# Auditor's Report on Elecnor, S.A.

**(Together with the annual accounts and directors' report of Elecnor, S.A. for the year ended 31 December 2021)**

**(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)**

KPMG Auditores, S.L.
Torre Iberdrola
Plaza Euskadi, 5
Planta 17
48009 Bilbao

# Independent Auditor's Report on the Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

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 at 31 December 2021, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes.

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 at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the accompanying annual accounts) and, in particular, with the accounting principles and criteria set forth 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 pursuant to the legislation regulating the audit of accounts in Spain. 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.

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## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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.

| **Spin-off of the Services and Projects Division**<br>See note 5 to the annual accounts | |
|---|---|
| *Key audit matter* | *How the matter was addressed in our audit* |
| As disclosed in note 5 to the accompanying annual accounts, in 2021, the Company spun off its Services and Projects Division to the subsidiary Elecnor Servicios y Proyectos, S.A.U.<br><br>This transaction requires an in-depth analysis to identify the assets and liabilities of the spun-off economic unit, the Services and Projects Division, on the date the spin-off took accounting effect for the purposes of derecognising them from the Company's balance sheet, and to determine the value at which the Company's investment in Elecnor Servicios y Proyectos, S.A.U. deriving from this transaction had to be recognised.<br><br>We consider this transaction to be a key audit matter due to its significance and the impact on the annual accounts. | Our audit procedures included the following:<br><br>- Reading and understanding the deed documenting the spin-off;<br>- Understanding and assessing the analysis conducted by the Company to identify the spun-off assets and liabilities corresponding to the Services and Projects Division;<br>- Checking that the transaction has been recognised in accordance with applicable accounting legislation;<br>- Assessing whether the disclosures in the annual accounts regarding the transaction meet the requirements of the financial reporting framework applicable to the Company. |

## Other Information: Directors' Report

Other information solely comprises the 2021 directors' report, 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 encompass the directors' report. Our responsibility regarding the information contained in the directors' report is defined in the legislation regulating the audit of accounts, as follows:

a) Determine, solely, whether the non-financial information statement and certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as specified in the Spanish Audit Law, have 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 rest of the information included in the directors' report with the annual accounts, based on knowledge of the entity obtained during the audit of the aforementioned annual accounts. Also, assess and report on whether the content and presentation of this part of the directors' 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 observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the directors' report is consistent with that disclosed in the annual accounts for 2021, and that the content and presentation of the report are in accordance with applicable legislation.

## Directors' and Audit Committee's Responsibility for the Annual Accounts

The 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 financial performance of the Company in accordance with the financial reporting framework applicable to the entity 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 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 audit committee is responsible for overseeing the preparation and presentation of the annual accounts.

## 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 prevailing legislation regulating the audit of accounts 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 prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the 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 a true and fair view.

We communicate with Elecnor, S.A.'s audit committee 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.

We also provide the entity's audit committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee of the entity, we determine those that were of most significance in the audit of the annual accounts of the current period and which 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

### European Single Electronic Format

We have examined the digital file of Elecnor, S.A. for 2021 in European Single Electronic Format (ESEF) comprising an XHTML file with the annual accounts for the aforementioned year, which will form part of the annual financial report.

The Directors of Elecnor, S.A. are responsible for the presentation of the 2021 annual financial report in accordance with the format requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the "ESEF Regulation").

Our responsibility consists of examining the digital file prepared by the Company's Directors, in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we plan and perform our audit procedures to determine whether the content of the annual accounts included in the aforementioned digital file fully corresponds to the annual accounts we have audited, and whether the annual accounts have been formatted, in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital file examined fully corresponds to the audited annual accounts, and these are presented, in all material respects, in accordance with the requirements of the ESEF Regulation.

### Additional Report to the Audit Committee

The opinion expressed in this report is consistent with our additional report to the Company's audit committee dated 24 February 2022.

### Contract Period

We were appointed as auditor by the shareholders at the ordinary general meeting on 23 June 2021 for a period of one year, from the year ended 31 December 2020.

Previously, we had been appointed for a period of three years, renewed annually, by consensus of the shareholders at their general meeting, and have been auditing the annual accounts since the year ended 31 December 2013.

KPMG Auditores, S.L.
On the Spanish Official Register of Auditors ("ROAC") with No. S0702

This report corresponds to seal no. 03/22/00218 issued by the Spanish Institute of Registered Auditors (ICJCE)

*(Signed on original in Spanish)*

On the Spanish Official Register of Auditors ("ROAC") with No. 18,961

**ELECNOR, S.A.**

**BALANCE SHEET AT 31 December 2021**

(Thousands of Euros)

| ASSETS | Notes to the Annual Accounts | Year 2021 | Year 2020 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | **931,628** | **994,476** |
| **Intangible assets** | **Note 7** | **7,292** | **6,075** |
| Concessions and patents | | 35 | 37 |
| Goodwill | | - | 515 |
| Computer software | | 7,257 | 5,523 |
| **Property, plant and equipment** | **Note 8** | **11,276** | **75,703** |
| Land and buildings | | 7,679 | 16,737 |
| Technical installations and other property, plant and equipment | | 3,597 | 58,966 |
| **Long-term investments in Group companies and associates** | | **897,722** | **866,934** |
| Equity instruments | **Note 10.2** | 797,722 | 858,941 |
| Credits to Group companies | **Notes 10.4 & 20** | 100,000 | 7,993 |
| **Long-term financial investments** | **Note 10.1** | **1,192** | **7,796** |
| Equity instruments | | - | 1,040 |
| Credits to third parties | | - | 2,176 |
| Derivatives | **Note 11** | 216 | 180 |
| Other financial assets | | 976 | 4,400 |
| **Deferred tax assets** | **Note 17** | **14,146** | **37,968** |
| **CURRENT ASSETS** | | **207,649** | **1,169,045** |
| **Non-current assets held for sale** | **Note 6** | **18,419** | **81** |
| **Inventories** | | **748** | **31,186** |
| Raw materials and other materials consumed | | - | 2,180 |
| Finished goods – short cycle | | - | 639 |
| Advances to suppliers | | 748 | 28,367 |
| **Trade and other receivables** | **Note 10.5** | **26,716** | **902,261** |
| Customers, sales and services rendered | | 11,894 | 857,816 |
| Customers, Group companies and associates | **Note 20.2** | 4,531 | 20,013 |
| Sundry receivables | | 90 | 1,774 |
| Personnel | | 124 | 95 |
| Current tax assets | **Note 17** | 7,035 | 4,177 |
| Public Administrations, other | **Note 17** | 3,042 | 18,386 |
| **Short-term investments in Group companies and associates** | **Notes 10.4 & 20** | **145,219** | **31,534** |
| Credits to companies | | 110,400 | 28,439 |
| Other financial assets | | 34,819 | 3,095 |
| **Short-term financial investments** | **Note 10.1** | **335** | **7,129** |
| Credits to companies | | - | 13 |
| Derivatives | **Note 11** | 332 | 143 |
| Other financial assets | | 3 | 6,973 |
| **Short-term accruals** | | **291** | **1,356** |
| **Cash and cash equivalents** | | **15,921** | **195,498** |
| Cash | | 15,482 | 195,123 |
| Cash equivalents | | 439 | 375 |
| **TOTAL ASSETS** | | **1,139,277** | **2,163,521** |

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

**ELECNOR, S.A.**

**BALANCE SHEET AT 31 December 2021**

(Thousands of Euros)

| EQUITY AND LIABILITIES | Notes to the Annual Accounts | Year 2021 | Year 2020 |
|---|---|---|---|
| **EQUITY** | | **576,455** | **593,717** |
| ***EQUITY*** | **Note 12** | **579,704** | **599,569** |
| **Capital** | | **8,700** | **8,700** |
| Issued capital | | 8,700 | 8,700 |
| **Reserves** | | **589,105** | **586,122** |
| Legal and statutory | | 1,743 | 1,743 |
| Other reserves | | 587,362 | 584,379 |
| **Own shares and equity** | | **(22,110)** | **(21,899)** |
| **Profit/loss for the year** | | **9,196** | **31,633** |
| **Interim dividend** | | **(5,187)** | **(4,987)** |
| ***VALUATION ADJUSTMENTS*** | | | |
| **Hedges** | | **(3,249)** | **(5,852)** |
| **NON-CURRENT LIABILITIES** | | **346,837** | **443,458** |
| **Long-term provisions** | **Note 13** | **22,303** | **44,638** |
| Other provisions | | 22,303 | 44,638 |
| **Long-term payables** | **Note 14** | **319,752** | **392,364** |
| Bonds and other marketable securities | | 30,000 | - |
| Loans and borrowings | | 282,642 | 381,546 |
| Finance lease payables | **Note 9** | 3,385 | 3,880 |
| Derivatives | **Note 11** | 3,725 | 6,938 |
| **Deferred tax liabilities** | **Note 17** | **4,782** | **6,456** |
| **CURRENT LIABILITIES** | | **215,985** | **1,126,346** |
| **Short-term provisions** | **Note 13** | **5,633** | **40,255** |
| **Short-term payables** | **Note 14** | **76,698** | **118,733** |
| Bonds and other marketable securities | | 69,974 | 69,969 |
| Loans and borrowings | | 1,829 | 3,769 |
| Finance lease payables | **Note 9** | 485 | 461 |
| Derivatives | **Note 11** | 1,143 | 1,176 |
| Other financial liabilities | | 3,267 | 43,358 |
| **Short-term payables to Group companies and associates** | **Note 20.2** | **113,308** | **16,883** |
| **Trade and other payables** | | **20,346** | **948,839** |
| Suppliers | | 5,370 | 378,581 |
| Suppliers, Group companies and associates | **Note 20.2** | 0 | 27,327 |
| Sundry payables | | 140 | 36,076 |
| Personnel | | 2,620 | 19,096 |
| Current tax liabilities | **Note 17** | 1,019 | 4,111 |
| Public Administrations, other | **Note 17** | 5,692 | 32,732 |
| Advances from customers | **Note 16** | 5,505 | 450,916 |
| **Short-term accruals** | | **-** | **1,636** |
| **TOTAL EQUITY AND LIABILITIES** | | **1,139,277** | **2,163,521** |

