMA	50.00%	18	--	326	11
UTE CUETO DEL MORO	25.00%	8	3	--	--
UTE Elecnor Alghanim	60.00%	739	1,860	468	--
UTE MANTENIMIENTO VALEBU	50.00%	72	1,627	388	1,699
UTE EMBARQUE DESEMBARQUE T4	50.00%	--	--	--	--
UTE CONTAR	95.00%	118	--	118	--
UTE INST. RECERCA SANT PAU	50.00%	10	50	28	254
UTE INST. MERCAT DE SANT ANTONI	60.00%	--	56	343	56
UTE TUNELES ABDALAJIS	90.00%	468	55	476	35
UTE TORRENTE - XATIVA	50.00%	--	--	--	--
UTE EMPALME II	50.00%	76	--	(4,264)	--
UTE CENTRO LOG. IBEREBRO	41.90%	--	--	--	--
UTE AEROPUERTO TERUEL	50.00%	--	--	--	--
UTE NAVE SESTAO	50.00%	--	--	--	--
UTE ENERGÍA GALICIA MANTENIMIENTO	20.00%	2,128	27,875	1,622	30,004
UTE TERMINAL DE CARGA TF NORTE	50.00%	--	--	--	--
UTE URBANIZADORA RIODEL	50.00%	--	--	--	--
UTE FIRA PAVELLO 2	70.00%	--	--	--	--
ELECNOR TARGET LLC, JV	60.00%	62,780	115,910	1,887	191,882
UTE LINEA 1	20.00%	--	--	--	--
UTE TERMINAL E	50.00%	(75)	96	144	--
UTE HERNANI-IRUN	50.00%	779	--	1,998	--
UTE ACTUAC ETAPS CYII LOTE2	50.00%	--	--	80	80
UTE CARPIO Y POLLOS	50.00%	126	--	138	--
UTE CAMPO DE VUELOS ASTURIAS	70.00%	12	320	536	332
UTE BIOMASA HUERTA DEL REY	50.00%	--	85	30	85
UTE MOPAEL	80.00%	5,355	--	3,864	--
UTE OFICINAS GENCAT	60.00%	62	--	1,025	--
UTE UYUNI-YUNCHARA	49.00%	--	--	--	--
UTE MEGAFONÍA AENA	70.00%	--	--	--	--
UTE MANTENIMIENTO SIGMA AENA	50.00%	197	15	198	51
UTE RENFE AGENTE ÚNICO	30.00%	318	963	217	1,281

Appendix II: List of temporary business associations (UTEs)

		Thousands of Euros (*)			
		2020		2019	
	Percentage ownership	Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
UTE RENFE CCTV	30.00%	2,242	195	1,879	2,437
UTE UCA	50.00%	261	94	419	94
UTE SIPA AENA	50.00%	1,252	--	558	81
JV ELECNOR AL OWN	70.00%	491	--	1,046	313
UTE BILBOPORTUA	50.00%	408	--	522	--
UTE BIZKAIKO ARGIAK	23.00%	--	--	--	--
ELECNOR AND RAY, J.V. JV	60.00%	--	--	(664)	--
UTE MANTENIMIENTO LOTE 1	50.00%	1,344	--	1,530	--
UTE ELECNOR - EIFFAGE	50.00%	8,507	170	10,859	4,597
UTE TIL TIL	50.00%	--	--	--	--
UTE EDAR LAGUNA DE NEGRILLOS	80.00%	--	--	171	--
UTE PORTUKO ARGIAK	23.00%	35	298	167	333
UTE E&C M.I. BUSTURIA AUXILIAR	51.00%	--	--	120	601
UTE URBANITZACIÓ MERCAT DE SANT ANTONI	60.00%	5	93	(1)	98
UTE ING PUY DU FOU	50.00%	--	224	50	224
UTE SICA 2018-2021	50.00%	397	--	16	--
UTE ELECTRIFICACIÓN VILLAFRANCA	90.00%	1,038	1,605	351	2,642
UTE TREBALLS PREVIS 1 CAMP NOU	22.50%	98	196	5,273	--
UTE CLINICA EUGIN BALMES	50.00%	387	58	4,826	--
UTE SALAS VIP AEROP BCN	50.00%	--	--	7,876	--
JV TAFILAH	70.00%	222	4,153	13,956	4,859
UTE ACCESOS BANCO DE ESPAÑA	50.00%	--	3	616	3
VARIANTE PAJARES UTE	20.00%	4,577	--	2,080	--
CONSORCIO CHIELEC DOMINICANA	100.00%	1,458	232	9,177	--
UTE CASETAS AEROPUERTO DE MÁLAGA	77.00%	--	--	492	224
UTE AMPLIACIÓN TRANVÍA VITORIA	50.00%	189	20	326	209
ELECNOR - EIFFAGE JV	50.00%	1,906	1,374	1,514	427
UTE MANTENIMIENTO AEROPUERTO DE PALMA II	50.00%	1,718	811	1,756	2,529
UTE MONTETORRERO	25.00%	23,271	--	2,259	22,693
UTE MONLORA	30.00%	6,439	--	40,496	5,692
UTE MONCAYO	10.00%	16,748	--	3,208	16,250
SEP ELECNOR-EIFFAGE GUINEA CONAKRY	50.00%	3,519	11,343	4,708	2,965
UTE ALSTOM RENOVABLES-ELECNOR II	25.64%	--	--	--	--
SEP ELECNOR-EIFFAGE GUINEA BISSAU	50.00%	3,677	5,172	4,440	2,406
UTE PEDRALBA-OURENSE	50.00%	14,183	6,911	5,800	21,093
UTE EDIFICI LA PEDROSA	50.00%	6,481	1,340	3,168	7,669

Appendix II: List of temporary business associations (UTEs)

		Thousands of Euros (*)			
		2020		2019	
	Percentage ownership	Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
UTE BOMBEOS BAKIO-GANDIAS	50.00%	67	72	157	139
UTE ELECTRIFICACIÓN RECOLETOS	50.00%	--	370	4,017	370
UTE PRESA DE L´ALBAGÉS	50.00%	2,674	--	552	--
UTE LIMPIEZA AEROPUERTO DE PALMA	50.00%	254	331	186	585
UTE SICA 2020-2022	50.00%	--	--	--	--
UTE SEG ESTACIONES MADRID	50.00%	--	--	--	--
UTE NOVA ESCOLA BRESSOL	50.00%	1,215	598	--	1,813
UTE MANT MERCAT DE SANT ANTONI	60.00%	206	237	17	443
UTE LINEA 4	20.00%	6,524	37	--	6,561
UTE INSTAL. TUNEL GLORIES	40.00%	3,711	16,971	--	--
UTE EDAR ARRIANDI	50.00%	121	1,439	--	1,560
UTE SIPA 2020-2022	50.00%	--	12,700	--	--
UTE UCA 2020-2022	50.00%	--	12,200	--	--
UTE REGADIO VALORIA FASE I	50.00%	1,140	883	--	--
UTE PALMEROLA	56.68%	501	24,212	--	--
UTE GALILEO	50.00%	260	1,087	--	--
UTE COMEDOR BANCO DE ESPAÑA	50.00%	--	80	--	--
UTE M.I. MUNDAKA GERNIKA	51.00%	613	186	--	--
UTE LA ESCOCESA	25.00%	4,566	5,403	--	--
UTE SEGURETAT L´AMPOLLA	50.00%	--	528	--	--
UTE MANTENIMIENTO NORESTE	50.00%	382	44,947	--	--
UTE MANTENIMIENTO CENTRO	50.00%	216	27,568	--	--
UTE ENERGÍA LÍNEA 9	20.00%	1,659	--	2,606	--
S.E.I. UTE (ELECNOR, S.A.-TERRES)	50.00%	--	--	--	--
UTE REMOLAR	23.51%	--	--	--	--
UTE SERRANO - ELECNOR CANSALADES	40.00%	--	--	112	1
UTE ELECNOR GONZALEZ SOTO	50.00%	9	43	37	--
TERMINAL ALICANTE, UTE	20.00%	--	--	--	--
UTE VILLAGONZALO, Z - 3	35.00%	--	--	--	--
UTE TARAGUILLA	25.00%	--	--	--	--

(*) 100% information provided, not taking into account removals

2020 Directors' Report – Elecnor, S.A.

for the year ended 31 December 2020

Contents

1. Purpose, vision and business model

Elecnor is a Spanish company operating in more than 50 countries. The company's purpose is to generate change and bring about progress by deploying infrastructure, energy and services to territories all over the world in order to develop their potential. The Elecnor Group places engineering and technology at the service of people's well-being.

It is a global enterprise whose purpose is driven by a people-centric business model and that believes in generating shared value and sustainability.

It is a model implemented by means of two key businesses that are complementary and mutually strengthening:

- **Infrastructure:** execution of engineering, construction and services projects, most notably in the electricity, power generation, gas, telecommunications and systems, railways, maintenance, facilities, construction, water, environment and space sectors.
- **Concessions**: development, external financing, construction, investment and management of energy assets.

Efficiency, diversification and robustness are the Elecnor Group's growth and expansion levers.

2. Economic context[1]

2020 has been decisively shaped by the economic situation unleashed by the COVID-19 pandemic. Although a high degree of uncertainty persists due to the possibility of new virus variants, the global economy is expected to grow by 5.5% in 2021 and 4.2% in 2022. These estimated growth rates are based on a recovery of activity in the final part of the year thanks to vaccines and additional policy support in some major economies.

However, according to experts, the global economic recovery will be lengthy, uneven and uncertain. In fact, compared with the forecast in June 2020, the outlook has worsened significantly in some emerging and developing economies where infection rates continue to spiral. These uneven recovery rates from one region to the next significantly worsen the prospects for global convergence of income levels.

With respect to its 2020 year-end forecasts, the IMF expects the most advanced economies (United States, the four leading Eurozone countries, Japan, United Kingdom, Canada and others) to see their GDP decrease by 4.9%, while emerging and developing economies' GDP is projected to shrink by 2.4%, with evident differences from one country to the next (for example, China is expected to post 2.3% growth, while Brazil and Mexico are projected to contract by 4.5% and 8.5%, respectively).

In general terms, according to the IMF's forecasts, the robustness of the recovery will vary considerably between countries, depending on the access to healthcare, the efficiency of policy support measures, exposure to cross-border economic repercussions and the structural characteristics of each economy at the

[1] Sources:
- International Monetary Fund (IMF). World Economic Outlook. January 2021
- World Economic Outlook (WEO). January 2021 Report

start of the crisis. In 2021, the pace of growth in advanced economies will improve to 4.3% and in 2022 to 3.1%; while the Fund projects that emerging and developing economies will log 6.3% growth in 2021 (spearheaded by India, with 11.5% estimated growth) and 5% growth in 2022 (also led by India, this time +6.8%).

Economic policies must focus on stimulating GDP, to guarantee participatory growth that benefits everyone and to accelerate the transition towards a decarbonised economy. The IMF's October 2020 World Economic Outlook (WEO) report considers that a green investment push combined with an initially moderate but steady rise in carbon prices would put the global economy on a stronger footing in the wake of the recession caused by the pandemic.

Countries will see an increase in borrowing costs and sovereign debt levels will rise significantly at a time when the contraction in GDP implies a reduction in tax revenues that will hamper payment of interest on borrowing. Interest rates remain very low, facilitating the refinancing of public and private deficits. The IMF considers that fiscal policies are likely to tighten, increasing the progressiveness of taxation and establishing minimum tax rates for companies.

In Spain, the recovery is expected to be relatively intense in the next three years. According to Bank of Spain estimates (compiled in December 2020), 2020 GDP will decline by 10.7%, 11.1% and 11.6% in the moderate, core and adverse crisis scenarios, respectively. The scale of the rebound in 2021 will differ notably depending on the epidemiological scenario considered (6.8% in the core scenario, 8.6% in the moderate scenario and 4.2% in the adverse scenario). The recovery in GDP to pre-COVID levels would be delayed until mid-2023 in the core scenario (including Spain's recourse to European funds under the Next Generation EU programme – NGEU). Meanwhile, unemployment is expected to soar in 2020, and, despite starting to fall from the second half of 2021, at the end of 2023 it would be slightly above 14% in the core scenario, slightly above pre-pandemic levels.

According to Funcas, consumer spending will bounce back strongly, consistent with the greater willingness to spend as the uncertainties regarding the pandemic are dissipated. Investment will also gain ground, especially public investment, which is projected to grow by around 40% (albeit starting from very low levels). With regard to specific sectors, according to Spain's Instituto de Estudios Económicos (IEE), construction may make a "considerable" contribution and be one of the catalysts of the Spanish economy in 2021, provided the pandemic does not lead to new restrictions. This activity, along with exports, will post the highest growth in the coming year. As for the energy business, the sector will resist the impact of the pandemic better than other industries, thanks to renewables and the deployment of distribution networks. The outlook in 2021 for companies in the sector is stable, according to a report published by Moody's.

According to IMF forecasts for 2021, advanced economies are expected to grow by 4.3%, and GDP for these countries will come in around 2% below the 2019 figure. The US economy is estimated to shrink by 3.4% in 2020, and to grow by 5.1% in 2021. For the Eurozone, the contraction is expected to be sharper (-7.2% in 2020), since the bloc slowed down by more than the US in the first half of 2020. Consequently, estimated growth of 4.2% in 2021 and 3.6% in 2022 is somewhat stronger, since the starting point is lower.

According to the IMF, in Latin America, where most countries are still struggling to contain the spread of COVID, the two largest economies, Brazil and Mexico, are set to post contractions of -4.5% and -8.5%, respectively, in 2020. In Brazil's case, the OECD considers that the strong response in terms of fiscal and monetary policy has prevented a more severe contraction in the economy.

With regard to 2021, according to the World Bank, Brazil is expected to see an improvement in consumer confidence and the favourable lending conditions will shore up an increase in consumer spending and private investment, which will boost GDP by 3%.

Meanwhile, in the wake of the decline in 2020, the projected recovery in Mexico is based primarily on an improvement in exports as the US economy bounces back and the trade uncertainty dissipates as a result of the trade agreement between the US, Mexico and Canada (USMCA) coming into force in mid-2020. Growth is expected to recover, reaching 3.7% in the current year.

In Sub-Saharan Africa, countries have acted swiftly to safeguard their societies from the impact of unprecedented economic and health crises. Nevertheless, these economies are forecast to shrink by 3%. In 2021, growth is expected to recover to around 3.1%, albeit with risks relating to the COVID-19 pandemic, the resilience of health systems in the region and the availability of external financing.

With regard to Australia, the OECD (in its December report) estimated a 3.8% decline in GDP, with a subsequent recovery in economic activity at a rate of 3.2% in 2021 and 3.1% in 2022. GDP in Australia had been growing for almost 30 consecutive years, including during the international financial crisis. The Australian Bureau of Statistics has said that the country’s response to the coronavirus crisis aimed at helping households and businesses led to unprecedented payments from the public sector to the private sector (including wage schemes, unemployment support and financial stimulus totalling an equivalent of 13.3% of its GDP). In 2021, Australia has improved the outlook in its budget forecasts, since the country’s economy is recovering faster than expected, helped by an unforeseen rise in iron ore prices.

Elecnor Group

Since the outbreak of the pandemic, the Elecnor Group has monitored and designed action protocols following the recommendations issued by the Spanish Ministry of Health and the competent authorities in Spain and each market where it operates, always protecting the safety and health of its workers, customers, suppliers and other stakeholders.

The Elecnor Group has been facing this exceptional situation by reorganising its productive activity to ensure critical infrastructures in the energy, telecommunications, water, gas and transport sectors remain operational, providing an essential service for all utilities.

In this complex environment, the Group has implemented a series of cost containment and employment flexibility measures that are making it possible to mitigate the risks that we face. This plan has enabled to gradually recover the full operation of the workforce.

The Group’s priority during the year has been to ensure the safety of its employees, customers and suppliers. With these objectives in view, Elecnor has carried out some initiatives in line with the recommendations of the authorities, namely: the creation of a COVID-19 Monitoring Committee that has developed an Action Plan to protect health; the creation of a Special Contingency Plan that also defines the scope of action by Elecnor and its workers as an essential supplier of critical operators in the system; and, for a number of vulnerable groups and particularly at-risk workers, the "Occupational Health and Safety Service Action Procedure for exposure to SARS-CoV-2" has been activated.

3. Economic and financial performance in the period

3.1. Business performance

The performance of the Group's businesses during the crisis is demonstrating the essential nature of its operations. Operating profit reflects the impact that the COVID-19 crisis has had on operations since mid-March, mitigated by the geographical and business diversification of the Group. The performance of the Group's businesses improved in the second half of the year, enabling consolidated net profit at the Infrastructure and Concessions businesses to reach levels attained in the previous year.

Consolidated net profit from the businesses

(thousands of Euros)	2020	2019	Change (%)
Infrastructure business	71,517	66,519	*7.5%*
Concessions business	30,970	36,726	*-15.7%*
Consolidated net profit from the businesses	**102,487**	**103,245**	***-0.7%***

Infrastructure Business

The **Infrastructure Business** develops a wide range of services that were affected during the first half of the year, but due to their essential nature, their operations normalised in the second half. In addition, it implements turnkey projects in various sectors and countries, especially in the field of energy, where investments have continued due to their strategic nature.

(thousands of Euros)	2020	2019	Change (%)
Turnover	2,352,471	2,279,501	*3.2%*
EBITDA	161,708	176,717	*-8.5%*
Profit before tax	112,311	104,998	*7.0%*
Attributable net profit	71,517	66,519	*7.5%*

The **Infrastructure Business** logged sales of Euros 2,352.5 million, up 3.2% on the previous year.

Profit after tax at the **Infrastructure Business** amounted to Euros 71.5 million, a 7.5% increase compared to the previous year.

In the **national market**, positive growth rates have been achieved thanks to the commitment shown by the main service customers who have maintained or even advanced their investment plans anticipating the opportunities derived from the Integrated National Energy and Climate Plan (INECP) 2021-2030. Moreover, during this period, construction works of wind farms have been carried out in Galicia and Zaragoza, and of solar PV farms in Ciudad Real and Cáceres.

Elecnor thus remains a leader in the national market for services to large operators, mainly electric utilities and telecommunications companies.

Construction projects in the Spanish renewables sector, both solar PV and wind, as well as refurbishment and equipment of industrial buildings, commercial complexes, hotels, etc., contributed to the growth in the company's profit.

In the **international market**, it is worth highlighting the positive evolution of the construction of electricity transmission lines in Brazil and Chile, and also those of US subsidiaries (Hawkeye and Belco).

In the **international market**, where states of emergency were declared in a staggered manner in the various countries where the Group operates, note the contribution from construction projects such as solar PV farms and electricity transmission lines in Brazil, the construction of electricity transmission lines, substations and street lighting in Chile, and solar PV plants in the Dominican Republic.

Note also the positive performance in the US by the subsidiaries Hawkeye (engineering, construction and maintenance in the electricity and gas sector) and Belco (traffic), in Italy by electric power distribution and telecommunications activities conducted by the branch of Elecnor, S.A., and in the United Kingdom by the electricity business managed by the subsidiary IQA. In Norway, growth was driven by railway tunnel projects.

We highlight the design, construction and launch of the substations and transmission lines in Angola and the refurbishment of hydroelectric plants and construction of the water supply system in that country. Other growth drivers are: the design, supply and installation of substations and the construction of solar PV farms in Ghana, and construction work on hydroelectric plants in Cameroon.

This year the Group commenced work on the Vilnius-Klaipeda railway electrification in Lithuania, a project it was awarded at the end of 2019. The project's engineering and construction is expected to last four years.

Furthermore, Elecnor has commenced work to install the substation and transmission line for a hybrid solar-wind farm at Port Augusta, Australia, as well as on the engineering and construction of the New England Solar Farm in the same country. Elecnor has also partnered with Australian group Clough in a 50%-50% joint venture that was awarded the Euros 917 million contract to build the Energy Connect project, which includes 700 kilometres of high-voltage lines and 4 substations, and is being developed by Australian transmission network operator TransGrid.

Concessions business

The impact on the activity of the Group's **Concessions Business**, managed via its subsidiary Enerfín and its investee Celeo, has been moderate since the bulk of the assets are in operation. These assets have performed strongly, despite the impact on the income statement of the depreciation of the currencies in which the business operates (BRL down 33% and USD down 2% against EUR, approximately). Some assets currently under construction have experienced delays, but they are not expected to significantly affect profitability.

(thousands of Euros)	**2020**	**2019**	**Change (%)**
Turnover	145,232	190,769	*-23.9%*
EBITDA	112,791	144,712	*-22.1%*
Profit before tax	44,265	52,457	*-15.6%*
Attributable net profit	30,970	36,726	*-15.7%*

The **Concessions Business** encompasses the operation of wind farms, solar PV and solar thermal plants, electricity transmission lines and water treatment plants. Sales in this segment have fallen by 23.9%. The decline is the result of the corporate transaction arranged with APG in 2019[2], whereby, pursuant to the joint management of Celeo Concesiones e Inversiones, S.L., the profit of the Celeo subgroup is accounted for using the equity method under the heading "Profit/loss from equity-accounted investees" of the income statement, affecting the comparison of the figures under "Net turnover" and EBITDA.

Moreover, last year, the companies Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L. contributed to turnover as they were controlled by the Elecnor Group in the final five months of the year, as well as the rest of companies belonging to the Celeo Subgroup which were fully consolidated throughout last year. Excluding that effect, sales performance would have improved compared to the previous year. With regard to sales in foreign wind farms (Brazil and Canada), the increase in wind resources this year compared to the previous year offset the effect of currency depreciation.

Profit after tax in the **Concessions Business** amounted to Euros 31 million (Euros 36.7 million in the previous year). Last year profit included the margin obtained on the sale of solar PV developments (see note 2.f to the Annual Accounts of Elecnor, S.A. and Subsidiaries), whereas this year no operations of this scale were performed. Excluding profit obtained last year from the aforementioned operation, net profit attributable to this segment would have been positive year-on-year. Furthermore, profit in this segment factors in the depreciation of the Brazilian real in the year.

The Group operates 5,740 km of electricity transmission lines in Chile and Brazil and is involved in the construction of new electricity transmission lines in these countries, to be operated by the subsidiaries of Celeo Redes Chile and Celeo Redes Brazil, respectively. The Group built six solar PV plants (179.8 MW) in the Brazilian state of Piauí, whose energy sales were adjudicated in 2018 to the Brazilian subsidiaries in which the Elecnor Group has an interest.

In addition, profit from wind projects managed by the wind operation and development subsidiary Enerfín have mitigated the effect of the depreciation of the currencies in which the Group's assets operate, especially in Brazil, due to the greater availability of wind resources in the year, with profit or loss at the rest of wind business companies remaining stable. The Group has an installed capacity of 1,349 MW in wind farms in operation and construction in Spain, Brazil, Canada, Colombia and Australia. Note that this year the Group has launched the Cofrentes wind farm in Valencia, which will generate 155,000 MWh of electric power annually, as well as the San Fernando wind projects (256 MW).

3.2. Key figures in consolidated profit/loss for the year

As a result of the foregoing, the following are key figures in the Consolidated Income Statement, compared with those corresponding to the previous year:

KEY FIGURES (thousands of Euros)	**2020**	**2019**	**Change (%)**
Turnover	2,455,952	2,453,726	*0.1%*
National	1,238,600	1,168,656	*6.0%*
International	1,217,352	1,285,070	*-5.3%*
EBITDA	245,802	265,350 (1)	*-7.4%*
Profit before tax	125,932	190,077	*-33.7%*
Attributable consolidated net profit	78,303	126,377	*-38.0%*

(1) Net EBITDA from corporate transactions

2 See note 2.f Business combinations in the Notes to the Annual Accounts of Elecnor, S.A. and subsidiaries

Elecnor continues its internationalisation process and is a flagship company in the sectors of the national market in which it operates. The Group's **Turnover** amounted to Euros 2,455.9 million, a slight increase (+0.1%) with respect to the previous year. Although, thanks to the recovery in the second half, the national market logged 6% growth, the international market saw a delay in the launch of projects to be executed in 2021, as well as currency depreciation in some of the countries where the Group operates.

The **production backlog as of 31/12/20, scheduled for execution in the next 12 months,** amounts to Euros 2,273.1 million (Euros 2,222.7 at the end of the previous year). Compared with the previous year-end figure, the backlog has increased by 2.3%. 73% of the backlog corresponds to the international market.

Consolidated Net Profit at the Elecnor Group in 2020 amounted to Euros 78.3 million.
Comparability of last year's Euros 126.4 million profit is affected mainly by the impacts of the corporate transaction agreed with APG at the end of 2019 (outlined in Note 2.f of the Notes to the Annual Accounts of Elecnor, S.A. and Subsidiaries); the acquisition in June 2019 of 42.57% and 44.30% stakes in Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., respectively, by means of Celeo Termosolar (explained in Note 7 of the Notes to the Annual Accounts of Elecnor, S.A. and Subsidiaries, concerning Business Combinations); as well as other non-recurring amounts also set forth in the Notes to the Annual Accounts. Excluding these effects on profit or loss in the previous year, the Group's profit is similar to that of last year, as evidenced by the profit at the various businesses.

Net **EBITDA** from corporate transactions amounted to Euros 245.8 million, i.e. down 7.4% year-on-year[3], due mainly to the impact of the depreciation of currencies in countries where the Group operates.

On the other hand, the Group has implemented a constant policy of cost containment and control which is at present underpinned by the development of various digitalisation projects to enhance the efficiency of its business processes, some of which were launched in the year.

3.3. Financial position

In 2020, the Group's operating activity enabled it to generate a cash flow of Euros 194 million and its net investment amounted to Euros 209.6 million.

Corporation net financial debt (Euros 129.9 million) decreased by 4.2% with respect to the previous year's close (Euros 135.7 thousand). This was mainly due to the positive cash generation performance of the Group's businesses as a result of their operating activities.

The indebtedness ratio at year end, calculated as Corporation Net Financial Debt divided by EBITDA with recourse, was 0.83 (0.92 at the end of the previous year). This ratio is now solidly below 1x, and is therefore amply compliant with the benchmark ratio established in the syndicated financing agreement.

Meanwhile, Total Net Financial Debt (Euros 536.6 million) increased by 8.6% with respect to the previous year's figure (Euros 494.2 million), due to using project finance modalities in the San Fernando projects in Brazil.

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[3] *See appendix on Alternative Performance Measures.*

Net Financial Debt (thousands of Euros, at year-end)	**2020**	**2019**
Corporation Net Financial Debt	129,940	135,672
Net EBITDA from corporate transactions	245,802	265,350
With recourse	*144,591*	*122,633*
Without recourse	*101,211*	*142,717*
Ratio of Debt/EBITDA with recourse + projects div.	0.83	0.92

Net Financial Debt	536,649	494,133
With recourse	129,940	135,672
Without recourse	406,709	358,461
Net EBITDA from corporate transactions	245,802	*265,350*
Ratio of Total Net Financial Debt / net EBITDA from corporate transactions	2.18	*1.86*

With regard to the Group's **financial strategy**, we note:

- Elecnor maintains a **Syndicated Financing Agreement**, arranged in 2014 and renewed in 2015, 2016, 2017, 2018 and 2019, extending the maturity, improving the original conditions and including the voluntary prepayment of Euros 100 million in 2018. The financing has a cap of Euros 400 million, distributed between the Loan Tranche of Euros 200 million and a Credit Facility Tranche of Euros 200 million. The Credit Facility Tranche is subdivided into two parts: one denominated in US Dollars, up to a limit of USD 75 million and available for Elecnor and its subsidiary Elecdor, and one denominated in Euros up to a limit of Euros 134 million, available only to Elecnor. This will afford Elecdor sufficient financial capacity to tackle the projects in the oil and gas business being developed by the Group in Ecuador.

- Elecnor's strategy is to diversify its short- and medium-term financing sources, beyond traditional banking sources, by issuing another **Promissory notes programme in the Alternative Fixed Income Market (MARF)** that will enable it to finance itself in Euros and US Dollars over periods of up to 24 months, optimising the costs of funding working capital. The equivalent value of outstanding issues in Euros may not exceed the ceiling of Euros 300 million. In deciding to renew the programme, Elecnor valued the flexibility of the financing periods and the lower cost than that of alternative funding sources over the same maturities.

- In 2020, the company availed itself of sufficient **financing facilities** to maintain a solid liquidity position and be able to fulfil its obligations comfortably, even in scenarios of greater market contraction that might be caused by the COVID-19 situation (see Note 6.4 hereto, Liquidity Risk, and Note 33 to the Annual Accounts of Elecnor, S.A. and Subsidiaries).

- On 2 December 2020, Elecnor, S.A. set up a **Securitisation Fund** called "ELECNOR EFICIENCIA ENERGÉTICA 2020, Fondo de Titulización", to which it has assigned the credit claims derived from the contracts for the management of energy services and maintenance of public street lighting installations which Elecnor executes for 43 municipalities and public entities in Spain. By means of this structure, Elecnor obtains advantageous financing conditions for investment in the assigned contracts in the amount of Euros 50 million as a result of the credit claims assignment. The securitisation fund issued bonds in the aforementioned amount, which are subscribed and fully paid in, and which are trading in Spain's Alternative Fixed Income Market (MARF). These bonds are compliant with the requirements established by the "Green Bond Principles", and therefore qualify as green bonds for G-advisory, the Garrigues Group's consultancy firm. Axesor Rating has assigned the bonds issued by the Securitisation Fund an A+ rating, indicating a high capacity to meet its credit obligations. This is the first securitisation transaction for the sale of future credit claims derived from contracts with Public Entities to be conducted in Spain.

- In 2019, Elecnor, via its wind power development and operation subsidiary Enerfín, successfully completed an **issuance of bonds** to strengthen its wind farm business in Brazil. It issued bonds without recourse to the shareholder in the Brazilian securities market in the amount of BRL 325 million (Euros 73 million) for the Ventos do Sul wind farms (150 MW) located in the Brazilian state of Rio Grande do Sul. These farms commenced operation in 2006 and the financing arranged for their construction had been fully repaid before the issuance of these bonds. The funds from this bond placement will be used for investment in future projects. The issue was placed in two tranches at different costs. 70% was subscribed at the Brazilian Interbank Deposit Certificate (CDI) rate, with a spread of 0.75%, whereas the remaining 30% was linked to Brazil's Extended Consumer Price Index (IPCA) with a spread of 3.25%. In addition, in 2020 project financing was closed and disbursed for construction of the Cofrentes wind farm (Spain) and the São Fernando complex (North-East Brazil).

The Elecnor Group tackles its investment projects by arranging project financing, as described in section 6.2 "Interest rate risk" herein, while it finances its equity with the resources generated by the businesses of which the Group is comprised.

3.4. Material changes in accounting policies

The accounting policies and methods used to prepare the consolidated annual accounts in 2020 are the same as those applied to the consolidated annual accounts in 2019. All accounting principles with a significant effect have been applied in the drawing up of these consolidated and separate annual accounts.

3.5. Profit/(loss) at the Group's Parent, Elecnor, S.A.

KEY FIGURES (thousands of Euros)	**2020**	**2019**	**Change (%)**
Turnover	1,544,049	1,368,728	*12.8%*
National	1,079,540	987,643	*9.3%*
International	464,509	381,085	*21.9%*
Operating income	20,752	(7,203)	-
EBITDA	45,412	18,160	*150.1%*
Profit before tax	46,765	54,659	*-14.4%*
Profit after tax	31,633	30,122	*5.0%*

The operating income of the Group's parent company, Elecnor, S.A., was higher than in the previous year, since the international projects that have contributed most to consolidated income (in Brazil, Chile, United States, Australia) were carried out not only through subsidiaries, but also via branches of Elecnor S.A., such as Angola, Panama, Dominican Republic, Ghana, etc.

Profit before tax totalled Euros 46.8 million, i.e. 14.4% lower than in the previous year, due to lower dividend distribution by subsidiaries of Elecnor, S.A.

3.6. Average payment period

The average payment period to suppliers of the Group's Parent, Elecnor, S.A., calculated as per Additional Provision Three of Law 15/2010, dated 15 July, is 60 days. The average payment period to suppliers of the Group, calculated in the same way, is 59 days.

3.7. Turnover by activity

At 31 December each year and in thousands of Euros

Turnover by activity (thousands of Euros)	**2020**	**2019**	**Change (%)**
Electricity	982,949	908,347	*8.2%*
Power generation	470,708	573,375	*-17.9%*
Telecommunications and space	233,301	247,719	*-5.8%*
Facilities	213,434	215,105	*-0.8%*
Construction, environment and water	237,677	181,276	*31.1%*
Maintenance	170,770	171,830	*-0.6%*
Oil & Gas	92,572	106,793	*-13.3%*
Railways	54,541	49,281	*10.7%*
	2,455,952	**2,453,726**	***0.1%***

Once again, the main activity in turnover terms was **Electricity**, with Euros 982.9 million, an 8.2% increase on the 2019 figure, due to the strength of both the domestic market and the subsidiaries abroad (especially in the United States) and the branches in the Dominican Republic, Angola, Ghana, etc. **Power Generation** ranked second, with Euros 470.7 million, 17.9% lower than in 2019 due to the impact on this figure of the depreciation of the Brazilian real, as well as the completion of large power generation plants mainly in Panama, Jordan, Portugal, Algeria and Mauritania. We highlight the year-on-year growth in **Construction, environment and water** on the back of water supply projects in Angola and Oman. **Railways**, which includes sales from the railway tunnels project in Norway, has seen a 10.7% increase in activity.

4. Stock market information

	2020	**2019**
Closing share price (€)	11	10.95
Total volume of securities (million)	4.3	3.3
Total cash traded (€ million)	39.8	37.7
Number of shares (million)	87	87
Market capitalisation (€ million)	957	952.6
PER	12.2	7.5
Dividend yield	3.1%	2.4%

On 29 May 2020, the **supplementary dividend was distributed against profit for 2019**, in a gross amount of €0.27455644 (€0.28208755, including the pro-rata distribution of treasury shares).

On 9 December 2020, the **interim dividend against 2020 profit was paid**, in a gross amount of €0.05732 (€0.05889557, including the pro-rata distribution of treasury shares), thereby maintaining the same amount of interim dividend as last year.

Elecnor is not prohibited from paying dividends charged to 2020 pursuant to the provisions of Royal Decree-Law 18/2020 of 12 May, concerning social measures to safeguard employment, as the company previously paid the social security contributions from which it had been exempted as a result of the furlough schemes regulated in art. 1 of the aforementioned Royal Decree-Law.

Elecnor has not undertaken commitments that imply restrictions on the decisions to use the company's cash, such as on dividend payments, and neither is it expected to undertake commitments entailing such restrictions in the future.

5. Capital management policy

Key to Elecnor's strategy is its policy of maximum financial prudence. The capital structure is defined by the commitment to solvency and the aim of maximising shareholder returns.

6. Financial risk management policy

Elecnor is exposed to certain financial risks, which it manages by grouping together its systems for identifying, measuring and supervising risks and limiting the concentration thereof. Financial risk management and containment is performed on a coordinated basis by Corporate Management and the various Business Units and Subsidiaries that comprise the Group. Financial risk management activities are approved at the highest executive level, in accordance with the rules, policies and procedures in place.

6.1. Foreign currency risks

Market risk due to foreign currency risk arises from transactions that the Group performs on the international markets in the course of its business. Certain income and costs of materials consumed are denominated in currencies other than the functional currency. For this reason, the risk of fluctuating exchange rates of these currencies against the functional currency could have an impact on the Group's profit/loss.

In order to manage and minimise this risk, Elecnor uses hedging strategies, since its objective is to generate profits only through its ordinary business, and not by speculating in relation to exchange rate fluctuations.

The instruments used to achieve this hedge are essentially borrowings tied to the contract's collection currency, foreign currency hedges and swaps, whereby Elecnor and the bank exchange the cash flows arising from a loan denominated in Euros for the flows of another loan denominated in the currency in question, as well as the use of "currency baskets" in order to hedge mixed financing tied to various currencies.

6.2. Interest rate risk

Interest rate fluctuations change the fair value of assets and liabilities that accrue interest at fixed rates and the future cash flows from assets and liabilities indexed to floating interest rates. Elecnor has arranged external financing to enable it to carry on its operations, mainly in connection with the development, construction and operation of wind farms, solar projects and electricity infrastructure concessions, which it does under project financing arrangements. This kind of arrangement usually requires under contract that interest rate risk be partly covered using hedging instruments.

In the case of both project and corporate financing, borrowings are arranged mainly at floating rates and, where appropriate, hedging instruments are used to minimise the related interest rate risk. The hedging instruments, which are specifically assigned to financial debt, are limited to the same nominal value as the latter and the same maturity dates as the hedged items, and are essentially IRSs, the aim of which is to convert loans originally arranged at floating rates to fixed rates. In any case, the interest rate hedges arranged are all effective for accounting purposes.

6.3. Other price risks

The Group is also exposed to the risk that cash flows and profit/loss may be affected by changes in energy prices and by oil prices, among other issues. In order to manage and minimise these risks the Group occasionally uses hedging strategies.

6.4. Liquidity risk

Liquidity risk is mitigated through Elecnor's policy of holding cash and highly liquid non-speculative short-term instruments, such as the acquisition of treasury bills under non-optional repurchase agreements and very short-term US Dollar deposits, through leading credit institutions in order to be able to meet its future commitments and the arrangement of committed credit facilities of sufficient amount to cover its projected needs.

In March 2020, it became obvious that the pandemic would have an unforeseeable but in any case profound impact on global economic performance, especially in terms of:

1. Impact on global production volumes.
2. Major disruption in supply and distribution chains.
3. Financial impact on companies, affecting all sectors, albeit to very different degrees:
    - Cash stresses in the event of having insufficient liquidity.
    - Increase in perceived risk and in the cost of financing.

The financial department analysed the situation and the potential scenarios, in permanent contact with advisers and analysts from financial institutions. The main conclusions were:

- Once governments and the ECB had announced measures (in the latter case, primarily the Euros 750 billion pandemic emergency purchase programme, or PEPP), a collapse of the financial system leading to widespread bank default or the application of market disruption clauses was considered highly unlikely.
- There was a market consensus concerning the importance of having considerable liquidity to tackle a period of maximum uncertainty, so Elecnor examined the various alternatives to raise its financing limits.

The conclusion was that the existing financing limits should be sufficient to tackle even the most adverse scenarios in cash forecasting, having updated the potential effects of COVID-19.

Nevertheless, it had to be taken into account that the financing sources include promissory notes issued in the MARF, and that, at the time, it was not possible to know if they could be renewed, so the company decided to arrange new bilateral loans.

Ultimately, the MARF did continue to provide financing, and although many issuers are struggling to place debt in this market, Elecnor is not among them, so its current financing limits exceed the forecasts and liquidity risk is negligible.

At 31 December 2020, the Elecnor Group has a solid liquidity position, with sufficient cash and available credit facilities to comfortably meet liquidity requirements even if markets contract.

6.5. Credit risk

The main credit risk arises from trade receivables, when the counterparty or customer does not meet their contractual obligations. To mitigate this risk, the Group operates with customers that have adequate credit records. In view of its activities and the sectors in which it operates, Elecnor has customers with very high credit ratings. However, in the case of non-recurring international sales to customers, mechanisms such as advances, irrevocable letters of credit and insurance policies are used to ensure collection. Furthermore, the financial solvency of customers is analysed and specific terms and conditions are included in contracts, aimed at guaranteeing customer payments of the stipulated price.

In the case of the wind farms, the power produced - in accordance with the legislative framework in force for the electricity industry - is sold in the Iberian Electricity Market (MIBEL) and income is collected from the operator of the Spanish Electricity Market (OMIE) through a payment-guarantee system and from the Spanish National Commission on Markets and Competition (CNMC), which regulates energy markets in Spain and reports to the Ministry of Industry. Moreover, on 1 June the long-term energy sales agreement between the Cofrentes wind farm and CEPSA entered into force. In addition, Ventos do Sul Energía, S.A., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A., Ventos do Litoral Energía, S.A. and Ventos dos Índios Energía, S.A. (Río Grande do Sul, Brazil) entered into long-term agreements with the corresponding Brazilian electricity distribution companies to sell the electric power that they will generate over a period of 20 years. Furthermore, the newly built farms in the São Fernando complex in North-East Brazil sell part of the power generated in the Short-Term Market and a low volume of short-term bilateral agreements with suppliers until the long-term electricity sales agreements (most exceeding 20 years) enter into force from 2022. Furthermore, Eóliennes de L'Érable has signed a 20-year contract to sell the electricity it generates to Canadian electric utility Hydro-Québec.