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

# ELECNOR, S.A.

## INCOME STATEMENT
## FOR 2021
(Thousands of Euros)

| | Notes to the Annual Accounts | Year 2021 | Year 2020 |
|---|---|---|---|
| **CONTINUING OPERATIONS** | | | |
| **Net turnover** | **Note 18.1** | **67,456** | **1,544,049** |
| Sales | | 9,789 | 1,544,049 |
| Rendering of services | | 10,862 | - |
| Dividends | | 41,313 | - |
| Finance income | | 5,492 | - |
| **Changes in inventories of finished goods** | | - | **(184)** |
| **Self-constructed assets** | | - | **3,120** |
| **Materials consumed** | | **(4,846)** | **(872,677)** |
| Consumption of raw materials and other consumables | **Note 18.2** | (2,836) | (430,009) |
| Work carried out by other companies | | (2,010) | (442,668) |
| **Other operating income** | | **1,123** | **8,055** |
| Non-trading income and other day-to-day income | | 1,123 | 7,214 |
| Operating grants included in profit/loss for the year | | - | 841 |
| **Personnel expenses** | **Note 18.3** | **(18,684)** | **(444,545)** |
| Salaries, wages and similar | | (16,946) | (345,414) |
| Employee benefit costs | | (1,738) | (99,131) |
| **Other operating expenses** | | **(19,361)** | **(203,271)** |
| External services | | (19,032) | (183,175) |
| Taxes | | (329) | (6,354) |
| Losses, impairment and changes in trade provisions | **Notes 10 & 13** | - | (10,195) |
| Other day-to-day expenses | **Note 8** | - | (3,547) |
| **Depreciation/Amortisation** | **Notes 7 & 8** | **(3,897)** | **(14,465)** |
| **Impairment and profit/loss on disposals of fixed assets** | | **(3)** | **670** |
| Profit/Loss on disposals and others | | (3) | 670 |
| **Impairment and profit/loss on disposals of financial instruments** | | **(5,679)** | - |
| Impairment and losses | **Note 10.4** | (5,825) | - |
| Profit/Loss on disposals and others | | 146 | - |
| **PROFIT/LOSS FROM OPERATING ACTIVITIES** | | **16,109** | **20,752** |
| **Finance income** | | - | **40,054** |
| From holdings in equity instruments | | | |
| – Group companies and associates | **Note 20.1** | - | 35,569 |
| Marketable securities and other financial instruments | | | |
| – Group companies and associates | **Notes 10 & 20.1** | - | 3,600 |
| - Third parties | **Note 10** | - | 885 |
| **Finance expenses** | **Note 14** | **(8,566)** | **(10,198)** |
| Payables to Group companies and associates | **Note 20.1** | (104) | (343) |
| Payables to third parties | | (8,462) | (9,855) |
| **Translation differences** | | **88** | **3,391** |
| **Impairment and profit/loss on disposals of financial instruments** | | **-** | **(7,234)** |
| Impairment and losses | **Notes 10.2 & 10.** | - | (10,704) |
| Profit/Loss on disposals and others | **Notes 6 & 10.2** | - | 3,470 |
| **FINANCE INCOME/EXPENSES** | | **(8,478)** | **26,013** |
| **PROFIT/LOSS BEFORE TAXES** | | **7,631** | **46,765** |
| Income taxes | **Note 17** | 1,565 | (15,132) |
| **PROFIT/LOSS FROM CONTINUING OPERATIONS** | | **9,196** | **31,633** |
| **PROFIT/LOSS FOR THE YEAR** | | **9,196** | **31,633** |

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

# ELECNOR, S.A.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2021

### STATEMENT OF RECOGNISED INCOME AND EXPENSES

(Thousands of Euros)

| | Notes to the Annual Accounts | Year 2021 | Year 2020 |
|---|---|---|---|
| **PROFIT/LOSS IN THE INCOME STATEMENT (I)** | | **9,196** | **31,633** |
| **Income and expenses recognised directly in equity:** | | | |
| - Cash flow hedges | **Note 11** | 1,477 | (2,507) |
| - Tax effect | **Note 17** | (369) | 627 |
| **TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (II)** | | **1,108** | **(1,880)** |
| **Transfers to the income statement** | | | |
| - Cash flow hedges | **Note 11** | 1,994 | 2,207 |
| - Tax effect | **Note 17** | (499) | (551) |
| **TOTAL TRANSFERS TO THE INCOME STATEMENT (III)** | | **1,496** | **1,656** |
| **TOTAL RECOGNISED INCOME AND EXPENSES (I+II+III)** | | **11,799** | **31,409** |

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

**ELECNOR, S.A.**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2021**
**B) STATEMENT OF TOTAL CHANGES IN EQUITY**
(Thousands of Euros)

| | Capital | Reserves | Own shares | Profit/Loss for the year | Interim dividend | Valuation adjustments | TOTAL |
|---|---|---|---|---|---|---|---|
| **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 12.3) | - | (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** |
| **Total recognised income and expenses** | - | - | - | 9,196 | - | 2,603 | 11,799 |
| **Transactions with shareholders:** | | | | | | | |
| – Distribution of profit in 2020 (Note 3) | | | | | | | |
| Reserves | - | 2,760 | - | (2,760) | - | - | - |
| Interim dividend | - | - | - | (4,987) | 4,987 | - | - |
| Supplementary dividend | - | - | - | (23,886) | - | - | (23,886) |
| - Transactions with own shares (net) (Note 12.3) | - | 223 | (211) | - | - | - | 12 |
| - Interim dividend | - | - | - | - | (5,187) | - | (5,187) |
| **BALANCE AT 31 December 2021** | **8,700** | **589,105** | **(22,110)** | **9,196** | **(5,187)** | **(3,249)** | **576,455** |

# ELECNOR, S.A.

## STATEMENT OF CASH FLOWS FOR 2021
(Thousands of Euros)

| | Notes to the Annual Accounts | Year 2021 | Year 2020 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES (I)** | | **(22,981)** | **142,294** |
| **Profit/Loss for the year before taxes** | | 7,631 | 46,765 |
| **Adjustments to profit/loss:** | | | |
| - Depreciation/Amortisation | **Notes 7 & 8** | 3,897 | 14,464 |
| - Changes in provisions | | 228 | 8,650 |
| - Impairment adjustments | | 5,825 | 21,323 |
| - Profit/Loss on derecognitions and disposals of fixed assets | | - | (670) |
| - Finance income | | (46,805) | (40,054) |
| - Finance expenses | | 8,566 | 10,198 |
| - Exchange rate differences | | - | (3,391) |
| - Profit/Loss on derecognitions and disposals of financial instruments | **Notes 6 & 10** | - | (752) |
| - Other income and expenses | **Note 8** | - | 3,547 |
| **Changes in current capital** | | | |
| - Inventories | | (575) | (17,692) |
| - Trade and other receivables | | (7,438) | (80,030) |
| - Other current assets | | (53) | (71) |
| - Trade and other payables | | (11,255) | 161,787 |
| - Other current liabilities | | - | (24) |
| - Provisions (payments) | | - | (7,928) |
| **Other cash flows from operating activities** | | | |
| - Interest paid | | (7,718) | (9,560) |
| - Dividends received | | 29,313 | 35,569 |
| - Interest received | | 5,492 | 4,485 |
| - Income tax received (paid) | | (10,089) | (4,322) |
| **CASH FLOWS FROM INVESTMENT ACTIVITIES (II)** | | **(166,882)** | **(57,113)** |
| **Payments for investments** | | | |
| - Group companies and associates | | (24,362) | (43,531) |
| - Intangible assets | **Note 7** | (4,401) | (3,625) |
| - Property, plant and equipment | **Note 8** | (1,010) | (28,749) |
| - Cash outflow due to spin-off of the business unit | **Note 5** | (194,275) | - |
| - Other financial assets | | (828) | (6,124) |
| **Proceeds from divestments** | | | |
| - Group companies and associates | | 57,994 | 13,248 |
| - Property, plant and equipment | | - | 733 |
| - Non-current assets held for sale | **Note 6** | - | 10,935 |
| - Other financial assets | | - | - |
| **CASH FLOWS FROM FINANCING ACTIVITIES (III)** | | **10,286** | **22,784** |
| **Proceeds from and payments for equity instruments** | | | |
| – Acquisition of own equity instruments | **Note 12** | (2,422) | (1,588) |
| – Disposal of own equity instruments | **Note 12** | 2,434 | 1,569 |
| **Proceeds from (payments for) financial liabilities** | | | |
| - Issuance of bonds and other marketable securities | **Note 14.2** | 1,307,900 | 966,000 |
| - Issuance of loans and borrowings | **Note 14.2** | 70,000 | 134,432 |
| - Issuance of payables to Group companies and associates | **Note 20.2** | 100,586 | 14,100 |
| - Issuance of other payables | | 324 | - |
| - Repayment and cancellation of loans and borrowings | **Note 14.2** | (155,709) | (69,348) |
| - Repayment and cancellation of payables to Group companies and associates | **Note 20.2** | (5,100) | (24,475) |
| - Repayment of bonds and other marketable securities | **Note 14.2** | (1,277,900) | (966,020) |
| - Repayment of other payables | | (754) | (3,013) |
| **Payments for dividends and remuneration on other equity instruments** | | | |
| - Dividends | **Note 3** | (29,073) | (28,873) |
| **NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)** | | **(179,577)** | **107,965** |
| Cash and cash equivalents at beginning of period | | 195,498 | 87,533 |
| Cash and cash equivalents at end of period | | 15,921 | 195,498 |

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

# Elecnor, S.A.

**(Annual Accounts and Directors' Report corresponding to the year ended 31/12/2021)**

## 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 making, marketing, construction of the associated works and sale of reinforced concrete and pre-stressed prefabricated items and products made of compound materials, as well as any construction and industry-related products.

- 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. In this regard, the management of the business group formed by stakes held in the share capital that go to make up the said group also constitutes part of the Company corporate purpose, as does the provision of assistance and support services to investee companies, to which end it may provide them with the guarantees and bonds that are considered appropriate.

The Company's registered and tax office is located at Marqués de Mondéjar, 33, in Madrid (Spain).

The General Shareholders' Meeting of 23 June 2021 approved the spin-off of the Services and Projects Business by Elecnor, S.A. to Elecnor Servicios y Proyectos, S.A.U. taking accounting effect from 1 January 2021 (Note 5).

Until 2020, the Company was shareholder in various ventures with other venturers, which were included in the annual accounts in accordance with the criteria set forth in Note 4.b. The information concerning joint ventures incorporated in 2020 as Temporary Business Associations (UTEs) is presented in Appendix II. Following the spin-off stated in the above paragraph, these businesses are transferred to the subsidiary Elecnor Servicios y Proyectos, S.A.U.

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 2021 were authorised for issue by the Company's Directors at the meeting of the Board of Directors held on 23 February 2022. 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 2021 amounted to Euros 633,665 thousand (Euros 599,936 thousand at 31 December 2020), consolidated profit/loss attributable to the Parent amounted to Euros 85,883 thousand (Euros 78,303 thousand at 31 December 2020), and the total volume of assets and revenues amounted to Euros 3,285,901 thousand and Euros 3,122,421 thousand, respectively (Euros 3,046,631 thousand and Euros 2,455,952 thousand at 31 December 2020, respectively), and will be deposited with Madrid Company Register within the established legal terms.

The Elecnor Group's consolidated annual accounts for 2020 were approved by the General Shareholders' Meeting of Elecnor, S.A. at their meeting held on 23 June 2021 and have been filed in the Madrid Companies Register.

## 2. Basis of presentation

### *2.1. True and fair view*

The annual accounts have been prepared on the basis of the accounting records of Elecnor, S.A. The annual accounts for 2021 were prepared in accordance with applicable commercial legislation and the rules established in the Spanish General Chart of Accounts and the format requirements laid down in the European Commission Delegated Regulation (EU) 2018/815, to provide a true and fair view of the equity and financial position at 31 December 2021 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 2021, authorised for issue on 23 February 2022, will be approved with no changes by the General Shareholders' Meeting.

### *2.2. Comparative information*

For comparative purposes, the annual accounts include figures for 2020 alongside the 2021 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 2020, which were approved at the Ordinary Annual General Shareholders' Meeting on 23 June 2021.

The annual accounts for 2021 are not comparable with those of the previous year due to the spin-off in favour of Elecnor Servicios y Proyectos, S.A.U. in 2021 (see Note 5). In that regard, the Directors deemed that this spin-off does not constitute a discontinued operation because, besides the fact that the business has not been disposed of and there is no intention to dispose of it in the future, the assets and liabilities spun off do not correspond to a component that is separate from the rest, since part of the business has not been transferred.

Royal Decree 1/2021 of 12 January was published on 30 January 2021, amending the Spanish General Chart of Accounts Plan approved by Royal Decree 1514/2007. The amendments include the modification of standard 9 - Financial instruments, which implements changes in the categories of financial assets and liabilities. The classification changes are set out below (see Note 4.g):

- *Financial liabilities:* As regards the financial liabilities recorded in the balance sheet at 31 December 2020, all of them except for hedging derivatives corresponded to Trade and other payables and, with the new criteria, they correspond to Financial liabilities at amortised cost or cost, and there are no changes in valuations.

- *Financial assets:* As regards the financial assets recorded in the balance sheet at 31 December 2020, all of them corresponded to Loans and receivables and, with the new criteria, they correspond to Financial assets at amortised cost, and there are no changes in valuations.

Similarly, on 13 February 2021, the Spanish Accounting and Audit Institute (Instituto de Contabilidad y Auditoría de Cuentas) published its Resolution of 10 February 2021, laying down rules for recording, measuring and preparing annual accounts for the recognition of income from the delivery of goods and the provision of services. This new standard, which is effective for periods beginning on or after 1 January 2021, has no impact on the Company's recognition and measurement of income in 2021.

### *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 making 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*

- Until the year ended on 31 December 2020, the Company performed 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 involved significant judgements until 2020.

- 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.

*Significant judgements in applying accounting policies*

The Company's directors consider that the qualitative differences deriving from the novations made with respect to the syndicated debt do not involve material changes.

*Changes in estimates*

Although the estimates performed by the Company's Directors were calculated based on the best information available at 31 December 2021, 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 and reserves for 2021 to be presented to the General Shareholders' Meeting, is as follows:

| | Euros |
|---|---|
| **Basis of distribution** | |
| Profit for the year | 9,196,247.53 |
| Voluntary reserves | 21,554,208.76 |
| **Total** | **30,750,456.29** |
| | |
| **Distribution** | |
| Interim dividend | 5,186,747.90 |
| Supplementary dividend | 25,563,708.39 |
| **Total** | **30,750,456.29** |

The appropriation of the Company's profit and reserves for the year ended on 31 December 2020, approved by shareholders at their General Meeting of 23 June 2021, was 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** |

At the General Shareholders' Meeting held on 23 June 2021 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 2020 paid in December 2020.

At the meeting held on 15 December 2021, the Board of Directors of the Company agreed to distribute an interim dividend for 2021 of Euros 5,187 thousand (Euros 4,987 thousand for 2020), which was recognised as a reduction in equity under "Interim dividend" on the liability side of the accompanying balance sheet, which was paid in December 2021.

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 2021**

**(Thousands of Euros)**

| | Thousands of Euros |
|---|---|
| FORECAST OF DISTRIBUTABLE PROFIT OF ELECNOR, S.A. FOR 2021 | |
| Projected profit net of tax up to 31/12/2021 | 7,596 |
| Less, required provision to legal reserve | - |
| Less, prior years' losses | - |
| Estimated interim dividend to be distributed | 5,187 |
| FORECAST OF CASH FLOW FOR ELECNOR, S.A. FOR THE PERIOD FROM OCTOBER 2021 TO DECEMBER 2021 | |
| Cash balance at 30/09/2021 | 8,866 |
| Net of projected collections and payments up to 31/12/21 | 21,149 |
| Projected cash balances at 31/12/21 | 30,015 |

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

| | Thousands of Euros | |
|---|---|---|
| | 2021 | 2020 |
| Reserves not available for distribution: | | |
| Legal reserve | 1,743 | 1,743 |
| Goodwill reserve | - | 516 |
| Reserve for own shares | 22,110 | 21,899 |
| Capitalisation reserve | 7,809 | 6,559 |
| Differences for adjustments of share capital to euros | 15 | 15 |
| | **31,677** | **30,732** |

Profit recognised directly in equity cannot be distributed, either directly or indirectly.

## 4. Accounting and Measurement Standards

In preparing its annual accounts for 2021, the Company has applied the main accounting and measurement standards in accordance with the Spanish General Chart of Accounts, as follows:

### *a) 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) integrated in the annual accounts for 2020 is presented in Appendix II.

### *b) 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 d) Impairment of non-financial assets carried at amortised or depreciated cost.

### *c) 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 8), the Company performed 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.

*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 d) Impairment of non-financial assets carried at amortised or depreciated cost.

### *d) 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.

### *e) 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.

### *f) 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.

***g) Financial instruments***

*<u>Recognition and classification of financial instruments</u>*

Company classifies financial instruments 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 recognises a financial instrument when it becomes a party to the contract or legal transaction, in accordance with the terms set out therein, either as an issuer or as a holder or acquirer of the same.

For measurement purposes, the Company 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 compulsorily measured at fair value through profit or loss, financial assets and liabilities at amortised cost and financial assets at fair value through equity, separating equity instruments designated as such from the rest of financial assets, and financial assets measured at cost. The Company classifies financial assets at amortised cost and at fair value through equity, except for designated equity instruments, according to the business model and the characteristics of the contractual cash flows. The Company classifies financial liabilities as measured at amortised cost, except those designated at fair value through income statement and those held for trading.

The Company classifies a financial asset at amortised cost, even when it is admitted to trading, if it is held within the framework of a business model aimed at holding the investment in order to obtain cash flows arising from the execution of the contract 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 Company at a level reflecting the manner in which groups of assets are managed jointly to achieve the aim of a specific business. The Company'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 Company 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 Company 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 Company's stated goal with regard to the management of financial assets and, more specifically, how the cash flows are obtained. The Company 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 Company considers that trade and other receivables that will be assigned to third parties and will not be derecognised are maintained in this business model.

In any case, the Company classifies the following financial assets at cost:

- Investments in the equity of Group companies, associates and jointly-controlled entities.

- Investments in equity instruments the fair value of which cannot be determined by reference to a quoted price in an active market for an identical instrument, or cannot be reliably estimated, and the derivatives underlying these investments.

- Any other financial asset that is initially classified in the portfolio of fair value through income statement when it is not possible to obtain a reliable estimate of its fair value.

The Company designates a financial liability initially at fair value through income statement, if by doing so it eliminates or significantly reduces any accounting asymmetry or 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 a different basis 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 Company's management.

*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.

*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. 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 its contractual terms and for financial assets not considering future credit losses, except for those acquired or originated with losses incurred, for which the effective interest rate adjusted for credit risk, i.e. considering credit losses incurred at the time of acquisition or origination, is used.

However, financial assets and 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.

*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.

*Interest and dividends*

The Company recognises interest and dividends on financial assets accrued after the time of acquisition as income in the income statement.

The Company recognises interest on financial assets measured at amortised cost using the effective interest method and dividends when the Company’s right to receive them is declared.

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 or any company in which the latter has an interest 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. Furthermore, the derecognition of financial assets in circumstances where the Company retains the contractual rights to receive the cash flows only occurs upon assumption of contractual obligations resulting in the payment of those cash flows to one or more recipients and the following requirements are met:

- The payment of cash flows is conditional upon prior collection;
- The Company may not proceed to sell or pledge the financial asset; and
- Cash flows collected on behalf of possible recipients are sent without material delay, with the Company not being able to reinvest the cash flows. Investments in cash or cash equivalents made by the Company in the settlement period between the collection date and the date of remittance agreed with the eventual recipients are exempt from this criterion, provided that the accrued interest is attributed to the eventual recipients.

The criteria for recognising the derecognition of financial assets in transactions in which the Company neither substantially transfers nor substantially retains the risks and rewards inherent to ownership are based on an analysis of the degree of control retained. Thus:

- If the Company has not retained control, the financial asset is derecognised and any rights or obligations created or retained due to the transfer are recognised separately as assets or liabilities.
- If control has been retained, the Company continues to recognise the financial asset for its continuing involvement in the financial asset and it recognises an associated liability. The continuing involvement in the financial asset is determined by the amount of the Company's exposure to changes in the value of the asset. The asset and the associated liability are measured based on the rights and obligations that the Company has recognised. The associated liability is recognised in such a way that the carrying amount of the asset and associated liability is equal to the amortised cost of the rights and obligations retained by the Company, when the asset is measured at amortised cost, or at the fair value of the rights and obligations held by the Company, if the asset is measured at fair value. The Company continues to recognise income arising from the asset to the extent of its continuing involvement and expenses arising from the associated liability. Changes in the fair value of the asset and the associated liability are recognised consistently in profit/loss or in equity, pursuant to the general recognition criteria set out above, and should not be offset.

*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 financial assets at amortised cost, 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.

- Impairment of investments in Group companies, associates and jointly-controlled entities and equity instruments 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 current value of future cash flows from the investment or the fair value less costs to sell, whichever is higher.

In that regard, the current value of future cash flows from the investment 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.

*Confirming*

The Company has arranged confirming lines with various financial institutions to manage supplier payments. Given that this operation does not involve any type of financing for the Company, which pays on the date established with the supplier, liabilities whose settlement is managed by financial institutions are deemed to be of a commercial nature and are thus shown under the heading "Trade and other payables" in the balance sheet until the time they are settled, cancelled or expire.

At 31 December 2021 and 2020, the amount of outstanding reverse factoring transactions that have been fully recognised as trade payables amounts to Euros 1,114 thousand and Euros 206,951 thousand, respectively.

*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.

However, the Company also considers qualitative factors in order to assess whether the conditions are substantially different.

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 amount and are amortised using the amortised cost method during the remaining life of the modified liability. In the case of the latter, a new effective interest rate is determined at the modification date, which is the rate that matches the current value of the flows payable under the new conditions with the carrying amount of the financial liability at that date.