With regard to transmission lines operated as concessions in Brazil, Operador Nacional do Sistema Elétrico (ONS) is responsible for coordinating collections and payments within the country's electricity system and notifies the concession holder of the companies from which collections must be made: generators, major consumers and transmission entities. Prior to connecting to the system these companies deposit a guarantee. In the event of non-payment this guarantee will be executed, they will be immediately disconnected from the system and the payment obligation will be shared among the remaining users of the system. Accordingly, the concession holder has the guaranteed payment from the national power grid system, there having been no payment default by its users.

The transmission lines currently in operation in Chile belong to that country's national grid (National Transmission System), in which Coordinador Eléctrico Nacional (CEN) coordinates the flow of payments to transmission companies. The current system remained until December 2018, whereby those responsible for paying the transmission companies were the generating companies. Since 2019, distributors have also been liable for payments, so the portfolio of payers became more diversified from that date on. The payment guarantee of the national transmission grid is based on a CEN Procedure that establishes that, in the event of non-payments by a coordinated company (company coordinated by CEN), the defaulting party is disconnected from the grid, and the payment obligation is spread among the remaining coordinated companies.

Furthermore, in Chile we are building certain assets for the Zonal Transmission System, a segment characterised by its lines and substations positioned to supply regulated customers in a specific geographical area. In this case, as in the case of assets in the National Transmission System, their remuneration is safeguarded by the CEN collection procedure.

Elecnor always seeks to implement the strictest measures to mitigate this risk and conducts periodic analyses of its exposure to credit risk, making the relevant impairment adjustments where necessary.

6.6. Regulatory risk

Elecnor closely monitors regulatory risk, particularly that affecting renewable energy, to adequately reflect its impact on the consolidated income statement.

Order TED/668/2020, of 17 July, was published in 2020, reviewing remuneration on investments of 2018 and 2019. This review emerged as a result of Royal Decree-Law 15/2018, exempting the payment of tax on electricity production (7%) in the final quarter of 2018 and the first quarter of 2019, since this exemption was not taken into account by the government when calculating remuneration parameters.

With regard to facilities located abroad, the wind farms in Brazil have long-term electricity sale-purchase agreements (20 years) with various buyers (Eletrobras, Câmara de Comercialização de Energia Elétrica, Cemig and distributors), these agreements having been signed within the framework implemented by the Federal Government and through private auction. In addition, the first 100% 'de-contracted' project was launched in Brazil (24.2 MW), which sells energy in the free market. With regard to the Canada farm, it has a 20-year sale-purchase agreement with Hydro-Québec.

6.7. Other risks

In addition to the risks outlined above, the Elecnor Group is exposed to various risk factors (governance, strategic, planning and economic environment, operating, reporting and compliance risks) linked to the sectors in which it operates and the long list of countries in which it operates, either consistently or by means of one-off projects. The Group uses its Risk Management System to continually manage and prevent these risks, reducing to acceptable levels the probability of their materialising and mitigating their potential impact, where applicable, on business volume, profitability and efficiency, reputation and sustainability. The pillars of this Risk Management System are the ongoing identification and assessment of the risks to which the Group is exposed, the improvement of related management mechanisms and tools and the permanent oversight and monitoring of the entire process.

The Group does not expect the UK's withdrawal from the EU (Brexit) to have a material impact on its financial statements, considering it does not operate in the country, with the main impact resulting from exchange rate differences.

The means deployed to enable teleworking during the pandemic lockdowns have been mainly: over-dimensioning communications, immediately buying in laptops and distributing them at various work centres, establishing secure and robust VPN technologies, securing workplaces with next-generation anti-virus treatments, dual-factor authentication, training employees with regard to cybersecurity and, in particular, the human factor.

7. Environment

The Elecnor Group aims to contribute actively and decisively to the construction of a sustainable, low-carbon future by generating renewable energies, implementing energy efficiency measures, reducing its carbon footprint and through proper environmental management.

In this connection, and with the aim of contributing to UN Global Compact Sustainable Development Goal 13 "Climate Action", Elecnor fosters the development of its activity in a sustainable manner adapted to climate conditions and always with the involvement and commitment of all persons belonging to the Group.

Consequently, Elecnor's activity is framed by its Environmental Management System and Energy Management, certified in accordance with ISO 14001 and ISO 50001 standards, respectively, as well as its Climate Change Strategy. The Environmental Management System establishes effective control mechanisms to minimise the most significant impacts arising from the Group's various activities, such as the generation of waste, impact on the natural environment, the use of natural and energy resources and the impact on flora and fauna.

Climate change is a challenge in respect of which the Group has worked hard in recent years, in particular by calculating its carbon footprint in accordance with internationally accepted standards and by implementing measures to reduce GHG emissions within its scope of action.

Elecnor has conducted a strategic diagnosis of adaptation to climate change based on the recommendations of the Intergovernmental Panel on Climate Change, in order to identify opportunities and risks in that connection. On this basis it has developed its 2030 Climate Change Strategy, establishing the framework for all the Group's actions to reduce greenhouse gas (GHG) emissions, adapt to climate change impacts and tap into the associated opportunities.

In global terms, the Environmental Management strategy is governed by the following guiding principles:

- To incorporate environmental considerations in the decision-making processes regarding investments and the planning and execution of activities, encouraging their being taken into account in cost-benefit analyses.
- To foster protection, conservation and sustainable use of the natural environment (air, water, soil, fauna, flora and landscape) by adopting specific preventing, mitigating and offsetting measures to protect and restore areas that may be affected by the Group's activities.
- To responsibly and efficiently manage water resources, based on the fully integrated cycle, nurturing social development and the conservation of ecosystems.
- Involving all stakeholders (employees, shareholders, customers, suppliers and society at large) in the joint quest for useful solutions to the challenges of preserving and developing the environment and using natural resources sustainably.

The Non-Financial Information section of this Report outlines the goals, strategies and initiatives implemented in 2020 in accordance with the Group's Environmental Management policy.

8. Human Resources

Elecnor's workforce (*) **At 31 December each year**	**2020**	**2019**	**Change (%)**
Domestic	10,542	9,336	*12.9%*
International	7,661	5,519	*38.8%*
	18,203	**14,855**	***22.5%***

*This calculation does not include directors who are not on the Group's workforce.

People are Elecnor's main asset, and its overall strategy is underpinned by values such as talent, transparency and team work in conditions of the utmost safety. In this connection, occupational risk prevention is a common denominator throughout all the Group's activities. The commitment to prevention is part of its culture. And it is a commitment that goes beyond legal regulations and customers' requirements, with exacting and very clear goals: zero accidents and zero tolerance to non-compliances with the preventive measures established by the company.

At 2020 year-end, the Group's workforce had increased by 3,348 (22.5%) to **18,203 employees**. In the domestic market the increase was of 12.9%, largely to cover the need to support the international business. Abroad, there was a general increase of 38.8%. Note the growth in the workforce in Europe: United Kingdom and Italy; in Africa: Angola, Cameroon and Ghana; in Asia: Oman; and in Latin America: Chile, El Salvador and Brazil. There are also new countries with local employees: Belgium, Lithuania and Mozambique.

9. RDI

The initiatives undertaken in the year 2020 were:

- Maintaining UNE 166.002 certification for the RDI Management systems of Elecnor and Audeca.
- Certification of the phytotreatment project in accordance with UNE 166001 standards.
- Submission of LIFE WAPTECH Alguazas to 2020 call for proposals.
- Launch of INNOVA 2020 call for proposals for RDI project funding.
- Performance of certain projects with customers and collaborators (as requested by the Ministry for Development with other collaborating entities-consortium).
- Using RDI to boost business competitiveness.
- Approval by CDTI of financing for two projects. One by Audeca (Environment) and another by Enerfín (energy storage at wind farms).
- The digital transformation of the company. Digitalisation: continuity in the integration of BIM working methodology and tools.
- In April, the CDTI approved by competitive tender 3 proposals to be supported in the technological programme of the ESA aimed at Galileo activities, the launch of a micro-satellite developed by Elecnor Deimos and research into a constellation of micro-satellites. These adjudications imply the allocation to

Deimos of more than Euros 1 million in R&D aid, equivalent to 11% of the total budget of the call for proposals.

- As usual, Deimos Space played a significant part in proposals submitted for the European Union Horizon 2020 R&D programme in March this year. In July, when the results of the tender were published, Deimos was adjudicated 4 of the 8 projects to which it had presented proposals, for a value of close to Euros 1.1 million. In this programme, a 25% success rate of submitted projects is considered a good result, and Deimos doubled that rate.

Improvements planned for 2021:

- Technical workshops to be held in partnership with technological companies.
- Increasing the number of financed projects with customers and partners.
- Fostering a culture of innovation at the company by establishing new metrics and indicators.

10. Significant events subsequent to year-end

Between 31 December 2020 and the preparation of the Individual and Consolidated Financial Statements there were no significant events that might materially alter the true and fair view of said financial statements.

11. Outlook for 2021

11.1. Economic context

As explained in section 2 of this report – Economic context, the outlook for next year is for global growth. Despite the persistent high degree of uncertainty due to possible new virus variants, the global economy is expected to grow, especially in the latter part of the year, thanks to the vaccines and the additional policy support in some leading economies.

11.2. Elecnor Group

The Group continues the productive activity, applying the protocols developed to combat the spread of COVID-19 and protect the health and safety of workers.

The Group's businesses continue to generate solid operating cash-flow, which reinforces its financial position. Additionally, Elecnor has financing facilities available for amounts sufficient to mitigate liquidity needs in the current situation. It is also tracking all accounts receivable from customers and current ongoing production values with the aim of controlling credit risk. Finally, it is considered that capital recovery will not be compromised by the effects of the pandemic situation.

Accordingly, underpinned by a solid order book and by the company’s geographical and business diversification, in 2021 the Elecnor Group looks forward to improving on the previous year's figures in terms of both turnover and profits.

12. Share capital and acquisition of own shares

At 31/12/2020, the share capital of Elecnor, S.A. was represented by 87,000,000 shares, each with a par value of 10 Euro cents, fully subscribed and paid in, implying a share capital of Euros 8,700,000.

Elecnor, S.A.'s shares are traded in Spain's SIBE electronic trading system, where shares in the leading Spanish companies are traded, and the market with the largest trading volume in Spain.

At 31 December 2019, Elecnor had a portfolio of 2,320,809 shares. In 2020 it acquired 175,097 securities, and sold 174,964. Accordingly, at 31 December 2020 it had a total of 2,320,942 own shares, 2.7% of all shares in the company, unchanged on the previous year.

13. Related party transactions

With regard to the disclosures on related party transactions, see the details in the notes to the individual and consolidated financial statements at 31 December 2020, as provided in article 15 of Royal Decree 1362/2007.

14. Annual Corporate Governance Report

In compliance with the legal stipulations and in accordance with the model circulated by the Spanish National Securities Market Commission (CNMV), the Board of Directors of Elecnor, S.A. has drawn up the Annual Corporate Governance Report for the year ended 31 December 2020. Said document is available on the CNMV website and at www.elecnor.com.

15. Non-financial information

In compliance with Law 11/2018, of 28 December, concerning non-financial information and diversity, Elecnor, S.A. includes its Non-Financial Information Statement in the Consolidated Directors' Report of the Elecnor Group.

Appendix containing alternative performance measures

Alternative measures of the Elecnor Group's performance

KEY FIGURES

(thousands of Euros)	**2020**	**2019**	**Change (%)**
Turnover	2,455,952	2,453,726	*0.1%*
Domestic	1,238,600	1,168,656	*6.0%*

International	1,217,352	1,285,070	*-5.3%*
EBITDA	245,802	265,350 [1]	*-7.4%*
Profit before tax	125,932	190,077	*-33.7%*
Attributable consolidated net profit	78,303	126,377	*-38.0%*

[1] EBITDA net from corporate transactions

Turnover by segments (thousands of Euros)	**2020**	**2019**	**Change (%)**
Infrastructure business	2,352,471	2,279,501	*3.2%*
Concessions business	145,232	190,769	*-23.9%*
Subtotal Businesses	**2,497,703**	**2,470,270**	***1.1%***
Corporation	-	-	
Operations between segments	(41,751)	(16,544)	-
	2,455,952	**2,453,726**	*0.1%*

Turnover by activity (thousands of Euros)	**2020**	**2019**	**Change (%)**
Electricity	982,949	908,347	*8.2%*
Power generation	470,708	573,375	*-17.9%*
Telecommunications and space	233,301	247,719	*-5.8%*
Facilities	213,434	215,105	*-0.8%*
Construction, environment and water	237,677	181,276	*31.1%*
Maintenance	170,770	171,830	*-0.6%*
Oil & Gas	92,572	106,793	*-13.3%*
Railways	54,541	49,281	*10.7%*
	2,455,952	**2,453,726**	***0.1%***

EBITDA
"Earnings Before Interest, Taxes, Depreciation, and Amortisation" or Gross Operating Profit.

	2020	**2019**	**Change (%)**
EBITDA = Gross Operating Profit:	**245,802**	**386,996**	*-36.5%*
Operating income	146,568	239,676	

+ Expense for amortisation, depreciation, impairment and charges to provisions	99,240	162,122	
+ Negative difference in business combinations	-6	-14,802	
EBITDA from corporate transactions in the year		121,646	
NET EBITDA FROM CORPORATE TRANSACTIONS	**245,802**	**265,350**	-7.4%

EBITDA from corporate transactions

(thousands of Euros)	2020	2019
Profit/loss from equity-accounted investees:		
Profit/loss from business combinations as per Note 2.f to the Annual Accounts of Elecnor, S.A. and Subsidiaries	-	178,345
Profit/loss from business combinations as per Note 7 to the Annual Accounts of Elecnor, S.A. and Subsidiaries	-	-47,445
Profit/loss from business combinations (solar thermal companies) as per Note 7 to the Annual Accounts of Elecnor, S.A. and Subsidiaries	-	-9,254
Assignment of purchase price of Jaurú to Celeo Redes (as per Note 13 of the Annual Accounts of Elecnor, S.A. and Subsidiaries)		
EBITDA from corporate transactions in the year	-	**121,646**

EBITDA by segments (thousands of Euros)	**2020**	**2019**	**Change (%)**
Infrastructure business	161,708	176,717	*-8.5%*
Concessions business	112,791	144,712	*-22.1%*
Subtotal Businesses	**274,499**	**321,429**	***-14.6%***
Corporation	(21,394)	72,637	
Operations between segments	(7,303)	(7,070)	
EBITDA	**245,802**	**386,996**	***-36.5%***
NET **EBITDA** FROM CORPORATE TRANSACTIONS	**245,802**	**265,350**	*-7.4%*

Profit before income tax by segment (thousands of Euros)	**2020**	**2019**	**Change (%)**
Infrastructure business	112,311	104,998	*7.0%*
Concessions business	44,265	52,462	*-15.6%*
Subtotal Businesses	**156,576**	**157,460**	***-0.6%***
Corporation	(24,055)	38,978	
Operations between segments	(6,589)	(6,361)	
Total Group	**125,932**	**190,077**	***-33.7%***

Consolidated net profit attributable by segment (thousands of Euros)	**2020**	**2019**	**Change (%)**
Infrastructure business	71,517	66,519	*7.5%*
Concessions business	30,970	36,726	*-15.7%*
Consolidated net profit from the businesses	**102,487**	**103,245**	***-0.7%***
Corporation	(19,815)	29,560	
Operations between segments	(4,369)	(6,428)	
Total Group	**78,303**	**126,377**	***-38.0%***

Alternative measures of profit and loss of the Parent of the Elecnor Group

KEY FIGURES (thousands of Euros)	**2020**	**2019**	**Change (%)**
Turnover	1,544,049	1,368,728	*12.8%*
Domestic	1,079,540	987,643	*9.3%*

International	464,509	381,085	*21.9%*
Operating income	20,752	(7,203)	-
EBITDA	45,412	18,160	*150.1%*
Profit before tax	46,765	54,659	*-14.4%*
Profit after tax	31,633	30,122	*5.0%*

	2020	2019	Change (%)
EBITDA = Gross Operating Profit	45,412	18,160	*150.1%*
Operating income	20,752	(7,203)	
+ Expense for amortisation, depreciation, impairment and charges to provisions	24,660	25,364	

Stock market information

	2020	2019
Closing share price (€)	11	10.95
Total volume of securities (million)	4.3	3.3
Total cash traded (€ million)	39.8	37.7
Number of shares (million)	87	87
Market capitalisation (€ million)	957	952.6
PER	12.2	7.5
Dividend yield	3.1%	2.4%

Group backlog

Pending backlog

(thousands of Euros, at year-end)	2020	2019	% of total (2020)
Domestic	611,915	547,368	*27%*
International	1,661,166	1,675,349	*73 %*
TOTAL	**2,273,081**	**2,222,717**	
Growth percentage	*2.3%*	*4.5%*	

Alternative debt measures; indebtedness ratio

Net Financial Debt

(thousands of Euros, at year-end)	2020	2019	Change (%)
Corporation Net Financial Debt	129,940	135,672	*-4.2%*
Net EBITDA from corporate transactions	245,802	265,350	

With recourse	*144,591*	*122,633*	
Without recourse	*101,211*	*142,717*	
Ratio of Debt/EBITDA with recourse + projects	0.83	0.92	
Total Net Financial Debt	536,649	494,133	8.6%
With recourse	*129,940*	*135,672*	
Without recourse	*406,709*	*358,461*	
Net EBITDA from corporate transactions	245,802	265,350	
Ratio of total net financial debt to net EBITDA from corporate transactions	2.18	1.86	

	2020	**2019**
Corporation Net Financial Debt *(Net Financial Debt in Note 17 of the Annual Accounts of Elecnor, S.A. and Subsidiaries)*	**129,940**	**135,672**
Net EBITDA from corporate transactions	245,802	265,350
EBITDA without recourse (from projects financed via funding without recourse)	*101,211*	*142,717*
EBITDA with recourse	*144,591*	*122,633*
Dividends from projects financed via funding without recourse.	25,403	30,719
Reversal of the effect on EBITDA with recourse of application of IFRS 16	-12,655	-6,385
EBITDA with recourse +Dividends from projects without recourse net of the effect of IFRS 16	**157,339**	**146,967**
Indebtedness ratio = Corporation Net Financial Debt/(EBITDA with recourse + dividends from projects)	*0.83*	*0.92*

Calculation of Total Net Financial Debt:

	2020	2019
+ Financial liabilities from issuing bonds and other marketable securities	110,349	135,120
+ Financial liabilities on loans and borrowings	807,840	680,898
+ Derivative financial instruments (from Non-current liabilities and current liabilities in the Consolidated Statement of Financial Position)	18,131	19,854
- Current investments in related companies	(141)	(128)
- Derivative financial instruments	(830)	(3,873)
- Cash and cash equivalents	(391,628)	(325,116)
- Other current financial investments	(9,594)	(6,429)
+ Loans granted by public entities (Note 17)	4,448	5,277
+ Derivative financial instruments (from Current assets in the Consolidated Statement of Financial Position) for exchange rate hedging (Note 18)	391	
- Derivative financial instruments (from Non-current liabilities and current liabilities in the Consolidated Statement of Financial Position) for exchange rate hedging (Note 18)	(4,220)	(11,469)
- Reversal of the effect on EBITDA with recourse of the application of IFRS 9	1,903	
Total Net Financial Debt	**536,649**	**494,134**
(increase on previous year's close)	*8.6%*	*-13.4%*

elecnor

ANNUAL CORPORATE GOVERNANCE REPORT 2020

www.elecnor.com

ELECNOR, S.A. ANNUAL CORPORATE GOVERNANCE REPORT FOR THE 2020 FINANCIAL YEAR

In compliance with the applicable legal obligations and based on the model circulated by the CNMV (Spain's National Securities Market Commission), the Board of Directors of ELECNOR, S.A. (hereinafter Elecnor or the Company) has prepared this Annual Corporate Governance Report (hereinafter the REPORT) for the financial year ending 31 December 2020.

The REPORT was approved by the Company's Board of Directors at its meeting held on 24 February 2021 and the CNMV shall immediately be notified and sent the REPORT by electronic means for its dissemination.

The REPORT shall also be made available to the shareholders upon the publication of the announcement of the Annual General Shareholders' Meeting to decide on the approval of the Annual Financial Statements for the financial year ending 31 December 2020.

A) OWNERSHIP STRUCTURE

A.1. COMPLETE THE TABLE BELOW WITH DETAILS OF THE COMPANY'S SHARE CAPITAL.

Date of last change	Share capital (euros)	Number of shares	Number of voting rights
20/05/2009	8,700,000	87,000,000	87,000,000

Indicate whether there are different classes of shares with different associated rights:

Yes No ☒

Class	Number of shares	Par value	Number of voting rights	Rights and obligations conferred

A.2. LIST THE COMPANY'S SIGNIFICANT DIRECT AND INDIRECT SHAREHOLDERS AT YEAR END, EXCLUDING DIRECTORS:

Name or company name of shareholder	% of voting rights attached to the shares		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
CANTILES XXI, S.L.	52.759%				52.759%
SANTANDER ASSET MANAGEMENT, S.A., SGIIC		3.089%			3.089%

Breakdown of the indirect holding:

Name or company name of the indirect owner	Name or company name of the direct owner	% of voting rights attached to the shares	% of voting rights through financial instruments	% of total voting rights
SANTANDER ASSET MANAGEMENT, S.A.,	SANTANDER SMALL CAPS ESPAÑA, FI SANTANDER SOSTENIBLE 1, FI SANTANDER SOSTENIBLE 2, FI SANTANDER SOSTENIBLE ACCIONES, FI	3.089%		3.089%

Indicate the most significant changes in the shareholder structure during the year

Name or company name of shareholder	Date of the operation	Description of the operation

A.3. COMPLETE THE FOLLOWING TABLES ON MEMBERS OF THE COMPANY'S BOARD OF DIRECTORS HOLDING VOTING RIGHTS ON THE COMPANY'S SHARES:

Name or company name of director	% of voting rights attached to the shares		% of voting rights through financial instruments		% of total voting rights	% of voting rights that can be transmitted through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR JAIME REAL DE ASÚA ARTECHE	0.026%				0.026%		
MR IGNACIO PRADO REY-BALTAR	0.464%				0.464%		
MR FERNANDO AZAOLA ARTECHE	0.326%				0.326%		
MR MIGUEL CERVERA EARLE	0.164%	0.004%			0.169%		
MS ISABEL DUTILH CARVAJAL	0.010%				0.010%		
MR JOAQUÍN GÓMEZ DE OLEA MENDARO	0.001%	0.115%			0.116%		
MR CRISTÓBAL GONZÁLEZ DE AGUILAR ALONSO-URQUIJO	0.135%				0.135%		
MS IRENE HERNÁNDEZ ÁLVAREZ	0.007%				0.007%		
MR JUAN LANDECHO SARABIA	0.003%	0.082%			0.085%		
MR SANTIAGO LEÓN DOMECQ	0.414%				0.414%		
MR RAFAEL MARTÍN DE BUSTAMANTE VEGA	0.025%				0.025%		
MR MIGUEL MORENÉS GILES		1.011%			1.011%		
MR RAFAEL PRADO ARANGUREN	0.148%				0.148%		
MR EMILIO YBARRA AZNAR	0.011%				0.011%		

% of the total share capital held by the Board of Directors	2.948%

Breakdown of the indirect holding:

Name or company name of director	Name or company name of the direct owner	% of voting rights attached to the shares	% of voting rights through financial instruments	% of total voting rights	% of voting rights that can be transmitted through financial instruments
MR MIGUEL CERVERA EARLE	MS MARIA DEL MAR MANCA DIAZ	0.004%		0.004%	
MR JOAQUÍN GÓMEZ DE OLEA MENDARO	BARANGO, S.L.	0.115%		0.115%	
MR JUAN LANDECHO SARABIA	MS. SOFIA CANOSA CASTILLO	0.082%		0.082%	
MR MIGUEL MORENÉS GILES	KEROW INVERSIONES, S.L.	1.011%		1.011%	

A.4. IF APPLICABLE, INDICATE ANY FAMILY, COMMERCIAL, CONTRACTUAL OR CORPORATE RELATIONSHIPS THAT EXIST AMONG SIGNIFICANT SHAREHOLDERS TO THE EXTENT THAT THEY ARE KNOWN TO THE COMPANY, UNLESS THEY ARE INSIGNIFICANT OR ARISE IN THE ORDINARY COURSE OF BUSINESS, WITH THE EXCEPTION OF THOSE REPORTED IN SECTION A.6:

Not applicable.

A.5. IF APPLICABLE, INDICATE ANY COMMERCIAL, CONTRACTUAL OR CORPORATE RELATIONSHIPS THAT EXIST BETWEEN SIGNIFICANT SHAREHOLDERS AND THE COMPANY AND/OR ITS GROUP, UNLESS THEY ARE INSIGNIFICANT OR ARISE IN THE ORDINARY COURSE OF BUSINESS:

Not applicable.

A.6. DESCRIBE THE RELATIONSHIPS, UNLESS INSIGNIFICANT FOR BOTH PARTIES, THAT EXIST BETWEEN SIGNIFICANT SHAREHOLDERS OR SHAREHOLDERS REPRESENTED ON THE BOARD AND DIRECTORS, OR THEIR REPRESENTATIVES IN THE CASE OF DIRECTORS THAT ARE LEGAL PERSONS.

EXPLAIN, IF APPLICABLE, HOW THE SIGNIFICANT SHAREHOLDERS ARE REPRESENTED. SPECIFICALLY, INDICATE THOSE DIRECTORS APPOINTED TO REPRESENT SIGNIFICANT SHAREHOLDERS, THOSE WHOSE APPOINTMENT WAS PROPOSED BY SIGNIFICANT SHAREHOLDERS, OR WHO ARE LINKED TO SIGNIFICANT SHAREHOLDERS AND/OR COMPANIES IN THEIR GROUP, SPECIFYING THE NATURE OF SUCH RELATIONSHIPS OR TIES. IN PARTICULAR, MENTION THE EXISTENCE, IDENTITY AND POST OF ANY DIRECTORS OF THE LISTED COMPANY, OR THEIR REPRESENTATIVES, WHO ARE IN TURN MEMBERS OR REPRESENTATIVES OF MEMBERS OF THE BOARD OF DIRECTORS OF COMPANIES THAT HOLD SIGNIFICANT SHAREHOLDINGS IN THE LISTED COMPANY OR IN GROUP COMPANIES OF THESE SIGNIFICANT SHAREHOLDERS.

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post
MR JAIME REAL DE ASÚA ARTECHE	CANTILES XXI, S.L.		DEPUTY CHAIRMAN
MR IGNACIO PRADO REY BALTAR	CANTILES XXI, S.L.		
MR JOAQUÍN GÓMEZ DE OLEA Y MENDARO	CANTILES XXI, S.L.		CHAIRMAN
MR MIGUEL CERVERA EARLE	CANTILES XXI, S.L.		
MR CRISTÓBAL GONZÁLEZ DE AGUILAR ALONSO-URQUIJO	CANTILES XXI, S.L.		ALTERNATE DIRECTOR
MR JUAN LANDECHO SARABIA	CANTILES XXI, S.L.		DIRECTOR
MR SANTIAGO LEÓN DOMECQ	CANTILES XXI, S.L.		
MR MIGUEL MORENÉS GILES	CANTILES XXI, S.L.		DIRECTOR
MR GABRIEL DE ORAA Y MOYUA	CANTILES XXI, S.L.		DIRECTOR
MR RAFAEL PRADO ARANGUREN	CANTILES XXI, S.L.		

A.7. INDICATE WHETHER THE COMPANY HAS BEEN NOTIFIED OF ANY SHAREHOLDERS' AGREEMENTS THAT MAY AFFECT IT, IN ACCORDANCE WITH THE PROVISIONS OF ARTICLES 530 AND 531 OF THE SPANISH CORPORATE ENTERPRISES ACT. IF SO, DESCRIBE THEM BRIEFLY AND LIST THE SHAREHOLDERS BOUND BY THE AGREEMENT:

Yes No ☒

INDICATE WHETHER THE COMPANY IS AWARE OF ANY CONCERTED ACTIONS AMONG ITS SHAREHOLDERS. IF SO, PROVIDE A BRIEF DESCRIPTION:

Yes No ☒

Parties to the concerted action	% of share capital concerned	Brief description of the concerted action	Expiry date of the concert, if any

If any of the aforementioned agreements or concerted actions have been amended or terminated during the year, indicate this expressly:

Not applicable.

A.8. INDICATE WHETHER ANY INDIVIDUAL OR COMPANY EXERCISES OR MAY EXERCISE CONTROL OVER THE COMPANY IN ACCORDANCE WITH ARTICLE 5 OF THE SECURITIES MARKET ACT. IF SO, IDENTIFY THEM:

Yes ☒ No

Name or company name
CANTILES XXI, S.L.

Remarks
In accordance with the provisions of Article 42 of the Commercial Code

A.9. COMPLETE THE FOLLOWING TABLE WITH DETAILS OF THE COMPANY'S TREASURY SHARES:

At the close of the year

Number of direct shares	Number of indirect shares (*)	Total percentage of share capital
2,320,942	------	2.67%

Explain any significant changes during the year:

Explain significant changes
There have been no significant changes.

A.10. PROVIDE A DETAILED DESCRIPTION OF THE CONDITIONS AND TERMS OF THE AUTHORITY GIVEN TO THE BOARD OF DIRECTORS TO ISSUE, REPURCHASE, OR DISPOSE OF TREASURY SHARES.

On 16 May 2017, Elecnor's General Shareholders' Meeting approved by a majority of 95.73% of the present and represented share capital, the Fifth Agreement of the Agenda, the literal transcription of which is as follows:

"It is hereby agreed, by a majority, to authorise the Board of Directors to acquire through purchase or by "inter vivos" disposition for a consideration of the Company's own shares by the Company, or of the Controlled Companies, in accordance with the provisions of Articles 146(a) and 509 of the Capital Companies Act, authorising it to acquire at most, the number of shares that the Law and/or the legal provisions of mandatory compliance provide for at all times and that, at present, in addition to those already owned by the Company, do not exceed 10% of its share capital, with a minimum acquisition price of the nominal value of the shares and a maximum price not to exceed 30% of its listed value on the stock exchange and for a period of five years, leaving without effect the authorisation granted at the General Shareholders' Meeting of 23 May 2012.

This authorisation could be used in whole or in part for the acquisition of own shares for delivery or transmission to Executive Directors or members of the Senior Management of the Company or its group's companies".

On the other hand, there is no current mandate from the General Shareholders' Meeting to Elecnor's Board of Directors to issue Company shares.

A.11. ESTIMATED FLOATING CAPITAL

	%
Estimated floating capital	30%

A.12. INDICATE WHETHER THERE ARE ANY RESTRICTIONS (ARTICLES OF INCORPORATION, LEGISLATIVE OR OF ANY OTHER NATURE) PLACED ON THE TRANSFER OF SHARES AND/OR ANY RESTRICTIONS ON VOTING RIGHTS. IN PARTICULAR, INDICATE THE EXISTENCE OF ANY TYPE OF RESTRICTION THAT MAY INHIBIT A TAKEOVER OF THE COMPANY THROUGH ACQUISITION OF ITS SHARES ON THE MARKET, AS WELL AS SUCH REGIMES FOR PRIOR AUTHORISATION OR NOTIFICATION THAT MAY BE APPLICABLE, UNDER SECTOR REGULATIONS, TO ACQUISITIONS OR TRANSFERS OF THE COMPANY'S FINANCIAL INSTRUMENTS.

Yes No ☒

A.13. INDICATE WHETHER THE GENERAL SHAREHOLDERS' MEETING HAS RESOLVED TO ADOPT MEASURES TO NEUTRALISE A TAKEOVER BID BY VIRTUE OF THE PROVISIONS OF LAW 6/2007.

Yes No ☒

A.14. INDICATE WHETHER THE COMPANY HAS ISSUED SHARES THAT ARE NOT TRADED ON A REGULATED EU MARKET.

Yes No ☒

B) GENERAL SHAREHOLDERS' MEETING

B.1. INDICATE WHETHER THERE ARE ANY DIFFERENCES BETWEEN THE MINIMUM QUORUM REGIME ESTABLISHED BY THE SPANISH CORPORATE ENTERPRISES ACT FOR GENERAL SHAREHOLDERS' MEETINGS AND THE QUORUM SET BY THE COMPANY, AND IF SO GIVE DETAILS.

Yes No ☒

B.2. INDICATE WHETHER THERE ARE ANY DIFFERENCES BETWEEN THE COMPANY'S MANNER OF ADOPTING CORPORATE RESOLUTIONS AND THE REGIME PROVIDED IN THE SPANISH CORPORATE ENTERPRISES ACT AND, IF SO, GIVE DETAILS.

Yes No ☒

B.3. INDICATE THE RULES FOR AMENDING THE COMPANY'S ARTICLES OF INCORPORATION. IN PARTICULAR, INDICATE THE MAJORITIES REQUIRED FOR AMENDMENT OF THE ARTICLES OF INCORPORATION AND ANY PROVISIONS IN PLACE TO PROTECT SHAREHOLDERS' RIGHTS IN THE EVENT OF AMENDMENTS TO THE ARTICLES OF INCORPORATION.

These rules are contained in Article 11 of the Company's Articles of Association and in Article 13 of the Regulations applicable to the General Shareholders' Meeting, shown below:

ARTICLES OF ASSOCIATION

"Article 11.-

Notwithstanding the provisions set forth in the previous article, in order for the Ordinary or Extraordinary General Shareholders' Meeting to validly agree on the issuance of obligations, the increase or decrease of capital, the transformation, merger or division of the Company, and in general, any modification of the Articles of Association, it shall be necessary, in the first call, to have the attendance of shareholders present or represented who hold at least fifty percent of the subscribed capital with the right to vote.

In the second call, the attendance of twenty-five percent of the capital shall be sufficient.

For the adoption of the agreements referred to in this Article, if the capital present or represented exceeds fifty percent, it shall be sufficient for the agreement to be adopted by an absolute majority. However, a vote in favour by two-thirds of the capital present or represented in the Meeting shall be required when shareholders representing twenty-five percent or more of the subscribed capital with the right to vote are in the second call without reaching fifty percent".

REGULATIONS APPLICABLE TO THE GENERAL SHAREHOLDERS' MEETING

"Article 13 Voting.

After discussing each of the items on the Agenda, the respective votes shall be cast, giving each share the right to one vote and adopting each of the agreements by a simple majority of votes.

All agreements that are substantially independent shall be voted on separately.

In any case, and even if they appear in the same item of the Agenda, they must be voted on separately:
a) The appointment, ratification, re-election or removal of each director.
b) The amendment of the articles of association, and the amendment of each article or group of articles that have their own autonomy.
c) All matters set forth in this way in the Company's articles of association.

In order for the Ordinary or Extraordinary General Shareholders' Meeting to validly agree on the issuance of obligations, the increase or decrease of capital, the transformation, merger or division of the Company, and in general, any modification of the Articles of Association, it shall be necessary, in the first call, to have the attendance of shareholders present or represented who hold at least fifty percent of the subscribed capital with the right to vote. In the second call, the attendance of twenty-five percent of the capital shall be sufficient.

For the adoption of the agreements referred to in the previous section, if the capital present or represented exceeds fifty percent, it shall be sufficient for the agreement to be adopted by an absolute majority. However, a vote in favour by two-thirds of the capital present or represented in the Meeting shall be required when shareholders representing twenty-five percent or more of the subscribed capital with the right to vote are in the second call without reaching fifty percent.

The Articles of Association may raise the quorums and majorities provided for in the preceding paragraphs.

Electronic voting systems may be established, in accordance with Chapter III of these Regulations, to the extent that they allow the identity and status - shareholder or representative - of voters to be recorded, the number of shares with which they vote, and the way the vote is cast.

For each agreement put up for vote at the General Meeting, at least the number of shares for which valid votes have been cast, the proportion of the share capital represented by those votes, the total number of valid votes, the number of votes in favour and against each agreement and, where appropriate, the number of abstentions must be determined".

B.4. GIVE DETAILS OF ATTENDANCE AT GENERAL SHAREHOLDERS' MEETINGS HELD DURING THE REPORTING YEAR AND THE TWO PREVIOUS YEARS.

	Attendance data				
Date of general meeting	% physically present	% present by proxy	% distance voting		Total %
			Electronic	Other	
20/05/2020	8.50%	75.14%	0.41%	2.04%	83.64%
22/05/2019	7.07%	74.59%			81.66%
1/06/2018	5.35%	76.64%			81.99%

Remarks

Due to the restrictions resulting from the public health risk situation caused by the Covid-19 pandemic, the 2020 General Shareholders' Meeting was held exclusively with remote attendance, i.e. without the physical attendance of shareholders or representatives. However, for all intents and purposes, shareholders' remote participation shall be deemed equivalent to their physical attendance at the General Shareholders' Meeting.

B.5. INDICATE WHETHER ANY POINT ON THE AGENDA OF THE GENERAL SHAREHOLDERS' MEETINGS DURING THE YEAR WAS NOT APPROVED BY THE SHAREHOLDERS FOR ANY REASON.

Yes No ☒

Items on the agenda not approved	% vote against

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B.6. INDICATE WHETHER THE ARTICLES OF INCORPORATION CONTAIN ANY RESTRICTIONS REQUIRING A MINIMUM NUMBER OF SHARES TO ATTEND GENERAL SHAREHOLDERS' MEETINGS, OR TO VOTE REMOTELY:

Yes ☒ No

Number of shares required to attend General Meetings	10
Number of shares required for voting remotely	10

B.7. INDICATE WHETHER IT HAS BEEN ESTABLISHED THAT CERTAIN DECISIONS, OTHER THAN THOSE ESTABLISHED BY LAW, ENTAILING AN ACQUISITION, DISPOSAL OR CONTRIBUTION TO ANOTHER COMPANY OF ESSENTIAL ASSETS OR OTHER SIMILAR CORPORATE TRANSACTIONS MUST BE SUBMITTED FOR APPROVAL TO THE GENERAL SHAREHOLDERS' MEETING.

Yes No ☒

Explain the decisions that must be submitted to the General Shareholders' Meeting, other than those established by law

B.8. INDICATE THE ADDRESS AND MANNER OF ACCESS ON THE COMPANY'S WEBSITE TO INFORMATION ON CORPORATE GOVERNANCE AND OTHER INFORMATION REGARDING GENERAL SHAREHOLDERS' MEETINGS THAT MUST BE MADE AVAILABLE TO SHAREHOLDERS THROUGH THE COMPANY WEBSITE.

All information concerning the Corporate Governance of the Company is available through the "Corporate Governance" section of the "Shareholders and Investors" section of its website, "**www.elecnor.com**", and can be downloaded and printed in full.

All information concerning the Company's General Meetings is available through the "Corporate Governance" section of the "Shareholders and Investors" section of its website, "**www.elecnor.com**", and can be downloaded and printed in full.

C) STRUCTURE OF THE COMPANY'S ADMINISTRATION

C.1. BOARD OF DIRECTORS.

C.1.1. MAXIMUM AND MINIMUM NUMBER OF DIRECTORS ESTABLISHED IN THE ARTICLES OF INCORPORATION AND THE NUMBER SET BY THE GENERAL MEETING.

Maximum number of directors	15
Minimum number of directors	5
Number of directors set by the general meeting	15

C.1.2. COMPLETE THE FOLLOWING TABLE ON BOARD MEMBERS.