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. The documentation includes the identification of the hedging instrument, the item hedged, the nature of the hedged risk and the manner in which the Company 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 Company 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 Company 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 Company assesses whether the relationship prospectively fulfils the effectiveness requirements. The Company assesses effectiveness at each balance sheet date or when there are significant changes that affect effectiveness requirements.

The Company only designates as hedged items assets, liabilities, firm commitments and highly probable planned transactions.

- 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 component of income and expenses recognised associated with the hedged item is adjusted to the lower of the cumulative profit/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 income and expenses recognised are reclassified to profit/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.

### *h) Own equity instruments held by the Company*

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.

Discretionary dividends related to equity instruments are recognised as a reduction in equity when they are approved by the General Shareholders’ Meeting.

In spin-offs, capital reductions and dividends through the delivery of businesses, including investments in group companies, to other group companies, the Company recognises the difference between the carrying amount of the equity items delivered and the amount of the debt to the shareholders (partners) in reserves.

### *i) 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.

### *j) 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.

### *k) 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.

From 1 January 2021, the Company will be taxed under the tax consolidation regime, being the parent of the tax group, with the following companies: Aplicaciones Técnicas de la Energía, S.L.U., Area 3 Equipamiento Diseño e Interiorismo, S.L.U., Jomar Seguridad, S.L.U., Ehisa Construcciones y Obras, S.A.U., Elecnor Seguridad, S.L.U., Audeca, S.L.U., Deimos Engineering and Systems, S.L.U., Deimos Space, S.L.U., Aerogeneradores del Sur, S.A., Enerfin Enervento Exterior, S.L., Enerfin Enervento, S.L.U., Enerfin Sociedad de Energía, S.L., Galicia Vento, S.L., Parque Eólico Cofrentes, S.L.U., Parque Eólico de Malpica, S.A., Parque Eólico Cernégula, S.L.U., Enerfin Renovables, S.L.U., Enerfin Renovables II, S.L.U. , Enerfin Renovables IV, S.L.U., Enerfin Renovables V, S.L.U., Elecnor Servicios y Proyectos, S.A.U., Elecred Servicios, S.A.U., Internacional de Desarrollo Energético, S.A.U., Stonewood Desarrollos, S.L.U., Eresma Solar, S.L.U., Parque Eólico Montañes, S.L.U., Enerfin Renovables VI, S.L., Enerfin Renovables VII, S.L., Enerfin Renovables VIII, S.L., and Enerfin Renovables IX, S.L.

The accrued Corporate Income Tax expense of the companies under the consolidated accounting system, is determined taking into account –in addition to the parameters to be considered in case of individual taxation set out above– the following:

- Temporary and permanent differences generating as a result of the elimination of profit/loss from transactions between Group companies, deriving from the process of determining the consolidated tax base.
- The deductions and allowances corresponding to each company in the tax group in the consolidated accounting system; for these purposes, the deductions and allowances will be allocated to the company that conducted the activity or obtained the income necessary to obtain the right to the tax deduction or allowance.

Temporary differences arising from eliminations of profit/loss between companies in the tax group are recognised in the company generating the profit or loss and are measured at the tax rate applicable to that company.

For the portion of the tax losses of certain Group companies that have been offset by the other companies in the consolidated Group, a reciprocal credit and debit arises between the companies to which they correspond and the companies offsetting them. If there is a tax loss that cannot be offset by the other consolidated Group companies, these tax loss carryforwards are recognised as deferred tax assets, and the tax group is considered to be the taxpayer for their recovery.

The parent of the Group recognises the total amount payable (to be repaid) for consolidated Corporate Income Tax with a charge (credit) to Receivables (Payables) from/to Group companies and associates.
The amount of the debt (receivable) corresponding to subsidiaries is recorded with payment (debited) to Payables (Receivables) to/from Group companies and associates.

*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.

### *l) 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.

### *m) 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 2021, the amount recognised in this connection under “Personnel expenses – Wages, salaries and similar” in the accompanying income statement amounted to approximately Euros 277 thousand (approximately Euros 4,028 thousand in 2020). At 31 December 2021, the Company has no provision for this item (Euros 3,498 thousand in 2020). The Company’s Directors consider that potential future staff cuts will not have a material impact on the accompanying annual accounts.

### *n) Income from sales of construction contracts and services rendered*

The Company 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 Company’s execution produces an asset controlled by customers and with no alternative use for the Company, which is entitled to proceeds from execution completed until year end.

The Company recognises the revenue from contracts using the percentage of completion method based on costs incurred over total estimated costs. The Company makes adjustments in accordance with the progress for inefficiencies not initially envisaged in the contract. Moreover, the Company only recognises revenue for cost incurred to the extent that the Company delivers a good that is not different, the customer expects to obtain control of the good prior to obtaining service therefrom, the cost of the good delivered is significant in relation to the total estimated costs and the Company acquires the good from a supplier and is not significantly involved in designing and manufacturing the good.

The Company 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, an advance from customers is recognised. If the time elapsed between accrual of the revenue and the estimated payment date exceeds twelve months, the Company recognises the revenue at the current estimated value of the amount receivable discounted at an interest rate that reflects the client’s credit risk. The Company 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 Company 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 Company’s incremental borrowing rate.

Penalties for breaches associated with the quality or rational efficiency of the Company’s service are recognised as an expense with a negative sign under Net turnover.

### *o) 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.

### *p) 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.

In spin-offs between group companies, the contributor measures its new shareholding at the net value of the assets and liabilities contributed.

## 5. Spin-off by Separation of the Projects and Services Business

On 2 March 2021, the Board of Directors of Elecnor, S.A. (Spin-off Company) and Elecnor Servicios y Proyectos, S.A.U. (Beneficiary Company) jointly drew up and signed a joint spin-off project.

On 23 June 2021, the Company's General Shareholders' Meeting approved the plan to spin off Elecnor, S.A. to the subsidiary Elecnor Servicios y Proyectos, S.A.U. The effective date of accounting of the transaction was considered to be the beginning of 2021, taking Elecnor, S.A.'s balance sheet at 31 December 2020 as the separated balance sheet.

This transaction was formalised in a public deed on 28 July 2021 and registered by the spun-off company Elecnor, S.A. at the Madrid Companies Register on 30 July 2021.

The purpose of this spin-off project is to allow the results of the Services and Projects Business Area and its capacity for strategic development to be shown individually, to allow improvements to be made to the management of the resources used in the business and their focus on projects, and to expand and improve the mechanisms for obtaining the resources necessary for such a purpose.

The Board of Directors of the Spin-off Company and of the Beneficiary Company agree to exclude from the scope of the spin-off operation the business conducted by certain branches and subsidiaries abroad, which are part of the Spun-off Economic Unit, since they cannot be transferred for operational reasons. In any event, all service and project activities will be conducted through the beneficiary company and its subsidiaries, gradually and when these operational reasons allow as such. Furthermore, certain companies in the process of liquidation or disposal have been excluded from the scope of the spin-off.

This spin-off involved the transfer en bloc of the Spun-off Economic Unit (services and projects business) to the Beneficiary Company for Euros 140 million, which, in return, increased its share capital by issuing new shares for the amount of Euros 1,505 thousand with a share premium of Euros 138,702 thousand, fully subscribed by the Company.

This spin-off of the Services and Projects business resulted in the derecognition of net assets for the amount of Euros 140 million and the recognition of an investment in Elecnor Servicios y Proyectos, S.A.U. for the same amount, with no impact on the equity of the Company.

As part of this transaction, the Company has granted a Euros 240 million loan to Elecnor Servicios y Proyectos, S.A.U. the effective date of accounting being 1 January 2021 and bearing interest at an annual rate of 2%.

This transaction has applied the special tax regime provided for in Chapter VII of Title VII of Law 27/2014, of 27 November, on Corporate Income Tax, and the tax authority has been informed of the same.

The impact of the spun-off balance sheet and the simultaneously formalised debt with accounting date 1 January 2021 is as follows:

| | Thousands of Euros |
|---|---:|
| ***Non-current assets*** | |
| **Intangible assets (Note 7)** | **658** |
| Goodwill | 516 |
| Computer software | 142 |
| **Property, plant and equipment (Note 8)** | **64,065** |
| Land and buildings | 8,953 |
| Technical installations and other property, plant and equipment | 55,112 |
| **Long-term investments in Group companies and associates (Note 10.2)** | **200,451** |
| Equity instruments | 200,451 |
| **Long-term financial investments** | **7,478** |
| Equity instruments | 1,040 |
| Credits to third parties | 2,176 |
| Other financial assets | 4,262 |
| **Deferred tax assets** | **32,564** |
| | |
| ***Current assets*** | |
| **Non-current assets held for sale** | **81** |
| **Inventories** | **31,013** |
| Raw materials and other materials consumed | 2,180 |
| Finished goods – short cycle | 639 |
| Advances to suppliers | 28,194 |
| **Trade and other receivables** | **885,826** |
| Customers, sales and services rendered | 847,148 |
| Customers, Group companies and associates | 19,792 |
| Sundry receivables | 1,522 |
| Personnel | 95 |
| Public Administrations, other | 17,269 |
| **Short-term investments in Group companies and associates** | **7,593** |
| Credits to companies | 4,498 |
| Other financial assets | 3,095 |
| **Short-term financial investments** | **7,129** |
| Credits to companies | 13 |
| Derivatives | 143 |
| Other financial assets | 6,973 |
| **Short-term accruals** | **1,118** |
| **Cash and cash equivalents** | **194,275** |
| Cash | 194,264 |
| Cash equivalents | 11 |
| | |
| **Total assets** | **1,432,251** |

| | Thousands of Euros |
|---|---|
| ***Non-current liabilities*** | |
| **Non-current provisions (Note 13)** | **22,335** |
| Other provisions | 22,335 |
| **Non-current payables (Note 14.2)** | **14,154** |
| Loans and borrowings | 14,154 |
| **Long-term payables to Group companies and associates (Note 5)** | **150,000** |
| **Deferred tax liabilities** | **6,455** |
| | |
| ***Current liabilities*** | |
| **Current provisions (Note 13)** | **34,850** |
| **Current payables (Note 14.2)** | **42,549** |
| Loans and borrowings | 1,598 |
| Derivatives | 537 |
| Other financial liabilities | 40,414 |
| **Short-term payables to Group companies and associates** | **101,754** |
| **Trade and other payables** | **918,320** |
| Suppliers | 377,226 |
| Suppliers, Group companies and associates | 27,175 |
| Sundry payables | 36,099 |
| Personnel | 19,304 |
| Current tax liabilities | 4,169 |
| Public Administrations, other | 6,524 |
| Advances from customers | 447,823 |
| **Short-term accruals** | **1,633** |
| | |
| **Total liabilities** | **1,293,677** |
| | |
| **Total net assets** | **140,201** |

## 6. Non-current assets held for sale

At 31 December 2021 the Company has classified the investment in the associate Gasoducto de Morelos, S.A.P.I. de C.V. and the loan granted to it for the total amount of Euros 18,419 thousand as held for sale, on the basis of the sale agreement executed on 17 December 2021. This transaction is subject to compliance with the conditions precedent inherent to this type of transaction, and control of the transaction will not be transferred until these conditions are met. The Company estimates that the transaction will be completed in 2022. No impairment resulted from these transactions since the fair value less costs to sell is higher than the carrying amount.