Name or company name of director	Representative	Category of director	Position on the board	Date first appointed	Date of last appointment	Election procedure	Date of birth
MR JAIME REAL DE ASÚA ARTECHE		Proprietary Director	Chairman	19/12/2001	01/06/2018	General Meeting Election	09/09/1954
MR IGNACIO PRADO REY-BALTAR		Proprietary Director	Deputy Chairman	01/06/2018	01/06/2018	General Meeting Election	21/08/1952
MR RAFAEL MARTÍN DE BUSTAMANTE VEGA		Executive	Member and CEO	18/05/2011	16/05/2017	General Meeting Election	27/01/1958
MR CRISTÓBAL GONZÁLEZ DE AGUILAR ALONSO-URQUIJO		Proprietary Director	Deputy Secretary	18/03/2015	22/05/2019	General Meeting Election	23/11/1954
MR FERNANDO AZAOLA ARTECHE		External	Member	18/06/1998	01/06/2018	General Meeting Election	04/12/1940
MR MIGUEL CERVERA EARLE		Proprietary Director	Member	25/10/2017	01/06/2018	General Meeting Election	29/09/1963
MS ISABEL DUTILH CARVAJAL		Independent	Member	20/05/2015	22/05/2019	General Meeting Election	13/09/1963
MR JOAQUÍN GÓMEZ DE OLEA MENDARO		Proprietary Director	Member	15/10/2009	20/05/2020	General Meeting Election	02/05/1964
MS IRENE HERNÁNDEZ ÁLVAREZ		Independent	Member	01/06/2018	01/06/2018	General Meeting Election	03/01/1965
MR JUAN LANDECHO SARABIA		Proprietary	Member Director	05/10/2005	01/06/2018	General Meeting Election	04/08/1956
MR SANTIAGO LEÓN DOMECQ		Proprietary Director	Member	28/10/2020	28/10/2020	Appointment by co-optation	27/01/1958
MR MIGUEL MORENÉS GILES		Proprietary Director	Member	23/07/1987	01/06/2018	General Meeting Election	03/03/1948
MR GABRIEL DE ORAA Y MOYUA		Proprietary Director	Member	20/07/1989	01/06/2018	General Meeting Election	09/04/1938
MR RAFAEL PRADO ARANGUREN		Proprietary Director	Member	18/11/1993	01/06/2018	General Meeting Election	27/06/1965
MR EMILIO YBARRA AZNAR		Independent	Member	20/05/2015	22/05/2019	General Meeting Election	12/07/1964

TOTAL NUMBER OF DIRECTORS	15

Indicate any cessations, whether through resignation or by resolution of the general meeting, that have taken place in the Board of Directors during the reporting period:

Name or company name of director	Category of the director at the time of cessation	Date of last appointment	Date of cessation	Specialised committees of which he/she was a member	Indicate whether the director left before the end of his or her term of office
MR FERNANDO LEÓN DOMECQ	Proprietary Director	01/06/2018	19/08/2020	Executive Commission Appointments and Remuneration Commission	Yes

Reason for the cessation and other observations
Death

C.1.3. COMPLETE THE FOLLOWING TABLES ON THE MEMBERS OF THE BOARD AND THEIR CATEGORIES.

EXECUTIVE DIRECTORS

Name or company name of director	Post in organisation chart of the company	Profile
Mr Rafael Martín de Bustamante Vega	CEO	In accordance with current legislation, the profile and complete curriculum vitae of the Director is on the Company's website

Total number of executive directors	1
Percentage of Board	6.66 %

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EXTERNAL PROPRIETARY DIRECTORS

Name or company name of director	Name or company name of the significant shareholder represented by the director or that nominated the director	Profile
Mr Jaime Real de Asúa Arteche	CANTILES XXI, S.L.	In accordance with current legislation, the profile and complete curriculum vitae of the Director is on the Company's website
Mr Ignacio Prado Rey-Baltar	CANTILES XXI, S.L.	In accordance with current legislation, the profile and complete curriculum vitae of the Director is on the Company's website
Mr Joaquín Gómez de Olea y Mendaro	CANTILES XXI, S.L.	In accordance with current legislation, the profile and complete curriculum vitae of the Director is on the Company's website
Mr Cristóbal González de Aguilar Alonso-Urquijo	CANTILES XXI, S.L.	In accordance with current legislation, the profile and complete curriculum vitae of the Director is on the Company's website
Mr Miguel Cervera Earle	CANTILES XXI, S.L.	In accordance with current legislation, the profile and complete curriculum vitae of the Director is on the Company's website
Mr Juan Landecho Sarabia	CANTILES XXI, S.L.	In accordance with current legislation, the profile and complete curriculum vitae of the Director is on the Company's website
Mr Santiago León Domecq	CANTILES XXI, S.L.	In accordance with current legislation, the profile and complete curriculum vitae of the Director is on the Company's website
Mr Miguel Morenés Giles	CANTILES XXI, S.L.	In accordance with current legislation, the profile and complete curriculum vitae of the Director is on the Company's website
Mr Gabriel de Oraa y Moyúa	CANTILES XXI, S.L.	In accordance with current legislation, the profile and complete curriculum vitae of the Director is on the Company's website
Mr Rafael Prado Aranguren	CANTILES XXI, S.L.	In accordance with current legislation, the profile and complete curriculum vitae of the Director is on the Company's website

Total number of proprietary directors	10
Percentage of Board	66.66 %

EXTERNAL INDEPENDENT DIRECTORS

Name or company name of director	Profile
Ms Isabel Dutilh Carvajal	In accordance with current legislation, the profile and complete curriculum vitae of the Director is on the Company's website
Ms Irene Hernández Álvarez	In accordance with current legislation, the profile and complete curriculum vitae of the Director is on the Company's website
Mr Emilio Ybarra Aznar	In accordance with current legislation, the profile and complete curriculum vitae of the Director is on the Company's website

Total number of independent directors	3
Percentage of Board	20 %

Indicate whether any director classified as independent receives from the company or any company in its group any amount or benefit other than remuneration as a director, or has or has had a business relationship with the company or any company in its group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

If so, include a reasoned statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name or company name of director	Description of the relationship	Reasoned statement

OTHER EXTERNAL DIRECTORS

Identify the other external directors, indicate the reasons why they cannot be considered either proprietary or independent, and detail their ties with the company or its management or shareholders.

Name or company name of director	Reasons	Company, manager or shareholder to which or to whom the director is related	Profile
Mr Fernando Azaola Arteche	He does not have a shareholding that is considered legally significant and was Executive Director of the Company up until 31/12/2016	_______	In accordance with current legislation, the profile and complete curriculum vitae of the Director is on the Company's website

Total number of other external directors	1
Percentage of Board	6,66 %

Indicate any changes that have occurred during the period in each director's category:

Name or company name of director	Date of change	Previous category	Current category

C.1.4. COMPLETE THE FOLLOWING TABLE WITH INFORMATION RELATING TO THE NUMBER OF FEMALE DIRECTORS AT THE CLOSE OF THE PAST FOUR YEARS, AS WELL AS THE CATEGORY OF EACH:

2017 financial year: 1 Independent Director.
2018 financial year: 2 Independent Directors.
2019 financial year: 2 Independent Directors.
2020 financial year: 2 Independent Directors.

C.1.5. INDICATE WHETHER THE COMPANY HAS DIVERSITY POLICIES IN RELATION TO ITS BOARD OF DIRECTORS ON SUCH QUESTIONS AS AGE, GENDER, DISABILITY, EDUCATION AND PROFESSIONAL EXPERIENCE. SMALL AND MEDIUM-SIZED ENTERPRISES, IN ACCORDANCE WITH THE DEFINITION SET OUT IN THE SPANISH AUDITING ACT, WILL HAVE TO REPORT AT LEAST THE POLICY THAT THEY HAVE IMPLEMENTED IN RELATION TO GENDER DIVERSITY.

Yes ☒ No Partial policies

If so, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results over the year. Also indicate the specific measures adopted by the Board of Directors and the nomination and remuneration committee to achieve a balanced and diverse presence of directors.

If the company does not apply a diversity policy, explain the reasons why.

Description of policies, objectives, measures and how they have been applied, and results achieved.

On 22 November 2017, the Board of Directors approved the "Policy for the Selection of Directors and Diversity of the Board of Directors", which contains all the measures taken in relation to the selection of directors, policies on gender diversity, age, experience, etc.

Within the framework of this policy, in 2018, a second Independent Director, Ms Irene Hernández Álvarez was appointed as Chairwoman of the Audit Commission on 22 May 2019. Likewise, Ms Isabel Dutilh was re-elected as an Independent Director by the General Shareholders' Meeting held on the same date.

On 16 December 2020, the Board of Directors approved the amendment of the aforementioned policy, now known as the "Policy for Diversity of the Board of Directors and the Selection of Directors", for the purpose of adapting it to the recommendations of the Code of Good Governance of Listed Companies of Spain's National Securities Market Commission (CNMV) amended in June 2020 and to Technical Guide 1/2019 on Appointments and Remuneration Commissions. Among the essential principles of the Policy are the search for an appropriate composition of the Board of Directors for the best exercise of its functions, for which purposes the processes for the selection of Directors should be based on a prior analysis of the skills required by the Board of Directors and the promotion of diversity in the composition of the Board. This Policy is published on the Company's corporate website.

The bodies responsible for ensuring the diversity of the Board of Directors, that is, the Board of Directors and the Appointments and Remuneration Commission, shall ensure that in the processes for the selection of candidates for Director there is promotion of the diversity of experiences, training, professional experiences, age, gender, disability and the other diversity criteria set forth in this Policy.

Likewise, the Elecnor Board of Directors and the Appointments and Remuneration Commission have a policy regarding renewals in the Board of Directors based on balancing the principles of representativeness with those of diversity and independence, taking into account the recommendations on Good Governance. In this regard, particularly in ratifications and re-elections, they will ensure the proper stability in the composition of the Board of Directors and its Commissions in order to maintain the necessary suitability of the Board of Directors as a whole, retaining the experience and knowledge of those who have been exercising the position of Director.

C.1.6. DESCRIBE THE MEASURES, IF ANY, AGREED UPON BY THE NOMINATION COMMITTEE TO ENSURE THAT SELECTION PROCEDURES DO NOT CONTAIN HIDDEN BIASES WHICH IMPEDE THE SELECTION OF FEMALE DIRECTORS AND THAT THE COMPANY DELIBERATELY SEEKS AND INCLUDES WOMEN WHO MEET THE TARGET PROFESSIONAL PROFILE AMONG POTENTIAL CANDIDATES, MAKING IT POSSIBLE TO ACHIEVE A BALANCE BETWEEN MEN AND WOMEN. ALSO INDICATE WHETHER THESE MEASURES INCLUDE ENCOURAGING THE COMPANY TO HAVE A SIGNIFICANT NUMBER OF FEMALE SENIOR EXECUTIVES.

Explanation of measures

The "Policy for Diversity of the Board of Directors and the Selection of Directors" approved in December 2020 and already mentioned in the previous point establishes that the Board of Directors and the Appointments and Remuneration Commission are the bodies responsible for ensuring the diversity of the Board of Directors and its Commissions. They must ensure that in the selection processes for the candidates for Director they promote a diversity of experiences, training, professional experiences, age, gender, disability and the other diversity criteria set out in the Policy, and that these processes do not involve any implicit biases that may imply any discrimination and, in particular, that they promote the selection of a number of female Directors that will enable a balanced presence of women and men to be achieved.

In addition, the Elecnor Code of Ethics states that, both in its selection processes and in the development of the professional careers of its employees, Elecnor applies the principles of non-discrimination and equal opportunities, not taking into account factors such as race, colour, nationality, social origin, age, sex, marital status, sexual orientation, ideology, religion, or relationships when performing professional evaluations. Only merit, effort, performance results, training, experience and future potential will be considered as elements for differentiating between people professionally. Furthermore, the importance of gender equality is reflected in Elecnor's Equality Plan, approved by the Board of Directors in February 2018, which establishes a set of measures adopted after examining the specific features of the Company, whose aim is for the Company to achieve equal treatment and opportunities between women and men and to eliminate discrimination on the basis of sex.

For that, and in keeping with the content of the aforementioned policy, in order to promote gender diversity, the Company will seek to establish measures that encourage it to have a significant number of female members of the management team, without prejudice to the essential criteria of merit and capacity that must govern all the personnel selection processes of the Company and its Group.

In particular, when the Appointments and Remuneration Commission or the Board of Directors itself, as the case may be, seek a professional profile, they shall take into account the corporate interests by trying to ensure not only the individual suitability of the members of the Board but also the suitability of the Board of Directors and its Commissions as a whole, in accordance with the legal requirements and good governance recommendations in this matter, without prejudice to the fact that, if there are two similar professional profiles, the one who is a member of the least represented gender on the Board shall be chosen.

If in spite of any measures adopted there are few or no female directors or senior managers, explain the reasons for this:

Explanation of reasons

As noted above, without prejudice to the Company's commitment to promoting gender diversity, the Appointments and Remuneration Commission must also ensure other diversity criteria such as professional experiences and training, which are very important given Elecnor's business sector, and it must be ensured that the essential criteria of merit and capacity that must govern all selection processes are met. In this regard, the Company will seek to gradually increase the number of female Directors and executives in the context of the overall requirements for the suitability and diversity of the Board members.

C.1.7. EXPLAIN THE CONCLUSIONS OF THE NOMINATION COMMITTEE REGARDING VERIFICATION OF COMPLIANCE WITH THE POLICY AIMED AT PROMOTING AN APPROPRIATE COMPOSITION OF THE BOARD OF DIRECTORS.

Elecnor is strongly committed to good corporate governance practices and, in particular, to promoting diversity on issues such as age, gender, training and professional experiences. In this regard, the Board of Directors of the Company, with the support of the Appointments and Remuneration Commission, continues to work on and promote the necessary actions to encourage a diverse composition of the Board and to apply the Corporate Governance recommendations in this matter.

Without prejudice to this, the Appointments and Remuneration Commission, which regularly monitors compliance with the "Policy for Diversity of the Board of Directors and the Selection of Directors", considers that the current composition of the Board of Directors is appropriate for the best exercise of its functions and reflects a suitable balance of requirements for the members of the Board in terms of suitability and diversity, in particular in terms of training, professional experiences, skills, experience in the sector and knowledge of the Company and its Group, personal and professional backgrounds, among others.

C.1.8. IF APPLICABLE, EXPLAIN THE REASONS FOR THE APPOINTMENT OF ANY PROPRIETARY DIRECTORS AT THE REQUEST OF SHAREHOLDERS WITH LESS THAN A 3% EQUITY INTEREST.

Name or company name of shareholder	Reason

Indicate whether the Board has declined any formal requests for presence on the Board from shareholders whose equity interest is equal to or greater than that of others at whose request proprietary directors have been appointed. If so, explain why the requests were not granted:

Yes No [X]

There has been no formal request in this regard.

C.1.9. INDICATE THE POWERS, IF ANY, DELEGATED BY THE BOARD OF DIRECTORS TO DIRECTORS OR BOARD COMMITTEES.

Name or company name of director or committee	Brief description
MR RAFAEL MARTÍN DE BUSTAMANTE VEGA	All powers except the Company's debt and those non-delegable by Law or the Articles of Association.
EXECUTIVE COMMISSION	All powers of the Board of Directors except those which, legally or statutorily, are non-delegable, and the following: (i) The ability to approve investments or operations of all kinds, which leads to the Company's debt; (ii) The power to approve investments or operations of all kinds of value greater than EUR 6,000,000 per operation. The power to approve investments or operations of all kinds worth less than EUR 6,000,000 per operation also cannot be delegated when this power cannot be delegated by the Board of Directors and/or falls within the competence of the General Meeting. (iii) The power to approve the constitution, merger, split, global transfer of assets and liabilities, dissolution, and/or liquidation of any type of entity having its own legal personality, as well as the power to approve operations that produce effects on those entities that are similar to those of said operations. The power to approve the above operations is delegated to entities that do not have their own legal personality, such as, for information purposes, but not limited to, joint ventures or joint ownership arrangements.

C.1.10. IDENTIFY ANY MEMBERS OF THE BOARD WHO ARE ALSO DIRECTORS, REPRESENTATIVES OF DIRECTORS OR MANAGERS IN OTHER COMPANIES FORMING PART OF THE LISTED COMPANY'S GROUP.

Position	Code
CHAIRMAN	C
SECRETARY	S
DEPUTY SECRETARY	DS
MEMBER	M
JOINT AND SEVERAL ADMINISTRATOR	JSA
TITLES HELD BY REPRESENTATIVES	X
EXECUTIVE FUNCTIONS	e
WITHOUT EXECUTIVE FUNCTIONS	ne

BOARD MEMBERS HOLDING THE POSITION OF DIRECTORS OR EXECUTIVES IN COMPANIES OF THE ELECNOR GROUP	MR MIGUEL CERVERA EARLE	MR JOAQUÍN GÓMEZ DE OLEA Y MENDARO	MR CRISTÓBAL GONZALEZ DE AGUILAR ALONSO-URQUIJO	MR JUAN LANDECHO SARABIA	MR RAFAEL MARTÍN DE BUSTAMANTE VEGA	MR MIGUEL MORENÉS GILES	MR GABRIEL DE ORAA Y MOYÚA	MR RAFAEL PRADO ARANGUREN	MR IGNACIO PRADO REY-BALTAR	MR JAIME REAL DE ASÚA ARTECHE
ELECTRIFICACIONES DEL NORTE, ELECNOR, S.A.					AS e					
ELECRED SERVICIOS, S.A.U.					AS e					
ENERFIN SOCIEDAD DE ENERGÍA, S.L.U.	DS	S	M	M	M	M	M	M	M	M

C.1.11. LIST ANY DIRECTORS OR REPRESENTATIVES OF LEGAL-PERSON DIRECTORS OF YOUR COMPANY WHO ARE MEMBERS OF THE BOARD OF DIRECTORS OR REPRESENTATIVES OF LEGAL-PERSON DIRECTORS OF OTHER COMPANIES LISTED ON REGULATED MARKETS OTHER THAN GROUP COMPANIES OF WHICH THE COMPANY HAS BEEN INFORMED:

Name or company name of director	Company name of the listed entity	Position
Mr Jaime Real de Asúa Arteche	VISCOFAN, S.A.	Member of the Board of Directors and Chairman of the Appointments and Remuneration Commission
Ms Isabel Dutilh Carvajal	Millenium Hotels Real State I SOCIMI	Independent Director. Member of the Audit Commission and Member of the Appointments and Remuneration Commission
Ms Irene Hernández Álvarez	Saint Croix Holding Immobilier SOCIMI, S.A.	Coordinator Director, Chairwoman of the Audit Commission and Member and Secretary of the Appointments and Remuneration Commission
	ENCE ENERGIA Y CELULOSA, S.A.	Independent Director, Member of the Executive Commission and Chairwoman of the Audit Commission
Mr Emilio Ybarra Aznar	TUBOS REUNIDOS, S.A.	Deputy Chairman of the Board of Directors and member of the Executive Commission

C.1.12. INDICATE WHETHER THE COMPANY HAS ESTABLISHED RULES ON THE MAXIMUM NUMBER OF COMPANY BOARDS ON WHICH ITS DIRECTORS MAY SIT, EXPLAINING IF NECESSARY AND IDENTIFYING WHERE THIS IS REGULATED, IF APPLICABLE:

Yes ☒ No

Explanation of the regulations
Article 18 of the Regulations applicable to the Board of Directors establishes that: "The Directors of the Company may not sit on the Board of Directors of more than three listed companies, in addition to that of Elecnor, S.A."

C.1.13. INDICATE THE REMUNERATION RECEIVED BY THE BOARD OF DIRECTORS AS A WHOLE FOR THE FOLLOWING ITEMS:

Remuneration accruing in favour of the Board of Directors in the financial year (thousands of euros)	4.938,1
Amount of pension rights accumulated by directors currently in office (thousands of euros)	0
Amount of pension rights accumulated by former directors (thousands of euros)	0

C.1.14. IDENTIFY MEMBERS OF SENIOR MANAGEMENT WHO ARE NOT ALSO EXECUTIVE DIRECTORS AND INDICATE THEIR TOTAL REMUNERATION ACCRUED DURING THE YEAR.

Name or company name	Position(s)
Mr Francisco Javier Cruces López	General Manager of Infrastructure
Mr Argimiro Ramón Rodríguez	General Deputy Director of Facilities and Networks
Mr Eduard Pinyol Escardo	General Deputy Director of International Development
Mr José Martí Soler	General Deputy Director of Engineering
Mr Pablo Díaz Miguel Sánchez	General Deputy Director of Energy
Mr Armando Pérez Medina	General Deputy Director of Major Networks
Mr José Castellanos Ybarra	General Deputy Director Enerfín Sociedad de Energía
Mr Luis Alcíbar Villa	General Deputy Director of Finance and Internal Audit
Ms Úrsula Albizuri Delclaux	Director of Corporate Development
Mr Pedro Enrile Mora-Figueroa	General Secretary

Number of women in senior management	1
Percentage of total senior management	10%

Total remuneration of senior management (thousands of euros)	5.728

Remarks

The total remuneration indicated includes fixed remuneration, annual variable remuneration, as well as variable remuneration for the fulfilment of the Strategic Plan 2017-2019.

It should also be noted that the management team, on a voluntary basis, decided to reduce its fixed salary by 30% during the months of the Temporary Workforce Restructuring through Reduced Working Hour Plans implemented by the Company to combat the crisis arising from COVID-19 (from 13 April to 31 May 2020), in solidarity with the rest of the staff.

C.1.15. INDICATE WHETHER THE BOARD REGULATIONS WERE AMENDED DURING THE YEAR.

Sí ☒ No

Description of amendment (s)

On 16 December 2020, the Board of Directors amended Articles 1 ("Purpose"), 2 ("Scope"), 4 which was renamed ("Modification and Dissemination"), 5 ("General Oversight Function"), 6 which was renamed ("Principles of Action of the Board of Directors"), 8 ("Quantitative Composition"), 9 ("Chairman of the Board"), 10 ("Deputy Chairmen"), 11 bis renamed ("Deputy Secretary of the Board"), 12 ("Delegated Bodies of the Board of Directors and Board Commissions"), 13 ("The Audit Commission"), 14 ("The Appointments and Remuneration Commission"), 15 ("Meetings of the Board of Directors"), 16 ("Conducting Meetings"), 17 ("Use of Remote Means"), 18 ("Appointment of Directors"), 20 ("Duration of Role"), 21 ("Removal of Directors"), 26 ("General Obligations of the Director"), 28 ("Conflicts of Interest"), 35 ("Relations with Shareholders") and 36 ("Relations with Markets") of the Board of Directors' Regulations, for the purpose of adapting it to the recommendations of the Code of Good Governance of Listed Companies of Spain's National Securities Market Commission (CNMV), modified in June 2020, which the Company is currently complying with.

C.1.16. SPECIFY THE PROCEDURES FOR SELECTION, APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS: LIST THE COMPETENT BODIES, STEPS TO FOLLOW AND CRITERIA APPLIED IN EACH PROCEDURE.

The procedures for the selection, appointment, re-election and removal of directors are set out in the Articles of Association, Articles 13 (requirements for membership of the Board, duration of the role and re-election) and 15 (Appointment, removal and appointment by co-optation), as well as Articles 18, 19 and 20 of the Regulations of the Board, the content of which is reproduced below:

"Article 13.-

The Board of Directors shall not comprise fewer than five nor more than fifteen Directors.

Being a Director requires having at least 5% of the Company's shares with the right to vote at least five years prior to appointment. The above-mentioned advance of at least five years in the possession of the shares and the requirement to hold at least 5% of the Company's capital shall not be necessary when the appointment, re-election or ratification of the Director shall be carried out by the General Meeting with a quorum of attendance of 25% of the capital subscribed in the first call or without a minimum quorum in the second call, and shall be approved – in both cases – by a simple majority of the capital present or represented. The appointment, re-election or ratification of Independent Directors, which in all cases must comply with the provisions of the applicable regulations, these Articles of Association and the Regulations of the Board of Directors, shall be exempt from the foregoing.

Administrators shall serve for a term of four years, and may be re-elected, once or several times, for periods of equal duration.

The appointment of administrators shall expire when, following expiry of the term, the next General Meeting has been held or the legal period has lapsed to hold the Meeting to resolve the approval of accounts for the previous financial year.

To be a member of the Board of Directors, it is necessary not to be subject to any of the statutory grounds for incompatibility or prohibition established by Law.

Article 15.-

[...]

The Directors are freely appointed and removed by the General Meeting.

If vacancies occur during the term for which the Directors were appointed, the Board may appoint people to occupy them until the first General Meeting.

[...]

Article 18 Appointment of Directors.-

Directors shall be appointed by the General Meeting or the Board of Directors under the powers of co-optation legally attributed to them, as appropriate in accordance with the provisions contained in the Spanish Capital Companies Act and in the Company's Articles of Association.

[...]

In any case, to be a member of the Board of Directors, it is necessary not to be subject to any of the statutory grounds for incompatibility or prohibition established by Law. The proposal for the appointment or re-appointment of the members of the Board of Directors corresponds to the Appointments and Remuneration Commission in the case of Independent Directors, and to the Board itself in all other cases, upon prior report from the Appointments and Remuneration Commission.

In addition, the proposed appointment must, in any case, be accompanied by a supporting report from the Board assessing the competence, experience and merits of the proposed candidate, which will be attached to the minutes of the General Meeting or the Board of Directors itself.

The Board of Directors shall record its reasons when it departs from the recommendations of the Appointments and Remuneration Commission.

The Directors of the Company may not sit on the Board of Directors of more than three listed companies, in addition to that of Elecnor".

Article 19 Re-appointment of Directors.-

The re-appointment of Directors shall be verified under established legal and statutory terms. Proposals or reports, if any, from the Appointments and Remuneration Commission shall contain an assessment of the quality of the work and the dedication to the role of the proposed Directors during their previous mandate, as well as the honour, competence, availability and commitment to their role".

Article 21 Removal of Directors.-

Directors shall resign either voluntarily or when the period for which they were appointed has lapsed and when so decided by the General Meeting by virtue of the powers conferred to it by law or the Articles of Association.

Without prejudice to the foregoing, Directors who are considered proprietary shall submit their resignation when the shareholder whom they represent sells their shareholding in full.

Directors must place their position at the disposal of the Board of Directors and, if this deems it appropriate, formalise the corresponding resignation in cases that affect them, whether or not these are related to their actions in the Company itself, that harm the credit and reputation of the Company or in any way adversely affect the functioning of the Board of Directors or the Company and, in particular, when they are investigated in any criminal case, having to report progress with such legal proceedings, or when involved in any of the legally foreseen cases of incompatibility or prohibition.

The Board of Directors, having been informed of or having otherwise found out about the circumstances mentioned in the preceding paragraph, shall examine the case as soon as possible and, in light of the specific circumstances, shall decide on the measures to be taken, after receiving a report from the Appointments and Remuneration Commission. All this shall be disclosed in the Annual Corporate Governance Report, unless special circumstances exist that prevent this, which must be recorded in the minutes, without prejudice to the information that the Company must disseminate, if appropriate, at the time of taking the appropriate measures.

The Board of Directors may only propose the removal of an Independent Director to the General Meeting before the statutory deadline when there is just cause, as assessed by the Board of Directors following a proposal from the Appointments and Remuneration Commission.

When the Board of Directors adopts significant or repeated decisions about which the Director has expressed serious reservations, the Director shall draw the appropriate conclusions and, if they choose to resign, shall explain their reasons in the letter referred to in the following paragraph. This obligation also extends to the Secretary of the Board of Directors, even if they are not a Director.

When a Director steps down from their role before the end of their term of office, due to resignation or by agreement of the General Meeting, they must send a letter to all members of the Board of Directors adequately explaining their reasons for stepping down or, if they are Non-Executive Directors, their view of the reasons why they were removed by the Meeting. All of this will be disclosed in the Annual Corporate Governance Report. In addition, to the extent that it is relevant to investors, the Company shall report this stepping down as soon as possible, giving a sufficient explanation of the reasons or circumstances given by the Director".

In addition, on 16 December 2020, the Board of Directors of Elecnor approved the modification of the "Policy for the Selection of Directors and Diversity of the Board of Directors", now called the "Policy for Diversity of the Board of Directors and the Selection of Directors" for the purpose of adapting it to the recommendations of the CNMV Code of Good Governance of Listed Companies as amended in June 2020, which sets out the objectives, procedures, requirements and supervision of the policy for selecting Directors. This policy is published on the Company's website.

C.1.17. EXPLAIN TO WHAT EXTENT THE ANNUAL EVALUATION OF THE BOARD HAS GIVEN RISE TO SIGNIFICANT CHANGES IN ITS INTERNAL ORGANISATION AND IN THE PROCEDURES APPLICABLE TO ITS ACTIVITIES:

Description of amendment(s)
The annual evaluation of 2019 carried out by members of the Board of Directors during the 2020 financial year has led to preparing an Action Plan proposal, whose highlights include (i) the strengthening of the training programme for Directors, (ii) the continuous improvement in the provision of information to be discussed at Board meetings, and (iii) the implementation of an information and analysis programme in the Board of Directors in order to promote a suitable sustainability policy in environmental and social matters, in accordance with principle No. 24 of the CNMV Code of Good Governance of Listed Companies.

DESCRIBE THE EVALUATION PROCESS AND THE AREAS EVALUATED BY THE BOARD OF DIRECTORS WITH OR WITHOUT THE HELP OF AN EXTERNAL ADVISOR, REGARDING THE FUNCTIONING AND COMPOSITION OF THE BOARD AND ITS COMMITTEES AND ANY OTHER AREA OR ASPECT THAT HAS BEEN EVALUATED.

The Company's Board of Directors evaluates, through several questionnaires to be completed by all its members, its activity and that of all its Commissions, as well as the activity and actions carried out by the Chairman, the Secretary and the Chief Executive Officer, detecting the strengths and points to improve and applying the appropriate corrective measures. The results of these evaluations are reviewed by the Board and by the Commissions (each for their own results) and, in addition, the Appointments and Remuneration Commission reviews the results of the evaluation of the Board and the Chairman.

The questionnaires mentioned include the evaluation of areas such as the preparation, dynamics and culture of meetings, follow-up of the topics covered, composition of the Board and its Commissions, training of its members, communication between governing bodies, performance of the functions of the Chairman, Secretary and Chief Executive Officer, environmental, social and governance issues, etc.

To provide continuity to the action plan resulting from the evaluation of the Board and its Commissions for the financial year 2018 and in order to continue to comply with recommendation 36 of the Code of Good Governance, in 2020, the assessment of the aforementioned 2019 evaluation was performed using the questionnaires developed by the consultancy Russell Reynolds, which the Company, as already reported, hired to carry out the evaluation of the Board for the financial year 2018 for the analysis of the evaluation and the establishment of best practices in relation to the functioning of the Board, its Commissions and the performance the Chairman, CEO and Secretary. During the 2020 financial year, these questionnaires have been used again, although the interpretation of the responses from the Directors has been improved by making some changes to the wording of the questions.

C.1.18. PROVIDE DETAILS, FOR YEARS IN WHICH THE EVALUATION WAS CARRIED OUT WITH THE HELP OF AN EXTERNAL ADVISOR, OF THE BUSINESS RELATIONSHIPS THAT THE EXTERNAL ADVISOR OR COMPANY IN ITS GROUP MAINTAINS WITH THE COMPANY OR ANY COMPANY IN ITS GROUP.

C.1.19. INDICATE THE CASES IN WHICH DIRECTORS ARE OBLIGED TO RESIGN.

Article 21 of the Regulations of the Board of Directors establishes the following in this respect:

"Directors shall resign either voluntarily or when the period for which they were appointed has lapsed and when so decided by the General Meeting by virtue of the powers conferred to it by law or the Articles of Association.

Without prejudice to the foregoing, Directors who are considered proprietary shall submit their resignation when the shareholder whom they represent sells their shareholding in full.

Directors must place their position at the disposal of the Board of Directors and, if this deems it appropriate, formalise the corresponding resignation in cases that affect them, whether or not these are related to their actions in the Company itself, that harm the credit and reputation of the Company or in any way adversely affect the functioning of the Board of Directors or the Company and, in particular, when they are investigated in any criminal case, having to report progress with such legal proceedings, or when involved in any of the legally foreseen cases of incompatibility or prohibition.

The Board of Directors, having been informed of or having otherwise found out about the circumstances mentioned in the preceding paragraph, shall examine the case as soon as possible and, in light of the specific circumstances, shall decide on the measures to be taken, after receiving a report from the Appointments and Remuneration Commission. All this shall be disclosed in the Annual Corporate Governance Report, unless special circumstances exist that prevent this, which must be recorded in the minutes, without prejudice to the information that the Company must disseminate, if appropriate, at the time of taking the appropriate measures.

The Board of Directors may only propose to the General Meeting the removal of an Independent Director before the statutory deadline when there is just cause, as assessed by the Board of Directors following a report from the Appointments and Remuneration Commission.

When the Board of Directors adopts significant or repeated decisions about which the Director has expressed serious reservations, the Director shall draw the appropriate conclusions and, if they choose to resign, shall explain their reasons in the letter referred to in the following paragraph. This obligation also extends to the Secretary of the Board of Directors, even if they are not a Director.

When a Director steps down from their role before the end of their term of office, due to resignation or by agreement of the General Meeting, they must send a letter to all members of the Board of Directors adequately explaining their reasons for stepping down or, if they are Non-Executive Directors, their view of the reasons why they were removed by the Meeting. All of this will be disclosed in the Annual Corporate Governance Report. In addition, to the extent that it is relevant to investors, the Company shall report this stepping down as soon as possible, giving a sufficient explanation of the reasons or circumstances given by the Director".

Without prejudice to the above, Article 20 of the Board Regulations establishes that "Directors who have independent status may not remain as such for a continuous period of more than 12 years".

C.1.20. ARE QUALIFIED MAJORITIES OTHER THAN THOSE ESTABLISHED BY LAW REQUIRED FOR ANY PARTICULAR KIND OF DECISION?

Yes No [X]

C.1.21. EXPLAIN WHETHER THERE ARE ANY SPECIFIC REQUIREMENTS, OTHER THAN THOSE RELATING TO DIRECTORS, FOR BEING APPOINTED AS CHAIRMAN OF THE BOARD OF DIRECTORS:

Yes No [X]

C.1.22. INDICATE WHETHER THE ARTICLES OF INCORPORATION OR BOARD REGULATIONS ESTABLISH ANY LIMIT AS TO THE AGE OF DIRECTORS:

Yes No [X]

C.1.23. INDICATE WHETHER THE ARTICLES OF INCORPORATION OR BOARD REGULATIONS ESTABLISH ANY TERM LIMITS FOR INDEPENDENT DIRECTORS OTHER THAN THOSE REQUIRED BY LAW OR ANY OTHER ADDITIONAL REQUIREMENTS THAT ARE STRICTER THAN THOSE PROVIDED BY LAW:

Yes No [X]

Additional requirements and/or maximum number of years of office

C.1.24. INDICATE WHETHER THE ARTICLES OF INCORPORATION OR BOARD REGULATIONS ESTABLISH SPECIFIC RULES FOR APPOINTING OTHER DIRECTORS AS PROXY TO VOTE IN BOARD MEETINGS, IF SO THE PROCEDURE FOR DOING SO AND, IN PARTICULAR, THE MAXIMUM NUMBER OF PROXIES THAT A DIRECTOR MAY HOLD, AS WELL AS WHETHER ANY LIMIT HAS BEEN ESTABLISHED REGARDING THE CATEGORIES OF DIRECTOR TO WHOM VOTES MAY BE DELEGATED BEYOND THE LIMITS IMPOSED BY LAW. IF SO, BRIEFLY DESCRIBE THESE RULES.

Within the Company's Board of Directors, there are formal processes for delegating the vote in the event that any of the Directors cannot personally attend the meetings. In this regard, the Regulations of the Board of Directors, in its Article 16, establishes the following:

"Article 16.-

[…]

Directors must attend the sessions of the Board of Directors in person and should only fail to attend where this cannot be avoided. However, when exceptionally they cannot attend, Directors may delegate for each session and in writing to have any other Director represent them in said session for all purposes, and the same Director can hold several delegations. The representation shall contain the corresponding instructions and shall be communicated to the Chairman of the Board by any means that has proof of receipt. Non-Executive Directors may only delegate their representation to another Non-Executive Director. […]".

The Board of Directors has no specific limitation on the categories of Director in which it is possible to delegate the vote other than those legally foreseen.

C.1.25. INDICATE THE NUMBER OF MEETINGS HELD BY THE BOARD OF DIRECTORS DURING THE YEAR. ALSO INDICATE, IF APPLICABLE, THE NUMBER OF TIMES THE BOARD MET WITHOUT THE CHAIRMAN BEING PRESENT. MEETINGS WHERE THE CHAIRMAN GAVE SPECIFIC PROXY INSTRUCTIONS ARE TO BE COUNTED AS ATTENDED.

Number of board meetings	13
Number of board meetings held without the chairman's presence	0

Indicate the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings	--

INDICATE THE NUMBER OF MEETINGS HELD BY EACH BOARD COMMITTEE DURING THE YEAR.

Number of meetings held by the executive committee	22
Number of meetings held by the audit committee	11
Number of meetings held by the nomination and remuneration committee	10
Number of meetings held by the Boards of the Subsidiaries	34

C.1.26. INDICATE THE NUMBER OF MEETINGS HELD BY THE BOARD OF DIRECTORS DURING THE YEAR WITH MEMBER ATTENDANCE DATA.

Number of meetings in which at least 80% of directors were present in person	13
Attendance in person as a % of total votes during the year	100%
Number of meetings with attendance in person or proxies given with specific instructions, by all directors	13
Votes cast in person and by proxies with specific instructions, as a % of total votes during the year	100 %

C.1.27. INDICATE WHETHER THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS SUBMITTED TO THE BOARD FOR ISSUE ARE CERTIFIED IN ADVANCE.

Yes No [X]

C.1.28. EXPLAIN THE MECHANISMS IF ANY, ESTABLISHED BY THE BOARD OF DIRECTORS TO ENSURE THAT THE FINANCIAL STATEMENTS IT PRESENTS TO THE GENERAL SHAREHOLDERS' MEETING ARE PREPARED IN ACCORDANCE WITH ACCOUNTING REGULATIONS.

The Company, through the Audit Commission and its Internal Audit, has the necessary measures in place so that the annual financial statements presented at the General Shareholders' Meeting are prepared in accordance with the accounting standards, avoiding any modified or unfavourable opinions regarding them.

Thus, Article 5 of the Regulations of the Audit Commission establishes among its functions the following:

"[…]

(i) Regarding oversight of financial and non-financial information:

[…]

b) Monitor and assess the process of drawing up and submitting the mandatory financial and non-financial information relating to the Company and, where appropriate, to its Group, reviewing compliance with regulatory requirements, the proper delimitation of the scope of consolidation and the correct application of accounting criteria and, in particular, to know, understand and oversee the effectiveness of the internal control system for financial reporting (ICFR), as well as to submit recommendations or proposals to the Board of Directors aimed at protecting its integrity.

c) Inform the Board of Directors, in advance, of the financial information to be made public by the Company on a regular basis.

d) Ensure that the annual financial statements submitted by the Board of Directors to the General Meeting are drawn up in accordance with the accounting rules. And that, in those cases where the auditor has modified their opinion in their audit report, the Chairman of the Audit Commission shall clearly explain to the General Meeting the views of the Audit Commission on its content and scope, making a summary of such views available to the shareholders at the time of publication of the Meeting, together with the other proposals and reports of the Board.

(ii) Regarding oversight of internal control and internal audit:

a) Monitor the effectiveness of the Company's internal control and internal audit, as well as discuss with the auditors any significant weaknesses detected in the performance of the audit, concluding the level of confidence and reliability of the system, all without infringing on their independence. For this purpose, and where appropriate, it may submit recommendations or proposals to the Board of Directors and the appropriate time limit for follow-up.

[…]

(iv) Regarding the Accounts Auditor:

[…]

b) Regularly collect information from the external auditor on the audit plan and its implementation, and any other matters related to the account audit process, in particular any discrepancies that may arise between the accounts auditor and Company management".