## 7. Intangible assets

Details of "Intangible assets" were as follows:

*2021*

| | Thousands of Euros | | | | |
|---|---|---|---|---|---|
| | Administrative Concessions | Computer software | Goodwill | Commercial rights | Total |
| **COST:** | | | | | |
| **Balance at 31 December 2020** | **79** | **16,493** | **1,031** | **2,087** | **19,690** |
| Additions | - | 4,605 | - | - | 4,605 |
| Derecognitions due to spin-off (Note 5) | - | (1,845) | (1,031) | - | (2,876) |
| Disposals | - | - | - | - | - |
| **Balance at 31 December 2021** | **79** | **19,253** | **-** | **2,087** | **21,419** |
| **ACCUMULATED DEPRECIATION:** | | | | | |
| **Balance at 31 December 2020** | **(42)** | **(10,970)** | **(516)** | **(2,087)** | **(13,615)** |
| Charges | (2) | (2,728) | - | - | (2,730) |
| Derecognitions due to spin-off (Note 5) | - | 1,702 | 516 | - | 2,218 |
| Disposals | - | - | - | - | - |
| **Balance at 31 December 2021** | **(44)** | **(11,996)** | **-** | **(2,087)** | **(14,127)** |
| **Net cost at 31 December 2021** | **35** | **7,257** | **-** | **-** | **7,292** |

*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** |

The Company's fully amortised intangible assets at 31 December 2021 amounted to Euros 10,894 thousand and it fully corresponds to computer software and commercial rights (Euros 10,928 thousand at 31 December 2020, chiefly corresponding to computer software and commercial rights).

At the end of 2021 and 2020, the Company has no investments commitments in intangible assets.

## 8. Property, plant and equipment

Details of "Property, plant and equipment" were as follows:

*2021*

| | Thousands of Euros | | | | | |
|---|---|---|---|---|---|---|
| | Land | Buildings | Technical Installations and Machinery | Hand and machine tools (Note 4.c) Furniture and fixtures | Other Property, Plant and Equipment | Total |
| **COST:** | | | | | | |
| **Balance at 31 December 2020** | **14,649** | **9,056** | **124,288** | **20,124** | **13,233** | **181,350** |
| Additions | - | - | 619 | 75 | 113 | **807** |
| Derecognitions due to spin-off (Note 5) | (7,998) | (6,366) | (120,440) | (19,099) | (10,154) | **(164,057)** |
| Disposals | - | - | (74) | (9) | - | **(83)** |
| **Balance at 31 December 2021** | **6,651** | **2,690** | **4,393** | **1,091** | **3,192** | **18,017** |
| **ACCUMULATED DEPRECIATION:** | | | | | | |
| **Balance at 31 December 2020** | **-** | **(3,607)** | **(84,585)** | **(5,641)** | **(8,431)** | **(102,264)** |
| Charges | **-** | (105) | (706) | (55) | (301) | **(1,167)** |
| Derecognitions due to spin-off (Note 5) | **-** | 2,050 | 82,991 | 4,996 | 6,572 | **96,609** |
| Disposals | **-** | - | 72 | 9 | - | **81** |
| **Balance at 31 December 2021** | **-** | **(1,662)** | **(2,228)** | **(691)** | **(2,160)** | **(6,741)** |
| **CUMULATIVE IMPAIRMENT:** | | | | | | |
| **Balance at 31 December 2020** | **(1,432)** | **(1,929)** | **-** | **(22)** | **-** | **(3,383)** |
| Impairment losses | - | - | - | - | - | - |
| Derecognitions due to spin-off (Note 5) | 1,432 | 1,929 | - | 22 | - | 3,383 |
| Irreversible impairment losses | - | - | - | - | - | - |
| **Balance at 31 December 2021** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Net cost at 31 December 2021** | **6,651** | **1,028** | **2,165** | **400** | **1,032** | **11,276** |

*2020*

| | Thousands of Euros | | | | | |
|---|---|---|---|---|---|---|
| | Land | Buildings | Technical Installations and Machinery | Hand and machine tools (Note 4.c) 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** |

The additions for 2020 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 2021 and 2020, the Company did not have individually significant items of property, plant and equipment.

Cost disposals in 2020 included the annual adjustment of machine tools that implied an expense of Euros 3,547 thousand, recognised under Other day-to-day management expenses in the accompanying income statement.

The cost of property, plant and equipment which, at 31 December 2021 and 2020, is fully depreciated and in use as follows:

| | Thousands of Euros | |
|---|---|---|
| | 2021 | 2020 |
| Buildings, technical installations and machinery | 1,109 | 53,282 |
| Furniture and fixtures | 446 | 2,102 |
| Information technology equipment | 1,110 | 3,236 |
| Motor vehicles and others | - | 512 |
| | **2,665** | **59,132** |

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 2021 and 2020, the policies taken out covered the net carrying amount of the property, plant and equipment.

As indicated in Note 9, at the end of 2021 and 2020 the Company had finance lease agreements pertaining to its property, plant and equipment.

At the end of 2021 and 2020, the Company had no significant investments commitments in property, plant and equipment.

Moreover, at 31 December 2021 and 2020, the Company had the following items of property, plant and equipment located abroad:

*2021*

| | Thousands of Euros | | |
|---|---|---|---|
| Country | Cost | Accumulated depreciation | Net |
| Angola | - | - | - |
| Dominican Republic | - | - | - |
| Mexico | - | - | - |
| Brazil | - | - | - |
| Italy | - | - | - |
| Ghana | - | - | - |
| Mauritania | - | - | - |
| Cameroon | 2,272 | (1,110) | 1,162 |
| Panama | - | - | - |
| El Salvador | - | - | - |
| Oman | - | - | - |
| Mozambique | - | - | - |
| Other | 52 | (43) | 9 |
| | **2,324** | **(1,153)** | **1,171** |

*2020*

| Country | Thousands of Euros | | |
|---|---|---|---|
| | 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 |
| 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** |

## 9. Leases

Finance leases – Lessee

At the end of 2021 and 2020, as a finance lessee, the Company recognised finance leases as follows:

*2021*

| | Thousands of Euros | | |
|---|---|---|---|
| | 2021 | | |
| | Land | Buildings | Total |
| Cost | 6,651 | 2,480 | 9,131 |
| Accumulated depreciation | - | (1,447) | (1,447) |
| **Total** | **6,651** | **1,033** | **7,684** |

*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** |

The Company’s only finance lease agreement at the end of 2021 and 2020 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 11).

At the end of 2021 and 2020, 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:

| Finance leases minimum payments | Thousands of Euros | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| | Nominal amount | Current value | Nominal amount | Current value |
| Less than one year | 696 | 485 | 700 | 461 |
| Between 1 and 5 years | 3,924 | 3,385 | 2,758 | 2,124 |
| More than 5 years | - | - | 1,862 | 1,756 |
| **Total** | **4,620** | **3,870** | **5,320** | **4,341** |

The reconciliation between the amount of future minimum lease payments and their current value is as follows:

| | Thousands of Euros | |
|---|---|---|
| | 2021 | 2020 |
| Future minimum payments | 3,720 | 4,420 |
| Purchase option | 900 | 900 |
| Unaccrued finance expenses | (750) | (979) |
| **Current value** | **3,870** | **4,341** |

Operating leases – Lessee

In addition, in 2021 and 2020 the operating lease expenses included under "Other operating expenses – External services" in the accompanying income statement amounted to approximately Euros 1,347 thousand and Euros 49,813 thousand, respectively. At the end of 2020, the Company's most significant operating leases were for machinery and motor vehicles, and buildings used to carry out its infrastructure activities. This amount included machinery and motor vehicle leases which, due to their inherent activity, were leased for the duration of the works, and amounted to Euros 40,325 thousand.

In 2021, as a result of the transaction described in Note 5, these leases linked to the Services and Projects business are no longer assumed by the Company, rather by Elecnor Servicios y Proyectos, S.A.U. The most significant operating leases at the end of 2021 are those relating to its offices, amounting to Euros 1,332 thousand.

At the end of 2021 and 2020, 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 | |
| | 2021 | 2020 |
| Less than one year | 777 | 7,164 |
| Between 1 and 5 years | 3,190 | 10,949 |
| More than 5 years | 5,310 | 10,439 |
| **Total** | **9,196** | **28,552** |

## 10. Investments in equity instruments of Group companies, associates and jointly-controlled entities, Financial investments and Trade receivables

### *10.1. 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 2021 and 2020 are as follows:

| Category | Thousands of Euros | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| | Non-current | Current | Non-current | Current |
| Equity instruments | - | - | 1,040 | - |
| Credits | - | - | 2,176 | 438 |
| Deposits and securities | 976 | 3 | 4,400 | 6,973 |
| Derivatives (Note 11) | 216 | 332 | 180 | 143 |
| Impairment adjustments | - | - | - | (425) |
| **Total** | **1,192** | **335** | **7,796** | **7,129** |

Non-current "Deposits and securities" in the above table at 31 December 2021 and 2020 corresponds to security and other deposits delivered in relation to the various operating leases entered into by the Company (Note 9).

The current "Deposits and securities" heading in the table prior to 31 December 2020 corresponded mainly to a deposit maturing in the short term and accruing an interest rate of 1.7%. This asset is part of the Service and Projects business and has therefore been transferred to Elecnor Servicios y Proyectos, S.A.U. as part of the transaction described in Note 5.

### *10.2.* Investments in equity instruments of Group companies, associates and jointly-controlled entities

The breakdown of non-current investments in equity instruments of Group companies, associates and jointly-controlled entities at 31 December 2021 and 2020 is as follows:

| | Thousands of Euros | | | | | |
|---|---|---|---|---|---|---|
| | Balance 31/12/2020 | Additions | Derecognitions | Transfer to non-current asset held for sale (Note 6) | Derecognitions due to spin-off (Note 5) | Balance 31/12/2021 |
| **Group companies:** | | | | | | |
| Interests | 492,369 | 140,207 | (1,330) | - | (255,566) | 375,680 |
| Disbursements pending | (1,900) | (4) | - | - | 1,827 | (77) |
| Impairment adjustments | (57,913) | - | 1,219 | - | 54,556 | (2,138) |
| | **432,556** | **140,203** | **(111)** | **-** | **(199,183)** | **373,465** |
| **Associates:** | | | | | | |
| Interests | 16,469 | - | - | (14,262) | (1,888) | 319 |
| Disbursements pending | (2) | - | - | - | - | (2) |
| Impairment adjustments | (902) | - | - | - | 620 | (282) |
| | **15,565** | **-** | **-** | **(14,262)** | **(1,268)** | **35** |
| **Jointly-controlled entities:** | | | | | | |
| Interests | 410,820 | 13,402 | - | - | - | 424,222 |
| | **410,820** | **13,402** | **-** | **-** | **-** | **424,222** |
| **Total** | **858,941** | **153,605** | **(111)** | **(14,262)** | **(200,451)** | **797,722** |

| | 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 2021 and 2020 is shown in Appendix I to these annual accounts.