C.1.29. IS THE SECRETARY OF THE BOARD ALSO A DIRECTOR?

Yes No ☒

If the secretary is not a director, complete the following table:

Name or company name of the secretary	Representative
Mr Pedro Enrile Mora-Figueroa	

Remarks
Appointed Non-Director Secretary of the Board of Directors by a resolution dated 24 June 2020.

C.1.30. INDICATE THE SPECIFIC MECHANISMS ESTABLISHED BY THE COMPANY TO SAFEGUARD THE INDEPENDENCE OF THE EXTERNAL AUDITORS, AND ANY MECHANISMS TO SAFEGUARD THE INDEPENDENCE OF FINANCIAL ANALYSTS, INVESTMENT BANKS AND RATING AGENCIES, INCLUDING HOW LEGAL PROVISIONS HAVE BEEN IMPLEMENTED IN PRACTICE.

Article 15 bis of the Company's Articles of Association and Article 13 of the Regulations of the Board of Directors, as well as Article 5 of the Regulations of the Audit Commission, establish the powers of the Audit Commission in relation to these measures.

With regard to the Accounts Auditor, the Audit Commission has the following functions:

a) Send to the Board of Directors for submission to the General Shareholders' Meeting the proposals for the selection, appointment, re-appointment and removal of the accounts auditor, taking responsibility for the selection process, in accordance with the provisions of the applicable regulations, as well as the conditions for their hiring, and for this purpose, they shall:

1. define the selection procedure for the auditor; and
2. issue a reasoned proposal.

b) Regularly collect information from the external auditor on the audit plan and its implementation, and any other matters related to the account audit process, in particular any discrepancies that may arise between the accounts auditor and Company management.

c) Establish appropriate relations with the external auditor to receive information on any issues that may pose a threat to their independence for consideration by the Commission, and any other information related to the process of auditing the accounts, and, where appropriate, the authorisation of services other than those prohibited under the terms of the applicable rules for the independence regime, as well as other communications set out in the account audit legislation and audit standards.

In any case, the external auditors shall provide them with an annual declaration of their independence with regard to the Company or entities directly or indirectly linked to it, as well as detailed and individualised information regarding additional services of any kind provided and the corresponding fees collected from these entities by the external auditor or by the persons or entities linked to it, in accordance with the provisions of the governing regulations on account audit activity.

d) Issue an annual report, prior to the issuance of the account audit report, expressing an opinion on whether the accounts auditor's independence has been compromised. In any event, this report shall contain the reasoned assessment of each and every additional service provided as referred to in the previous paragraph, considered individually and as a whole, other than the legal audit and in relation to the independence regime or the governing regulations on account audit activity.

e) Preserve the independence of the external auditor in exercising their functions and, in particular:

(i) should the external auditor resign, examine the circumstances that may have led to this resignation;
(ii) ensure that the Company reports any change of auditor through the Spanish National Securities Market Commission accompanied by a statement regarding the existence or absence of disagreements with the outgoing auditor and, if applicable, the subject matter thereof;

(iii) ensure that the remuneration the external auditor receives for their work does not compromise their quality or independence;
(iv) establish a general limit for annual fees to be paid to the auditor for the provision of non-audit services; and
(iv) ensure that the Company and the external auditor comply with existing rules on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other applicable rules to ensure the auditor's independence.

f) Ensure that the external auditor has at least one annual meeting with the Board of Directors in full to inform them of the work executed and developments in the company's risk and accounting situation.

g) Make a final assessment of the auditor's performance and how it has contributed to the quality of the audit and the integrity of the financial information.

In addition, the Audit Commission is responsible for supervising the implementation of the general policy relating to the communication of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, proxy advisers and other stakeholders. It will also monitor the way in which the Company communicates and relates to small and medium-sized shareholders.

C.1.31. INDICATE WHETHER THE COMPANY CHANGED ITS EXTERNAL AUDITOR DURING THE YEAR. IF SO, IDENTIFY THE INCOMING AND OUTGOING AUDITORS:

Yes No ☒

Outgoing auditor	Incoming auditor

If there were any disagreements with the outgoing auditor, explain their content:

Yes No ☒

C.1.32. INDICATE WHETHER THE AUDIT FIRM PERFORMS ANY NON-AUDIT WORK FOR THE COMPANY AND/OR ITS GROUP AND, IF SO, STATE THE AMOUNT OF FEES IT RECEIVED FOR SUCH WORK AND EXPRESS THIS AMOUNT AS A PERCENTAGE OF THE TOTAL FEES INVOICED TO THE COMPANY AND/OR ITS GROUP FOR AUDIT WORK.

Yes ☒ No

	Company	Group companies	Total
Amount invoiced for non-audit services (thousands of euros)	1,227	9	1,236
Amount invoiced for non-audit work/Amount for audit work (in %)	81.9%	3.9%	71.8%

C.1.33. INDICATE WHETHER THE AUDITORS' REPORT ON THE FINANCIAL STATEMENTS FOR THE PRECEDING YEAR CONTAINS A QUALIFIED OPINION OR RESERVATIONS. IF SO, INDICATE THE REASONS GIVEN TO SHAREHOLDERS AT THE GENERAL MEETING BY THE CHAIRMAN OF THE AUDIT COMMITTEE TO EXPLAIN THE CONTENT AND EXTENT OF THE QUALIFIED OPINION OR RESERVATIONS.

Yes No ☒

C.1.34. INDICATE THE NUMBER OF CONSECUTIVE YEARS FOR WHICH THE CURRENT AUDIT FIRM HAS BEEN AUDITING THE COMPANY'S INDIVIDUAL AND/OR CONSOLIDATED FINANCIAL STATEMENTS. ALSO, INDICATE THE NUMBER OF YEARS AUDITED BY THE CURRENT AUDIT FIRM AS A PERCENTAGE OF THE TOTAL NUMBER OF YEARS IN WHICH THE FINANCIAL STATEMENTS HAVE BEEN AUDITED.

	Individual	Consolidated
Number of consecutive years	8	8

	Individual	Consolidated
Number of years audited by the current audit firm/number of years in which the company or its group has been audited (in %)	25.8%	25.8%

C.1.35. INDICATE WHETHER THERE IS A PROCEDURE FOR DIRECTORS TO BE SURE OF HAVING THE INFORMATION NECESSARY TO PREPARE THE MEETINGS OF THE GOVERNING BODIES WITH SUFFICIENT TIME; PROVIDE DETAILS IF APPLICABLE:

Yes ☒ No

Details the procedure

Article 9 of the Regulations of the Board of Directors determines that one of the Chairman's functions is to:

"Ensure that the Directors receive the necessary information in advance in order to deliberate on the items on the agenda and diligently carry out their role".

Thus, the Directors have a digital platform in which the relevant information on the items contained in the Agenda of each meeting of the Board and its Commissions is made available.

Likewise, in accordance with Article 22 of the Board Regulations, in the performance of their functions, the Directors have the duty to demand and the right to obtain from the Company the appropriate and necessary information that serves to fulfil their obligations. In this regard, the Directors are vested with the broadest powers to enquire about any aspect of the Company or its subsidiaries, whether national or foreign, and to examine their books, records, documents, reports or facilities. Exercising the powers of information shall be channelled, with the assistance of the Secretary, through the Chairman, who will respond to the Directors' requests by directly providing them with the information, offering them the appropriate contact people in the appropriate stratum of the organisation or by arbitrating the measures so that they can practise the appropriate "on-the-spot" examination and inspection procedures.

C.1.36. INDICATE WHETHER THE COMPANY HAS ESTABLISHED RULES OBLIGING DIRECTORS TO INFORM THE BOARD OF ANY CIRCUMSTANCES, WHETHER OR NOT RELATED TO THEIR ACTIONS IN THE COMPANY ITSELF, THAT MIGHT HARM THE COMPANY'S STANDING AND REPUTATION, TENDERING THEIR RESIGNATION WHERE APPROPRIATE. IF SO, PROVIDE DETAILS:

Yes ☒ No

Explain the rules

Article 21 of the Regulations of the Company's Board of Directors specifies that:

"Directors must place their position at the disposal of the Board of Directors and, if this deems it appropriate, formalise the corresponding resignation in cases that affect them, whether or not these are related to their actions in the Company itself, that harm the credit and reputation of the Company or in any way adversely affect the functioning of the Board of Directors or the Company and, in particular, when they are investigated in any criminal case, having to report progress with such legal proceedings, or when involved in any of the legally foreseen cases of incompatibility or prohibition.

The Board of Directors, having been informed of or having otherwise found out about the circumstances mentioned in the preceding paragraph, shall examine the case as soon as possible and, in light of the specific circumstances, shall decide on the measures to be taken, after receiving a report from the Appointments and Remuneration Commission. All this shall be disclosed in the Annual Corporate Governance Report, unless special circumstances exist that prevent this, which must be recorded in the minutes, without prejudice to the information that the Company must disseminate, if appropriate, at the time of taking the appropriate measures.

[...]

When a Director steps down from their role before the end of their term of office, due to resignation or by agreement of the General Meeting, they must send a letter to all members of the Board of Directors adequately explaining their reasons for stepping down or, if they are Non-Executive Directors, their view of the reasons why they were removed by the Meeting. All of this will be disclosed in the Annual Corporate Governance Report. In addition, to the extent that it is relevant to investors, the Company shall report this stepping down as soon as possible, giving a sufficient explanation of the reasons or circumstances given by the Director".

C.1.37. INDICATE WHETHER, APART FROM SUCH SPECIAL CIRCUMSTANCES AS MAY HAVE ARISEN AND BEEN DULY MINUTED, THE BOARD OF DIRECTORS HAS BEEN NOTIFIED OR HAS OTHERWISE BECOME AWARE OF ANY SITUATION AFFECTING A DIRECTOR, WHETHER OR NOT RELATED TO HIS OR HER ACTIONS IN THE COMPANY ITSELF, THAT MIGHT HARM THE COMPANY'S STANDING AND REPUTATION:

Yes No ☒

Indicate whether the Board of Directors has examined the case. If so, explain with reasons whether, given the specific circumstances, it has adopted any measure, such as opening an internal enquiry, requesting the director's resignation or proposing his or her dismissal.

Indicate also whether the Board decision was backed up by a report from the nomination committee.

Yes No ☒

C.1.38. DETAIL ANY MATERIAL AGREEMENTS ENTERED INTO BY THE COMPANY THAT COME INTO FORCE, ARE MODIFIED OR ARE TERMINATED IN THE EVENT OF A CHANGE IN CONTROL OF THE COMPANY FOLLOWING A PUBLIC TAKEOVER BID, AND THEIR EFFECTS.

They do not exist.

C.1.39. IDENTIFY INDIVIDUALLY AS REGARDS DIRECTORS, AND IN AGGREGATE FORM IN OTHER CASES, AND PROVIDE DETAILS OF ANY AGREEMENTS BETWEEN THE COMPANY AND ITS DIRECTORS, EXECUTIVES OR EMPLOYEES CONTAINING INDEMNITY OR GOLDEN PARACHUTE CLAUSES IN THE EVENT OF RESIGNATION OR DISMISSAL WITHOUT DUE CAUSE OR TERMINATION OF EMPLOYMENT AS A RESULT OF A TAKEOVER BID OR ANY OTHER TYPE OF TRANSACTION.

There are no indemnities agreed upon between the Company and its non-executive management positions, nor executives or employees.

With regard to the Executive Director, their contract provides for indemnification in their favour, provided that the termination is not the result of a violation attributable to them nor is it due to their exclusive decision, except in the cases of death or invalidity of the Executive Director, which do not provide any right to indemnification.

The compensation amounts, as a general rule, to a figure equivalent to two (2) years of their total remuneration, including fixed and variable remuneration, but excluding that obtained in programmes or incentives of an annual or multi-year nature, without prejudice to the fact that, depending on the type of event that results in the termination of the contracts, it may reach an amount equivalent to three (3) years of their total remuneration.

Indicate whether, beyond the cases established by legislation, these agreements have to be communicated and/or authorised by the governing bodies of the company or its group. If so, specify the procedures, the cases concerned and the nature of the bodies responsible for their approval or communication:

	Board of Directors	General shareholders' meeting
Body authorising the clauses	Sí	

Are these clauses notified to the General Shareholders' Meeting?	Yes	No
	Yes	

Remarks

The clauses for the Executive Director are approved by the Board of Directors on the proposal of the Appointments and Remuneration Commission. In addition, they are reported to the General Meeting through the Annual Report on Directors' Remuneration.

C.2. COMMITTEES OF THE BOARD OF DIRECTORS.

C.2.1. PROVIDE DETAILS OF ALL COMMITTEES OF THE BOARD OF DIRECTORS, THEIR MEMBERS, AND THE PROPORTION OF EXECUTIVE, PROPRIETARY, INDEPENDENT AND OTHER EXTERNAL DIRECTORS FORMING THEM.

EXECUTIVE COMMISSION

Name	Position	Category
Mr Jaime Real de Asúa Arteche	Chairman	Proprietary Director
Mr Fernando Azaola Arteche	Secretary	External
Mr Cristóbal González de Aguilar Alonso-Urquijo	Member	Proprietary Director
Mr Rafael Martín de Bustamante Vega	Member	Executive
Mr Miguel Morenés Giles	Member	Proprietary Director
Mr Ignacio Prado Rey-Baltar	Member	Proprietary Director

% of executive directors	16.67 %
% of proprietary directors	66.66 %
% of independent directors	0 %
% of other external directors	16.67 %

Explain the functions delegated or assigned to this committee, other than those that have already been described in Section C.1.9, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

In accordance with the constitution of the Company's Executive Commission, it shall have the following **Rules of Procedure:**

- The members of the Executive Commission shall step down from their role when they do so from their role as Director or when agreed upon by the Board of Directors.
- In the absence of the Chairman of the Executive Commission, or this position being vacant, their functions shall be exercised by the member who is elected for that purpose by a majority of the attendees of the meeting.
- The Executive Commission shall be convened by its Chairman, at its own initiative, or at the request of two of its members, by letter, telegram, e-mail or fax, addressed to each of its members at least 48 hours before the date of the meeting, but may, however, be convened for reasons of urgency, in which case the agenda shall be limited to the points which were the grounds for the meeting.
- The Executive Commission shall be validly constituted when at least a majority of its members are present and represented.
- The Executive Commission shall, through its Chairman, inform the Board of Directors of the matters dealt with and of the decisions made by the Commission.

In addition, all members of the Board of Directors receive copies of the minutes of the meetings of the Executive Commission, in accordance with Recommendation 38 of the Code of Good Governance.

The activity of the Executive Commission carried out in 2020, a year in which it held 22 meetings, has resulted in the progress of the Company and its business, in accordance with the strategic policies established by the Board of Directors, reporting the contents of its meetings to the full Board of Directors and, all of this, in accordance with the rules of operation of said Commission.

AUDIT COMMITTEE

Name	Position	Category
Ms Irene Hernández Álvarez	Chairman	Independent
Mr Miguel Morenés Giles	Secretary	Proprietary Director
Ms Isabel Dutilh Carvajal	Member	Independent
Mr Ignacio Prado Rey-Baltar	Member	Proprietary Director
Mr Emilio Ybarra Aznar	Member	Independent

% of executive directors	0 %
% of proprietary directors	40 %
% of independent directors	60 %
% of other external directors	0 %

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

The functions, procedures and rules of organisation and operation of the Audit Commission are set out and developed in Article 15 bis of the Articles of Association, in Article 13 of the Regulations of the Board and in the Regulations of the Audit Commission. All of these are available on the Company's corporate website.

The Audit Commission shall designate a Chairman from among the Independent Directors as set forth in this article. The appointment must be made for a maximum of four years, for which they may be re-appointed for the same term once a period of one year has elapsed from the date on which their role expires or the date their removal had been agreed upon.

The Audit Commission shall be validly constituted when the majority of its members are present or represented, and its agreements shall be adopted by an absolute majority of the members present or represented at the meeting.

The Audit Commission shall meet at least four times per year and, in addition, as often as required in the interests of the Company, at the request of any of the Commission's members.

The meetings of the Audit Commission will be called by its Secretary, on the instructions of the Chairman, and the call notice shall always include the agenda of the meeting and be accompanied by the necessary information, without prejudice to the fact that in certain circumstances it is justified that all or part of the information is provided at the meeting itself.

Attendance at meetings of the Commission should be preceded by sufficient dedication by its members to analysing and evaluating the information received, promoting constructive dialogue between its members and the freedom to give opinions.

The Commission may request the presence of any person not forming part of the Commission that it deems appropriate for the best exercise of its functions, who shall attend at the invitation of the Chairman of the Commission but only to deal with those specific items on the agenda for which they are called.

The Audit Commission may have access to any information or documentation available to the Company concerning matters within its competence and may, at the expense of the Company, arrange the collaboration or advice of external professionals when it considers it necessary or convenient for the best exercising of its functions, for which it will have the necessary resources.

The Audit Commission shall establish an effective and regular channel of communication with its regular partners, which shall normally correspond to the Chairman of the Commission, who shall also act as spokesperson for the Commission at the meetings of the Board of Directors and, where appropriate, at the Company's General Shareholders' Meeting.

In accordance with the provisions of Article 15 bis of the Articles of Association, the Audit Commission shall have at least the powers listed below, without prejudice to those whose delegation the Company itself, through the Governing Body, considers necessary:

1) Report to the General Shareholders' Meeting on the issues raised by shareholders in matters within their competence.

2) Propose to the Board of Directors for submission to the General Shareholders' Meeting the appointment, re-election and replacement of the external accounts auditors referred to in Article 264 of Royal Legislative Decree 1/2010, of 2 July, approving the consolidated text of the Capital Companies Act, as well as the terms of their hiring, and regularly collecting information on the audit plan and its implementation from the external accounts auditors, in addition to preserving their independence in exercising their functions.

3) Monitor the effectiveness of the Company's internal control, internal audit, where appropriate, and risk management systems, including tax risks, as well as discussing with the account auditors or audit companies the significant weaknesses of the internal control system detected during the audit.

4) Monitor the preparation and submission of regulated financial information.

5) Establish appropriate relations with the account auditors or audit companies to receive information on any issues that may pose a threat to their independence for consideration of the Commission, and any other information related to the process of auditing the accounts, as well as other communications set out in the account audit legislation and audit standards. In any case, the account auditors or audit companies shall provide them with a written, annual declaration of their independence with regard to the Company or entities directly or indirectly linked to it, as well as information regarding additional services of any kind provided to these entities by the external auditors or audit firms or by the persons or entities linked to the auditors or audit firms, in accordance with the provisions of the governing regulations on account audit activity.

6) Issue an annual report, prior to the issuance of the account audit report, expressing an opinion on whether the independence of the accounts auditor or audit companies has been compromised. In any event, this report shall contain the reasoned assessment of each and every additional service provided as referred to in the previous paragraph, considered individually and as a whole, other than the legal audit and in relation to the independence regime or the governing regulations on account audit activity.

7) Inform the Board of Directors, in advance, regarding all matters provided for by Law, in the Company Articles of Association and the Regulations of the Board, and, in particular:

   a) the financial information that the Company must regularly report;

   b) the creation or acquisition of holdings in special-purpose entities or entities with registered offices in countries or territories classified as tax havens; and

   c) related-party transactions.

In addition, in accordance with Article 13 of the Board Regulations and its own Regulations, the Audit Commission has the duties of supervising the Company's compliance with the corporate governance rules and internal codes of conduct. It shall also draw up annually a plan of action covering the main activities of the Commission during the financial year in relation to the performance of its functions and shall draw up an annual report on its functioning and performance during the financial year.

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The Audit Commission shall record all agreements adopted in a book of minutes, indicating the date of the session, attendees and adopted agreements.

The Audit Commission's activity in 2020, during which it held 11 meetings, mainly involved the following:

1. Review of the regular financial and non-financial information disclosed to the markets and of the objectives and forecasts at year-end.

The Commission monitors the process of preparation and the integrity of the financial and non-financial information of the Company and the consolidated group, reporting favourably to the Board, for its subsequent submission to the authorities and the market, as well as to submit it to the shareholders for approval at the General Meeting.

Prior to its submission to the Board of Directors, the Commission reviews the financial information (and where relevant the annual non-financial information) produced on a quarterly (March and September), half-yearly (June, subject to limited review by the Group's auditor) and yearly (December, subject to review by the Group's auditor) basis, to be sent to the CNMV and to be disclosed to the markets (key financials, performance versus the previous period, performance of the main businesses and geographical areas, etc.). The annual non-financial information reporting is also subject to independent verification by KPMG.

The General Internal Audit and Finance Sub-Division provides the Audit Commission with the appropriate explanations regarding the accounts. The accounting treatments for extraordinary operations and the tax treatment of significant operations are analysed, discussing them with the Group's auditors and/or advisers.

It is worth noting the Audit Commission's follow-up on the accounting implications and impact of the corporate transactions performed at the end of 2019, under which the Dutch fund APG became the owner of 49% of the capital of Celeo Concesiones e Inversiones, parent company of the Celeo subgroup. Additionally, as a result of this operation and in accordance with the recommendation from the CNMV, the comparative figures for 2018 were restated in the consolidated annual financial statements for the 2019 financial year in order to reflect what the Group's accounts would have looked like if this accounting method had been used since the signing in 2014 of the agreement with APG in Celeo Redes.

Throughout the year, reassessments of year-end objectives and forecasts are presented and any deviations from the objectives are explained.

2. Monitoring of the main risks with a potential impact on the profit and loss account and other significant issues affecting the annual financial statements, the Risk Management System and Internal Audit activity.

In addition to the detailed follow-up of the main risks with a potential impact on the profit and loss account routinely carried out by this Commission, during the year 2020 it is worth highlighting the follow-up made of the impacts and implications arising from the COVID-19 pandemic.

Without prejudice to the supervision by the Board of Directors of the impacts of COVID-19 on the Group (through, inter alia, the report of the Chief Executive Officer, as the highest authority on the Company's COVID-19 Monitoring Commission), the Audit Commission has carried out a detailed follow-up of the main impacts and measures taken for the proper management of the situation caused by COVID-19. We can highlight the following:

- Launch of the COVID-19 Monitoring Commission, chaired by the Chief Executive Officer.
- COVID action protocols and other instructions.
- Main measures for cost containment and increase in job flexibility.
- Liquidity situation and measures taken to strengthen it in the event of a deterioration in the cash generation of the businesses.
- Monitoring, from the perspective of computer resources and information systems, of the problems arising from the mass movement to teleworking and the associated security risks.
- Review of risks managed through the Risk Management System for the inclusion of the risk associated with health crises (public health).
- Information to be reported to the markets in relation to COVID-19, in compliance with the recommendations indicated by the CNMV and ESMA.

With regard to the usual monitoring of risks, these are structured by general sub-divisions and the different business areas. The Group's exposure to them is quantified and the contingent trade receivables and receivables from public entities are reviewed, along with financial exposure in certain countries considered to be of high risk. The appropriateness of recognising a provision for these risks is considered on a case-by-case basis once the risks are known.

The Audit Commission also monitors the most significant judgements and estimates with an impact on the financial information, especially those relating to impairment tests of goodwill, intangible and tangible assets and deferred tax assets, as well as the recognition, control and measurement of derivative financial instruments.

In relation to tax, the Audit Commission monitors the main risks of this nature and the effective implementation of the Corporate Tax Policy. It also reviews the tax treatment of operations with particular significance in this regard. At its December meeting, it discussed and reported favourably to the Board on the adoption of the tax consolidation system for the 2021 financial year.

The Audit Commission also continuously monitors the main risks to which the Group is exposed (governance, strategic and environmental, operational, reporting and compliance) by overseeing the Risk Management System and, in particular, the risks identified, their potential impact and probability of occurrence and the action plans established to better manage them.

The Audit Commission monitors the Internal Audit work plan and oversees its monitoring and reviewing of the main risks affecting the organisation and its processes and controls.

3. Relations with the Group's external auditors, supervision of their independence and approval of fees.

The Audit Commission met with the Group's external auditors four times in 2020, without other members of the organisation being in attendance in three of those.

The main issues discussed with the external auditors at these meetings are:

- Planning and strategy of the annual audit of the individual accounts of Elecnor, S.A. and the consolidated ones for the Group (materiality, scope, main audit risks identified, schedule, etc.).
- Results of the annual audit of the individual and consolidated annual financial statements and the limited review of the Group's half-year condensed financial statements.
- Any internal control weaknesses identified and improvement points, where appropriate.
- Written statement and confirmation by the external auditors of their independence and detailed information on any non-audit services.

The Audit Commission reviews proposals for non-audit services submitted by the external auditor or the external auditor's related parties and pre-approves them in terms of independence under the law.

The Commission has concluded that the auditor of the Company's individual and consolidated accounts has carried out their audit work independently.

The proposed fees submitted by KPMG for the 2020 audit of the individual and consolidated annual financial statements were also reviewed and it was decided to submit them to the Board of Directors for approval.

4. Monitoring of the compliance system and activity of the Compliance Commission.

In line with the Group's overall commitment to this issue, this is one of the activities where it makes a particularly concerted effort. Six of the meetings were attended by members of the Group's Compliance Commission, who reported on the Commission's activity and on the initiatives, actions and/or incidents arising in the field of compliance, obtaining the Commission's approval and authorisation when necessary.

In summary, the tasks carried out by the Audit Commission in this area in 2020 have been:

- Review and approval of the 2019 Annual Compliance Report.
- Monitoring of the main risks to which the Group is exposed, with particular emphasis on those arising from the appearance of COVID-19.
- Approval and follow-up of compliance targets for 2020.
- Approval and follow-up of the 2020 Compliance Training Plan.
- Project monitoring of the review and improvement of procedures and controls to prevent and avoid anti-competitive practices carried out with advice from Deloitte.
- Monitoring of the processes of adapting the Group's compliance system to the special circumstances and requirements of the different countries in which it operates (organisations and subsidiaries).
- Follow-up of complaints and/or concerns submitted through the Code of Ethics Channel, analysis of findings and decision on action to be taken.

At the October meeting, the Audit Commission approved a new compliance organisational structure, with the aim of establishing a structure and system that will allow it to strengthen and improve the compliance system and keep it permanently operational. In this regard, a Compliance Officer has been appointed and the composition of the Compliance Commission has been modified to make it a body supporting the Compliance Officer, increasing the participation of and coordination with local managers and with the various organisations in the Elecnor Group. This new organisation increases the resources allocated to the function and aims to improve coordination between the corporate and business areas on compliance risk management.

In addition, the Commission monitors developments in various judicial and administrative proceedings with a potential impact on legal persons belonging to the Elecnor Group.

5. Follow-up of the Group's Digital Transformation Project.

The Group's Chief Information and Technology Officer, along with the General Internal Audit and Finance Sub-Division, has reported on the degree of progress of the important digitisation and process re-engineering project under way since 2016. The project aims to achieve operational excellence, understood as the capacity of the organisation, processes and systems to contribute to efficiency, information control, quality of service and regulatory compliance.

The Audit Commission has also been kept informed of major cybersecurity developments and projects (especially in the context of teleworking as a result of COVID-19) and progress with the project being run to obtain certification in ISO 27001 – Information Security Management Systems and which is expected to be completed in the first half of 2021.

In addition, the Audit Commission has monitored progress on the project led by the Consolidation area to adapt the system for annual financial reporting to the CNMV to the European Single Electronic Format (ESEF), a project that has been successfully completed within the established deadlines.

6. Reporting to the General Shareholders' Meeting.

Due to the special circumstances seen in 2020 as a result of the health crisis, the General Shareholders' Meeting held on 20 May 2020 was held remotely and in a reduced format. In these circumstances, and in contrast with previous years, the information relating to the Commission's activities during the 2019 financial year and up to the date of the meeting was conveyed by the Chairman of the Board of Directors and not directly by the Chairman of the Audit Commission as has normally taken place in other years.

Detailed information is available to shareholders through the Elecnor Group's Annual Corporate Governance Report for the 2019 financial year available on the corporate website (https://a.elecnor.com/informes-anuales-de-gobierno-corporativo), as well as through the Commission's Activity Report for the 2019 financial year also published on the corporate website (https://www.elecnor.com/resources/files/1/Junta_General_Accionistas/2020/18-informe-de-funcionamiento-de-la-comision-de-auditoria.pdf).

7. Corporate governance: policies and regulations. Evaluation by the Commission.

In the area of Corporate Governance, the Audit Commission has analysed the issues arising from the evaluation of the Commission carried out by the Board of Directors, establishing its proposals for action in relation to that evaluation.

The work of the Audit Commission in reviewing, updating and modifying various policies and regulations on the functioning of the Company to adapt them to the recommendations of the Code of Good Governance of listed companies and other regulations should also be noted. In particular, during this financial year the Commission has reviewed the Regulations of the Audit Commission, the Policy of communication, contact and involvement with shareholders, institutional investors, asset managers, financial intermediaries and proxy advisers, as well as the Internal Regulations on Conduct on matters relating to the stock market of Elecnor, S.A., reporting on the proposed amendments favourably for their final approval by the Board of Directors.

Identify the directors who are members of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date on which the Chairperson of this committee was appointed.

Names of directors with experience
Ms Irene Hernández Álvarez
Mr Miguel Morenés Giles
Ms Isabel Dutilh Carvajal
Mr Ignacio Prado Rey-Baltar
Mr Emilio Ybarra Aznar

Date of appointment of the chairperson
22/05/2019

NOMINATION AND REMUNERATION COMMITTEE

Name	Position	Category
Mr Emilio Ybarra Aznar	Chairman	Independent
Ms Isabel Dutilh Carvajal	Member	Independent
Mr Jaime Real de Asúa Arteche	Secretary	Proprietary Director

% of executive directors	0 %
% of proprietary directors	33.33%
% of independent directors	66.66%
% of other external directors	0 %

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

The functions, procedures and rules of organisation and operation of the Appointments and Remuneration Commission are set out and developed in Article 15 ter of the Articles of Association, Article 14 of the Regulations of the Board and in the Regulations of the Appointments and Remuneration Commission, all of which are available on the Company's corporate website.

The Appointments and Remuneration Commission shall appoint the Chairman thereof from among the Independent Directors. The Secretary of the Board of Directors may be appointed as the Secretary of the Appointments and Remuneration Commission, provided they are not an Executive Director.

The Appointments and Remuneration Commission shall necessarily meet at least three times per year. It shall be validly constituted when attended, in person or in representation, by a majority of its members, and its agreements shall be adopted by an absolute majority of the members present or represented at the meeting.

The meetings of the Commission will be called by its Secretary, on the instructions of the Chairman, and the call notice shall always include the agenda of the meeting and be accompanied by the necessary information, without prejudice to the fact that in certain circumstances it is justified that all or part of the information is provided at the meeting itself.

Attendance at meetings of the Appointments and Remuneration Commission should be preceded by sufficient dedication by its members to analysing and evaluating the information received, encouraging constructive dialogue between its members and the freedom to give opinions.

The Commission may request the presence of any person not forming part of the Commission that it deems appropriate for the best exercise of its functions, who shall attend at the invitation of the Chairman of the Commission but only to deal with those specific items on the agenda for which they are called.

The Appointments and Remuneration Commission may have access to any information or documentation available to the Company concerning matters within its competence and may, at the expense of the Company, arrange the collaboration or advice of external professionals when it considers it necessary or convenient for the best exercising of its functions, paying particular attention to any conflicts of interest that could affect the external advisers, for which it will have the necessary resources.

The Commission shall establish an effective and regular channel of communication with its regular partners, which shall normally correspond to the Chairman of the Commission, who shall also act as spokesperson for the Commission at the meetings of the Board of Directors and, where appropriate, at the Company's General Shareholders' Meeting.

The Appointments and Remuneration Commission shall consult with the Chairman of the Board of Directors and the CEO of the Company, especially in matters relating to the appointment of the Executive Directors and the remuneration of members of the management team and the Executive Directors. Any Director may request that the Commission take into consideration potential candidates to fill vacancies for Directors, if they are found to be suitable.

In accordance with Article 15 ter of the Articles of Association, the Appointments and Remuneration Commission shall have at least the following functions:

- Evaluating the required skills, knowledge and experience for the Board of Directors. For this purpose, it shall define the necessary functions and aptitudes for the candidates to fill each vacancy and shall evaluate the time and dedication required so they may effectively perform their functions.

- Establishing a target representation number for the less represented gender on the Board of Directors and drawing up guidelines for achieving that target.

- Submitting to the Board of Directors proposals for the appointment of Independent Directors by co-optation or for submission to the decision of the General Shareholders' Meeting, as well as proposals for the re-appointment or removal of said Directors by the General Shareholders' Meeting.

- Reporting the appointment proposals of the remaining Directors for their designation by co-optation 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.

- Reporting proposals for the appointment and removal of senior executives and the basic terms of their contracts.

- Examining and organising the succession of the Chairman of the Board of Directors and the CEO of the Company and, where appropriate, making proposals to the Board of Directors so that such succession takes place in an orderly and planned manner.

- Proposing 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, Executive Commissions or CEOs, as well as individual remuneration and other contractual and statutory conditions of Executive Directors, confirming their observance.

In addition, in accordance with Article 14 of the Regulations of the Board and its own Regulations, the Appointments and Remuneration Commission has assigned to it the task of reviewing the Company's corporate governance system and environmental and social sustainability. It shall also draw up annually a plan of action covering the main activities of the Commission during the financial year in relation to the performance of its functions and shall draw up an annual report on its functioning and performance during the financial year.

The Commission met on 10 occasions during the 2020 financial year. In addition, when the Commission considered it appropriate, the Chief Executive Officer and members of the management team were invited to attend, in all cases at the invitation of the Chairman of the Commission and in order to deal with the agenda items for which they had been invited. In particular, the Director of Corporate Development, Director of Human Resources, Director of the Sustainability Commission and Secretary of the Board and Director of the Legal Department have participated in some of the Commission's meetings.

The activity of the Appointments and Remuneration Commission in 2020 mainly involved the following:

1. Activities relating to the evaluation of the performance of the Board of Directors and analysis of its structure

The Commission has examined the category of the Directors, reviewed the models for the evaluation of the Board, the Chairman and its Commission, and carried out the evaluation of this Appointments and Remuneration Commission, which concluded with a very satisfactory result. Similarly, the questionnaire sent to all the Directors has been revised in relation to their possible conflict of interest in the 2020 financial year.

During the year, the Commission continued with the work to examine the Board of Directors' structure, which began in mid-2017, the year in which Spencer Stuart was working as an international top-tier external consulting firm.

2. Activities relating to the appointment and re-election of Directors

A preliminary analysis was performed of the Board of Directors' needs including the necessary expertise, knowledge and skills required on the Board. This analysis was considered when preparing proposals and reports for the appointment and re-election of Directors submitted to the Board of Directors.

In particular, the Commission, at the request of the Board of Directors, reported favourably on the proposal for the re-election of Mr Joaquín Gómez de Olea y Mendaro as Director, in the category of proprietary director, for a period of four years. The General Shareholders' Meeting approved his appointment.

Also at the request of the Board of Directors, the Commission reported favourably on the proposed appointment through the co-optation procedure of Mr Santiago León Domecq, as Proprietary Director of the company.

It also reported favourably on the proposal to appoint Mr Pedro Enrile Mora-Figueroa as Non-Director Secretary of the Board of Directors.

3. Activities relating to the remuneration of the Executive Director, members of the management team and succession plans.

Similarly, in the area of remuneration, it has proposed the annual fixed and variable remuneration for the Executive Director and prepared the Annual Directors' Remuneration Report for 2019, which the Board of Directors submitted to the General Meeting for its advisory vote.

The Commission has also proposed the remuneration policy for the management team and its implementation, including its proposal for variable remuneration, as well as the long-term incentive, also variable, for the period 2017-2019, which is linked to the targets set.

An external comparative analysis of the remuneration of the management team has been carried out, with the collaboration of Willis Towers Watson, WTW. This project is still ongoing and includes a quantitative analysis of the remuneration of the

Chief Executive Officer and management team and a diagnosis of the current policy in relation to the market and corporate governance best practices.

The succession plan of the Chairman, Chief Executive Officer and Management Team has also been revised.

4. Other corporate governance activities

The situation of this management team has been examined, with the presence of the Human Resources managers, especially in matters associated with COVID and the management of temporary workforce restructuring schemes (ERTEs), the evolution of the Group's workforce, labour climate survey, regulatory developments and certifications, gender and wage gap analysis, inclusion and diversity and internationalisation.

Another aspect that we should highlight is that of Sustainability. This Commission has not been immune to the drive for sustainability at a global level and has taken on responsibility for actions associated with this area, following the creation of the first sustainability commission composed of people from different business areas of the company.

Modifications to the Commission's regulations and the policy for the selection of Directors and diversity of the Board of Directors have also been proposed to the Board, in order to adapt these texts to the partial reform of the CNMV Code of Good Governance adopted in June 2020.

Finally, the Commission reported all its activities to the Board of Directors, providing all Directors with the minutes of its meetings with their corresponding annexes.

C.2.2. COMPLETE THE FOLLOWING TABLE WITH INFORMATION REGARDING THE NUMBER OF FEMALE DIRECTORS WHO WERE MEMBERS OF BOARD COMMITTEES AT THE CLOSE OF THE PAST FOUR YEARS.

2017:
Isabel Dutilh Carvajal was the Chairwoman of the Audit Commission and a Member of the Appointments and Remuneration Commission, which equates to 33% of the Audit Commission and 25% of the Appointments and Remuneration Commission being female.

2018:
Ms Isabel Dutilh Carvajal was the Chairwoman of the Audit Commission and a Member of the Appointments and Remuneration Commission. Irene Hernández Álvarez was a Member of the Audit Commission. All this equates to 40% of the Audit Commission and 25% of the Appointments and Remuneration Commission being female.

2019:
Ms Irene Hernández Álvarez was the Chairwoman of the Audit Commission and Ms Isabel Dutilh Carvajal was a Member of that Commission, which equates to 40% of that commission being female. Ms Isabel Dutilh Carvajal was also a Member of the Appointments and Remuneration Commission, which equates to 25% of that Commission being female.

2020:
Ms Irene Hernández Álvarez was the Chairwoman of the Audit Commission and Ms Isabel Dutilh Carvajal was a Member of that Commission, which equates to 40% of that commission being female. Ms Isabel Dutilh Carvajal was also a Member of the Appointments and Remuneration Commission, which equates to 33% of that Commission being female.

C.2.3. INDICATE, WHERE APPLICABLE, THE EXISTENCE OF ANY REGULATIONS GOVERNING BOARD COMMITTEES, WHERE THESE REGULATIONS ARE TO BE FOUND, AND ANY AMENDMENTS MADE TO THEM DURING THE YEAR. ALSO INDICATE WHETHER ANY ANNUAL REPORTS ON THE ACTIVITIES OF EACH COMMITTEE HAVE BEEN VOLUNTARILY PREPARED.

On 16 December 2020, the Board of Directors approved the amendment of the Regulations of the Board, the Audit Commission and the Appointments and Remuneration Commission, for the purpose of adapting them to the recommendations of the CNMV Code of Good Governance of Listed Companies as amended in June 2020, with which the Company currently complies.

The functions of the Audit Commission and the Appointments and Remuneration Commission are laid down in Articles 15 bis and 15 ter of the Articles of Association, as well as in Articles 13 and 14 of the Regulations of the Board of Directors and the aforesaid Commissions' respective regulations.

The existence and functions of the Executive Commission, meanwhile, are regulated in Article 15 of the Articles of Association, in Article 12 of the Regulations of the Board of Directors, as well as in its own deed of incorporation.

Both the Regulations of the Board of Directors and the Regulations of the Audit Commission and the Appointments and Remuneration Commission are available on the Company's website (**www.elecnor.com**).

During the 2020 financial year, reports on the activities of the Appointments and Remuneration and Audit Commissions have been prepared on a voluntary basis. They serve as the basis for the evaluation carried out by the Board of Directors and were made available to shareholders through the Company's website sufficiently in advance of the Ordinary General Meeting, all in accordance with recommendations 6 and 36 of the Code of Good Governance.

D) RELATED PARTY AND INTRAGROUP TRANSACTIONS

D.1. DESCRIBE, IF APPLICABLE, THE PROCEDURE AND COMPETENT BODIES FOR THE APPROVAL OF RELATED PARTY AND INTRAGROUP TRANSACTIONS.

Procedures and bodies for reporting on the approval of transactions with related parties

Article 33 of the Regulations of the Board of Directors covers "Transactions with significant shareholders":

"Any relevant transaction between the Company and its significant shareholders shall be authorised by the Board of Directors.

Exempt from this approval are operations that simultaneously meet the following three characteristics:

1. they are carried out under contracts whose conditions are standardised and apply en masse to a large number of customers.

2. they are carried out at prices or rates generally established by the person acting as a supplier of the goods or services concerned.

3. their value does not exceed one percent of the Company's annual income".

In turn, Article 28 of the Board's regulations establishes that the Directors must abstain from carrying out professional or commercial transactions, directly or indirectly, with the Company, except in the case of ordinary transactions, completed under standard conditions for customers and of limited importance, understanding these to be transactions on which information is not necessary to express the faithful image of the assets, financial situation and results of the Company".

This is without prejudice to Article 529 ter.1(h) of the Capital Companies Act.

D.2. DESCRIBE ANY TRANSACTIONS THAT ARE SIGNIFICANT, EITHER BECAUSE OF THE AMOUNT INVOLVED OR THE SUBJECT MATTER, ENTERED INTO BETWEEN THE COMPANY OR ENTITIES WITHIN ITS GROUP AND THE COMPANY'S SIGNIFICANT SHAREHOLDERS:

They do not exist.

D.3. DESCRIBE ANY TRANSACTIONS THAT ARE SIGNIFICANT, EITHER BECAUSE OF THEIR AMOUNT OR THE SUBJECT MATTER, ENTERED INTO BETWEEN THE COMPANY OR ENTITIES WITHIN ITS GROUP AND DIRECTORS OR MANAGERS OF THE COMPANY:

They do not exist.

D.4. REPORT ANY MATERIAL TRANSACTIONS CARRIED OUT BY THE COMPANY WITH OTHER ENTITIES BELONGING TO THE SAME GROUP, PROVIDED THAT THESE ARE NOT ELIMINATED IN THE CONSOLIDATION PROCESS AND DO NOT FORM PART OF THE COMPANY'S ORDINARY BUSINESS ACTIVITIES IN TERMS OF THEIR PURPOSE AND CONDITIONS:

Not applicable.

IN ANY CASE, REPORT ANY INTRAGROUP TRANSACTION CONDUCTED WITH ENTITIES ESTABLISHED IN COUNTRIES OR TERRITORIES CONSIDERED AS TAX HAVENS:

They do not exist.

D.5. REPORT ANY MATERIAL TRANSACTIONS CARRIED OUT BY THE COMPANY OR ENTITIES BELONGING TO ITS GROUP WITH OTHER RELATED PARTIES THAT HAVE NOT BEEN REPORTED IN THE PREVIOUS SECTIONS.

Company name of the related party	Brief description of the transaction	Amount (thousands of euros)

D.6. LIST THE MECHANISMS IN PLACE TO DETECT, DETERMINE AND RESOLVE POTENTIAL CONFLICTS OF INTEREST BETWEEN THE COMPANY AND/OR ITS GROUP AND ITS DIRECTORS, SENIOR MANAGEMENT OR SIGNIFICANT SHAREHOLDERS.

Article 26 of the Regulations of the Board establishes the obligation for the Directors to "Adopt the necessary measures to avoid being in situations where their interests, whether on their own account or otherwise, may conflict with the corporate interests and with their duties towards the Company".

In turn, Article 28 establishes the following obligations of the Directors in the context of their duty to avoid conflicts of interest situations:

"Directors shall inform the Board of Directors of any situation of conflict, direct or indirect, they may have with the interests of the Company and shall abstain from participating in deliberations and voting on agreements relating to matters in which they have personal interests.

The personal interest of the Director shall also be considered to apply when the matter affects persons related to the administrators, whether they are natural or legal persons. Related persons will be considered as those legally qualified as such.

Excluded from the Directors' obligation to abstain from deliberating and voting on matters in which they have personal interests are the agreements or decisions affecting them in their capacity as Directors, such as their appointment or dismissal for roles on the Board or others of a similar nature.

Likewise, the Director shall abstain from:

a) Carrying out professional or commercial transactions, directly or indirectly, with the Company, except in the case of ordinary transactions, completed under standard conditions for customers and of limited importance, understanding these to be transactions on which information is not necessary to express the faithful image of the assets, financial situation and results of the Company.

b) Using the name of the Company or invoking their capacity as administrator to improperly influence how private operations are conducted.

c) Obtaining advantages or remuneration from third parties other than the Company and its Group associated with the performance of their role, unless they are mere tokens of courtesy.

d) Engaging in activities on their own account or on behalf of others that involve current or potential effective competition with the Company or that, in any other way, bring them into continuous conflict with the Company's interests.

The Company may exempt the Director from these prohibitions via an agreement adopted by the competent body under the terms established by Law.

The above provisions shall also apply in the event that the beneficiary is a person related to the Director.

In any case, situations involving a conflict of interest of the Company's administrators must be mentioned in the report".

In addition, the Elecnor Code of Ethics establishes, among the principles for action applicable to employees, the following:

"Independence when performing professional activity is an essential basis for performance inspired by freedom of judgement, fairness and business loyalty.

As a general principle to guide actions, any Elecnor employee who has a conflict between their particular or family interests and the interests of the business shall refrain from exercising the activity that would lead to such a conflict, communicating to their immediate superior the characteristics of the matter. Only with the express written permission of the line manager will the employee finally be allowed to perform the activity.

Elecnor employees who participate in the selection processes for suppliers, contractors or external collaborators have the obligation to act with impartiality and objectivity, adopting the criteria that govern the organisation of their selection. Similarly, employees are required to take reasonable steps and act diligently to avoid acquiring material of questionable origin or accepting payments of doubtful origin".

D.7. INDICATE WHETHER THE COMPANY IS CONTROLLED BY ANOTHER ENTITY IN THE MEANING OF ARTICLE 42 OF THE COMMERCIAL CODE, WHETHER LISTED OR NOT, AND WHETHER IT HAS, DIRECTLY OR THROUGH ANY OF ITS SUBSIDIARIES, BUSINESS RELATIONSHIPS WITH SAID ENTITY OR ANY OF ITS SUBSIDIARIES (OTHER THAN THE LISTED COMPANY) OR CARRIES OUT ACTIVITIES RELATED TO THOSE OF ANY OF THEM.

Yes No [X]

Indicate whether the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries have been defined publicly and precisely:

Yes No [X]

Report the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries, and identify where these aspects have been publicly reported

They do not exist

Identify the mechanisms in place to resolve potential conflicts of interest between the parent of the listed company and the other group companies:

Mechanisms for resolving possible conflicts of interest

E) RISK MANAGEMENT AND CONTROL SYSTEMS

E.1. EXPLAIN THE SCOPE OF THE COMPANY'S RISK MANAGEMENT AND CONTROL SYSTEM, INCLUDING TAX RISK.

BOARD OF DIRECTORS, CHIEF EXECUTIVE OFFICER

In its monthly meetings, the Board of Directors reviews the Company's key economic indicators, the general market situation, and the position and business strategy of the Company and its Group, to identify any risks in the economic and business environment, adjusting the Company's strategic approach where necessary; all within its general supervisory remit.

In this regard, the Group performs continuous and preventive management of these risks, so that the probability of them occurring and their potential impact, as the case may be, on turnover, profitability and efficiency, reputation and sustainability is reduced to acceptable levels.

To this end, the Group has a structured and dynamic risk management system whose main pillars are as follows:

- Continuous risk identification and assessment and prioritisation in terms of impact and probability of occurrence.
- Identification of the mechanisms and tools in place to manage and control the main risks, and evaluation of their effectiveness.
- Continuous improvement of risk management through the development and implementation of initiatives and projects aimed at improving management mechanisms and tools.
- Ongoing monitoring and oversight of the system.

To ensure better identification and management of the main risks, these are grouped into five major categories:

- Governance risks,
- Strategy, planning and environment risks,
- Operational risks,
- Reporting risks,
- Compliance risks.

On the other hand, the Chief Executive Officer takes decisions following the guidelines established by the Board of Directors in its meetings.

As to the powers granted to the Board of Directors, these are conferred, taking into account the specific functions and needs of the Company's general divisions and sub-divisions and the different business areas.

Decisions on the Company's overall strategy or on the use of its resources, as well as those involving a risk due to the Company becoming indebted – such as the arrangement of credit facilities, loans, guarantees, sureties, asset disposals, etc. – are adopted in resolutions of the entire Board of Directors by an absolute majority of its members.

Management (General Manager, General Deputy Directors and Business Directors) are responsible for the Company's operational and management decisions, such as the signing of contracts, management of human resources, etc., always pursuant to the instructions of the Chief Executive Officer and the strategic guidelines of the Board of Directors.

MANAGEMENT OF RISKS DERIVING FROM THE COMPANY'S PARTICIPATION IN TEMPORARY JOINT OPERATIONS, CONSORTIA AND JOINT VENTURES

The risks that the Company may face for its participation in temporary joint operations, consortia, joint ventures, economic interest groups or any other form of business grouping, whether domestic or foreign, for the execution of a particular work or project, are controlled through strict compliance by the Business Areas and the General Energy and Major Networks Sub-divisions with the internal protocol established by the Company for any requests, processing and authorisation. This protocol includes the review of the economic and financial risk of any potential partners, as well as their alignment with the compliance principles established by the Elecnor Group. In addition, all requests for participation in tenders or projects made through any of these forms of business partnership are centralised and reviewed by the Legal Department, which is responsible for verifying that all the requirements established by the internal protocol have been met, before they are authorised by the General Manager of Infrastructure and by the Chief Executive Officer.

MANAGEMENT OF RISKS DERIVING FROM THE COMPANY'S CORPORATE PURPOSE IN THE DOMESTIC MARKET

In relation to the specific risks arising from the activity carried out by the Company (construction, operation and maintenance of all kinds of facilities), all branches of the company's activity are adequately insured by contracting the appropriate insurance policies with the necessary coverages. (Public liability insurance, assembly insurance, construction insurance, etc.).

MANAGEMENT OF RISKS DERIVING FROM THE COMPANY'S CORPORATE PURPOSE IN THE INTERNATIONAL MARKET

A significant part of Elecnor's business is conducted outside Spain, so special mechanisms have been put in place to control the potential risks stemming from this activity:

All powers conferred on Company representatives to sign contracts outside Spain or manage such contracts are granted by the Company's CEO on a case-by-case basis for each operation and subject to prior analysis of all the risks that could affect the Company. Monthly meetings of the Board of Directors are held to monitor these activities when they involve significant operations for the Company.

Likewise, all the Company's international business arms, deriving from its corporate purpose, are also adequately insured through arranging the appropriate insurance policies offering the necessary cover. (Public liability insurance, assembly insurance, construction insurance, etc.)

ENVIRONMENTAL RISK MANAGEMENT

Environmental protection and efficient consumption of energy resources are at the top of Elecnor's agenda whilst carrying out all of its business activities. These objectives have put respect for the environment and sustainability at the heart of our culture and values throughout the organisation.

The environmental control mechanisms currently in place at the Company are based on AENOR-certified Environmental Management and Energy Management systems that are ISO 14001 and ISO 50001 compliant. These systems offer excellent benefits, including the analysis and mitigation of environmental risks. Environmental liability insurance has also been taken out covering all the activities of Elecnor and its subsidiaries.

Climate change is a long-standing challenge for Elecnor. Thus, it has calculated its carbon footprint since 2013 according to internationally recognised standards, and has rolled out greenhouse gas (GHG) emission reduction measures across its business. It has also included scope 3 emissions since 2019 and a selection of critical suppliers and subcontractors is performed. Scope 3 refers to processes associated with the Elecnor value chain but occurring in sources that do not belong to it and that it does not control. As a result, suppliers and subcontractors play an important role as part of their activity is included within this scope. The calculation of Scope 3 not only implies a greater degree of involvement in climate change, improving Elecnor's positioning in the market, but also prepares us for adaptation to the new version of the ISO 14064 standard which will make this mandatory in 2022.

In March 2020, AENOR verified for the sixth consecutive year the inventory of greenhouse gas emissions in accordance with the UNE ISO 14064-1:2012 standard, for direct and indirect emissions of all the Company's activities. The Company has been awarded the "Calculate and Reduce" seal from the Spanish Office of Climate Change (OECC by its Spanish acronym), as part of the process to register its carbon footprint and the carbon offset and absorption projects established by the Ministry for Ecological Transition (MITECO by its Spanish acronym).

As part of its staunch battle against climate change, Elecnor has implemented a Climate Change Strategy since 2018 to reduce its impact, increase its resilience and unlock the potential opportunities arising from climate change, thereby growing as a group in a sustainable manner. Likewise, in 2019, for the second consecutive year, Elecnor has also joined the international sustainability CDP (Carbon Disclosure Project) ranking, earning a B rating. This is international recognition of its strategy to combat climate change because it means that in 2018 and 2019, Elecnor was seen as having among the best levels of climate change management. Elecnor's B score is above average for the electricity sector and for the European region. This international ranking also places great importance on the role of subcontractors and other agents in the value chain and this allows us to consolidate our position in it.

Our Group aims to contribute actively and decisively to a sustainable, low-carbon future in a world in which, increasingly, we must all play an active part in protecting and respecting the environment.

COMPLIANCE RISK MANAGEMENT

The Elecnor Group's Compliance System forms part of Elecnor's principles and values in force since its foundation, and the continuous improvement of its management practices and procedures to enhance its corporate governance. Thus, in the context of the reform of the Spanish Penal Code in 2010 introducing the criminal liability of legal persons for the first time in Spain's legislative system, Elecnor began a process in 2011 to adapt its compliance system to the new circumstances. The aim of this work was to reinforce the Company's guarantee to detect, react to and prevent potential non-compliance and/or criminal acts by its staff and related parties.

The key features of this system are as follows:

- Elecnor Group Code of Ethics (initial approval by Elecnor's Board of Directors in November 2011; last revision approved by Elecnor's Board of Directors in September 2016).
- Elecnor Group Compliance Policy (initial approval by Elecnor's Board of Directors in September 2016; last revision approved by Elecnor's Audit Commission in September 2017).
- Compliance Management System Manual (initial approval by Elecnor's Board of Directors in November 2011; last revision approved by Elecnor's Compliance Commission in November 2018).
- Compliance Commission.
- Crimes, Risk Behaviours and Controls Catalogue (Risks and Controls Matrix).
- Code of Ethics Channel.
- Annual Compliance Report.

All these documents and bodies are approved by the Governing Body (where applicable, through the Audit Commission) or by the Compliance Commission, by delegation of the aforementioned bodies. The Audit Commission oversees the effectiveness of the system through its meetings with representatives of the Compliance Commission and approval of the Annual Compliance Report. In addition, the management team oversees the system through the Compliance Commission and, at least annually, by receiving and reviewing the Annual Compliance Report.

The scope of this system is the set of countries in which Elecnor and its subsidiaries and investees operate, although it is adapted where necessary to the specific circumstances of these countries.

Elecnor's Compliance System is designed to identify and prioritise the compliance risks to which it is exposed. In this sense, Elecnor's objective is that this system is perfectly tailored to the organisation and its specific risks to ensure that it is an effective risk management tool. For this purpose, both the risks identified and their importance are continuously monitored and updated, where appropriate, by the Compliance Commission – a collegiate body entrusted with supervising, monitoring and controlling the Compliance System. The main risks identified and managed through the Compliance System include those related to: bribery, influence peddling and corruption in business; competition regulations; tax and social security (fiscal); foreign citizens and people trafficking; money laundering and terrorist financing; market scams; industrial and intellectual property; and discovery and disclosure of secrets, etc.

As explained beforehand, the aforesaid Compliance System is underpinned additionally by the raft of procedures, protocols and controls established in the various areas.

The Compliance Commission continuously monitors the Compliance System and periodically verifies, through various audit tests, that the controls associated with the identified compliance risks are effective.

Elecnor's Compliance System is aligned with the highest domestic and international standards in this field, having received certification pursuant to the international ISO 37001 Anti-bribery Management Systems standard and the domestic UNE 19601 Criminal Compliance Management Systems standard.

TAX RISK MANAGEMENT

The Elecnor Group has established a Corporate Tax Policy setting out its Tax Strategy, as well as the principles and core aspects of tax risk management.

As part of this, it has a tax oversight, control and management procedure containing guidelines for identifying, assessing, managing as well as monitoring risks.

Obligations and responsibilities within the organisation are regulated through this strategy, including a description of the measures that must be in place to mitigate any tax risks identified.

Within the cross-cutting Digital Transformation project being developed by the Elecnor Group, different initiatives are being established to support the tax management and control procedure.

INTERNAL AUDIT AND CONTROL SYSTEMS

Internal control in the Elecnor Group rests on two pillars that are considered fundamental to ensuring decisions are made based on accurate information:

The System: a raft of computer applications and procedures.

Internal Audits: audits **arranged** with the business areas covering the most relevant components of working capital such as, work in progress, receivables, inventories, etc. and the recognition of margins, among others. In addition, the Internal Audit area periodically reviews the main procedures and controls in place.

All the internal audits of Elecnor's businesses are scheduled so that at least two audits are conducted per division every year, if not of all of them, then at least of the most important ones. The aim is to have conducted the first audit before the end of the first half of the calendar year, and the second before year-end.

These internal audits are supplemented by the review of other documentation carried out by Central Administration and, above all, by controls over banking transactions involving sharing data with banks (importing of bank entries, expense settlement payments through files, etc.), centralisation of the payment process, and monthly reconciliations of bank balances, among other control mechanisms.

This document includes information on "INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS (ICFR)", which has also been verified by the External Auditor.

As part of the Digital Transformation project, progress has been made during the year to develop and roll out tools for the consolidation and reporting of the annual financial statements and accounting close simulations.

The System

The procedures and manuals that make up the System are designed to ensure there is a general control environment that is fit for purpose and that good governance principles in the field of administration are adhered to.

All tasks are set out in procedures based on **audit criteria.** There is an **operating manual** for each task (explaining the objective pursued, applicable criteria, etc.), along with a **user manual** (which includes the steps to be taken when inputting data into the appropriate computer application).

The **software** used is based on the **FICOS-38** application purchased from Arthur Andersen in 1984, which has been heavily developed to tailor it to the Company's requirements at any point in time (need for more information, changes in accounting standards, etc.).

The IT system works in **real time** and is **end-to-end.** Very powerful interfaces are used to integrate all systems so as to minimise data entry errors.

The initial version of the **FICOS-38** system offers a **General Accounting** system and an **Analytical Accounting** system, serving Elecnor's specific needs and requirements.

Compared to the General Accounting system (covering the Company's assets and liabilities and outward-facing aspects), the Analytical Accounting system can be used to carry out budget controls of overheads or expenses, fixed or structural, through income and expense accounts at various levels (corporation, business area, production centre, work centre), as well as detailed bottom-line analysis (value added at factor cost, Tajo margin, net margin) to meet internal management needs and forecast future scenarios using standards.

The Analytical Accounting system includes a specific module on the perpetual inventory account: the **project costs** system. This system can be used to generate cost reports for different items (labour, materials, sub-contractors, equipment, etc.) for each project in progress and calculate their value at sales price, while also controlling costs and income compared to the estimates made at the start of each project.

This system is used to **recognise results using the Tajo margin.**

The criterion for recognising results is based on the accounting standards in force, as disclosed in the notes to Elecnor's separate and consolidated annual financial statements.

In addition, there is a set of **peripheral systems** created around the primary system. These are designed to manage the various work areas (Treasury, Procurements, Invoicing, Fixed Assets, etc.) and capture data and report back to the primary system **in an integrated** and **real-time** manner.

Data reliability

The Central Administration departments adhere to permanent audit criteria with respect to transactions reported to the system by the various local offices.

An Ordering System based on segregation of duties (expenses are approved, invoices logged, administrative approvals given and payments ordered by different people in the organisation) and a Collections and Payments Registration System involving the computerised importing of bank statement entries into the system form the basis of controls over the Company's procurements and payments.

Inputting of transactions can be decentralised because all transactions are registered using **standard documentation** and **transaction keys.** In other words, local offices do not need to have knowledge of accounting. Each document used to input data into the system has mandatory fields (customer code, work centre, project, VAT rate, etc.) which, as systems are integrated, prevents any information mismatches.

On the other hand, the system limits which sources are authorised to make changes to the accounting records (for example: transactions from the fixed assets system cannot be added to the receivables accounts). These restrictions ensure that potential errors are reduced.

Once the "daily close" (validation of transactions) has been performed, all entries are verified by Central Administration and any erroneous entries corrected.

All supporting documentation for the registered transactions is archived at Central Administration and reviewed according to the criteria established in the procedures, in full or randomly depending on the channel through which it has been inputted. A high percentage of transactions are reviewed.

Exceptions to the procedure are registered by inputting **"manual"** entries, solely processed by the corporate departments reporting to the General Internal Audit and Finance Sub-Division and by authorised persons.

As the Group's primary external auditor, **KPMG AUDITORS** through personnel specialised in annual auditing verify that the IT environment ensures data reliability and that no significant risks are detected.

Controlled access

Each local office can only report on the areas of activity within its jurisdiction, while each user only accesses the tasks assigned to them through their **user profile.**

Tasks are organised based on the **segregation of duties** principle.

For security reasons, passwords for local offices to log in to the Central System are automatically changed every two months by the system itself.

The system detects any access made from a different place than usual, even if authorised, by generating a daily list of incidents.

Access security

All access to the system is protected with **firewalls** and **antivirus software** both on **web servers** and local workstations.

Digitalisation

In late 2015, Elecnor launched a process to assess the suitability of its systems and the need to evolve to fulfil business demands today and in the future.

While it was concluded as a result of this analysis that the current systems were robust and adequately met the information and operational needs of the organisation, findings of this assessment included the recommendation to develop existing processes, the organisation (people) and systems, without necessarily having to change ERP. As has already been mentioned, this resulted in the design and roll-out of a Digital Transformation process.

The Group's Digital Transformation process continued throughout 2020, which is involving the re-engineering and digitisation of a significant part of the organisation's processes.

Domestic and foreign subsidiaries

As in the case of the parent company, all or at least the most significant subsidiaries are subject to two internal audits each financial year.

Following the same criterion adopted in Elecnor, the aim is to conduct a first audit before the close of the first half of the year, and a second before the year-end close.

It was considered that it would not be reasonable to roll out the Elecnor IT management system across all the Group's companies on a wholesale basis because of the varying sizes of the subsidiaries compared to Elecnor, the different accounting standards applicable to foreign subsidiaries and the varying management needs.

Two IT solutions were therefore adopted in order to maintain a certain level of standardisation between the systems to be rolled out.

Domestic subsidiaries

The **general accounting** system adopted as a common solution was **SAGE 200.**

An **analytical accounting system** was developed and bolted on to this general accounting system. This secondary system is similar to that used by Elecnor, S.A., which was developed by **IPARTEK** and generates information similar to that produced in Elecnor as per the same criteria.

The Group's Financial Reporting and Consolidation Department and Internal Audit team are responsible for the monitoring and control of all domestic subsidiaries, both ultimately reporting to the General Internal Audit and Finance Sub-Division.

Foreign subsidiaries

In general, the **SCALA** General Accounting System **(ERP)** was rolled out in the foreign subsidiaries, as it allows tax reporting to be tailored to the requirements in each country.

As with the domestic subsidiaries, an analytical accounting module similar to that used in Elecnor – also developed by **IPARTEK** – was also bolted on to the **SCALA** system.

The Financial Reporting and Consolidation Department and Internal Audit team are responsible for the monitoring and control of all foreign subsidiaries, both ultimately reporting to the General Internal Audit and Finance Sub-Division.

Elecnor's Board of Directors monitors each and every subsidiary of the Group.

Internal audit

The Internal Audit area, which lies within the General Internal Audit and Finance Sub-Division, identifies and continuously monitors the main risks to which the organisation is exposed and is responsible, among others, for contributing to the continuous improvement of established control procedures and mechanisms. It also works with the Consolidation and Management Control departments to coordinate the audits of the Business Areas and control and monitor all subsidiaries.

On a regular basis, it informs the Audit Commission of the outcome of its work, making it easier for the Audit Commission to fulfil its own supervisory duties.

External audit

A professional relationship is maintained, at all levels, with the members of the **KPMG Auditors team.**

All the team's work revolves around analysing the organisation's degree of **"internal control",** which is evaluated annually through a **software audit** and a **financial audit** (substantive testing and procedures).

Regarding the financial audit, both the individual annual financial statements and consolidated statements are subject to external audit at the close of each financial year. In addition, the consolidated interim financial statements (first half) are also subject to review by the external auditor.

All testing of procedures is random, which means they must be kept permanently up-to-date.

In all its work, Elecnor's administration adopts the same criteria as those applied by the external auditors, remaining in close contact with them to discuss any matters that could give rise to different interpretations. The criteria to be adopted are agreed in advance.

FINANCIAL RISK MANAGEMENT POLICY

Elecnor is exposed to certain financial risks, which it manages through the grouping of identification, measurement, concentration limitation and supervision systems. The management and mitigation of financial risks is carried out in a coordinated manner by the Corporate Area and the different business units and subsidiaries of the Group. Measures to manage financial risk are approved at the highest decision-making level and in accordance with the established rules, policies and procedures.

Exchange rate risks

The market risk due to exchange rate risk stems from the Group's operations in international markets in the course of its business. Part of the procurement revenue and costs are denominated in currencies other than the reporting currency. Hence, there could be a risk that fluctuations in the exchange rates of these currencies against its functional currency could affect the Group's performance.

In order to manage and minimise this risk, Elecnor uses hedging strategies, given that the objective is to generate results exclusively through the development of the ordinary activities it carries out, and not through speculation on exchange rate fluctuations.

The instruments used to achieve this hedging are basically debt referenced to the contract's collection currency, exchange rate insurance and cross currency swaps through which Elecnor and the financial institution exchange the flows of a loan expressed in euro for the flows of another loan expressed in another currency, as well as the use of "currency baskets" to cover mixed financing indexed to different currencies.

Interest rate risk

Variations in interest rates change the fair value of assets and liabilities that accrue a fixed interest rate, as well as the future flows of assets and liabilities linked to a variable interest rate. Elecnor has external financing to carry out its operations, mainly in relation to the promotion, construction and operation of wind farms, solar projects and electricity infrastructure tenders, which are carried out through project financing. This type of arrangement often requires that some of the interest rate risk be contractually closed by the arrangement of interest rate hedging instruments.

Both project financing and corporate financing are mostly arranged at floating (variable) interest rates, using, where appropriate, hedging instruments so as to minimise the interest rate risk of the financing. The hedging instruments, which are specifically assigned to financial debt, have at most the same nominal value and the same maturity dates as the hedged items, and are basically interest rate swaps (IRSs) whose purpose is to have a fixed interest cost for financing originally arranged at floating interest rates. In any event, interest rate hedges are contracted subject to accounting efficiency criteria.

Other price risks

The Group is also exposed to the risk that cash flows and results will be affected by, inter alia, energy price trends and the price of oil. The Group manages and minimises these risks through the occasional use of hedging strategies.

Liquidity risk

Liquidity risk is mitigated by a policy of maintaining a highly liquid treasury position, holding non-speculative, short-term instruments, such as the temporary acquisition of treasury bills in non-optional reverse repurchase agreements and very short-term US dollar deposits at leading banks, ensuring we can meet our obligations. We also contract credit facilities with a suitable limit and terms to meet projected needs.

In March 2020, it was clear that the COVID-19 pandemic would have a very significant impact on the global economy – although the scale of that impact was unknown – mainly in the following areas:

1. Impact on production volumes globally.

2. Major disruptions to supply and distribution chains.

3. Financial impact on businesses, with all sectors affected, but to varying degrees:
  - Cash tensions in the event of insufficient liquidity.
  - Increased perceived risk and cost of financing.

Within the financial function, the situation and possible scenarios were analysed, in permanent contact with consultants and analysts of financial institutions. The main conclusions were:

Once the measures of governments and the ECB (mainly the EUR 750 billion pandemic Emergency Purchase Programme) were announced, a collapse of the financial system, which could lead to a generalised banking default or the application of "market rupture" clauses, was considered highly unlikely.

There was a market consensus on the importance of having ample liquidity to be able to cope with a very uncertain period, and Elecnor analysed the various alternatives for extending funding limits.

It was concluded that funding limits should be sufficient to cope even in the most adverse estimated cash scenarios, taking into account the possible effects of COVID-19.

However, it should be borne in mind that the funding sources include the promissory notes issued in the Alternative Fixed-Income Market, and that it was not possible at that time to know whether they could be renewed, and it was therefore decided to arrange new bilateral credit lines.

Lastly, Elecnor has continued to secure funding through the Alternative Fixed-Income Market – even though many other issuers are finding it difficult to do so – so current funding limits exceed forecasts and the risk of illiquidity is minimal.

As of 31 December 2020, the Elecnor Group has a solid liquidity position with cash and available lines sufficient to comfortably meet liquidity requirements even in the event of further market contraction.

Credit risk

Our main credit risk relates to counter parties or customers not meeting their contractual obligations with regard to accounts receivable for commercial transactions. In order to minimise this risk, we work with customers with an appropriate credit history; moreover, given the activity and the sectors in which we operate, Elecnor has customers with high credit ratings. However, we use mechanisms such as advances, irrevocable letters of credit and take out credit insurance policies for international sales to non-recurring customers. We also analyse the financial solvency of the customer, stipulating specific contract conditions to ensure collection of monies due.

Under the current regulatory framework for electricity, the electricity generated by our wind farms is sold into the Iberian Electricity Market (MIBEL by its Spanish acronym) and we collect revenues from the market operator, OMIE, subject to a payment guarantees system, and the National Markets and Competition Commission (CNMC), the Spanish energy-market regulator, which reports to the Ministry of Industry. On 1 June, the long-term energy sales contract which P.E. Cofrentes has signed with CEPSA came into force. Ventos do Sul Energía, S.A., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A., Ventos do Litoral Energía, S.A. and Ventos dos Indios Energia S.A. (Río Grande do Sul, Brazil) have signed 20-year electricity sales contracts for their output with the corresponding Brazilian electricity distribution companies. In addition, the wind farms in the São Fernando complex recently built in the Northeast of Brazil are going to sell part of the energy generated in the short-term market (MCP by its Spanish acronym) and through a small number of short-term bilateral contracts with retailers until the entry into force of the long-term power sales contracts (most of them for 20 years) from 2022. Éoliennes de L'Érable has also signed a 20-year contract with the Canadian electricity company Hydro-Québec for the sale of the electricity it generates.

With regard to transmission lines that provide their services in Brazil under concession arrangements, the National Electricity System Operator (ONS) is responsible for the system's collections and payments and informs the concessionaire on a monthly basis of the companies that must pay it: generators, large-scale consumers and distributors connected to the system. Prior to their connection to the system, these companies deposited a guarantee which will be executed in the event of non-payment, resulting in immediate disconnection from the system and distribution of the payment liability among other users of the system. In this way, the concessionaire is guaranteed to be paid by the national electricity system, there having been no default on the part of its users.

In relation to the transmission lines in Chile, the assets currently in operation belong to the National Transmission System, where the National Electricity Coordinator (CEN) is responsible for coordinating the flow of payments to the transmitters. Until December 2018, a scheme was in place whereby generators were responsible for making payments to transmitters. From 2019 onwards, distributors were incorporated into those responsible for making payments and, therefore, from that date onwards, there is a more robust portfolio of payers. The payment guarantee of the national transmission system is underpinned by a CEN procedure that establishes that in the event of possible non-payment by a coordinator (company subject to coordination by the CEN), the defaulting generator is disconnected from the system, distributing the payment obligation among the rest of the coordinated companies.

In addition, in Chile we are building certain assets of the Zonal transmission system, a segment characterised by power lines and substations arranged to supply regulated customers in a specific geographical area. In this case, as with the assets of the National Transmission System, their remuneration is protected by the CEN collection procedure.

Elecnor is always striving to take the utmost measures to mitigate this risk and periodically analyses its exposure to credit risk, making the corresponding accumulated impairment losses.

Regulatory risk

Elecnor pays close attention to regulatory risks, particularly with regard to renewable energy, so as to monitor potential impacts on its consolidated income statement.

In 2020, Order TED/668/2020, of 17 July, was published, reviewing the return on investment for the years 2018 and 2019. This revision arises as a result of RD-Law 15/2018, which waived the tax on the value of production on electricity (7%) during the last quarter of 2018 and the first quarter of 2019, since this exemption was not previously taken into account by the Government in the calculation of the remuneration parameters.

As for wind farms located overseas, Brazil's wind farms have signed long-term (20-year) power purchase-sale contracts with different buyers (Eletrobras, Cámara de Comercialización de Energía Eléctrica, Cemig and distributors), these contracts having been signed in the framework developed by the Federal Government and through private auction. In addition, the first 100% contract-free project in Brazil (24.2MW) that sells its power on the free market has been launched. With respect to the Canadian wind farm, it has signed a 20-year purchase-sale contract with Hydroquebec.

Other risks

In addition to the risks described above, the Elecnor Group is exposed to various risk factors (governance, strategy, planning and environment, operating, reporting and compliance risks) relating both to the industries in which it operates and to the wide range of countries in which it operates, either on a stable basis or through specific projects. The Group, through its Risk Management System, carries out continuous and preventive management of these risks, so as to reduce the likelihood of their occurrence and their potential impact, if any, in terms of turnover, profitability and efficiency, reputation and sustainability, to acceptable levels. The pillars of this Risk Management System are the continuous identification and evaluation of the risks to which the Group is exposed, the improvement of the related management mechanisms and tools and the permanent supervision and monitoring of the whole process.

The Group does not believe that the United Kingdom's departure from the EU (Brexit) will have a significant impact on the Group's financial statements, bearing in mind that it has no activity in that country, estimating that the main impact will come from exchange-rate differences.

The measures used to ensure secure teleworking during the months of the pandemic have been fundamentally: the oversizing of communications, the immediate supply of laptops handed out at multiple sites, secure and robust VPN technologies, making workstations secure through next-generation anti-virus systems, two-factor authentication, training of employees in cybersecurity and above all the human factor.

OCCUPATIONAL HEALTH AND SAFETY (OHS) MANAGEMENT

Work has continued on the commitment contained in our Integrated Environmental Management, Quality and Occupational Health and Safety Policy, approved and implemented in our Group, to continuously improve working conditions in order to raise the level of health and safety protection of everyone involved in our works and projects.

This year, with the outbreak of the COVID-19 pandemic worldwide, the Elecnor Group tackled this threat with the aim of limiting as much as possible the spread of the disease among its employees and subcontracted workers in the workplace.

As a starting point, in March 2020 the Action Plan was drawn up and this formed the cornerstone of all our actions. It was later finalised, fine-tuned and adapted to the changes taking place in the legislation and the following actions were carried out:

- Creation of the Pandemic Monitoring Commission, formed by the Group's Management Team, Risk Prevention Service and Corporate Development. Under the chairmanship of our Chief Executive Officer, it carried out exhaustive monitoring of the situation, with regular meetings in keeping with the way the pandemic was developing.
- Specific protocols for both Sites and for Fixed Work Centres (warehouses, offices, factories, etc.) were produced, which have been translated into the different languages most used in our Group (English, Portuguese, Italian and French).
- It developed its own signage with the image of the Group, also translated into the four languages.
- It provided protective equipment (masks, gloves, disposable suits, waterproof glasses, hand sanitiser, temperature measurement systems when accessing work centres, separator screens for workstations, disposable tissues, paper bins, specific disinfectants, etc.).
- Protocol for the protection of workers especially vulnerable due to their particular physical conditions.
- Testing (serological, PCR, antigens, etc.) to detect possible infections or to shorten the time required to determine whether our workers were sick.
- Management of confirmed cases and the close and casual contacts of confirmed cases.

All of this has enabled us to manage the pandemic effectively within the scope of our Group. The number of infections seen in the workplace has been low and many of these were in situations related to the work environment and not in the performance of the work itself (catching it at breakfast or lunch, when sharing vehicles to travel to or from sites and outside the working hours when workers living away from home to work on projects spend time with their colleagues).

It should be emphasised that at peak points of the waves that have been seen, our productive activity and some of the support actions that we carry out for this, such as training, meetings, safety inspections, etc. have been affected by the restrictions/limitations on mobility or direct lockdowns caused by the pandemic throughout our Group.

It should also be noted that due to the air transport problems caused by the pandemic, a plane had to be chartered for the repatriation of expatriate workers in several African countries.

Throughout the pandemic, special emphasis has been placed on performing work to promote information and awareness for our workers and their families, generating a specific message every Monday from our "Good morning" Intranet, which under the title "Take care of yourself, take care of me" has discussed specific topics in order to send clear and practical messages.

To raise awareness among children, posters were also generated so that families could play "Where's COVID?", like the famous "Where's Wally?" games, which were distributed in paper and computer format in our Group.

At the end of the year, the "Happy and Safe Christmas" competition was also launched, where our workers uploaded a short video/photo, related to Christmas and COVID-19, with the aim of continuing to raise awareness among our operators, but this time with the incentive to win some of the prizes on offer.

In addition to the above description of the actions taken against the COVID-19 pandemic, the following notable activities have been carried out during 2020:

- In the Domestic Market, 15 internal audits were carried out in accordance with the requirements of OHSAS 18001, for a total of 35 days. During these, several Deviation Notes were opened, related to divergent points from the standard, most of them due to specific errors/non-compliance.

  In the International Market, 11 internal audits were carried out in accordance with the requirements of OHSAS 18001/ISO 45001, for a total of 35 days.

- In terms of external audits, in Spain those of Elecnor (25 days) and the subsidiaries ATERSA, AUDECA, EHISA, ENERFIN and JOMAR SEGURIDAD (9 days) were carried out, with a satisfactory result, without non-conformity in the multisite certification that includes Elecnor and all the aforementioned subsidiaries, except AUDECA and ENERFIN, which have an independent certificate and also had no non-conformities.

  In addition, during this year the External Legal Audit required by the Spanish regulations was carried out in conjunction with the OHSAS Audit, for ELECNOR and the aforementioned subsidiaries, in addition to independent auditing for the subsidiaries AREA 3, DEIMOS SPACE, ELECNOR SEGURIDAD and HIDROAMBIENTE (another 5 days altogether), with a highly satisfactory result on not detecting any non-conformities for the majority of the companies of the Group audited, AREA 3 and HIDROAMBIENTE having a minor non-conformity.

  In the International Market, in relation to the external audits of OHSAS 18001/ISO 45001, 7 audits were carried out in various countries, with a total of 15 days employed, with an equally satisfactory result that allowed the existing certificates to be maintained.

- A total of 102 internal site audits were carried out, as a control measure by a central, independent OHS Department, which enables an in-depth analysis of the on-site safety situation.

- More than 75,064 safety inspections have been carried out in the Group to monitor the current conditions in which work is performed. As a result, 3,145 corrective measures were taken to improve safety conditions.

- The scheduled training and informational activities for workers continued, with activities conducted in Spain for an overall group of 15,750 attendees who, for the most part, attended more than one training activity. The total number of training hours in the area of Occupational Health and Safety amounted to 112,141 hours, a decrease of 13.6% compared to the 129,750 hours given in 2019. There are also other technological and management training areas that also have a significant impact on Occupational Health and Safety, which are not included in this total (electrical qualifications/authorisations, work equipment operators, etc.). This reduction has been largely due to the training constraints generated by the COVID-19 pandemic.

  The Occupational Health and Safety Information Manual, the main tool for providing information about risks and preventive measures to our workers, was also revised.

  In the International Market, training actions have been organised for an overall group of more than 45,012 people, most of whom attended more than one training event. The total number of training hours in the area of Occupational Health and Safety amounted to more than 140,140 hours, a decrease of 3.7% compared to 2019, where 145,000 hours were given, due to the impact of COVID-19.