*Equity instruments*

The main movements in 2021 under "Equity instruments" in the above table were as follows:

- As a result of the spin-off described in Note 5, the Company derecognised investments in group companies and associates for a total amount of Euros 200,451 thousand and increased the investment in Elecnor Servicios y Proyectos, S.A.U. by Euros 140,207 thousand.

- Shareholder contributions to the multi-group company Celeo Concesiones e Inversiones, S.L.U. amounting to Euros 13,402 thousand.

- The Company has reclassified the investment in the associate Gasoducto de Morelos, S.A.P.I. de C.V. for a total amount of Euros 14,262 thousand as held for sale, based on the sale agreement executed on 17 December 2021 (see Note 6).

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 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 had not an impact on the attached income statement in 2020.

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 recoverable amount, 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 2021 and 2020 are as follows:

| | Thousands of Euros | |
|---|---|---|
| | 2021 | 2020 |
| Omninstal Electricidade, S.A. | - | 1,996 |
| Elecnor de Argentina, S.A. | - | 16,127 |
| Elecven, S.A. | - | 2,216 |
| Montelecnor, S.A. | - | 13,224 |
| Elecnor Energie und BAU GmbH | - | 1,367 |
| Elecnor South África, Ltd. | 2,138 | 2,138 |
| Elecnor Perú, S.A.C. | - | 17,958 |
| Elecnor Angola, S.A. Group | - | 802 |
| Betonor, S.L. | - | 420 |
| Parque Eólico Montañes, S.L. | - | 427 |
| Other | 282 | 2,140 |
| | **2,420** | **58,815** |

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 10.4). 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 was 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".

In 2021, no impairment losses on investments in group companies, associates and jointly-controlled entities were registered.

## 10.3. 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 11), 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.

At 31 December 2021, 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.

### 10.4 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 2021 and 2020, is as follows:

| Category | Thousands of Euros | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| | Non-current | Current | Non-current | Current |
| Credits to companies | 100,000 | 134,387 | 7,993 | 46,833 |
| Dividends receivable | - | 12,000 | | |
| Tax credits (Note 4.k) | - | 18,025 | - | - |
| Other financial assets | - | 8,187 | - | 6,264 |
| Impairment adjustments | - | (27,380) | - | (21,563) |
| **Total** | **100,000** | **145,219** | **7,993** | **31,534** |

*Long-term credits to Group companies*

The balance at 31 December 2021 corresponds in full to the portion pending repayment in 2024 related to the loan granted to the subsidiary Elecnor Servicios y Proyectos, S.A.U. (see Note 5). The total outstanding balance of this loan at 31 December 2021 amounts to Euros 190 million, of which Euros 90 million is recognised as Credits to companies under current assets as it matures in 2022.

The balance at 31 December 2020 corresponded in full to the credit receivable from the company Gasoducto de Morelos S.A.P.I. de C.V. that accrues annual interest at a rate of 7.5%. As a result of the agreement to sell this company formalised in 2021, at 31 December 2021 the Company has reclassified both the investment and the outstanding receivable for the amount of Euros 4,158 thousand to non-current assets held for sale (see Note 6). In 2021 the Company received approximately Euros 3.8 million in payments relating to this credit (Euros 2.6 million in 2020).

*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 2021 and 2020, is as follows:

| | Thousands of Euros | |
|---|---|---|
| | 2021 | 2020 |
| Elecdor, S.A. | - | 1,133 |
| Jomar Seguridad, S.L. | - | 300 |
| Elecnor Servicios y Proyectos, S.A.U. | 90,024 | - |
| Enerfin Enervento Exterior, S.L. | 20,400 | 23,800 |
| IQA Operations Group Ltd. | - | 1,101 |
| Elecnor Senegal, S.A. | - | 1,961 |
| Celeo Apolo FV, S.L. | - | 75 |
| Other | - | 69 |
| | **110,424** | **28,439** |

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 2021, the Company made further contributions of Euros 5,800 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 (contributions of Euros 8,332 thousand in 2020 that the Company impaired in full). Of this amount, the Company records Euros 3,393 thousand as “Other financial assets” of a current account that it maintains with Dunor Energía S.A.P.I. de CV over the payment in 2020 of loans and borrowings that the Company has to face as guarantor. The Company does not expect to have to make any additional payments to this company.

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 amount of these credits outstanding at 31 December 2021 is approximately Euros 20,400 thousand (Euros 23,800 thousand at 31 December 2020).

### 10.5. Trade and other receivables

Details of trade and other receivables at 31 December 2021 and 2020 are as follows:

| | Thousands of Euros | |
|---|---|---|
| | 2021 | 2020 |
| Group (note 20.2) | | |
| Customer | 5,199 | 16,229 |
| Impairment adjustments | (985) | (949) |
| Associates and jointly-controlled entities (note 20.2) | | |
| Customer | 317 | 6,265 |
| Impairment adjustments | - | (1,532) |
| Non-related | | |
| Customer | 17,751 | 928,006 |
| Other receivables | 90 | 2,580 |
| Personnel | 124 | 95 |
| Public Administrations, Corporate Income Tax (Note 17) | 7,035 | 4,177 |
| Public Administrations, other (note 17) | 3,042 | 18,386 |
| Impairment adjustments | (5,857) | (70,996) |
| Total | 26,716 | 902,261 |

The analysis of movements in 2021 and 2020 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 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) |
| Charges | (67) | - | (67) |
| Applications | - | - | - |
| Reversals | - | - | - |
| Derecognitions due to spin-off | 65,410 | 806 | 66,216 |
| Other | 486 | - | 486 |
| Balance at 31 December 2021 | (6,842) | - | (6,842) |

At 31 December 2021, the net balance of non-related customer receivables is wholly contributed by the Cameroon branch that the Company has not yet been able to transfer for operational reasons (see Note 5) and the debt has not been sold.

At 31 December 2020, non-related customer receivables included Euros 91,503 thousand in unprovisioned debt past due, of which Euros 21,245 thousand is past over one year due.

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 2021 amounted to an expense of Euros 333 thousand and corresponded to finance income from loans and receivables applying the amortised cost method totalling Euros 5,492 thousand and impairment losses on loans and receivables totalling Euros 5,825 thousand (expense of Euros 6,121 thousand at 31 December 2020 corresponding to finance income on receivables applying the amortised cost method totalling Euros 4,485 thousand and impairment losses on loans and receivables totalling Euros 10,606 thousand).

**10.6 Amounts denominated in foreign currencies**

At 31 December 2021, the Company does not have material monetary financial assets denominated in foreign currency, as these were linked to the Services and Projects activity which has been spun off to Elecnor Servicios y Proyectos, S.A.U. (see Note 5).

The breakdown at 31 December 2020 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** |

## 11. 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 2021 and 2020 are as follows:

Interest rate swaps**:**

| | Thousands of Euros | | | | | |
|---|---|---|---|---|---|---|
| | 2021 | | | 2020 | | |
| 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 |
| 2016 | - | - | - | 145,000 | (592) | (48) |
| 2017 | 145,000 | (1,027) | (332) | 80,000 | (2,061) | 77 |
| 2018 | 38,500 | (2,832) | 145 | - | (4,106) | 66 |
| 2019 | 16,500 | (242) | 71 | - | (567) | 37 |
| **Total** | **200,000** | **(4,101)** | **(116)** | **225,000** | **(7,326)** | **132** |

The total amount of cash flow hedges recognised in equity at 31 December 2021 was an income of Euros 1,477 thousand, before the tax effect (an expense of Euros 2,507 thousand, before the tax effect, at 31 December 2020).

The total amount of cash flow hedges transferred from income and expenses recognised in equity to finance expenses in the income statement was Euros 1,994 thousand, before the tax effect (Euros 2,207 thousand, before the tax effect, at 31 December 2020).

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 14. 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 company has not contracted interest rate hedges tied to syndicated financing in 2021 and 2020.

Interest rate swaps assigned to the lease agreement**:**

| | Thousands of Euros | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| Year of contract | Notional amount | Measurement of swaps floating to fixed rate | Notional amount | Measurement of swaps floating to fixed rate |
| 2018 | 3,920 | (104) | 4,391 | (203) |

Exchange rate hedging instrument:

| | Thousands of Euros | |
|---|---|---|
| Year | 2021 | 2020 |
| Notional amount (USD sale) (*) | - | 2,100 |
| Exchange rate measurement | - | 143 |
| Notional amount (USD purchase) (*) | - | 6,207 |
| Exchange rate measurement | - | (537) |

*(*) Figures expressed in the pertinent currency*

The Company has fulfilled the requirements set forth in Note 4.g to be able to classify as hedges the financial instruments detailed.

## 12. Equity

The composition and movement of equity is presented in the statement of changes in net equity.

### *12.1. Capital*

At 31 December 2021 and 2020, 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 2021 and 2020, the Company's shares were held as follows:

| Interest % | 2021 | 2020 |
|---|---|---|
| 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%.*

### ***12.2. Reserves***

Details of "Reserves" are as follows:

| | 2021 Thousands of Euros | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Legal and statutory reserve | Voluntary reserves | Capitalisation reserve | Reserve for own shares | Goodwill reserve | Differences for adjustments of capital to euros | Profit/loss for the year | Total |
| Balance at 31 December 2020 | 1,743 | 555,390 | 6,559 | 21,899 | 516 | 15 | 31,633 | 617,755 |
| Profit for 2021 | - | - | - | - | - | - | 9,196 | 9,196 |
| Distribution of profit for 2020 | | | | | | | | |
| Voluntary reserves | - | 2,760 | - | - | - | - | (2,760) | - |
| Dividends | - | - | - | - | - | - | (28,873) | (28,873) |
| Transfers | - | (734) | 1,250 | - | (516) | - | - | - |
| Changes in own shares | - | 12 | - | 211 | - | - | - | 223 |
| Balance at 31 December 2021 | 1,743 | 557,428 | 7,809 | 22,110 | - | 15 | 9,196 | 598,301 |

| | 2020 Thousands of Euros | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Legal and statutory reserve | Voluntary reserves | Capitalisation reserve | Reserve for own shares | Goodwill reserve | Differences for adjustments of capital to euros | Profit/loss for the year | Total |
| Balance at 31 December 2019 | 1,743 | 556,208 | 4,408 | 21,963 | 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) | - | - | - |
| Changes in own shares | - | (19) | - | (64) | - | - | - | (83) |
| Balance at 31 December 2020 | 1,743 | 555,390 | 6,559 | 21,899 | 516 | 15 | 31,633 | 617,755 |

### ***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 2021 and 2020, the Company has appropriated to this reserve the minimum amount required by the Spanish Companies Act.