- In addition to the day-to-day activities determined by the Management System, which enables us to comply with the legislation in force with the numerous tasks that are carried out, we are working on two major lines of action that will enable us to continue to make progress towards our goal of zero accidents:

  - The second phase of the "Excellence in Safety" project has continued to be implemented in Spain, as has the internationalisation of the project, although the development of the tasks has been slowed down by the COVID-19 pandemic.

In addition, the Working Groups of Angola, Argentina, Chile and Uruguay have performed much of their work, adapting and implementing many of the actions defined in the PES Project in Spain, after adapting to the characteristics of each country.

- **With regard to the "DIGITAL TRANSFORMATION" project, in 2020,** initiatives that had been planned have been launched or consolidated. Among the most significant of these are as follows:

  The tool for carrying out MRPs has been implemented virtually throughout Spain, with an app for carrying them out and a web environment for their management and control. MRPs, which stands for "Main Risk Permits", are a computerised checklist to be completed before work commences, allowing the brigades to identify key aspects to avoid risks that could cause them serious accidents, and to avoid errors in carrying out the work. They have been adapted to a number of special activities, and an average of about 30,000 MRPs per month were carried out in the last tranche of the year, which has enabled us to identify and eliminate risks present in the work that was going to be carried out. In total, in 2020, a total of 207,453 MRPs have been carried out in Spain.

  The Evalu@ application has been developed. This is a web environment producing evidence about the process for classifying new subcontractors that start a commercial relationship with Elecnor in Spain. It also allows for subsequent monitoring of their performance in Health and Safety, receiving inputs from our SegurT (safety inspections) and Notific@ (reporting of incidents, accidents and improvement ideas) tools, to keep the score for each of them up to date. If this score falls to a defined level, the system issues the appropriate alerts that trigger actions on the subcontract in question.

  In addition, there have been other more minor initiatives that have helped the development of the activities: restructuring and upgrade of the Intranet, unification of documents and criteria in e-coordina, etc.

  Furthermore, in 2020 we began the process of implementing the various computer Health and Safety tools (SegurT, Notific@, MRPs, e-coordina) in different countries in the International Market (Angola, Argentina, Chile, Italy, Panama, United Kingdom, etc.), adapting them to the existing legislation and their specific features, a process that will culminate in future years throughout the International Market.

- Measures to monitor subcontractors have continued, with many of the inspections carried out being directed at work performed by them, with coordination and information meetings being held with them.

  Within the **"Excellence in Safety"** project, there is a line of action dedicated to improving the control and monitoring of subcontractors and this has resulted in the launch of the process for evaluating new subcontractors. This is carried out by the OHS technicians with a subsequent monitoring and control system through Evalu@.

- In the International Market, in addition to continuing with the preparation of indexes with the data on subsidiaries and branches and coming closer to mirroring the activities developed in the Domestic Market, and the actions forming part of the PES Project in its internationalisation phase mentioned above, the new OHS Coordinator for the International Area was appointed and started work on the tasks of control and coordination in that market.

  All these activities have been reflected in the obtaining **of the best injury frequency index values** since 1967, when these indexes were first compiled by our company.

  In the Domestic Market, the injury frequency index closed at 3.5 compared to 4.1 in 2019.

  In the International Market, the injury frequency index closed at 1.6 this year, while in 2019 it was 2.4.

  With regard to the ELECNOR Group total, the injury frequency index reached a value of 2.7 this year, compared with 3.4 in 2019.

E.2. IDENTIFY THE BODIES WITHIN THE COMPANY RESPONSIBLE FOR PREPARING AND EXECUTING THE RISK MANAGEMENT AND CONTROL SYSTEM, INCLUDING TAX RISK.

The Audit Commission has among its responsibilities the supervision of the effectiveness of the Company's internal control, internal audit and the risk management systems, both financial and non-financial, as well as the process of preparing and presenting the mandatory financial information, reviewing compliance with regulatory requirements, proper delimitation of the consolidation scope, and proper application of the accounting criteria. In addition, the Audit Commission is responsible for establishing the opportune relationships with the accounts auditors to receive information on those issues related to the process of performing the audit of accounts as well as to discuss with them any significant weaknesses in the internal control system that may have been identified through this audit process.

E.3. INDICATE THE MAIN RISKS, INCLUDING TAX RISKS, AND THOSE DERIVING FROM CORRUPTION (WITHIN THE SCOPE OF THESE RISKS AS SET OUT IN ROYAL DECREE LAW 18/2017), TO THE EXTENT THAT THESE ARE SIGNIFICANT, WHICH MAY AFFECT THE ACHIEVEMENT OF BUSINESS OBJECTIVES.

As indicated in point E.1.

E.4. INDICATE WHETHER THE ENTITY HAS RISK TOLERANCE LEVELS, INCLUDING FOR TAX RISK.

Section E.1. describes all the policies and actions developed by the Company in the area of risk management, to ensure that it has an adequate tolerance level for the risks that may arise in the course of its business.

E.5. INDICATE WHICH RISKS, INCLUDING TAX RISKS, HAVE MATERIALISED DURING THE YEAR.

The following are the policies and actions we consider most relevant:

1.- In relation to Legal Risks

The Company has a Legal Department and legal services in its main Business Areas and Subsidiaries, which provide a multidisciplinary advisory service (corporate, powers of attorney, industrial property, review of contracts, joint ventures-consortia, trials, claims, arbitration, subcontracting, etc.), both for domestic and international business. However, despite this advisory service, the Group is currently involved in several proceedings whose resolution is not expected to affect its profit and loss account.

On 31 May 2017, the CNMC notified the Parent Company of the initiation, together with 15 other companies, of a sanctioning procedure for a possible infringement in the field of construction and maintenance of electrification systems and electromechanical equipment on railway lines. On 14 March 2019, the Council of the CNMC issued a decision reducing the penalty with respect to the draft resolution dated 31 August 2018 to EUR 20.4 million. In May 2019, the Company filed an appeal which was accepted for processing and on 16 July 2019 the Spanish National Court of Justice announced the suspension of the execution of the CNMC's decision of 14 March 2019, subject to the provision of collateral in the form of a bank guarantee.

On 26 September 2019, the Parent Company received a Measure of Organisation from the Spanish National Court of Justice summoning it to file a lawsuit, which it submitted on 11 November 2019 in a timely and proper manner.

In view of these facts and, based on the assessments of the Company's legal advisers, despite considering that there are still solid arguments to challenge the CNMC's inspection activities, due to recent events in the framework of other appeals against the resolution, as well as the development of other proceedings in the Spanish National Court of Justice in the last 12 months, where the arguments presented by the parties have been rejected, thus confirming the CNMC's decision, the Company's Directors have recorded a provision to cover this risk for an amount of EUR 20.4 million, on estimating that the probability of the appeal being upheld is less than 50%.

On 17 January 2020, the Central Court of Investigation No. 5 issued an order for the opening of oral proceedings with respect to a former employee of the Group and with respect to the company Deimos Space, S.L., due to its alleged criminal liability as a legal person for possible corruption offences in international commercial transactions and money laundering, and the institution is required to provide bonds amounting to EUR 1,460,000 for civil liability, as well as additional bonds amounting to EUR 10,240,000 and EUR 2,625,000, the latter in order to respond to possible and future pecuniary and commissary responsibilities.

The Group has submitted its shares in the Deimos Group to cover the above bond.

The Group is in complete disagreement with the aforementioned court decision and is exercising its rights in the proceedings, appealing against the bond issued and requesting its full acquittal, as is the former Group employee with their own legal defence, and deems that there is no evidence in these proceedings to support the conviction of Deimos Space, S.L. to a sufficient degree of certainty beyond all reasonable doubt, nor of its former employee, and, therefore, the Directors of the Parent Company, in accordance with the terms of the defence brief presented, consider that the probable result of the oral proceedings will be acquittal, which, consequently, will not entail criminal or civil liability.

On this basis, the Company's Directors do not believe that this will have any impact on the recoverable value of the net assets contributed by the Deimos Group in the amount of EUR 11 million.

In any event, the Group, in the framework of the continuous improvement of its risk management and internal control systems, initiated in 2019 a process of reviewing and improving its compliance system in the field of competition regulations, integrated within its compliance system, in order to adapt it to the current environment, to the expectations and demands of the regulators and to best practices. Deloitte's expert advice has been received for this process. Within the framework of this project there has been a thorough review of the main risks to which Elecnor is exposed in the field of competition law and of the procedures, protocols and controls currently in place. A number of improvements to these have been identified, as well as potential new controls to be developed, which Elecnor is implementing. In addition, in order to strengthen the awareness and knowledge of competition law among its employees, a specific training programme for management (more than 150 people) has been designed and delivered with the support of Deloitte.

2.- In relation to the Fiscal Risks

In 2018, the inspections carried out by the Central Office of High-Income Taxpayers at the Spanish Tax Agency were concluded, with the signing of disputed assessments with the settlement agreements, which entailed an obligation to pay a total amount of EUR 14,208,000.

Contrary to settlement agreements arising from the signed disputed assessments, the Company filed economic-administrative claims with the Central Economic-Administrative Tribunal on 28 December 2018, which were the subject of a request for payment through the provision of a guarantee while the proceedings were being processed. In the current financial year, the Company was notified of the disclosure of the files and the processing of allegations, which were submitted in December.

In addition to the above, the Company continues with the inspection process initiated in 2019 covering the following taxes and periods:

- Income tax for the years 2014 to 2016,
- Value added tax for the tax period 09/2015 to 12/2016,
- Withholdings and payments on account for personal income and professional activities for the tax period 09/2015 to 12/2016,
- Withholdings and payments on account for income from movable capital for the tax period 09/2015 to 12/2016,
- Withholdings and payments on account for property capital income for the tax period 09/2015 to 12/2016 and,
- Withholding taxes on non-residents for the tax period 09/2015 to 12/2016.

In view of this situation, the Company's Directors, in collaboration with its tax advisers, consider that although there are relevant arguments to support the Company's position, following a criterion of prudence they have decided to make a provision this year for the amounts claimed in the contested settlement agreements relating to interpretative discrepancies

in the area of related-party transactions, since they consider that the possibility of retroactive action has been ruled out for 2019 and, therefore, there is a greater probability that the review bodies will validate the Tax Authorities' approach than they would have done otherwise.

In addition, and taking into account the results of the previous inspection, last year and this year a provision has been recorded to cover the potential impact on 2014 to 2020 of the signed disputed assessments due to interpretative discrepancies in related-party transactions, since the same transfer pricing policies were applied as in previous years.

3.- In relation to the Financial Risks

As explained in Notes 4 and 33 of the consolidated annual financial statements for the year ended 31 December 2020, the Elecnor Group has taken a number of measures to mitigate these risks, including liquidity risk: In order to ensure liquidity in the event of any further deterioration in cash generation by the businesses, funding limits were increased showing that even in a low liquidity environment, the Elecnor Group is supported by both fixed income investors and banks at competitive prices.

4.- In relation to the Economic Risks

Certain risks of an economic and financial nature have emerged, most notably those relating to the management, negotiation and collection of claims submitted in the context of project execution, delays in the collection and/or non-payment of commercial debts, the correction of margins expected at the end of the work, the management of discrepancies and disputes at project closure and changes in the exchange rates. The Company, within the framework of its Risk Management System, identifies and continuously monitors these risks, evaluating the impact that they may have on its economic and financial performance, taking the measures that are deemed appropriate, in each case, based on these analyses. In this regard, and by virtue of this ongoing analysis and monitoring, the Company records the appropriate entries and breakdowns in its annual financial statements so that they accurately reflect the impact of these risks, and adjusts its cash forecasts and plans its financial needs and identifies the causes that have given rise to the occurrence of these risks, implementing measures that reinforce its risk monitoring and control activities in a process of continuous improvement.

5.- In relation to Occupational Health and Safety/OHS

During the 2020 financial year, the biggest issue that has been observed in the Group, apart from those arising from the COVID-19 pandemic, is the serious occupational accidents of construction workers, both the Group's own workers and those of subcontractors, in the performance of their tasks, many of which are the result of non-compliance or errors on the part of the workers themselves.

In order to reduce this accident rate, the development of the "Excellence in Safety" project has continued to progress in 2020. The fundamental objective of this project is to achieve a behavioural change in all our workers in order to raise the level of risk perception and reduce the number of accidents. Work has been completed on the second phase of this project in Spain, and it has been largely rolled out to the International Market in the five planned countries (Angola, Argentina, Chile, United Kingdom and Uruguay). The health and safety initiatives developed as part of the "Digital Transformation" Project have also contributed to raising the level of health and safety standards in our works and projects.

In any case, when a significant accident occurs, regardless of the result of the injuries, action plans continue to be implemented in the event of these accidents, with the implementation of additional training measures, work supervision and the organisation of the necessary human and material resources.

6.- In relation to Labour Relations.

It should be noted that during 2020 the Company has been involved in a Labour and Social Security Inspection on the correct contribution for all wage items, as well as the exemptions of non-wage items. This has been closed with an agreement in which the public administration has ratified the correct payment of daily allowances, half-day allowances and travel expenses; but in which the staff classified as structure (National Classification of Economic Activities (C.N.A.E.)) has been studied in depth.

As a result of this, a settlement request amounting to EUR 2,019,861.74 has been received.

In addition to the one discussed above, work inspections are taking place. At the moment there are inspections examining the working day, the correct delivery of all the information to the different Legal Representations of the workers, the adoption of preventive measures against Covid, the correct use of interns, etc.

These Labour Inspections initiated in 2020, despite the increase compared to 2019, do not jeopardise the viability of the company, there being no risk of any significant fine or settlement.

During 2020, the changes to the regulations that began in the previous financial year in matters of work-life balance and equality have continued. This may mean, depending on how the courts interpret it, a new way of understanding labour relations.

We must not forget the exceptional situation during this year caused by the global Covid 19 pandemic. This has led to 14 Temporary Workforce Restructurings as a direct or indirect consequence of the pandemic and these were based on and justified by a regulation drafted for that purpose, which because of its speed has contained several loopholes and provided very little legal certainty, which may lead to future revisions by the public administration. In this respect, since all of them have been implemented through agreement with the social representatives, we are in a safe position

7.- In relation to all the other Compliance risks.

In 2020, there were no compliance risks that had a significant impact on the Group's results, image and/or reputation.

E.6. EXPLAIN THE RESPONSE AND OVERSIGHT PLANS FOR THE COMPANY'S MAIN RISKS, INCLUDING TAX RISKS, AS WELL AS THE PROCEDURES FOLLOWED BY THE COMPANY IN ORDER TO ENSURE THAT THE BOARD OF DIRECTORS RESPONDS TO ANY NEW CHALLENGES THAT ARISE.

The supervision of the Risk Control and Management System indicated in point E.1 is carried out at the highest level in the Company, i.e. by the Chairman, the Chief Executive Officer, the Audit Commission, the Board of Directors and the Management Commission.

Notwithstanding the above, and in order to mitigate or redirect the risks described in section E.5, the Company has the necessary Corporate Organisations, resources and working methods, which analyse, supervise and propose specific actions so that any risks detected affect the Company as little as possible, reporting their conclusions and suggestions to the affected Areas and informing the persons and bodies mentioned in the previous paragraph.

F) INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATING TO THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (ICFR)

Describe the mechanisms forming your company's Internal Control over Financial Reporting (ICFR) system.

F.1. THE ENTITY'S CONTROL ENVIRONMENT

Report on at least the following, describing their principal features:

F.1.1. TUE ÓRGANOS Y/O FUNCIONES SON LOS RESPONSABLES DE. (I) LA EXISTENCIA Y MANTENIMIENTO DE UTHE BODIES AND/OR DEPARTMENTS THAT ARE RESPONSIBLE FOR: (I) THE EXISTENCE AND MAINTENANCE OF AN ADEQUATE AND EFFECTIVE ICFR SYSTEM; (II) ITS IMPLEMENTATION; AND (III) ITS SUPERVISION.

The responsibility for the existence and maintenance of an adequate and effective Internal Control System in relation to the process of issuing Financial Information (ICFR), as well as its supervision, is assumed by the Audit Commission, a body which has delegated the tasks of designing and verifying the effective implementation and operation of the ICFR to Elecnor's General Internal Audit and Finance Sub-Division, by means of the relevant audits.

To this end, the Regulations of the Elecnor Board of Directors expressly establish that one of its functions is to identify the main risks of the Company and to implement and monitor the appropriate internal control and information systems, specifically the supervision of the process for the preparation and submission of the financial information. In addition, these Regulations, the Company's own Articles of Association and the Regulations of the Audit Commission itself establish that the Audit Commission has among its responsibilities the supervision of the effectiveness of the Company's internal control, internal audit and the risk management systems, both financial and non-financial, as well as the process of preparing and submitting the mandatory financial information, reviewing compliance with regulatory requirements, proper delimitation of the consolidation scope and proper application of the accounting criteria. The Audit Commission is also responsible for establishing appropriate relations with the account auditors in order to receive information on any matters that may jeopardise their independence and any other matters related to the account auditing process. In the specific area of auditor independence, the Audit Commission, through the internal procedure established in this respect, is responsible for pre-approving, directly or indirectly through the Internal Audit and from an independent perspective, any proposal for non-audit services submitted by the Group's external auditor. It also obtains, on an annual basis, written confirmation from the auditors of their independence and information on the additional services provided by them, and issues the required report in this respect prior to issuing the account audit report.

F.1.2. INDICATE WHETHER THE FOLLOWING EXIST, ESPECIALLY IN RELATION TO THE DRAWING UP OF FINANCIAL INFORMATION:

- Departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) clear definition of lines of responsibility and authority with an appropriate distribution of tasks and functions; and (iii) ensuring that adequate procedures exist for their proper dissemination throughout the entity.

The General Internal Audit and Finance Sub-Division, together with the heads of each department, with regard to functions related to the process of preparing financial information, are responsible for designing the organisational structure and the lines of responsibility and authority in their respective areas of action. Any changes to the organisational structure made during the financial year are reported to the Communications Area, which periodically updates the organisational charts, which are then incorporated into the common computer directory to which all employees have access.

Persons responsible for the administration and recording of transactions with a direct impact on the process of preparing financial information (corporation, delegations and subsidiaries) are functionally dependent on the General Internal Audit and Finance Sub-Division.

- Code of conduct, the body approving this, degree of dissemination and instruction, principles and values covered (stating whether there is specific mention of record keeping and preparation of financial information), body charged with analysing breaches and proposing corrective actions and sanctions.

The Elecnor Group's Compliance System is structured through a series of documents and management tools, including the Code of Ethics and the Group's Compliance Policy. These documents were initially approved by Elecnor's Board of Directors and are available on Elecnor's website, in the Sustainability section, which is available to all employees and interested third parties.

The Code of Ethics and the Compliance Policy are applicable to all the companies that make up the Elecnor Group and to all the businesses and activities it carries out in each country in which it operates.

The Elecnor Group's Code of Ethics and the documents that implement it have the core mission of extending its business philosophy to all employees and collaborators and determining their expected behaviour in matters of an ethical nature, in relation to the organisation's commitments in this field or to the applicable regulations. Among the documents that implement the Code of Ethics is the Compliance Policy, which was approved by the Board of Directors, and which outlines the expected behaviour of Elecnor employees and of the individuals or legal entities routinely associated with the Company in order to guarantee compliance with the law.

Elecnor enforces a zero tolerance policy for malpractices in terms of ethics and integrity, and expects its employees and people with whom it has dealings to conduct themselves in accordance with the principles of its Code of Ethics, the rules on which it is based and the procedures that govern it.

Among the *"Principles of Action in relation to shareholders" included in the Code of Ethics, the Elecnor Group includes the commitment to "favour among its shareholders – and, in general, in the investment and financial community – the creation of an opinion based on truthful data and facts regarding the development of its businesses, the main lines of its strategy and its future prospects. To this end, the Elecnor Group assumes as a principle of behaviour the transparency and reliability of financial information and compliance with the applicable regulations. Employees must transmit such information in a truthful, complete and understandable manner... The dissemination of this information is done in an expeditious manner and by means of common and simultaneous access to guarantee equity, mainly communications to the CNMV on relevant facts and press releases to the media".*

The body responsible for analysing possible breaches of these principles or of the law is the Compliance Commission, which reports its conclusions to the Audit Commission so that the latter may determine, where appropriate, the possible corrective actions and disciplinary measures to be adopted. The Compliance Commission is the body entrusted with the functions of supervision, monitoring and control of the Compliance System, guaranteeing its permanent review and updating and effective operation, and is currently composed of eight people, from different corporate areas and the legal departments of the different businesses. This body depends organically and functionally on the Audit Commission, to which it periodically reports its activity.

The Compliance Commission is in charge of organising recurring training cycles, which are intended for as many of the organisation's employees as possible, covering the organisation's values and unwanted risk behaviour. Training cycles are carried out through classroom sessions, on-line training or the delivery of outreach brochures. This training plan is part of the organisation's training programme. When new employees are hired, including temporary ones, the Elecnor Group provides them with a copy of the Code of Ethics and the Compliance Policy included in the welcome pack.

- Whistleblower channel allowing notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, indicating whether this channel is confidential and whether anonymous notifications can be made, protecting the rights of the whistleblower and the person reported.

Employees may communicate any concerns or questions in the area of Compliance or about conduct that is irregular, illegal or contrary to the Code of Ethics, including financial and accounting matters that occur in the course of the activities carried out by the Company, through an email and/or postal address, channels that are fully operational and explained in the Code of Ethics, the Compliance Policy and other communications or publications of a public nature, such as the Integrated Report.

Only named communications are admitted and all of them are analysed and treated in a confidential manner and with respect for the regulations on personal data protection. Notwithstanding the above, and in the case of receiving anonymous communications, these will be analysed by the Compliance Commission, which, in view of the soundness of the arguments, will propose their processing in order to further the investigation. The Elecnor Group does not tolerate any retaliation against people who make use of the procedures established for the communication of irregular behaviour.

The Compliance Commission, which is responsible for processing communications received through this channel in the first instance, will identify and determine the nature and importance of the complaints received. Based on this analysis, it will determine the most appropriate department or unit for their resolution.

- Training and periodic refresher programmes for personnel involved in the preparation and revision of financial information, as well as in the assessment of the ICFR system, covering at least accounting standards, auditing, internal control and risk management.

The training and development policy is integrated into the Human Resources Integrated Management System.

The Department of Performance Management, Training and Development is responsible for designing and configuring training itineraries for Elecnor's structural personnel, based on the results of performance management and the training needs identified by the different areas. In particular, for staff with responsibilities in the financial field or who need to improve their skills in this area, there is a specific financial training programme. In this regard, an advanced course for managers on investor relations and the analysis of financial statements was given as part of this programme during 2020, both focused on staff with financial responsibility, along with a finance course for non-financial staff focused on improving the financial skills of those staff requiring them. Elecnor also provides its employees with regular training in the field of compliance, which, among other issues, provides them with a better understanding of the main risks of this nature and the internal control elements established for their adequate prevention and management.

During the year, and due to the special situation resulting from the Covid-19 pandemic, the portfolio of training itineraries for structural personnel has been transformed, focussing on the use of digital platforms and virtual classroom training to deliver the planned activities.

In addition, the heads of the departments most directly involved in the preparation and review of the financial information as well as in the evaluation of the ICFR maintain ongoing close communication with the external auditors and other accounting experts, who inform them promptly of new developments in accounting matters and risk management and internal control of financial information and provide them with material and assistance for its updating. If necessary, depending on the extent and importance of the new developments, as well as the group concerned, specific courses are designed on the subject.

F.2. ASSESSMENT OF RISKS IN FINANCIAL REPORTING

Report on at least the following:

F.2.1. THE MAIN CHARACTERISTICS OF THE RISK IDENTIFICATION PROCESS, INCLUDING RISKS OF ERROR AND FRAUD, AS REGARDS:

- Whether the process exists and is documented.

- Whether the process covers all the objectives of financial reporting, (existence and occurrence; completeness; valuation; presentation; disclosure and comparability; and rights and obligations), whether it is updated and if so how often.

- The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex corporate structures or special purpose vehicles.

- Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.

- The governing body within the company that supervises the process.

The process of identifying risks in relation to the process of generating and issuing financial information falls within the responsibilities attributed to the General Internal Audit and Finance Sub-Division by the Audit Commission.

This risk identification process has, in summary, the following characteristics:

- An analysis of the consolidated annual financial statements for the year in order to identify the relevant headings in the financial statements and breakdowns.
- On the basis of this information, those processes from which transactions are processed are identified and finally reflected in the aforementioned relevant headings and breakdowns.
- Lastly, the relevant risks that may lead to errors in the process of generating and issuing financial information are identified and prioritised for each of the aforementioned processes. Accordingly, each risk identified relates to one or more of the potential errors in the process of generating and issuing financial information, such as integrity, accuracy, occurrence, cut-off, valuation and allocation, and classification and comprehensibility.

The operation of the ICFR Oversight Model is structured around the Elecnor Group's Annual Internal Audit Work Plan. The Annual Plan is prepared by the General Internal Audit and Finance Sub-Division and presented to the Elecnor Audit Commission for approval. Once approved, the Annual Plan is executed by the corporate areas of the Elecnor Group (General Accounting, Management Control, Consolidation, Financial Area, Internal Audit and Tax Advisory). One of the tasks included in this Annual Plan is the review of significant risks with a potential impact on the financial statements.

The review of the scope of consolidation is carried out twice a year to coincide with the consolidation process. Corporate transactions are approved by the Board of Directors and reported to the General Internal Audit and Finance Sub-Division for the updating of the Group's scope of consolidation.

The General Internal Audit and Finance Sub-Division, in the performance of its tasks, continuously monitors the Group's activity, which enables it to identify any significant risk in the different areas of business and activity that could have a significant impact on the financial statements. These risks, as well as their potential impact on the financial statements, are reported to the Audit Commission by the General Internal Audit and Finance Sub-division in the various meetings held by the former.

F. 3. CONTROL ACTIVITIES

Report on whether the company has at least the following, describing their main characteristics:

F.3.1. REVIEW AND AUTHORISATION PROCEDURES FOR FINANCIAL INFORMATION AND A DESCRIPTION OF THE ICFR, TO BE DISCLOSED TO THE SECURITIES MARKETS, INDICATING THOSE RESPONSIBLE, AS WELL AS DOCUMENTATION DESCRIBING THE FLOW OF ACTIVITY AND CONTROLS (INCLUDING THOSE RELATING TO THE RISK OF FRAUD) OF THE VARIOUS TYPES OF TRANSACTIONS WHICH MAY MATERIALLY AFFECT THE FINANCIAL STATEMENTS, INCLUDING ACCOUNTING CLOSING PROCEDURES AND THE SPECIFIC REVIEW OF SIGNIFICANT JUDGEMENTS, ESTIMATES, VALUATIONS AND PROJECTIONS.

With respect to the accounting closing procedure, the Management Control Department, working with the General Accounting Department, annually prepares the closing calendar that includes the closing dates, rules and instructions. This calendar is made available to all staff involved through email and the computer directory. In addition, the Elecnor General Accounting and Management Control departments support the accounting closing process, both monthly and yearly, through closing checklists.

With respect to subsidiaries, the Management Control, Consolidation and Internal Audit Departments permanently monitor the subsidiaries that make up the Elecnor Group, assigning the monitoring of the various investees to the Subsidiary Controllers. On a monthly basis, the aforementioned controllers send the Consolidation and Internal Audit areas the integration files, which include all relevant information from the subsidiaries. If deemed necessary, subsidiary follow-up meetings are also held.

The Management Control and Consolidation departments prepare all the documentation relating to the analysis of the Group's performance on a monthly basis for presentation to the Board of Directors, which is previously reviewed by the General Internal Audit and Finance Sub-Division.

With regard to the procedures for reviewing and authorising financial information to be published on the securities markets, a distinction is made between three levels of relevant information:

- Annual financial statements and interim financial statements

  The head of Elecnor's General Accounting Department is responsible for preparing the individual annual financial statements. The Head of Consolidation is also responsible for preparing the consolidated annual financial statements and the interim consolidated financial statements.

  Subsequently, the individual and consolidated annual financial statements are reviewed by the heads of the various corporate areas of Elecnor, by the General Internal Audit and Finance Sub-Division, by the Audit Commission and by the Board of Directors. The Audit Commission receives the annual financial statements sufficiently in advance to ensure their adequate review and meets with the external auditors prior to the Board of Directors' sessions where the annual and interim financial statements are prepared.

- Description of the ICFR

  Elecnor periodically reviews the financial information prepared, as well as the description of the ICFR, in order to ensure the quality of the information. The General Internal Audit and Finance Sub-Division is responsible for preparing the description of the ICFR. This process culminates in a review by the Audit Commission and its approval through the Annual Corporate Governance Report that is validated by the Board of Directors.

- Notifications to the CNMV

  The department or subsidiary from which the information to be communicated originates prepares a note that is reviewed by the General Secretary and the Communications Area. The relevant information is also reviewed by the General Internal Audit and Finance Sub-Division in the case that it includes financial or accounting information.

- Uploading of information to CNMV applications

  The burden of information on CNMV applications is the responsibility of the General Secretary, which is supported in this process by the General Internal Audit and Finance Sub-Division. The validation and sending of this information is the responsibility of the General Secretary, who has exclusive use of a cryptographic card for sending the information.

Elecnor has documented accounting and administrative procedures for "Purchases and Payments", "Contracting, Invoicing and Collection", "Control of Fixed Assets", "Treasury Control" and "Cash Control", among others. These procedures include the type of transactions for each process, the procedures for recording and accounting for them and the corresponding controls as established by Elecnor.

These procedures are reviewed annually by Elecnor's General Accounting Department, which updates them if necessary.

In addition, the General Internal Audit and Finance Sub-Division has a matrix of risks and controls of financial information, which includes controls related to fraud risks. The risks and controls are reviewed within the Annual Internal Audit Plan, and the matrix is updated annually.

With regard to the procedures and controls established in relation to the relevant trials, estimates and projections, the Group has identified the main risks related to these aspects. In particular, the main areas exposed to trials and estimates have been identified as those related to:

- The recognition of income from construction contracts under the percentage-of-completion method.
- The registration of provisions of any nature.

All significant estimates are reviewed by the General Internal Audit and Finance Sub-Division and, where appropriate, are submitted to the Board of Directors for analysis and approval.

Elecnor's Board of Directors meets on a monthly basis. Beforehand, the Group's financial information is analysed by the General Internal Audit and Finance Sub-Division and the Chief Executive Officer.

F.3.2. INTERNAL IT CONTROL POLICIES AND PROCEDURES (ACCESS SECURITY, CONTROL OF CHANGES, SYSTEM OPERATION, OPERATIONAL CONTINUITY AND SEGREGATION OF DUTIES, AMONG OTHERS) WHICH SUPPORT SIGNIFICANT PROCESSES WITHIN THE COMPANY RELATING TO THE PREPARATION AND PUBLICATION OF FINANCIAL INFORMATION.

Currently, Elecnor has a series of controls that mitigate the main risks related to the integrity, availability, validity and confidentiality of accounting and financial information. In addition, Elecnor has procedures related to Information Security and System Operation.

The management of access to the systems is carried out in accordance with procedures established for this purpose.

Elecnor has a documented Contingency Plan in the event of a Disaster, as well as a Backup Policy and Procedures for the organisation's critical systems.

F.3.3. INTERNAL CONTROL POLICIES AND PROCEDURES FOR OVERSEEING THE MANAGEMENT OF ACTIVITIES SUBCONTRACTED TO THIRD PARTIES, AS WELL AS OF THOSE ASPECTS OF ASSESSMENT, CALCULATION OR VALUATION ENTRUSTED TO INDEPENDENT EXPERTS, WHICH MAY MATERIALLY AFFECT FINANCIAL STATEMENTS.

Elecnor participates in different, temporary Joint Ventures (JVs), and, to the extent possible, always aims to ensure that Elecnor itself is responsible for their management and administration, which is achieved in most cases. Once the joint venture has been legally constituted, its Management Commission, in which all the partners participate, meets and agrees on the accounting and analytical criteria for the management of the works. The partner in charge of management sends the monthly financial information (balance sheet and profit and loss account) to the rest of the partners for review.

On 30 June and 31 December, Elecnor integrates the JVs (balance sheet and complete profit and loss account). In any case, the main amounts for the profit and loss account (revenues and net profit) are integrated every month. This process is carried out by the Management Control Department, once the available financial information has been reviewed and the corresponding homogenisation entries have been made in the event that there are accounting criteria different from those used by Elecnor.

With respect to the assessments, judgements or calculations made by third parties, the Elecnor Group arranges interest rate and exchange rate hedging derivatives, the valuation of which is entrusted to leading financial institutions.

The identification of the need or convenience of using a hedging instrument is the ultimate responsibility of the General Internal Audit and Finance Sub-Division. Once the need has been determined, the application for the contract is sent to the Board of Directors for approval. The Board only approves hedging derivatives.

The Treasury Area receives monthly valuations of the derivatives from financial institutions and evaluates their reasonableness. In the event of a discrepancy, the financial institutions are contacted for clarification and, if necessary, to obtain new valuations.

In addition, the Elecnor Group evaluates in each case the desirability of engaging the services of independent experts to support certain valuations of assets or businesses, depending on the importance they may have on the balance sheet and profit and loss account. The reports received from these experts, and the consequences that arise from them, if any, for the financial information, are reviewed by the areas responsible for the preparation of the information (generally, and ultimately, by the General Internal Audit and Finance Sub-Division if they have a significant impact on the preparation of the financial statements and the annual accounts) for the purposes of their validation, paying particular attention to the methodology and main assumptions used.

F.4. INFORMATION AND COMMUNICATION

Report on whether the company has at least the following, describing their main characteristics:

F.4.1. A SPECIFICALLY ASSIGNED FUNCTION FOR DEFINING AND UPDATING ACCOUNTING POLICIES (ACCOUNTING POLICY AREA OR DEPARTMENT) AND RESOLVING DOUBTS OR CONFLICTS ARISING FROM THEIR INTERPRETATION, MAINTAINING A FREE FLOW OF INFORMATION TO THOSE RESPONSIBLE FOR OPERATIONS IN THE ORGANISATION, AS WELL AS AN UP-TO-DATE ACCOUNTING POLICY MANUAL DISTRIBUTED TO THE BUSINESS UNITS THROUGH WHICH THE COMPANY OPERATES.

The responsibility for defining and keeping the Group's accounting policies up to date is attributed to Elecnor's General Internal Audit and Finance Sub-Division. In this regard, a smooth and continuous relationship is maintained with the external auditors and other accounting experts in order to be permanently informed, and in due time, of the main accounting developments, and if relevant and considered appropriate, the opportune mechanisms are established to transfer them to areas of the organisation with responsibilities in the preparation of the financial information.

The Management Control and Consolidation departments carry out permanent monitoring of the subsidiaries and delegations. The resolution of doubts and queries regarding accounting policies is primarily the responsibility of the Corporate Controllers of each of the subsidiaries. In the event that the query is not resolved or there is a conflict of interpretation, these are raised with the Head of Consolidation and/or Internal Audit, both of which are part of the General Internal Audit and Finance Sub-Division.

If necessary, queries are made to the external auditor by the Head of Consolidation of the General Internal Audit and Finance Sub-Division.

F.4.2. MECHANISMS FOR CAPTURING AND PREPARING FINANCIAL INFORMATION IN STANDARDISED FORMATS FOR APPLICATION AND USE BY ALL UNITS OF THE ENTITY OR GROUP, AND SUPPORT ITS MAIN FINANCIAL STATEMENTS AND NOTES, AS WELL AS DISCLOSURES CONCERNING ICFR.

All transactions are recorded at Elecnor on a documentary basis and using an operation key format. Each document used to report data to the system has some mandatory data (customer code, centre, work, VAT rate, etc.). After the "end of day" (transaction validation) is complete, the system reports any erroneous entries, which are verified by the corresponding corporate departments, correcting them if necessary.

As for the reporting tool, a standardised *"Consolidation Report Package"* is used for all subsidiaries. This *"Consolidation Report Package"* is reviewed on an annual basis by the external auditor in order to validate that it includes all the required information and breakdowns. Subsidiaries generally report under IFRS. The consolidation process takes place in the Consolidation Department.

The Consolidation Department prepares a schedule and reporting instructions on an annual basis. Each of the subsidiaries, once the closing has been prepared and supervised by each of the heads of the corresponding Accounting and Financial Departments, sends the required information to the Consolidation Department. The reporting instructions establish the obligation for the information included in the report package to be the same as that obtained from the subsidiary's accounting records, as well as the prohibition of including subsequent entries in the accounts after the report package has been sent to Elecnor. If a significant subsequent entry is detected, the Management Control and Consolidation departments are notified and the corresponding report package is modified.

F.5. SUPERVISION OF THE FUNCTIONING OF THE SYSTEM

Report on at least the following, describing their principal features:

F.5.1. THE ACTIVITIES OF THE AUDIT COMMITTEE IN OVERSEEING ICFR AS WELL AS WHETHER THERE IS AN INTERNAL AUDIT FUNCTION ONE OF THE RESPONSIBILITIES OF WHICH IS TO PROVIDE SUPPORT TO THE COMMITTEE IN ITS TASK OF SUPERVISING THE INTERNAL CONTROL SYSTEM, INCLUDING ICFR. ADDITIONALLY, DESCRIBE THE SCOPE OF ICFR ASSESSMENT MADE DURING THE YEAR AND THE PROCEDURE THROUGH WHICH THE PERSON RESPONSIBLE FOR PERFORMING THE ASSESSMENT COMMUNICATES ITS RESULTS, WHETHER THE COMPANY HAS AN ACTION PLAN DETAILING POSSIBLE CORRECTIVE MEASURES, AND WHETHER THEIR IMPACT ON FINANCIAL REPORTING HAS BEEN CONSIDERED.

Among the functions assumed by the Audit Commission is that of periodically reviewing the internal control and risk management systems, so that the main risks are properly identified, managed and reported. Furthermore, its powers include supervising the preparation process and the integrity of the financial information, reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.

In carrying out these functions, the Audit Commission relies on the internal audit function. The Elecnor Group's internal audit function is structured around six major control areas: General Accounting, Management Control, Consolidation, Financial Area, Internal Audit and Tax Advice. These departments act, in their respective areas of competence and under audit criteria, as internal corporate control/audit bodies, carrying on their activities with complete independence from both Elecnor's production departments (business) and the domestic and foreign subsidiaries that comprise the Elecnor Group. The internal audit is integrated within the General Internal Audit and Finance Sub-Division, whose main functions and activities are the supervision of financial information and internal control. The Elecnor Group prepares an Internal Audit Plan, which is presented to the Audit Commission, and a periodic report on the execution of the plan and on the incidents that have occurred at the various meetings of the Audit Commission by the General Internal Audit and Finance Sub-Division.

The Management Control area continuously monitors the different Elecnor organisations, paying particular attention to the most significant sections of the balance sheet and the profit and loss account, such as work in progress (old productions), advance invoicing, customer balances, recognition of margins and provisions, among others. In addition, as part of this ongoing review process, audits are carried out in consultation with the various organisations, which are focussed on these same sections. These internal audits, on-site and at least one per year per organisation, are scheduled to be carried out on a phased basis and always before the end of the financial year. For this programming, an audit schedule is made at the beginning of the year and there is a checklist of tests to be performed.

As with the parent company, all national subsidiaries are subject to an internal audit each financial year before its close.

In any event, in this financial year, and as a result of the mobility restrictions arising from the health emergency (Covid-19), these on-site audits have not been carried out, although this has not affected the control and monitoring of the operations of the different organisations constantly carried out by the Management Control and Consolidation areas.

The Elecnor Group's Audit Commission, with respect to the ICFR, is informed of the internal control structure existing in the organisation, approves the annual internal audit plan, meets at least twice a year with the external auditors and is informed monthly, during the meetings of the Board of Directors, of the developments within the business and its activities. In addition, and if relevant, it is informed of certain judgements or estimates included in the financial information. The Audit Commission reports on all its relevant activities carried out during the year in its annual Activity Report.

F.5.2. WHETHER THERE IS A DISCUSSION PROCEDURE WHEREBY THE AUDITOR (AS DEFINED IN THE SPANISH TECHNICAL AUDIT STANDARDS), THE INTERNAL AUDITOR AND OTHER EXPERTS CAN REPORT TO SENIOR MANAGEMENT AND THE AUDIT COMMITTEE OR DIRECTORS OF THE COMPANY ANY SIGNIFICANT WEAKNESSES IN INTERNAL CONTROL IDENTIFIED DURING THE REVIEW OF THE ANNUAL FINANCIAL STATEMENTS OR ANY OTHERS THEY HAVE BEEN ASSIGNED. ADDITIONALLY, STATE WHETHER AN ACTION PLAN IS AVAILABLE FOR CORRECTING OR MITIGATING ANY WEAKNESSES DETECTED.

The Elecnor Audit Commission meets at least four times a year, in accordance with the provisions of the Regulations of the Board of Directors of the Company, and as many times as required according to the interests of the Company.

During the 2020 financial year, the Audit Commission has held 11 meetings, four of which have been attended by external auditors. The content of these meetings was to:

- Review the planning and scope of audit work.
- Review the annual financial statements and analyse, if they exist, the monitoring weaknesses detected by the external auditor in its review of the main business processes and general controls that are implemented in the Group, as well as the suggested corrective actions. Prior to this meeting, the external auditors meet with the Chairman, the Chief Executive Officer and members of the General Internal Audit and Finance Sub-Division.
- Review the interim financial statements.

F.6. OTHER RELEVANT INFORMATION

There is no additional relevant information to consider that has not been covered by the previous points.

F.7. EXTERNAL AUDITOR'S REPORT

Report:

F.7.1. WHETHER THE ICFR INFORMATION SENT TO THE MARKETS HAS BEEN SUBJECTED TO REVIEW BY THE EXTERNAL AUDITOR, IN WHICH CASE THE ENTITY SHOULD INCLUDE THE CORRESPONDING REPORT AS AN ATTACHMENT. IF NOT, REASONS WHY SHOULD BE GIVEN.

This information in relation to ICFR has been submitted for review by the external auditor.

G) DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Specify the company's degree of compliance with recommendations of the Good Governance Code for listed companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation of the reasons must be included so that shareholders, investors and the market in general have enough information to assess the company's conduct. General explanations are not acceptable.

1. That the articles of incorporation of listed companies should not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of its shares on the market.

Complies ☒ Explain

2. That when the listed company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them it should make accurate public disclosures on:

a) The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries;

b) The mechanisms in place to resolve any conflicts of interest that may arise.

Complies Complies partially Explain Not applicable ☒

3. That, during the ordinary General Shareholders' Meeting, as a complement to the distribution of the written annual corporate governance report, the chairman of the Board of Directors should inform shareholders orally, in sufficient detail, of the most significant aspects of the company's corporate governance, and in particular:

a) Changes that have occurred since the last General Shareholders' Meeting.

b) Specific reasons why the company has not followed one or more of the recommendations of the Code of Corporate Governance and the alternative rules applied, if any.

Complies ☒ Complies partially Explain

4. That the company should define and promote a policy on communication and contact with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors that complies in all aspects with rules against market abuse and gives equal treatment to similarly situated shareholders. And that the company should publish this policy on its website, including information on how it has been put into practice and identifying the contact persons or those responsible for implementing it.

And that, without prejudice to the legal obligations regarding dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through such channels as it may consider appropriate (communication media, social networks or other channels) that helps to maximise the dissemination and quality of information available to the market, investors and other stakeholders.

Complies ☒ Complies partially Explain

5. That the Board of Directors should not submit to the General Shareholders' Meeting any proposal for delegation of powers allowing the issue of shares or convertible securities with the exclusion of preemptive rights in an amount exceeding 20% of the capital at the time of delegation.

And that whenever the Board of Directors approves any issue of shares or convertible securities with the exclusion of preemptive rights, the company should immediately publish the reports referred to by company law on its website.

Complies ☒ Complies partially Explain

6. That listed companies that prepare the reports listed below, whether under a legal obligation or voluntarily, should publish them on their website with sufficient time before the General Shareholders' Meeting, even if their publication is not mandatory:

a) Report on the auditor's independence.

b) Reports on the workings of the audit and nomination and remuneration committees.

c) Report by the audit committee on related party transactions.

Complies ☒ Complies partiall Explain

7. That the company should transmit in real time, through its website, the proceedings of the General Shareholders' Meetings.

And that the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by such remote means.

Complies ☒ Complies partially Explain

8. That the audit committee should ensure that the financial statements submitted to the General Shareholders' Meeting are prepared in accordance with accounting regulations. And that in cases in which the auditor has included a qualification or reservation in its audit report, the chairman of the audit committee should clearly explain to the general meeting the opinion of the audit committee on its content and scope, making a summary of this opinion available to shareholders at the time when the meeting is called, alongside the other Board proposals and reports.

Complies ☒ Complies partially Explain

9 That the company should permanently publish on its website the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.

And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

Complies ☒ Complies partially Explain

10. That when a duly authenticated shareholder has exercised his or her right to complete the agenda or to make new proposals for resolutions in advance of the General Shareholders' Meeting, the company:

a) Should immediately distribute such complementary points and new proposals for resolutions.

b) Should publish the attendance, proxy and remote voting card specimen with the necessary changes such that the new agenda items and alternative proposals can be voted on in the same terms as those proposed by the Board of Directors.

c) Should submit all these points or alternative proposals to a vote and apply the same voting rules to them as to those formulated by the Board of Directors including, in particular, assumptions or default positions regarding votes for or against.

d) That after the General Shareholders' Meeting, a breakdown of the voting on said additions or alternative proposals be communicated.

Complies ☒ Complies partially Explain Not applicable

11. That if the company intends to pay premiums for attending the General Shareholders' Meeting, it should establish in advance a general policy on such premiums and this policy should be stable.

Complies Complies partially Explain Not applicable ☒

12. That the Board of Directors should perform its functions with a unity of purpose and independence of criterion, treating all similarly situated shareholders equally and being guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, promoting its continuity and maximising the economic value of the business.

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and conducting itself on the basis of good faith, ethics and a respect for commonly accepted best practices, it should seek to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders that may be affected, as well as the impact of its corporate activities on the communities in which it operates and on the environment.

Complies ☒ Complies partially ☐ Explain ☐

13. That the Board of Directors should be of an appropriate size to perform its duties effectively and in a collegial manner, which makes it advisable for it to have between five and fifteen members.

Complies ☒ Explain ☐

14. That the Board of Directors should approve a policy aimed at favouring an appropriate composition of the Board and that:

a) Is concrete and verifiable.

b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors; and

c) Favours diversity of knowledge, experience, age and gender. For these purposes, it is considered that the measures that encourage the company to have a significant number of female senior executives favour gender diversity.

That the result of the prior analysis of the skills required by the Board of Directors be contained in the supporting report from the nomination committee published upon calling the General Shareholders' Meeting to which the ratification, appointment or re-election of each director is submitted.

The nomination committee will annually verify compliance with this policy and explain its findings in the annual corporate governance report.

Complies ☒ Complies partially ☐ Explain ☐

15. That proprietary and independent directors should constitute a substantial majority of the Board of Directors and that the number of executive directors be kept to a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.

And that the number of female directors should represent at least 40% of the members of the Board of Directors before the end of 2022 and thereafter, and no less than 30% prior to that date.

Complies ☐ Complies partially ☒ Explain ☐

The first paragraph of this Recommendation is fully complied with, since the Board of Directors of the Company is composed of a large majority of proprietary and independent directors, with only one executive director.

With regard to the second paragraph, and although the current number of female directors is less than 30%, the Company intends to continue to promote an increase in the presence of female directors on the Board of Directors to be able to comply with the Recommendation without affecting the normal functioning of the Board and the overall suitability of its members for the performance of their functions.

In this regard, on 16 December 2020, the Board of Directors approved the updating of the "Policy for Diversity of the Board of Directors and the Selection of Directors", which establishes the commitment of the Board, with the participation of the Appointments and Remuneration Commission within the framework of its powers, among other aspects, to its role in ensuring that the procedures for selecting directors do not involve any discrimination and, in particular, in facilitating the selection of female directors in a number that will enable a balanced presence of women and men to be achieved, and in general to promoting diversity in the composition of the Board and its Commissions in terms of knowledge, experience, age and gender, among other issues. The Policy also expressly establishes that, in order to promote gender diversity, the Company will seek to establish measures that encourage the Company to have a significant number of female members of the management team, without prejudice to the essential criteria of merit and capacity that must govern all the personnel selection processes of the Company and its Group.

In addition, the Company's procedures for the selection of directors, which is the particular responsibility of the Appointments and Remuneration Commission within the framework of its powers, are based on objective criteria that allow for the most appropriate composition of the Board taking into account the specific features of the Company and its Group, choosing the best people available for it, without any discrimination on the basis of sex or any other factor.

16. That the number of proprietary directors as a percentage of the total number of non-executive directors not be greater than the proportion of the company's share capital represented by those directors and the rest of the capital.

This criterion may be relaxed:

a) In large-cap companies where very few shareholdings are legally considered significant.

b) In the case of companies where a plurality of shareholders is represented on the Board of Directors without ties among them.

Complies ☐ Explain ☒

Elecnor is a company with a long tradition in its sector, and since its inception it has been managed by a variety of family groups, the founders of the company. Through the significant shareholder CANTILES XXI, S.L., and the Directors who represent it in the Company, the Family Groups that make it up are represented in the broadest and most diverse manner possible, with a profile that is suitable for the exercise of their obligations and always with the aim of giving value to the shareholder.

Elecnor's Proprietary Directors perform a supervisory task similar to that attributed to Independent Directors. The composition of Elecnor's Board of Directors corresponds to its shareholder structure.

17. That the number of independent directors should represent at least half of the total number of directors.

That, however, when the company does not have a high level of market capitalisation or in the event that it is a large-cap company with one shareholder or a group of shareholders acting in concert who together control more than 30% of the company's share capital, the number of independent directors should represent at least one third of the total number of directors.

Complies ☐ Explain ☒

Elecnor is a company with a long tradition in its sector, and since its inception it has been managed by a variety of family groups, the founders of the company. Through the significant shareholder CANTILES XXI, S.L., and the Directors who represent it in the Company, the Family Groups that make it up are represented in the broadest and most diverse manner possible, with a profile that is suitable for the exercise of their obligations and always with the aim of giving value to the shareholder.

Elecnor's Proprietary Directors perform a supervisory task similar to that attributed to Independent Directors. The composition of Elecnor's Board of Directors corresponds to its shareholder structure.

18. That companies should publish the following information on its directors on their website, and keep it up to date:

a) Professional profile and biography.

b) Any other Boards to which the directors belong, regardless of whether or not the companies are listed, as well as any other remunerated activities engaged in, regardless of type.

c) Category of directorship, indicating, in the case of individuals who represent proprietary directors, the shareholder that they represent or to which they are connected.

d) Date of their first appointment as a director of the company's Board of Directors, and any subsequent re-elections.

e) Company shares and share options that they own.

Complies ☒ Complies partially Explain

19. That the annual corporate governance report, after verification by the nomination committee, should explain the reasons for the appointment of any proprietary directors at the proposal of shareholders whose holding is less than 3%. It should also explain, if applicable, why formal requests from shareholders for presence on the Board were not honoured, when their shareholding was equal to or exceeded that of other shareholders whose proposal for proprietary directors was honoured.

Complies Complies partially Explain Not applicable ☒

20. That proprietary directors representing significant shareholders should resign from the Board when the shareholder they represent disposes of its entire shareholding. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors.

Complies Complies partially Explain Not applicable ☒

21. That the Board of Directors should not propose the dismissal of any independent director before the completion of the director's term provided for in the articles of incorporation unless the Board of Directors finds just cause and a prior report has been prepared by the nomination committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties inherent to his or her post as a director, fails to complete the tasks inherent to his or her post, or is affected by any of the circumstances that would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public takeover bid, merger or other similar corporate transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of application of the proportionate representation criterion provided in Recommendation 16.

Complies ☒ Explain

22. That companies should establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which affect them, whether or not related to their actions in the company itself, and which may harm the company's standing and reputation, and in particular requiring them to inform the Board of any criminal proceedings in which they appear as suspects or defendants, as well as of how the legal proceedings subsequently unfold.

And that, if the Board is informed or becomes aware in any other manner of any of the circumstances mentioned above, it must investigate the case as quickly as possible and, depending on the specific circumstances, decide, based on a report from the nomination and remuneration committee, whether or not any measure must be adopted, such as the opening of an internal investigation, asking the director to resign or proposing that he or she be dismissed. And that these events must be reported in the annual corporate governance report, unless there are any special reasons not to do so, which must also be noted in the minutes. This without prejudice to the information that the company must disseminate, if appropriate, at the time when the corresponding measures are implemented.

Complies ☒ Complies partially Explain

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies to the secretary of the Board of Directors, even if he or she is not a director.

Complies ☒ Complies partially Explain Not applicable

24. That whenever, due to resignation or resolution of the General Shareholders' Meeting, a director leaves before the completion of his or her term of office, the director should explain the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for cessation, in a letter addressed to all members of the Board of Directors.

And that, without prejudice to all this being reported in the annual corporate governance report, insofar as it is relevant to investors, the company must publish the cessation as quickly as possible, adequately referring to the reasons or circumstances adduced by the director.

Complies ☒ Complies partially Explain Not applicable

25. That the nomination committee should make sure that non-executive directors have sufficient time available in order to properly perform their duties.

And that the Board regulations establish the maximum number of company Boards on which directors may sit.

Complies ☒ Complies partially Explain

26. That the Board of Directors meet frequently enough to be able to effectively perform its duties, and at least eight times per year, following a schedule of dates and agendas established at the beginning of the year and allowing each director individually to propose other items that do not originally appear on the agenda.

Complies ☒ Complies partially Explain

27. That director absences occur only when absolutely necessary and be quantified in the annual corporate governance report. And when absences do occur, that the director appoint a proxy with instructions.

Complies ☒ Complies partially Explain

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes at the request of the director expressing them.

Complies ☒ Complies partially Explain Not applicable

29. That the company should establish adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

Complies ☒ Complies partially Explain

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances make this advisable.

Complies ☒ Explain Not applicable

31. That the agenda for meetings should clearly indicate those matters on which the Board of Directors is to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

When, in exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent should be duly recorded in the minutes.

Complies Complies partiall Explain ☒

The agenda does not explicitly state the points that are for decision, although the Directors receive sufficiently in advance all the necessary information so that they can study the issues and form a reasoned opinion, without prejudice to their right to gather any additional information they consider relevant.

With regard to the second paragraph of the Recommendation, in exceptional cases where the Chairman of the Board submits decisions or agreements not on the agenda for approval by the Board of Directors, this is done for reasons of urgency and on the basis that the Directors have sufficient information and knowledge in the matter to be able to take an informed decision.

32. That directors be periodically informed of changes in shareholding and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies ☒ Complies partially Explain

33. That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out the duties assigned by law and the articles of incorporation, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances make this advisable.

Complies ☒ Complies partially Explain

34. That when there is a coordinating director, the articles of incorporation or Board regulations should confer upon him or her the following powers in addition to those conferred by law: to chair the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; to reflect the concerns of non-executive directors; to liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and to coordinate a succession plan for the chairman.

Complies Complies partially Explain Not applicable ☒

35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account such recommendations regarding good governance contained in this Good Governance Code as may be applicable to the company.

Complies ☒ Explain

36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:

a) The quality and efficiency of the Board of Directors' work.

b) The workings and composition of its committees.

c) Diversity in the composition and skills of the Board of Directors.

d) Performance of the chairman of the Board of Directors and of the chief executive officer of the company.

e) Performance and input of each director, paying special attention to those in charge of the various Board committees.

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the nomination committee.

Every three years, the Board of Directors will rely for its evaluation upon the assistance of an external advisor, whose independence shall be verified by the nomination committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group must be specified in the annual corporate governance report.

The process and the areas evaluated must be described in the annual corporate governance report.

Complies ☒ Complies partially Explain

37. That if there is an executive committee, it must contain at least two non-executive directors, at least one of whom must be independent, and its secretary must be the secretary of the Board.

Complies Complies partially Explain ☒ Not applicable

The Executive Commission is composed of an Executive Director, another External Director and four Proprietary Directors, all of them with extensive knowledge of the business and the sector in which the Company operates, this being the essential reason for their appointment as members of the Executive Commission, given the nature of the topics covered in it.

The Company is considering whether the Secretary of this Commission should be the same as that of the Board of Directors, without prejudice to the fact that, as stated in Recommendation 38 below, the Board of Directors is always aware of the matters dealt with and the decisions taken by the Executive Commission.

38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.

Complies ☒ Explain Not applicable

39. That the members of the audit committee, in particular its chairman, be appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, both financial and non-financial.

Complies ☒ Complies partially Explain

40. That under the supervision of the audit committee, there should be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.

Complies ☒ Complies partially Explain

41. That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, for approval by that committee or by the Board, reporting directly on its execution, including any incidents or limitations of scope, the results and monitoring of its recommendations, and present an activity report at the end of each year.

Complies [X] Complies partially Explain Not applicable

42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:

1. With regard to information systems and internal control:

a) Supervising and evaluating the process of preparation and the completeness of the financial and non-financial information, as well as the control and management systems for financial and non-financial risk relating to the company and, if applicable, the group - including operational, technological, legal, social, environmental, political and reputational risk, or risk related to corruption - reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.

b) Ensuring the independence of the unit charged with the internal audit function; proposing the selection, appointment and dismissal of the head of internal audit; proposing the budget for this service; approving or proposing its orientation and annual work plans for approval by the Board, making sure that its activity is focused primarily on material risks (including reputational risk); receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.

c) Establishing and supervising a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any potentially serious irregularities, especially those of a financial or accounting nature, that they observe in the company or its group. This mechanism must guarantee confidentiality and in any case provide for cases in which the communications can be made anonymously, respecting the rights of the whistleblower and the person reported.

d) Generally ensuring that internal control policies and systems are effectively applied in practice.

2. With regard to the external auditor:

a) In the event that the external auditor resigns, examining the circumstances leading to such resignation.

b) Ensuring that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.

c) Making sure that the company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.

d) Ensuring that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks performed and the development of the company's accounting situation and risks.

e) Ensuring that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, limits on the concentration of the auditor's business, and, in general, all other rules regarding auditors' independence.

Complies [X] Complies partially Explain

43. That the audit committee be able to require the presence of any employee or manager of the company, even stipulating that he or she appear without the presence of any other member of management.

Complies [X] Complies partially Explain

44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draw up a prior report to the Board of Directors on the economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies [X] Complies partially Explain Not applicable

45. That the risk management and control policy identify or determine, as a minimum:

a) The various types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks and risks relating to corruption) which the company faces, including among the financial or economic risks contingent liabilities and other off-balance sheet risks.

b) A risk control and management model based on different levels, which will include a specialised risk committee when sector regulations so require or the company considers it to be appropriate.

c) The level of risk that the company considers to be acceptable.

d) Measures in place to mitigate the impact of the risks identified in the event that they should materialise.

e) Internal control and information systems to be used in order to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

Complies [X] Complies partially Explain

46. That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal risk control and management function should exist, performed by an internal unit or department of the company which is expressly charged with the following responsibilities:

a) Ensuring the proper functioning of the risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks affecting the company.

b) Actively participating in drawing up the risk strategy and in important decisions regarding risk management.

c) Ensuring that the risk management and control systems adequately mitigate risks as defined by the policy laid down by the Board of Directors.

Complies [X] Complies partially Explain

47. That in designating the members of the nomination and remuneration committee – or of the nomination committee and the remuneration committee if they are separate – care be taken to ensure that they have the knowledge, aptitudes and experience appropriate to the functions that they are called upon to perform and that the majority of said members are independent directors.

Complies [X] Complies partially Explain

48. That large-cap companies have separate nomination and remuneration committees.

Complies Explain Not applicable [X]

49. That the nomination committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director be able to ask the nomination committee to consider potential candidates that he or she considers suitable to fill a vacancy on the Board of Directors.

Complies [X] Complies partially Explain

50. That the remuneration committee exercise its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

a) Proposing the basic conditions of employment for senior management to the Board of Directors.

b) Verifying compliance with the company's remuneration policy.

c) Periodically reviewing the remuneration policy applied to directors and senior managers, including share-based remuneration systems and their application, as well as ensuring that their individual remuneration is proportional to that received by the company's other directors and senior managers.

d) Making sure that potential conflicts of interest do not undermine the independence of external advice given to the committee.

e) Verifying the information on remuneration of directors and senior managers contained in the various corporate documents, including the annual report on director remuneration.

Complies ☒ Complies partially Explain

51. That the remuneration committee should consult with the chairman and the chief executive of the company, especially on matters relating to executive directors and senior management.

Complies ☒ Complies partially Explain

52. That the rules regarding the composition and workings of the supervision and control committees should appear in the regulations of the Board of Directors and that they should be consistent with those applying to legally mandatory committees in accordance with the foregoing recommendations, including:

a) That they be composed exclusively of non-executive directors, with a majority of independent directors.

b) That their chairpersons be independent directors.

c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and require them to render account of their activities and of the work performed in the first plenary session of the Board of Directors held after each committee meeting.

d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.

e) That their meetings be recorded and their minutes be made available to all directors.

Complies Complies partially Explain Not applicable ☒

53. That verification of compliance with the company's policies and rules on environmental, social and corporate governance matters, and with the internal codes of conduct be assigned to one or divided among more than one committee of the Board of Directors, which may be the audit committee, the nomination committee, a specialised committee on sustainability or corporate social responsibility or such other specialised committee as the Board of Directors, in the exercise of its powers of self-organisation, may have decided to create. And that such committee be composed exclusively of non-executive directors, with a majority of these being independent directors, and that the minimum functions indicated in the next recommendation be specifically assigned to it.

Complies ☒ Complies partially Explain

54. The minimum functions referred to in the foregoing recommendation are the following:

a) Monitoring of compliance with the company's internal codes of conduct and corporate governance rules, also ensuring that the corporate culture is aligned with its purpose and values.

b) Monitoring the application of the general policy on communication of economic and financial information, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The manner in which the entity communicates and handles relations with small and medium-sized shareholders must also be monitored.

c) The periodic evaluation and review of the company's corporate governance system, and environmental and social policy, with a view to ensuring that they fulfil their purposes of promoting the interests of society and take account, as appropriate, of the legitimate interests of other stakeholders.

d) Supervision of the company's environmental and social practices to ensure that they are in alignment with the established strategy and policy.

e) Supervision and evaluation of the way in which relations with the various stakeholders are handled.

Complies ☒ Complies partially Explain

55. That environmental and social sustainability policies identify and include at least the following:

a) The principles, commitments, objectives and strategy relating to shareholders, employees, clients, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights, and the prevention of corruption and other unlawful conduct.

b) Means or systems for monitoring compliance with these policies, their associated risks, and management.

c) Mechanisms for supervising non-financial risk, including that relating to ethical aspects and aspects of business conduct.

d) Channels of communication, participation and dialogue with stakeholders.

e) Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Complies ☒ Complies partially Explain

56. That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgement of non-executive directors.

Complies ☒ Explain

57. That only executive directors should receive variable remuneration linked to corporate results and personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments referenced to the share price and long-term savings plans such as pension plans, retirement schemes or other provident schemes.

Consideration may be given to delivering shares to non-executive directors as remuneration providing this is conditional upon their holding them until they cease to be directors. The foregoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition.

Complies ☒ Complies partially Explain

58. That as regards variable remuneration, remuneration policies should incorporate the necessary limits and technical safeguards to ensure that such remuneration is in line with the professional performance of its beneficiaries and not based solely on general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk incurred to achieve a given result.

b) Promote the sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with the company's rules and internal operating procedures and with its risk management and control policies.

c) Are based on balancing the attainment of short-, medium- and long-term objectives, so as to allow remuneration of continuous performance over a period long enough to be able to assess its contribution to the sustainable creation of value, such that the elements used to measure performance are not associated only with one-off, occasional or extraordinary events.

Complies ☒ Complies partially Explain Not applicable

59. That the payment of variable remuneration components be subject to sufficient verification that previously established performance or other conditions have effectively been met. Entities must include in their annual report on director remuneration the criteria for the time required and methods used for this verification depending on the nature and characteristics of each variable component.

That, additionally, companies consider the inclusion of a reduction ('malus') clause for the deferral of the payment of a portion of variable remuneration components that would imply their total or partial loss if an event were to occur prior to the payment date that would make this advisable.

Complies ☒ Complies partially Explain Not applicable

60. That remuneration related to company results should take into account any reservations that might appear in the external auditor's report and that would diminish said results.

Complies ☒ Complies partially Explain Not applicable

61. That a material portion of executive directors' variable remuneration be linked to the delivery of shares or financial instruments referenced to the share price.

Complies Complies partially Explain ☒ Not applicable

Although the Articles of Association, in Article 12, provide for the possibility of the Directors being paid by means of remuneration based on the provision of shares or option rights on shares of the Company itself, at the moment the Company has not considered it necessary to establish remuneration for its Executive Director through the provision of shares or financial instruments linked to their value since it considers that the current variable remuneration systems for the Chief Executive Officer are the most appropriate to encourage their motivation and professional performance, as well as their commitment and linking to the interests of the Company and the Group. In particular, the Chief Executive Officer's variable remuneration is linked to predetermined and measurable performance criteria that allow them to be paid for their continuous performance over a period of time sufficient to appreciate their contribution to the creation of sustainable value.

In addition, the length of time in which the current Chief Executive Officer has been linked to the Company allows us to conclude that their long-term interests are sufficiently aligned with those of the Company.

62. That once shares or options or financial instruments have been allocated under remuneration schemes, executive directors be prohibited from transferring ownership or exercising options or rights until a term of at least three years has elapsed.

An exception is made in cases where the director has, at the time of the transfer or exercise of options or rights, a net economic exposure to changes in the share price for a market value equivalent to at least twice the amount of his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The foregoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition or, following a favourable assessment by the nomination and remuneration committee, to deal with such extraordinary situations as may arise and so require.

Complies Complies partially Explain Not applicable ☒

63. That contractual arrangements should include a clause allowing the company to demand reimbursement of the variable remuneration components in the event that payment was not in accordance with the performance conditions or when payment was made based on data subsequently shown to have been inaccurate.

Complies ☒ Complies partially Explain Not applicable

64. That payments for contract termination should not exceed an amount equivalent to two years of total annual remuneration and should not be paid until the company has been able to verify that the director has fulfilled all previously established criteria or conditions for payment.

For the purposes of this recommendation, payments for contractual termination will be considered to include any payments the accrual of which or the obligation to pay which arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of post-contractual non-competition agreements.

Complies Complies partially ☒ Explain Not applicable

The amount of the compensation for the Executive Director amounts, as a general rule, to an amount equivalent to two (2) years of their total remuneration, including fixed and variable remuneration, but excluding that obtained in programmes or incentives of an annual or multi-year nature. This is without prejudice to the fact that, depending on the type of event that leads to the termination of the contracts, it may reach an amount equivalent to three (3) years of their total remuneration. All of that taking into account Recommendation 56 of the Code of Good Practice, which establishes that the remuneration of the directors should be that necessary to attract and retain the directors of the desired profile and to reflect the dedication, qualifications and responsibility required of the position.

H) FURTHER INFORMATION OF INTEREST

1 If there is any significant aspect regarding corporate governance in the company or other companies in the group that has not been included in other sections of this report, but which it is necessary to include in order to provide a more comprehensive and reasoned picture of the structure and governance practices in the company or its group, describe them briefly below.

2 This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not repetitive.

Specifically, indicate whether the company is subject to any corporate governance legislation other than that of Spain and, if so, include any information required under this legislation that differs from the data required in this report.

3 The company may also indicate whether it has voluntarily subscribed to other ethical or best practice codes, whether international, sector-based, or other. In such case, name the code in question and the date on which the company subscribed to it. Specific mention must be made as to whether the company adheres to the Code of Good Tax Practices of 20 July 2010.

In accordance with the provisions of Article 2 of Law 11/2018 of 28 December, which amends the Commercial Code, the consolidated text of the Capital Companies Act approved by Royal Legislative Decree 1/2010 of 2 July and Law 22/2015 of 20 July on the Auditing of Accounts, in the area of non-financial information and diversity and with the amendment made by this Law in sub-section 6 of Article 540.4.c) of the Spanish Capital Companies Act, it is expressly stated that the provisions of points C.1.5 and C.1.6. of this report are exactly applicable to the Commissions of the Board of Directors of the Company and to the Management of the Company.

Shareholders were also provided with the appropriate information on diversity criteria and objectives when electing or reappointing members of the Board of Directors, its Commissions and Management.

As indicated in the course of this report, the Board of Directors of the Company unanimously approved, on 16 December 2020, the revision and amendment of the Regulations of the Board of Directors, the Regulations of the Audit Commission, the Regulations of the Appointments and Remuneration Commission and the Policy for Diversity of the Board of Directors and the Selection of Directors, to adapt them to the new features introduced in the CNMV Code of Good Governance in June 2020.

In addition, the Board of Directors, at its meeting of 25 March 2020, unanimously approved the amendment of the Internal Regulations on Conduct and the development of a Policy of communication, contact and involvement with shareholders, institutional investors, asset managers, financial intermediaries and proxy advisers, which was amended on 16 December 2020 to adapt it to the new Code of Good Governance.

This Annual Corporate Governance Report was approved by the Board of Directors of the company in its meeting held on **24 February 2021.**

Indicate whether any director voted against or abstained from approving this report.

Yes No ☒

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ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED COMPANIES 2020

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A) REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FINANCIAL YEAR (2021 FINANCIAL YEAR)

A.1. EXPLAIN THE CURRENT DIRECTOR REMUNERATION POLICY APPLICABLE TO THE YEAR IN PROGRESS. TO THE EXTENT THAT IT IS RELEVANT, CERTAIN INFORMATION MAY BE INCLUDED IN RELATION TO THE REMUNERATION POLICY APPROVED BY THE GENERAL SHAREHOLDERS' MEETING, PROVIDED THAT THESE REFERENCES ARE CLEAR, SPECIFIC AND CONCRETE.

Such specific determinations for the current year as the board may have made in accordance with the contracts signed with the executive directors and with the remuneration policy approved by the General Shareholders' Meeting must be described, as regards directors' remuneration both in their capacity as such and for executive functions carried out.

In any case, the following aspects must be reported, as a minimum:

- Description of the procedures and company bodies involved in determining and approving the remuneration policy and its terms and conditions.
- Indicate and, where applicable, explain whether comparable companies have been taken into account in order to establish the company's remuneration policy.
- Information on whether any external advisors took part in this process and, if so, their identity.

Existing remuneration policy for the current year:

On 22 May 2019, the General Shareholders' Meeting of Elecnor, S.A. ("Elecnor" or the "Company") approved the "Remuneration Policy for Directors for the 2020, 2021 and 2022 financial years" (the "Policy") with 95.07% of votes in favour. This Policy had previously been approved by the Company's Board of Directors by virtue of a resolution dated 27 March 2019, following a proposal and a report justifying the decision by Elecnor's Appointments and Remuneration Commission, in a meeting held on 18 February 2019.

In accordance with the Company's Articles of Association and the Regulations of the Board of Directors, the General Shareholders' Meeting shall determine the maximum remuneration to be paid to the Directors for all the functions they perform, both for the performance of executive and non-executive functions.

In accordance with the foregoing and the principles governing this Policy, the maximum amount of annual remuneration for the Directors as a whole is set at EUR ten (10) million. This maximum amount shall remain in force until its modification is approved.

A. The Director remuneration system for the performance of non-executive functions

In accordance with the Company's Articles of Association and the Regulations of the Board of Directors, there are three (3) cumulative pay systems for all Directors for the performance of non-executive functions:

a. The maximum amount of 7% of the profits obtained by the consolidated group during the year, after the provision for the payment of taxes and requirements established by law for this purpose have been met, as well as,

b. a fixed cash allowance to be determined by the General Meeting, and

c. attendance allowances which, depending on the circumstances, are to be assigned as compensation for attendance expenses and others that they must assume in the exercise of their roles and functions.

Likewise, and in keeping with the previous remuneration policy, the remuneration shall not necessarily be the same for all Directors for the performance of non-executive functions, and its distribution shall be agreed by the Board of Directors of the Company in accordance with Article 12 of the Company's Articles of Association, for which it shall consider:

a. membership in or performance of positions within the Board of Directors' Commissions,

b. membership of other Boards of Directors of companies belonging to Elecnor Group and attendance at the various meetings of the Board of Directors,

c. the dedication of the Directors and the responsibility assumed by them, and

d. their functions and trajectory on the Board of Directors.

For all of the above, during the 2021 financial year, in order to determine the remuneration of each Director, a basic remuneration shall be set for all of them as a fixed allowance, for their role as Directors, which shall be increased according to the fulfilment of the different parameters listed above.

Furthermore, and on an exceptional basis, the Company may grant, by agreement of the General Shareholders' Meeting, an additional fixed allocation to those Directors, who do not have executive functions, which it considers appropriate, for any reason, and which has been duly justified by the Board of Directors to the General Shareholders' Meeting of the Company.

B. The Director remuneration system for the performance of executive functions

The remuneration of the Directors for the performance of executive functions is independent and compatible with the remuneration and compensation established for the performance of non-executive functions, which are established in both the Company's Articles of Association and in the contract that to this effect is signed between them and the Company, and which conforms to the remuneration Policy.

Directors with executive functions shall receive the remuneration set in their respective contracts for the performance of such functions, as follows:

a. A fixed cash remuneration, which may be modified during the period referred to in the Policy, by agreement of the Board of Directors, provided that it does not exceed the maximum remuneration to be received as remuneration of the Directors for all the functions they perform, for the performance of both executive and non-executive functions, as determined by the General Shareholders' Meeting.

b. A variable remuneration, calculated on indicators or benchmarks, qualitative or quantitative, based on the degree of compliance with the objectives by the Executive Directors (as agreed by the Board of Directors upon proposal of the Appointments and Remuneration Commission, such as revenues, operating profit, profit after tax ("PAT"), recruitment and debt or others). Variable remuneration may be much more relevant than fixed remuneration components.

c. Remuneration based on the delivery of shares or option rights over shares of the Company itself.

d. The following social benefits or remuneration in kind: (i) they shall be included in the civil liability policy for Directors and board members that the Company has agreed upon at all times; (ii) they shall continue to have the right to participate in social security systems (for coverage of their survival, illness, accidents, etc.) in terms similar to those generally established at all times for the Company's Directors; and (iii) likewise, the Executive Chairman shall continue to enjoy all those benefits that, if applicable, the Company makes available to the management group.

e. In addition to any compensation for termination of the contract, provided that the termination was not caused by breach of their duties as Director.

- Relative importance of variable remuneration items vis-à-vis fixed remuneration (remuneration mix) and the criteria and objectives taken into consideration in their determination and to ensure an appropriate balance between the fixed and variable components of the remuneration. In particular, indicate the actions taken by the company in relation to the remuneration system to reduce exposure to excessive risks and to align it with the long-term objectives, values and interests of the company, which will include, as the case may be, mention of the measures taken to ensure that the long-term results of the company are taken into account in the remuneration policy, the measures adopted in relation to those categories of personnel whose professional activities have a material impact on the risk profile of the company and measures in place to avoid conflicts of interest.

  Furthermore, indicate whether the company has established any period for the accrual or vesting of certain variable remuneration items, in cash, shares or other financial instruments, any deferral period in the payment of amounts or delivery of accrued and vested financial instruments, or whether any clause has been agreed reducing the deferred remuneration not yet vested or obliging the director to return remuneration received, when such remuneration has been based on figures that have since been clearly shown to be inaccurate.

The Company only has one Executive Director, being the only member of the Board of Directors that is expected to receive variable remuneration.

The variable remuneration of the Executive Director is based on the Company's performance and their personal performance, which is calculated on indicators or benchmarks, either qualitative or quantitative, linked to the degree of compliance with their objectives.

Thus, such variable remuneration of the Executive Director for the 2021 financial year shall be determined, in accordance with their contract, according to the degree of achievement of a series of objectives, which shall be set by the Board of Directors, on the proposal of the Appointments and Remuneration Commission.

Variable remuneration may be much more relevant than fixed remuneration components. Likewise, as expressly stated in the Company's Remuneration Policy, in any case, the remuneration of Directors who perform executive functions must encourage performance and reward the creation of long-term value.

The possibility of establishing variable incentives in the long term is also envisaged.

Finally, the contract with the Executive Director also contains a clawback clause, under which the Executive Director must reimburse the Company for amounts received as variable remuneration or resulting from the settlement of incentive plans, if at any time during one (1) year after payment thereof, as a result of the Executive Director's wilful or grossly negligent actions, the following circumstances have arisen: (i) there have been alterations or inaccuracies in the relevant business data for the purposes of calculating the variable remuneration or incentive plans and these are confirmed by the Company's external auditors; (ii) as a result of the above circumstance, the Company is obliged to significantly reformulate its accounts. The Executive Director shall pay the amount notified by the Company within forty-five (45) days following that on which this is requested.

- Amount and nature of fixed components that are due to be accrued during the year by directors in their capacity as such.

The fixed annual remuneration for each of the Directors for the performance of their non-executive functions is expected to be EUR 143,500 and EUR 1,500 for attendance fees for each meeting of the Board of Directors, plus the amount they receive on an annual basis for their membership of the various Commissions of the Board of Directors as detailed below:

For membership of the **Executive Commission:** EUR 25,000.

For membership of the **Audit Commission:**
Member: EUR 15,000.
Chairman: EUR 20,000.

For membership of the **Appointments and Remuneration Commission:**
Member: EUR 12,500.
Chairman: EUR 17,500.

The annual remuneration for the performance of positions on the **Board of Directors,** which is expected to remain the same as in the previous year, is detailed below:

Non-Executive Chairman: EUR 270,000.
Secretary: EUR 20,000.

- Amount and nature of fixed components that are due to be accrued during the year for the performance of senior management functions of executive directors.

Once the Annual Financial Statements for the 2020 financial year have been drawn up, the Appointments and Remuneration Commission shall propose to the Board of Directors the fixed amounts of the remuneration to be accrued during the current financial year by the Executive Director. The Board of Directors shall analyse this proposal and approve the amount of remuneration for this financial year.

- Amount and nature of any component of remuneration in kind that will accrue during the year, including, but not limited to, insurance premiums paid in favour of the director.

During the 2021 financial year the Company will take out the following insurance coverage for its Directors:

- Life insurance, whose premium is estimated to amount to EUR 4,370 for the 2021 financial year.
- Health insurance, whose premium is estimated to amount to EUR 5,190 for the 2021 financial year.
- Travel insurance, whose premium is estimated to amount to EUR 5,017 for the 2021 financial year.

- Amount and nature of variable components, differentiating between those established in the short and long terms. Financial and non-financial, including social, environmental and climate change parameters selected to determine variable remuneration for the current year, explaining the extent to which these parameters are related to performance, both of the director and of the company, and to its risk profile, and the methodology, necessary period and techniques envisaged to be able to determine the effective degree of compliance, at the end of the year, with the parameters used in the design of the variable remuneration, explaining the criteria and factors applied in regard to the time required and methods of verifying that the performance or any other conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.

  Indicate the range, in monetary terms, of the different variable components according to the degree of fulfilment of the objectives and parameters established, and whether any maximum monetary amounts exist in absolute terms.

The Chief Executive Officer's variable remuneration is linked to predetermined and measurable performance criteria that allow them to be paid for their continuous performance over a period of time sufficient to appreciate their contribution to the creation of sustainable value. The Appointments and Remuneration Commission is responsible for analysing the degree of fulfilment of the targets set for the Executive Director for the payment of their variable remuneration and reporting to the Board of Directors, which will analyse the Commission's proposal and approve the amount of such remuneration annually.