***b. Reserve for own shares***

The reserve for own shares has been allocated in accordance with article 149 of the Spanish Companies Act. This reserve may be freely available provided that the Company has sufficient freely available reserves to cover the balance of own shares without reducing equity below the amount of share capital plus legal or statutory restricted reserves (Note 12.3).

***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.

**12.3. Own share**

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 2021 and 2020, the Company held own shares amounting to Euros 22,110 thousand and Euros 21,899 thousand, respectively, which are booked under “Own shares and equity” in equity in the balance sheet.

Movement of own shares and movement in 2021 and 2020 is as follows:

| | No. of Shares |
|---|---|
| **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** |
| Acquisition of own shares | 232,769 |
| Sale of own shares | (232,962) |
| **Own shares at 31 December 2021** | **2,320,749** |

In 2021, the Company acquired 232,769 own shares and sold 232,962 own shares, for an approximate global amount of Euros 2,422 thousand and Euros 2,434 thousand, respectively, giving rise to a profit of Euros 223 thousand which was recognised directly against Reserves (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, obtaining a loss of Euros 83 thousand which was recognised directly against Reserves).

All the own shares held by the company at 31 December 2021 and 2020 represented 2.67% of the total share capital of Elecnor, S.A. at those dates.

## 13. 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 2021 and 2020, and the movements in 2021 and 2020, are as follows:

| | Thousands of Euros | | | | | |
|---|---|---|---|---|---|---|
| Provisions | Balance at 31/12/2020 | Charges | Reversals | Application | Derecognitions due to spin-off (Note 5) | Balance at 31/12/2021 |
| Other employee benefits | 3,936 | 796 | - | (295) | (4,147) | 290 |
| Provisions for litigation and other responsibilities | 80,957 | 108 | - | (381) | (53,038) | 27,646 |
| **Total** | **84,893** | **904** | **-** | **(676)** | **(57,185)** | **27,936** |

| | 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** |

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, in 2019 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 was transferred to the subsidiary Elecnor Servicios y Proyectos, S.A.U. as part of the spin-off conducted in 2021 (see Note 5).

Furthermore, under Provisions for litigation and other liabilities at 31 December 2021 and 2020 the tax provision was recognised on the basis of what has been described in note 17.

Lastly, Provisions for litigation and other liabilities at 31 December 2021 and 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, save a work in Mozambique, where an estimated loss of Euros 5,363 thousand is expected. Reversals in 2020 corresponded to penalties and other contingencies in relation to the execution of various projects that were completed in 2020, in a manner favourable to the Group. These provisions were transferred to the subsidiary Elecnor Servicios y Proyectos, S.A.U. as part of the spin-off conducted in 2021 (see Note 5), except for Euros 5,263 thousand relating to vehicle risks held by the Company.

Other employee benefits include the cost payable by the Company to early-retiring employees using the replacement contract modality.

## 14. Financial liabilities

### *14.1. 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 2021 and 2020 is as follows:

| | 2021 | | | | | |
|---|---|---|---|---|---|---|
| | Thousands of Euros | | | | | |
| | Non-current | | | Current | | |
| Category | At amortised cost or cost | At fair value | Total | At amortised cost or cost | At fair value | Total |
| *Financial liabilities at amortised cost or cost* | | | | | | |
| Bonds and other marketable securities | 30,000 | - | 30,000 | 69,974 | - | 69,974 |
| Loans and borrowings | 282,642 | - | 282,642 | 1,829 | - | 1,829 |
| Finance lease payables (Note 9) | 3,385 | - | 3,385 | 485 | - | 485 |
| Other financial liabilities | - | - | - | 3,267 | - | 3,267 |
| *Hedge derivatives (Note 11)* | - | 3,725 | 3,725 | - | 1,143 | 1,143 |
| **Total** | **316,027** | **3,725** | **319,752** | **75,555** | **1,143** | **76,698** |

| 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 |
| *Financial liabilities at amortised cost or cost* | | | | | | |
| Bonds and other marketable securities | - | - | - | 69,969 | - | 69,969 |
| Loans and borrowings | 381,546 | - | 381,546 | 3,769 | - | 3,769 |
| Finance lease payables (Note 9) | 3,880 | - | 3,880 | 461 | - | 461 |
| Other financial liabilities | - | - | - | 43,358 | - | 43,358 |
| *Hedge derivatives (Note 11)* | - | 6,938 | 6,938 | - | 1,176 | 1,176 |
| **Total** | **385,426** | **6,938** | **392,364** | **117,557** | **1,176** | **118,733** |

The breakdown by maturity of "Long-term payables" is as follows:

*2021*

| Category | Thousands of Euros | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 | 2027 and thereafter | Total |
| Bonds and other marketable securities | - | - | - | - | 30,000 | 30,000 |
| Loans and borrowings | - | - | - | 212,642 | 70,000 | 282,642 |
| Finance lease payables (Note 9) | 518 | 543 | 569 | 593 | 1,162 | 3,385 |
| Derivatives (Note 11) | 2,193 | 1,470 | 15 | 47 | - | 3,725 |
| **Total** | **2,711** | **2,013** | **584** | **213,282** | **101,162** | **319,752** |

*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 9) | 494 | 518 | 543 | 569 | 1,756 | 3,880 |
| Derivatives (Note 11) | 2,669 | 2,477 | 1,683 | 109 | - | 6,938 |
| **Total** | **24,464** | **63,778** | **293,079** | **9,287** | **1,756** | **392,364** |

The amount of net income and expense by category of financial liabilities at 31 December 2021 was Euros 8,566 thousand and corresponds to finance expenses from Trade and other payables amounting to Euros 6,572 thousand and reclassification from equity to profit and loss for Hedge derivatives amounting to Euros 1,994 thousand, applying the amortised cost method (Euros 10,198 thousand and corresponding to finance expenses from Trade and other payables amounting to Euros 7,991 thousand applying the amortised cost method and reclassification from equity to profit and loss for Hedge derivatives amounting to Euros 2,207 thousand in 2020).

### ***14.2. Payables***

Details of payables are as follows:

| | Thousands of Euros | | | |
|---|---|---|---|---|
| | Non-current | | Current | |
| | 2021 | 2020 | 2021 | 2020 |
| Bonds | 30,000 | - | - | - |
| Promissory notes | - | - | 69,974 | 69,969 |
| Loans and borrowings | 282,642 | 381,546 | 1,197 | 2,701 |
| Interest | - | - | 632 | 1,068 |
| Finance lease payables (Note 9) | 3,385 | 3,880 | 485 | 461 |
| Financial instruments, hedge derivatives (note 11) | 3,725 | 6,938 | 1,143 | 1,176 |
| Suppliers of fixed assets | - | - | 834 | 4,655 |
| Other | - | - | 2,433 | 38,703 |
| **Total** | **319,752** | **392,364** | **76,698** | **118,733** |

**Loans and borrowings - syndicated loan**

On 21 July 2014, Elecnor arranged syndicated financing of Euros 600 million with a group of 19 banks. 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 and it has had successive novations.

On 27 June 2019, Elecnor signed a fifth novation of this agreement, subscribed by all 14 lenders. This renewal entailed, as a single amendment, 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.

On 30 September 2021, Elecnor, S.A. signed a sixth novation of the syndicated financing agreement, subscribed by 12 of the 13 lenders at this time. This novation involved the following changes:

- Elecnor Servicios y Proyectos, S.A.U. became a guarantor,
- Reduction of the total maximum amount to Euros 350 million, leaving the loan tranche (Tranche A) at Euros 50 million, the euros credit sub-tranche (Sub-tranche B1) at Euros 236 million and the USD credit sub-tranche (Sub-tranche B2) at USD 75 million,
- Extension of the maturity by just over 2 years (until September 2026) with full repayment at maturity,
- Modification to the applicable margin by including an additional tranche with a lower margin if the DFN/EBITDA ratio is below 1.25x.

The Company quantitatively and qualitatively analysed whether or not the above modifications were substantial, and concluded in all periods that they were not, thus, there was no extinguishment of the original liabilities in any of the years.

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 with recours/(EBITDA with recourse + dividends from projects) ratio. The Company has undertaken to comply with different ratios over the term of the bank financing agreement ((Net financial debt with recourse/EBITDA with recourse) and (EBITDA with recourse/Net finance expenses)), 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 2021, all the ratios linked to this financing were compliant.

At 31 December 2021, the drawn down amount of the syndicated financing agreement totals Euros 216 million and corresponds to Euros 50 million of the loan tranche, Euros 153 million of the credit tranche in euros and Euros 13 million of the credit tranche in US Dollars (Euros 341 million at 31 December 2020, Euros 200 million corresponding to the loan tranche and Euros 134 million to the credit tranche and Euros 7 million of the credit tranche in US Dollars).

The aforementioned syndicated financing agreement (loan tranche and credit tranche) in 2021 accrued interest at an average rate of 2.29%, amounting to a total of Euros 4,270 thousand in interest, considering the effect of the Euros 1,994 thousand in hedges booked by the Group under “Finance expenses” in the accompanying consolidated income statement for 2021 (Euros 5,102 thousand in interest in 2020, which included a finance expense for hedges totalling Euros 2,207 thousand).

**Loans and borrowings - other debts**

Current and non-current loans and borrowings corresponded entirely at 31 December 2020 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 pending at 31 December 2020 was Euros 7,586 thousand.

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 pending amount of these credits as of 31 December 2020 is Euros 8,168 thousand.

In 2020 these borrowings accrued interest of Euros 744 thousand.

Both borrowings have been transferred to the subsidiary Elecnor Servicios y Proyectos, S.A.U. as part of the spin-off described in Note 5.

In 2021, the Company has entered into a loan with the ICO for a nominal amount of Euros 20 million, which accrues fixed nominal annual interest at a rate of 2.4% and which will be fully repaid on 30 September 2031. On the same date, the Company signed a second loan with Banca March for a nominal amount of Euros 50 million, accrues fixed nominal annual interest at a rate of 2.4% and matures in full in 2031.

In 2021, this new financing has accrued interest of Euros 428 thousand.

**Promissory notes**

At the beginning of 2021, Elecnor, S.A. had issued promissory notes on the Alternative Fixed Income Market (MARF) for an amount of Euros 70 million (Euros 70 million in 2020). New issues in 2021 totalled Euros 1,278 million while maturities totalled Euros 1,278 million. The outstanding balance at 31 December 2021 was therefore Euros 70 million, reflecting 1,278 securities with a nominal value of Euros 100 thousand each.