This variable remuneration is established, in accordance with their contract, on the basis of the degree of achievement of a number of targets, such as the consolidated profit after tax ("PAT"), the hiring of the Group, its debt, regulatory compliance and occupational health and safety, the assessment of the Board, etc.

At present, other than the Executive Director, the members of the Board of Directors do not receive any multi-year variable remuneration.

- Main characteristics of long-term savings schemes. Among other information, indicate the contingencies covered by the scheme, whether it is a defined contribution or a defined benefit scheme, the annual contribution that has to be made to defined contribution schemes, the benefits to which directors are entitled in the case of defined benefit schemes, the vesting conditions of the economic rights of directors and their compatibility with any other type of payment or indemnification for early termination or dismissal, or deriving from the termination of the contractual relationship, in the terms provided, between the company and the director.

  Indicate whether the accrual or vesting of any of the long-term savings plans is linked to the attainment of certain objectives or parameters relating to the director's short- or long-term performance.

The Company does not consider these systems.

- Any type of payment or indemnification for early termination or dismissal, or deriving from the termination of the contractual relationship, in the terms provided, between the company and the director, whether at the company's or the director's initiative, as well as any type of agreement reached, such as exclusivity, post-contractual non-competition, minimum contract term or loyalty, that entitles the director to any kind of remuneration.

There are no agreed or paid compensation payments in the event of termination of a Director's duties.

The only compensation provided for are those that the Executive Director may receive for the termination of their contract for the performance of their senior management functions, which are explained below:

The contract with the Executive Director provides for compensation in their favour in the event of termination, provided that the termination is not the result of a breach attributable to them, nor is it due to their exclusive decision.

The compensation amounts, as a general rule, to a figure equivalent to two (2) years of their total remuneration, including fixed and variable remuneration, but excluding that obtained in programmes or incentives of an annual or multi-year nature, without prejudice to the fact that, depending on the type of event that results in the termination of the contracts, it may reach an amount equivalent to three (3) years of their total remuneration.

The contract with the Executive Director also contains a clawback clause, under which the Executive Director must reimburse the Company for amounts received as variable remuneration or resulting from the settlement of incentive plans, if at any time during one (1) year after payment thereof, as a result of the Executive Director's wilful or grossly negligent actions, the following circumstances have arisen: (i) there have been alterations or inaccuracies in the relevant business data for the purposes of calculating the variable remuneration or incentive plans and these are confirmed by the Company's external auditors; (ii) as a result of the above circumstance, the Company is obliged to significantly reformulate its accounts.

The Executive Director shall pay the amount notified by the Company within forty-five (45) days following that on which this is requested.

- Indicate the conditions that contracts of executive directors performing senior management functions must contain. Among other things, information must be provided on the duration, limits on amounts of indemnification, minimum contract term clauses, notice periods and payment in lieu of these notice periods, and any other clauses relating to signing bonuses, as well as compensation or golden parachute clauses for early termination of the contractual relationship between the company and the executive director. Include, among others, the pacts or agreement on non-competition, exclusivity, minimum contract terms and loyalty, and post-contractual non-competition, unless these have been explained in the previous section.

Main terms and conditions of the contracts of the Executive Directors with the Company

The contract that the Executive Director signs with the Company is based on the following conditions:

(a) Duration:
The contract of the Executive Director shall remain in force as long as they remain in office.

(b) Compensation:
The contract with the Executive Director provides for compensation in their favour in the event of termination, provided that the termination is not the result of a breach attributable to them, nor is it due to their exclusive decision.

The compensation amounts, as a general rule, to a figure equivalent to two (2) years of their total remuneration, including fixed and variable remuneration, but excluding that obtained in programmes or incentives of an annual or multi-year nature, without prejudice to the fact that, depending on the type of event that results in the termination of the contracts, it may reach an amount equivalent to three (3) years of their total remuneration.

(c) Compliance with the Company's corporate governance system:
The Executive Director has the obligation to observe strictly and to the extent that it is applicable, the standards and provisions contained in the Company's corporate governance system.

(d) Post-contractual exclusivity and non-competition agreement:
The contract may establish an obligation for exclusivity and full dedication to the Company and of post-contractual non-competition for a maximum period of two (2) years from the termination of the contract.

(e) Confidentiality:
The contract of the Executive Director shall establish a strict duty of confidentiality. In addition, once their relationship with the Company has concluded, they must return to the Company any documents and objects related to their activity that they may hold.

(f) Refund clause (clawback):
The contract of the Executive Director includes a refund clause by which the Executive Director must reimburse the Company for any amounts received as variable remuneration or resulting from the settlement of incentive plans, if at any time during one (1) year after payment thereof, as a result of the fraudulent or grossly negligent actions of the Executive Director, the following circumstances have arisen: (i) there have been alterations or inaccuracies in the relevant business data for the purposes of calculating the variable remuneration or incentive plans and these are confirmed by the Company's external auditors; (ii) as a result of the above circumstance, the Company is obliged to significantly reformulate its accounts.

The Executive Director shall pay the amount notified by the Company within forty-five (45) days following that on which this is requested.

- The nature and estimated amount of any other supplementary remuneration that will be accrued by directors in the current year in consideration for services rendered other than those inherent in their position.

They do not exist.

- Other items of remuneration such as any deriving from the company's granting the director advances, loans or guarantees or any other remuneration.

They do not exist.

- The nature and estimated amount of any other planned supplementary remuneration to be accrued by directors in the current year that is not included in the foregoing sections, whether paid by the company or by another group company.

They do not exist.

A.2. EXPLAIN ANY SIGNIFICANT CHANGE IN THE REMUNERATION POLICY APPLICABLE IN THE CURRENT YEAR RESULTING FROM:

- A new policy or an amendment to the policy already approved by the General Meeting.
- Significant changes in the specific determinations established by the board for the current year regarding the remuneration policy in force with respect to those applied in the previous year.
- Proposals that the Board of Directors has agreed to submit to the general shareholders' meeting to which this annual report will be submitted and for which it is proposed that they be applicable to the current year.

Although there has been no significant change during the current financial year, in accordance with the agreement of the Board of Directors approved at its meeting on 16 December 2020, the Board of Directors intends to submit to the next Ordinary General Shareholders' Meeting in 2021 the proposal to amend the Remuneration Policy for Directors with the aim of expressly adapting it to the new features of the Code of Good Governance of Listed Companies approved by Spain's National Securities Market Commission (CNMV) in June 2020.

A.3. IDENTIFY THE DIRECT LINK TO THE DOCUMENT CONTAINING THE COMPANY'S CURRENT REMUNERATION POLICY, WHICH MUST BE AVAILABLE ON THE COMPANY'S WEBSITE.

https://www.elecnor.com/resources/files/1/Gobierno_Corporativo/49240992a8.pdf

A.4. EXPLAIN, TAKING INTO ACCOUNT THE DATA PROVIDED IN SECTION B.4, HOW ACCOUNT HAS BEEN TAKEN OF THE VOTING OF SHAREHOLDERS AT THE GENERAL SHAREHOLDERS' MEETING TO WHICH THE ANNUAL REPORT ON REMUNERATION FOR THE PREVIOUS YEAR WAS SUBMITTED ON A CONSULTATIVE BASIS.

Elecnor's annual remuneration report for the 2019 financial year was approved, in an advisory vote, by the General Shareholders' Meeting with a vote in favour of 92.39% of the share capital present and represented.

Voting on the resolution:

Votes in favour: 67,232,155
Votes against: 3,178,266
Abstaining: 29,622

In this regard, the vast majority of the Company's shareholders have shown their support for the remuneration issues and matters raised at the General Meeting.

B) OVERALL SUMMARY OF HOW REMUNERATION POLICY WAS APPLIED DURING THE YEAR LAST ENDED (2020 FINANCIAL YEAR)

B.1. EXPLAIN THE PROCESS FOLLOWED TO APPLY THE REMUNERATION POLICY AND DETERMINE THE INDIVIDUAL REMUNERATION CONTAINED IN SECTION C OF THIS REPORT. THIS INFORMATION WILL INCLUDE THE ROLE PLAYED BY THE REMUNERATION COMMITTEE, THE DECISIONS TAKEN BY THE BOARD OF DIRECTORS AND THE IDENTITY AND ROLE OF ANY EXTERNAL ADVISORS WHOSE SERVICES MAY HAVE BEEN USED IN THE PROCESS OF APPLYING THE REMUNERATION POLICY IN THE YEAR LAST ENDED.

On 22 May 2019, the Company's General Shareholders' Meeting approved, with 95.07% of votes in favour, the "Remuneration Policy for Directors for the financial years 2020, 2021 and 2022", which had previously been approved by the Company's Board of Directors by virtue of a resolution dated 27 March 2019, following a proposal by the Elecnor Appointments and Remuneration Commission in its session of 18 February 2019.

The drafting of this Policy is the result of the new interpretation of the concept of Directors in their "status" (Supreme Court ruling 98/2018 of 26 February), under Articles 23 (e), 217 and 529 (r) of the Capital Companies Act ("CCA").

Even though the above ruling does not apply to listed companies since it expressly excludes this type of company in its wording, Elecnor has decided to anticipate an eventual extrapolation of its arguments to listed companies, amending Article 12 of the Articles of Association, which is worded as follows:

"**ARTICLE 12**

Management of the company shall correspond to the Board of Directors.

The General Shareholders' Meeting shall determine and approve the maximum remuneration to be received as director remuneration for all items and for any duties they carry out for the performance of both executive and non-executive functions. The maximum amount set by the General Meeting shall remain in force until the General Meeting approves the amendment thereof.

A. Remuneration of Directors for the performance of non-executive functions.

For the performance of non-executive functions, all Directors shall receive as remuneration:

(i) the maximum amount of 7% of the profits obtained by the consolidated group during the year, after the provision for the payment of taxes and requirements established by law for this purpose have been met, as well as,
(ii) a fixed cash allowance to be determined by the General Meeting, and
(iii) attendance allowances which, depending on the circumstances, are to be assigned as compensation for attendance expenses and others that they must assume in the exercise of their roles and functions.

The Board of Directors shall be responsible for determining the annual remuneration amount, in accordance with the above items, and the distribution of the remuneration of each Director for the performance of non-executive functions.

B. Director remuneration for the performance of executive functions.

In addition to the remuneration they receive for the performance of non-executive functions, the Directors who perform executive functions within the company shall receive the remuneration established in their respective contracts for the following items:

(i) A fixed remuneration in cash.
(ii) Variable remuneration, calculated on qualitative or quantitative indicators or benchmarks, linked to the degree of compliance with their objectives (agreed by the Board of Directors at the proposal of the Appointments and Remuneration Commission).
(iii) Remuneration based on the delivery of shares or option rights over shares of the Company itself.
(iv) The following social benefits or remuneration in kind: (i) they shall be included in the civil liability policy for Directors and board members that the Company has agreed upon at all times; (ii) they shall continue to have the right to participate in social security systems (for coverage of their survival, illness, accidents, etc.) in terms similar to those generally established at all times for the Company's Directors; and (iii) likewise, the Executive Chairman shall continue to enjoy all those benefits that, if applicable, the Company makes available to the management group.
(v) In addition to any compensation for termination of the contract, provided that the termination was not caused by breach of their duties as Director.

These contracts must be previously approved by the Board of Directors at the proposal of the Appointments and Remuneration Commission, complying with the requirements established in applicable law.

In any case, the aggregate sum of all the resulting amounts to be received by all Directors and for any items in each financial year shall never be greater than the maximum amount approved by the General Meeting".

The Remuneration Policy for the 2020, 2021 and 2022 financial years, whose main characteristics have been described in Section A.1., is a continuation of the previous one and also aims to comply with the principles of good corporate governance, facilitating greater transparency and control of the remuneration of the Directors, as the remuneration items of all Directors are fixed in the Company's Articles of Association, regardless of the functions they perform.

Since the adoption of the Remuneration Policy by the General Meeting, the Board of Directors has been the body responsible for making decisions concerning the remuneration of Directors, within the framework of the Articles of Association and the remuneration policy for Directors, all in accordance with current legislation. In addition, the Company's Appointments and Remuneration Commission, in exercise of its assigned functions, has proposed to the Board of Directors the individual remuneration and the other contractual conditions and conditions under the Articles of Association of the Executive Director, and has ensured the proper application of the Remuneration Policy.

Finally, during the 2020 financial year, the Appointments and Remuneration Commission has conducted an external comparative analysis of the remuneration of the management team, with the collaboration of Willis Towers Watson, WTW. This includes a quantitative analysis of the remuneration of the Executive Director and management team and a diagnosis of the current policy in relation to the market and corporate governance best practices.

B.2. EXPLAIN THE DIFFERENT ACTIONS TAKEN BY THE COMPANY IN RELATION TO THE REMUNERATION SYSTEM AND HOW THEY HAVE CONTRIBUTED TO REDUCING EXPOSURE TO EXCESSIVE RISKS AND ALIGNING IT WITH THE LONG-TERM OBJECTIVES, VALUES AND INTERESTS OF THE COMPANY, INCLUDING A REFERENCE TO THE MEASURES ADOPTED TO ENSURE THAT THE LONG-TERM RESULTS OF THE COMPANY HAVE BEEN TAKEN INTO CONSIDERATION IN THE REMUNERATION ACCRUED AND THAT AN APPROPRIATE BALANCE HAS BEEN ATTAINED BETWEEN THE FIXED AND VARIABLE COMPONENTS OF THE REMUNERATION, THE MEASURES ADOPTED IN RELATION TO THOSE CATEGORIES OF PERSONNEL WHOSE PROFESSIONAL ACTIVITIES HAVE A MATERIAL EFFECT ON THE COMPANY'S RISK PROFILE AND THE MEASURES IN PLACE TO AVOID ANY POSSIBLE CONFLICTS OF INTEREST.

See Section B.1 above regarding the amendment to the Articles of Association approved by the General Meeting in May 2020, as well as the "Remuneration Policy for Directors for the financial years 2020, 2021 and 2022".

Likewise, as stated in the preamble to the Remuneration Policy approved, through its adoption, the Company is seeking to reduce any commercial and fiscal risks that might materialise in the future, in relation to such remuneration.

B.3. EXPLAIN HOW THE REMUNERATION ACCRUING AND VESTED DURING THE YEAR COMPLIES WITH THE PROVISIONS OF THE CURRENT REMUNERATION POLICY.

Furthermore, report on the relationship between the remuneration obtained by the directors and the results or other performance measures of the company in the short and long term, explaining, if applicable, how variations in the company's performance have influenced changes in directors' remuneration, including any accrued remuneration payment of which has been deferred, and how such remuneration contributes to the short- and long-term results of the company.

The remuneration accrued and consolidated over the financial year meets the provisions contained in the current remuneration policy.

In addition, the remuneration of Directors for the performance of non-executive functions is directly related to the results of the Company since one of the remuneration elements consists of a maximum amount linked to the profits obtained by the consolidated group in the financial year.

Similarly, the Executive Director receives variable remuneration calculated on the basis of indicators or benchmarks.

In addition, the Board of Directors of Elecnor, S.A., at its meeting of 13 April 2020, decided unanimously to reduce the fixed remuneration of the Board, Chairman and Secretary by 30%, under the same terms and temporary application as the Temporary Workforce Restructuring through Reduced Working Hours Plans implemented by the Company to combat the crisis arising from COVID-19 (from 13 April to 31 May 2020). The attendance allowances of the Directors for meetings held remotely during April, May and June 2020 were also eliminated.

B.4. REPORT ON THE RESULT OF THE CONSULTATIVE VOTE AT THE GENERAL SHAREHOLDERS' MEETING ON REMUNERATION IN THE PREVIOUS YEAR, INDICATING THE NUMBER OF VOTES AGAINST, IF ANY:

	Number	% of total
Votes cast	70,440,043	80.96%

	Number	% of votes cast
Votes against	3,178,266	4.51%
Votes in favour	67,232,155	95.45%
Abstentions	29,622	0.04%

Remarks

B.5. EXPLAIN HOW THE FIXED COMPONENTS ACCRUED AND VESTED DURING THE YEAR BY THE DIRECTORS IN THEIR CAPACITY AS SUCH WERE DETERMINED AND HOW THEY CHANGED WITH RESPECT TO THE PREVIOUS YEAR.

The remuneration of Directors for the performance of their non-executive functions has been determined in accordance with the Remuneration Policy approved by the General Shareholders' Meeting. In particular, the annual fixed remuneration for each of the Directors, for their non-executive functions, for membership of the Board of Directors has been EUR 137,800 with a EUR 1,500 attendance allowance at each meeting of the Board of Directors (except for those held remotely during the financial year, in April, May and June), plus what they earn for their membership of the various Commissions of the Board of Directors and Commissions detailed below:

Remuneration for membership of the various Commissions:

- For membership of the **Executive Commission:** EUR 25,000.
- For membership of the **Audit Commission:**
  Member: EUR 15,000.
  Chairman: EUR 20,000.
- For membership of the **Appointments and Remuneration Commission:**
  Member: EUR 15,000.
  Chairman: EUR 20,000.

The annual remuneration for the performance of positions on the **Board of Directors** is detailed below:

Non-Executive Chairman: EUR 259,200.
Secretary: EUR 9,200 (until their resignation from the position of Secretary on 24 June 2020).

As indicated in Section B.3 above, during the 2020 financial year there were changes from the previous year, since the Board of Directors of Elecnor, S.A. agreed to reduce the fixed remuneration of the Directors, Chairman and Secretary by 30% during the period covered by the Temporary Workforce Restructuring through Reduced Working Hours Plans implemented by the Company to combat the crisis arising from COVID-19 (from 13 April to 31 May 2020). The attendance allowances of the Directors for meetings held remotely during April, May and June 2020 were also eliminated.

B.6. EXPLAIN HOW THE SALARIES ACCRUED AND VESTED BY EACH OF THE EXECUTIVE DIRECTORS OVER THE PAST FINANCIAL YEAR FOR THE PERFORMANCE OF MANAGEMENT DUTIES WERE DETERMINED, AND HOW THEY CHANGED WITH RESPECT TO THE PREVIOUS YEAR.

The amount and nature of the fixed components of remuneration for the performance of management duties by the Executive Director shall be as follows:

Mr Rafael Martín de Bustamante Vega (Chief Executive Officer)
• Salary: EUR 551,000.

In this regard, it should be noted that for the 2020 financial year the fixed salary of the Chief Executive Officer was EUR 574,000. However, the management team, on a voluntary basis, decided to reduce its fixed salary by 30% during the months of the Temporary Workforce Restructuring through Reduced Working Hours Plans implemented by the Company to combat the crisis arising from COVID-19 (from 13 April to 31 May 2020), in solidarity with the rest of the staff.

In accordance with the above, there has been a downwards variation of 3% from the previous financial year.

B.7. EXPLAIN THE NATURE AND THE MAIN CHARACTERISTICS OF THE VARIABLE COMPONENTS OF THE REMUNERATION SYSTEMS ACCRUED AND VESTED IN THE YEAR LAST ENDED.

In particular:

- Identify each of the remuneration plans that determined the different types of variable remuneration accrued by each of the directors in the year last ended, including information on their scope, date of approval, date of implementation, any vesting conditions that apply, periods of accrual and validity, criteria used to evaluate performance and how this affected the establishment of the variable amount accrued, as well as the measurement criteria used and the time needed to be able to adequately measure all the conditions and criteria stipulated, explaining the criteria and factors applied in regard to the time required and the methods of verifying that the performance or any other kind of conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.
- In the case of share options and other financial instruments, the general characteristics of each plan must include information on the conditions both for acquiring unconditional ownership (vesting) of these options or financial instruments and for exercising them, including the exercise price and period.
- Each director that is a beneficiary of remunerations systems or plans that include variable remuneration, and his or her category (executive director, external proprietary director, external independent director or other external director).
- Information is to be provided on any periods for accrual, vesting or deferment of payment of vested amounts applied and/or the periods for retention/unavailability of shares or other financial instruments, if any.

Explain the long-term variable components of the remuneration systems

The only Director who has received variable remuneration during 2020 is the Executive Director (Mr Rafael Martín de Bustamante Vega):

• Annual variable remuneration (2019): EUR 912,000.

• Variable remuneration under the Strategic Plan 2017-2019: EUR 269,000.

B.8. INDICATE WHETHER CERTAIN VARIABLE COMPONENTS HAVE BEEN REDUCED OR CLAWED BACK WHEN, IN THE FORMER CASE, PAYMENT OF NON-VESTED AMOUNTS HAS BEEN DEFERRED OR, IN THE LATTER CASE, THEY HAVE VESTED AND BEEN PAID, ON THE BASIS OF DATA THAT HAVE SUBSEQUENTLY BEEN CLEARLY SHOWN TO BE INACCURATE. DESCRIBE THE AMOUNTS REDUCED OR CLAWED BACK THROUGH THE APPLICATION OF THE "MALUS" (REDUCTION) OR CLAWBACK CLAUSES, WHY THEY WERE IMPLEMENTED AND THE YEARS TO WHICH THEY REFER.

No amount has been claimed or refunded under the refund (clawback) clause in the contract between the Company and the Executive Director. Currently, no reduction (malus) clauses are included in the contract with the Executive Director, although the Company is considering the possibility of incorporating such clauses for the payment of variable remuneration.

B.9. EXPLAIN THE MAIN CHARACTERISTICS OF THE LONG-TERM SAVINGS SCHEMES WHERE THE AMOUNT OR EQUIVALENT ANNUAL COST APPEARS IN THE TABLES IN SECTION C, INCLUDING RETIREMENT AND ANY OTHER SURVIVOR BENEFIT, WHETHER FINANCED IN WHOLE OR IN PART BY THE COMPANY OR THROUGH INTERNAL OR EXTERNAL CONTRIBUTIONS, INDICATING THE TYPE OF PLAN, WHETHER IT IS A DEFINED CONTRIBUTION OR DEFINED BENEFIT PLAN, THE CONTINGENCIES COVERED, THE CONDITIONS ON WHICH THE ECONOMIC RIGHTS VEST IN FAVOUR OF THE DIRECTORS AND THEIR COMPATIBILITY WITH ANY TYPE OF INDEMNIFICATION FOR EARLY TERMINATION OR CESSATION OF THE CONTRACTUAL RELATIONSHIP BETWEEN THE COMPANY AND THE DIRECTOR.

The Company does not consider these systems.

B.10. EXPLAIN, WHERE APPLICABLE, THE INDEMNIFICATION OR ANY OTHER TYPE OF PAYMENT DERIVING FROM THE EARLY CESSATION, WHETHER AT THE COMPANY'S OR THE DIRECTOR'S INITIATIVE, OR FROM THE TERMINATION OF THE CONTRACT IN THE TERMS PROVIDED THEREIN, ACCRUED AND/OR RECEIVED BY DIRECTORS DURING THE YEAR LAST ENDED.

There are no agreed or paid compensation payments in the event of termination of a Director's duties.

The only compensation provided for are those that the Executive Director may receive for the termination of their contract for the performance of their senior management functions, which are explained below:

The contract with the Executive Director provides for compensation in their favour in the event of termination, provided that the termination is not the result of a breach attributable to them, nor is it due to their exclusive decision.

The compensation amounts, as a general rule, to a figure equivalent to two (2) years of their total remuneration, including fixed and variable remuneration, but excluding that obtained in programmes or incentives of an annual or multi-year nature, without prejudice to the fact that, depending on the type of event that results in the termination of the contracts, it may reach an amount equivalent to three (3) years of their total remuneration.

No such compensation was accrued or received in 2020.

B.11. INDICATE WHETHER THERE HAVE BEEN ANY SIGNIFICANT CHANGES IN THE CONTRACTS OF PERSONS EXERCISING SENIOR MANAGEMENT FUNCTIONS, SUCH AS EXECUTIVE DIRECTORS, AND, IF SO, EXPLAIN THEM. IN ADDITION, EXPLAIN THE MAIN CONDITIONS OF THE NEW CONTRACTS SIGNED WITH EXECUTIVE DIRECTORS DURING THE YEAR, UNLESS THESE HAVE ALREADY BEEN EXPLAINED IN SECTION A.1.

During the 2020 financial year there have been no significant changes in the contract with the Executive Director, except for its fixed and variable remuneration amount approved by the Board of Directors on an annual basis, as well as the voluntary 30% reduction in their fixed salary referred to in Section B.6.

B.12. EXPLAIN ANY SUPPLEMENTARY REMUNERATION ACCRUED BY DIRECTORS IN CONSIDERATION OF THE PROVISION OF SERVICES OTHER THAN THOSE INHERENT IN THEIR POSITION.

The Director Mr Juan Landecho Sarabia had an employment relationship with an Elecnor Group company until 31 October 2020, for which he was paid EUR 71,900.

B.13. EXPLAIN ANY REMUNERATION DERIVING FROM ADVANCES, LOANS OR GUARANTEES GRANTED, INDICATING THE INTEREST RATE, THEIR KEY CHARACTERISTICS AND ANY AMOUNTS RETURNED, AS WELL AS THE OBLIGATIONS ASSUMED ON THEIR BEHALF BY WAY OF GUARANTEE.

They do not exist.

B.14. ITEMISE THE REMUNERATION IN KIND ACCRUED BY THE DIRECTORS DURING THE YEAR, BRIEFLY EXPLAINING THE NATURE OF THE VARIOUS SALARY COMPONENTS.

During the 2020 financial year, the Company has taken out the following insurance coverage for its Directors:

- Life insurance, with a premium for the 2020 financial year of EUR 4,285.30.
- Health insurance, with a premium for the 2020 financial year of EUR 6,006.66.
- Travel insurance, with a premium for the 2020 financial year of EUR 2,803.06.

B.15. EXPLAIN THE REMUNERATION ACCRUED BY ANY DIRECTOR BY VIRTUE OF PAYMENTS MADE BY THE LISTED COMPANY TO A THIRD COMPANY IN WHICH THE DIRECTOR PROVIDES SERVICES WHEN THESE PAYMENTS SEEK TO REMUNERATE THE DIRECTOR'S SERVICES TO THE COMPANY.

They do not exist.

B.16. EXPLAIN ANY ITEM OF REMUNERATION OTHER THAN THE FOREGOING, WHATEVER ITS NATURE OR THE GROUP COMPANY PAYING IT, ESPECIALLY WHEN THIS IS CONSIDERED A RELATED PARTY TRANSACTION OR ITS SETTLEMENT DISTORTS THE TRUE AND FAIR PICTURE OF THE TOTAL REMUNERATION ACCRUED BY THE DIRECTOR.

They do not exist.

C) ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Type	Period of accrual in year 2020
MR JAIME REAL DE ASÚA ARTECHE	PROPRIETARY DIRECTOR	From 01/01/2020 to 31/12/2020
MR FERNANDO LEÓN DOMECQ	PROPRIETARY DIRECTOR	From 01/01/2020 to 31/12/2020
MR IGNACIO PRADO REY-BALTAR	PROPRIETARY DIRECTOR	From 01/01/2020 to 31/12/2020
MR RAFAEL MARTÍN DE BUSTAMANTE VEGA	EXECUTIVE	From 01/01/2020 to 31/12/2020
MR JOAQUÍN GÓMEZ DE OLEA Y MENDARO	PROPRIETARY DIRECTOR	From 01/01/2020 to 31/12/2020
MR CRISTÓBAL GONZALEZ DE AGUILAR ALONSO URQUIJO	PROPRIETARY DIRECTOR	From 01/01/2020 to 31/12/2020
MR FERNANDO AZAOLA ARTECHE	EXTERNAL	From 01/01/2020 to 31/12/2020
MR MIGUEL CERVERA EARLE	PROPRIETARY DIRECTOR	From 01/01/2020 to 31/12/2020
MS ISABEL DUTILH CARVAJAL	INDEPENDENT	From 01/01/2020 to 31/12/2020
MS IRENE HERNÁNDEZ ÁLVAREZ	INDEPENDENT	From 01/01/2020 to 31/12/2020
MR JUAN LANDECHO SARABIA	PROPRIETARY DIRECTOR	From 01/01/2020 to 31/12/2020
MR SANTIAGO LEÓN DOMECQ	PROPRIETARY DIRECTOR	From 01/01/2020 to 31/12/2020
MR MIGUEL MORENES GILES	PROPRIETARY DIRECTOR	From 01/01/2020 to 31/12/2020
MR GABRIEL DE ORAA Y MOYÚA	PROPRIETARY DIRECTOR	From 01/01/2020 to 31/12/2020
MR RAFAEL PRADO ARANGUREN	PROPRIETARY DIRECTOR	From 01/01/2020 to 31/12/2020
MR EMILIO YBARRA AZNAR	INDEPENDENT	From 01/01/2020 to 31/12/2020

C.1. COMPLETE THE FOLLOWING TABLES REGARDING THE INDIVIDUAL REMUNERATION OF EACH DIRECTOR (INCLUDING REMUNERATION RECEIVED FOR PERFORMING EXECUTIVE DUTIES) ACCRUED DURING THE YEAR.

a) Remuneration from the reporting company:

i) Remuneration accruing in cash (thousands of euros)

Name	MR JAIME REAL DE ASÚA ARTECHE / PROPRIETARY DIRECTOR	MR FERNANDO LEÓN DOMECQ / PROPRIETARY DIRECTOR	MR IGNACIO PRADO REY-BALTAR / PROPRIETARY DIRECTOR	MR RAFAEL MARTÍN DE BUSTAMANTE VEGA / EXECUTIVE	MR JOAQUÍN GÓMEZ DE OLEA Y MENDARO / PROPRIETARY DIRECTOR	MR CRISTÓBAL GONZÁLEZ DE AGUILAR ALONSO-URQUIJO / PROPRIETARY DIRECTOR	MR FERNANDO AZAOLA ARTECHE / EXTERNAL	MR MIGUEL CERVERA EARLE / PROPRIETARY DIRECTOR
Fixed remuneration	137.8	87.3	137.8	137.8	137.8	137.8	137.8	137.8
Per diem allowances	13.5	7.5	13.5	13.5	13.5	13.5	13.5	13.5
Remuneration for membership of board committees	37.5	23.8	21.2	25		25	25	
Salary				551				
Short-term variable remuneration				912				
Long-term variable remuneration				269				
Indemnification								
Other items	272.0	8.3	12.8	17.7	22.0	12.5	15.0	12.5
Total year 2020	460.8	126.9	185.3	1926.0	173.3	188.8	191.3	163.8
Total year 2019	481.5	211.5	189	1.781	194	199	199	174

Name	MS ISABEL DUTILH CARVAJAL / INDEPENDENT	MS IRENE HERNÁNDEZ ÁLVAREZ / INDEPENDENT	MR JUAN LANDECHO SARABIA / PROPRIETARY DIRECTOR	MR SANTIAGO LEÓN DOMECQ / PROPRIETARY DIRECTOR	MR MIGUEL MORENES GILES / PROPRIETARY DIRECTOR	MR GABRIEL ORAA Y MOYÚA / PROPRIETARY DIRECTOR	MR RAFAEL PRADO ARANGUREN / PROPRIETARY DIRECTOR	MR EMILIO YBARRA AZNAR / INDEPENDENT
Fixed remuneration	137.8	137.8	137.8	35.9	137.8	137.8	137.8	137.8
Per diem allowances	13.5	13.5	13.5	4.5	13.5	13.5	13.5	13.5
Remuneration for membership of board committees	27.5	20			40			32.5
Salary								
Short-term variable remuneration								
Long-term variable remuneration								
Indemnification								
Other items	0.3	0.0	0.9	0.0	12.8	2.1	0.3	0.0
Total year 2020	179.1	171.3	152.2	40.4	204.1	153.4	151.6	183.8
Total year 2019	190.9	179.6	247.8	--	214	161.5	161.5	194

Remarks

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments.

Name	Name of Plan	Financial instruments at start of year n		Financial instruments granted during year n		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year n	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/ vested shares	Price of vested shares	Gross profit from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
Director 1	Plan 1											
	Plan 2											

Remarks

iii) Long-term savings schemes.

Remuneration from vesting of rights to savings schemes
Director 1

Name	Contribution for the year by the company (thousands of euros)				Amount of accrued funds (thousands of euros)			
	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights		Year n		Year n-1	
	Year n	Year n-1	Year n	Year n-1	Schemes with vested economic rights	Schemes with non-vested economic rights	Schemes with vested economic rights	Schemes with non-vested economic rights
Director								

iv) Details of other items.

Name	Life insurance premiums	Health insurance premiums	Travel insurance premiums
MR JAIME REAL DE ASÚA ARTECHE/PROPRIETARY DIRECTOR			€337.68
MR FERNANDO LEÓN DOMECQ/PROPRIETARY DIRECTOR			€337.68
MR IGNACIO PRADO REY-BALTAR/PROPRIETARY DIRECTOR			€337.68
MR RAFAEL MARTÍN DE BUSTAMANTE VEGA/EXECUTIVE	€4,285.30	€908.83	€50.81
MR JOAQUÍN GÓMEZ DE OLEA Y MENDARO/PROPRIETARY DIRECTOR			€337.68
MR CRISTÓBAL GONZÁLEZ DE AGUILAR ALONSO-URQUIJO/PROPRIETARY DIRECTOR			
MR FERNANDO AZAOLA ARTECHE/EXTERNAL		€2,432.26	€50.81
MR MIGUEL CERVERA EARLE/PROPRIETARY DIRECTOR			
MS ISABEL DUTILH CARVAJAL/INDEPENDENT			€337.68
MS IRENE HERNÁNDEZ ÁLVAREZ/INDEPENDENT			
MR JUAN LANDECHO SARABIA/PROPRIETARY DIRECTOR		€908.83	
MR SANTIAGO LEÓN DOMECQ/PROPRIETARY DIRECTOR			
MR MIGUEL MORENES GILES/PROPRIETARY DIRECTOR			€337.68
MR GABRIEL ORAA Y MOYÚA/PROPRIETARY DIRECTOR		€1,756.74	€337.68
MR RAFAEL PRADO ARANGUREN/PROPRIETARY DIRECTOR			€337.68
MR EMILIO YBARRA AZNAR/INDEPENDENT			
TOTAL	**€4,285.30**	**€6,006.66**	**€2,803.06**

b) Remuneration of company directors for seats on the boards of other group companies:

i) Remuneration accruing in cash (thousands of euros).

Name / Type/ accrual period 2019 financial year	MR JAIME REAL DE ASÚA ARTECHE / PROPRIETARY DIRECTOR	MR FERNANDO LEÓN DOMECQ / PROPRIETARY DIRECTOR	MR IGNACIO PRADO REY-BALTAR / PROPRIETARY DIRECTOR	MR RAFAEL MARTÍN DE BUSTAMANTE VEGA / EXECUTIVE	MR JOAQUÍN GÓMEZ DE OLEA Y MENDARO / PROPRIETARY DIRECTOR	MR CRISTÓBAL GONZÁLEZ DE AGUILAR ALONSO-URQUIJO / PROPRIETARY DIRECTOR	MR FERNANDO AZAOLA ARTECHE / EXTERNAL	MR MIGUEL CERVERA EARLE / PROPRIETARY DIRECTOR	MS ISABEL DUTILH CARVAJAL / INDEPENDENT	MS IRENE HERNÁNDEZ ÁLVAREZ / INDEPENDENT	MR JUAN LANDECHO SARABIA / PROPRIETARY DIRECTOR	MR SANTIAGO LEÓN DOMECQ / PROPRIETARY DIRECTOR	MR MIGUEL MORENES GILES / PROPRIETARY DIRECTOR	MR GABRIEL ORAA Y MOYÚA / PROPRIETARY DIRECTOR	MR RAFAEL PRADO ARANGUREN / PROPRIETARY DIRECTOR	MR EMILIO YBARRA AZNAR / INDEPENDENT
Fixed remuneration	20	13.3	20	20	20	20		20			20		20	20	20	
Per diem allowances																
Remuneration for membership of board committees																
Salary																
Short-term variable remuneration																
Long-term variable remuneration																
Indemnification																
Other items																
Total 2020 financial year	20	13.3	20	20	20	20		20			20		20	20	20	
Total 2019 financial year	38.3	38.3	38.3	38.3	38.3	38.3		38.3				38.3	38.3	38.3	38.3	

Remarks

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments.

Name	Name of Plan	Financial instruments at start of year n		Financial instruments granted during year n		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year n	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/ vested shares	Price of vested shares	Gross profit from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
Director 1	Plan 1											
	Plan 2											

Remarks

Long-term savings schemes.

Remuneration from vesting of rights to savings schemes
Director 1

Name	Contribution for the year by the company (thousands of euros)				Amount of accrued funds (thousands of euros)			
	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights		Year n		Year n-1	
	Year n	Year n-1	Year n	Year n-1	Schemes with vested economic rights	Schemes with non-vested economic rights	Schemes with vested economic rights	Schemes with non-vested economic rights
Director								

iii) Details of other items:

Name	Item	Amount of remuneration
Director 1		

Remarks

c) Summary of remuneration (thousands of euros).

This summary must include the amounts corresponding to all the remuneration items included in this report that have accrued to each director, in thousands of euros.

	Name	MR JAIME REAL DE ASÚA ARTECHE / PROPRIETARY DIRECTOR	MR FERNANDO LEÓN DOMECQ / PROPRIETARY DIRECTOR	MR IGNACIO PRADO REY-BALTAR / PROPRIETARY DIRECTOR	MR RAFAEL MARTÍN DE BUSTAMANTE VEGA / EXECUTIVE	MR JOAQUÍN GÓMEZ DE OLEA Y MENDARO / PROPRIETARY DIRECTOR	MR CRISTÓBAL GONZÁLEZ DE AGUILAR ALONSO-URQUIJO / PROPRIETARY DIRECTOR	MR FERNANDO AZAOLA ARTECHE / EXTERNAL	MR MIGUEL CERVERA EARLE / PROPRIETARY DIRECTOR	MS ISABEL DUTILH CARVAJAL / INDEPENDENT	MS IRENE HERNÁNDEZ ÁLVAREZ / INDEPENDENT	MR JUAN LANDECHO SARABIA / PROPRIETARY DIRECTOR	MR SANTIAGO LEÓN DOMECQ / PROPRIETARY DIRECTOR	MR MIGUEL MORENES GILES / PROPRIETARY DIRECTOR	MR GABRIEL ORAA Y MOYÚA / PROPRIETARY DIRECTOR	MR RAFAEL PRADO ARANGUREN / PROPRIETARY DIRECTOR	MR EMILIO YBARRA AZNAR / INDEPENDENT	TOTAL
Remuneration accruing in the Company	Total remuneration	460.5	126.9	185	1,920.8	173	188.8	188.8	163.8	178.8	171.3	151.3	40.4	203.8	151.3	151.3	183.8	4,639.6
	Gross profit from vested shares or financial instruments																	
	Remuneration from savings schemes																	
	Other items of remuneration	0.34	0.34	0.34	5.24	0.34	0.00	2.48	0.00	0.34	0.00	0.91	0.00	0.34	2.09	0.34	0.00	13.1
	Total in year 2020	460.8	127.2	185.3	1,926.0	173.3	188.8	191.3	163.8	179.1	171.3	152.2	40.4	204.1	153.4	151.6	183.8	4,652.7
Remuneration accruing in group companies	Total cash remuneration	20	13.3	20	20	20	20		20			20		20	20	20		213.3
	Gross profit from vested shares or financial instruments																	
	Remuneration from savings schemes																	
	Other items of remuneration											71.9						
	Total in year 2020 group	20	13.3	20	20	20	20		20			91.9		20	20	20		285.4

Remarks

D) OTHER INFORMATION OF INTEREST

If there are any significant issues relating to directors' remuneration that it has not been possible to include in the foregoing sections of this report, but which it is necessary to include in order to provide more comprehensive and reasoned information on the remuneration structure and practices of the company with regard to its directors, list them briefly.

During the 2020 financial year, the Company has taken out a civil liability insurance policy for the directors and managers whose premium for the 2020 financial year amounts to EUR 115,508.75.

This annual remuneration report was approved by the Board of Directors of the company in its meeting of 24 February 2021.

Indicate whether any director voted against or abstained from approving this report.

Yes No ☒

Name or company name of any member of the Board of Directors not voting in favour of the approval of this report	Reasons (against, abstention, non attendance)	Explain the reasons

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