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. New issues in 2020 totalled Euros 966 million while maturities totalled Euros 966 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.

The promissory note programmes in force in 2021 and 2020 provided for a maximum number of outstanding issues at all times of Euros 300 million.

In 2021, these promissory notes accrued interest and fees totalling Euros 627 thousand (Euros 829 thousand in 2020) which the Company recognised under “Finance expenses” in the accompanying income statement.

In addition to the aforementioned borrowing, on 27 September 2021, the Company issued senior unsecured bonds amounting to Euros 30,000 thousand on Spain's Alternative Fixed Income Market (MARF), with maturity on 30 September 2035 and which accrue annual interest at a rate of 3%.

**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 | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| Category | Limit | Amount not drawn down | Limit | Amount not drawn down |
| Credit facilities | 53,000 | 51,804 | 221,000 | 190,569 |
| **Total** | **53,000** | **51,804** | **221,000** | **190,569** |

At 31 December 2021, Elecnor, S.A., excluding tranche B of the syndicated financing, had 4 credit facilities open with various credit institutions with a total maximum limit of Euros 53 million, the majority of which mature in 2023 with tacit annual renewals (10 credit facilities at 31 December 2020). 6 credit facilities have been transferred to the subsidiary Elecnor Servicios y Proyectos, S.A.U. as part of the spin-off described in Note 5.

**Other**

This heading, as of 31 December 2020, mainly included an advance received by the Company for a job that will be done with another partner abroad for Euros 36,310 thousand. The Company expected to deliver the job to said partner in 2021 once it made the pertinent guarantees. In 2020, the Company received 100% of the advance of Euros 72,620 thousand as all the guarantees had been made (its own and those of the other party). This advance has been transferred to the subsidiary Elecnor Servicios y Proyectos, S.A.U. as part of the spin-off described in Note 5.

Furthermore, in 2020 the Company set up a securitisation fund ‘Elecnor Eficiencia Energética 2020, Fondo de Titulización’, to which it 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 financing 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 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). At 31 December 2020, the Company had not drawn down any amount with respect to this financing, and it was transferred in 2021 to the subsidiary Elecnor Servicios y Proyectos, S.A.U. as part of the spin-off described in Note 5.

**14.3. Amounts denominated in foreign currencies**

The breakdown at 31 December 2021 and 2020 of the main financial liabilities denominated in foreign currency is as follows:

*2021*

| Currency | Loans and borrowings |
|---|---|
| BOB | - |
| DOP | - |
| DZD | - |
| GMD | - |
| GHS | - |
| HNL | - |
| HTG | - |
| JOD | - |
| MRO | - |
| NOK | - |
| OMR | - |
| USD | 13,232 |
| VES | - |
| XOF | - |
| XAF | - |
| Other | - |
| **Total** | **13,232** |

*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** |

## 15. 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 2021 and 2020 is as follows:

| | Days | |
|---|---|---|
| | 2021 | 2020 |
| Average supplier payment period | 31 | 60 |
| Transactions paid ratio | 31 | 67 |
| Transactions payable ratio | 26 | 35 |
| | Expressed in Thousands of Euros | |
| Total payments made | 21,709 | 992,593 |
| Total payments outstanding | 1,996 | 258,201 |

## 16. Advances from customers

The breakdown of this heading of current liabilities on the balance sheet at the end of 2021 and 2020 is as follows:

| | Thousands of Euros | |
|---|---|---|
| | 2021 | 2020 |
| Advance invoices | 489 | 353,249 |
| Advances from customers | 5,016 | 97,667 |
| | **5,505** | **450,916** |

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 included Euros 36,310 thousand from what is discussed in note 14.2 “Others”. The amount at 31 December 2021 includes the advances received abroad by the Cameroon Branch (see Note 5).

## 17. Taxation

### *17.1. Current balances with Public Administrations*

The breakdown of balances with Public Administrations at the end of 2021 and 2020 is as follows:

| | Thousands of Euros | |
|---|---|---|
| | 2021 | 2020 |
| **Assets:** | | |
| Current tax assets | 7,035 | 4,177 |
| Value Added Tax and similar | 2,331 | 12,439 |
| Withholdings | - | 3,301 |
| Other | 711 | 2,646 |
| | **10,077** | **22,563** |
| **Liabilities:** | | |
| Current tax liabilities | 1,019 | 4,111 |
| Value Added Tax and similar | 3,351 | 13,244 |
| Social Security | 162 | 10,668 |
| Withholdings | 756 | 8,519 |
| Other | 1,423 | 301 |
| | **6,711** | **36,843** |

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 (*) | 2017-2020 |
| Value Added Tax | 2017-2021 |
| Personal Income Tax | 2017-2021 |
| Social Security | 2017-2021 |
| Capital Gains Tax | 2017-2021 |
| Non-residents | 2017-2021 |

*(*) 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 2021 will not be open to inspection until 25 July 2022.*

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 Group’s companies taxed under state regulations (see Note 4.k).

Inspections conducted by the Tax Authority’s Large Taxpayers Division at the Company, and commenced by notification on 1 July 2016, concluded in 2018 and covered all taxes applicable to the Company for the period 2012-2014, except for Corporate Income Tax, which covered the period 2011-2013.

The aforementioned inspections concluded in 2018 with the signing of 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 that have been rejected in 2021.

In light of this situation, the Company's Directors, in cooperation with its tax advisers, and although they consider that 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 13), 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,

The aforementioned inspections concluded in 2021 with the signing of statements of conformity which resulted in a payment totalling Euros 5,691 thousand.

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.

### *17.2. 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:

*2021*

| | Thousands of Euros | | |
|---|---|---|---|
| | Increase | Decrease | Total |
| **Accounting profit/loss before taxes** | | | **7,631** |
| **Permanent differences:** | | | |
| Income obtained abroad | 2,580 | - | 2,580 |
| Dividends (Note 20) | - | (39,248) | (39,248) |
| Non-deductible expenses | 999 | - | 999 |
| Impairment losses on investments | - | (1,095) | (1,095) |
| **Temporary differences:** | | | |
| Originating in previous years: | | | |
| Other provisions (Note 13) | 823 | - | 823 |
| Originating in the current year: | | | |
| Credit impairment (Note 10.4) | 6,298 | - | 6,298 |
| **Offsetting of tax losses** | | | **-** |
| **Taxable income** | | | **(22,012)** |

*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 20) | - | (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 13) | - | (6,792) | (6,792) |
| Originating in the current year: | | | |
| Insolvency provision | 3,774 | - | 3,774 |
| credit risk (Note 10.5) | 8,339 | - | 8,339 |
| Other provisions (Note 13) | - | (10,693) | (10,693) |
| **Offsetting of tax losses** | | | **(5,330)** |
| **Taxable income** | | | **13,856** |

Fiscal legislation applicable to 2021 and 2020 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 2021 and 2020.

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%.

### *17.3. 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 2021 and 2020 is as follows:

| | Thousands of Euros | |
|---|---|---|
| | 2021 | 2020 |
| **Accounting profit/loss before taxes** | **7,631** | **46,765** |
| Rate of 25% | 1,908 | 11,691 |
| Permanent differences: | | |
| Impairment of investments in Group companies | - | 809 |
| Dividends | (9,812) | (8,892) |
| Profit/loss on disposal/settlement of investments in Group companies and associates | (274) | (182) |
| Capitalisation reserve | - | (533) |
| Income obtained abroad | 645 | 721 |
| Other non-deductible expenses | 250 | 2,503 |
| Tax branches | 353 | 7,047 |
| Prior years' adjustments | 346 | (249) |
| Other | 5,019 | 2,217 |
| **Total tax income/(expense) recognised in the income statement** | **(1,565)** | **15,132** |

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.

Others in 2021 and 2020 mainly includes the effect of tax inspections (Note 13 and 17.1).

### *17.4. Deferred tax assets*

The breakdown of the balance of this account at the end of 2021 and 2020 is as follows:

| | Thousands of Euros | |
|---|---|---|
| | 2021 | 2020 |
| **Temporary differences (prepaid taxes)** | | |
| Provisions for PV plants | - | 232 |
| Remuneration provision | 320 | 3,694 |
| Insolvency and credit provisions | 8,495 | 7,695 |
| Other provisions | 2,612 | 8,325 |
| Fair value measurement of derivative instruments (Note 11) | 1,343 | 2,029 |
| Corporate transactions | - | 739 |
| Other | 1,376 | 992 |
| **Tax credits and deductions** | - | 14,262 |
| **Total** | **14,146** | **37,968** |

The aforementioned deferred tax assets have been recorded in the balance sheet as the Company's Directors consider that there is no doubt about their recoverability.

### *17.5. Deferred tax liabilities*

The breakdown of the balance of this account at the end of 2021 and 2020 is as follows:

| | Thousands of Euros | |
|---|---|---|
| | 2021 | 2020 |
| **Temporary differences** | | |
| Fair value measurement of derivative instruments (Note 11) | - | 82 |
| Corporate transactions | - | 515 |
| Accelerated amortisation | - | 99 |
| Other | 4,782 | 5,760 |
| **Total** | **4,782** | **6,456** |

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

## 18. Income and expenses

### *18.1. Net turnover*

As a consequence of the spin-off conducted in 2021 (see Note 5), and given that the Company's main activity is now the holding of equity investments, the dividends and financial income received from investees have been classified under the heading "Net turnover". This does not represent a change in criteria but results from a change in the Company's main activity.

The net turnover for 2021 mainly corresponds to dividends received from investees as a result of the spin-off conducted in 2021 (see Note 5).

Sales recorded amounting to Euros 9,789 thousand come from the activity of the Cameroon branch.

The breakdown of the turnover in 2020, by both geographic areas and products, is as follows:

| By geographical area | Thousands of Euros 2020 |
|---|---|
| Domestic | 1,079,540 |
| International | 464,509 |
| **Total** | **1,544,049** |
| By product or activity | |
| Electricity | 583,190 |
| Power generation | 227,966 |
| Telecommunications | 190,985 |
| Construction, environment and water | 148,523 |
| Maintenance | 164,861 |
| Facilities | 145,086 |
| Gas | 28,897 |
| Railways | 54,541 |
| **Total** | **1,544,049** |

### *18.2. Materials consumed*

The breakdown of Consumption of goods, Raw materials and other materials consumed for 2021 and 2020 is as follows:

| | Thousands of Euros | |
|---|---|---|
| | 2021 | 2020 |
| Consumption of raw materials and others | | |
| Domestic purchases | - | 323,005 |
| EU purchases | - | 36,829 |
| Imports | 2,836 | 74,078 |
| Discounts and returns | - | (4,081) |
| Changes in inventories | - | 178 |
| | **2,836** | **430,009** |

### ***18.3. Personnel expenses***

The breakdown of "Personnel expenses" in the accompanying income statements for 2021 and 2020 is as follows:

| | Thousands of Euros | |
|---|---|---|
| | 2021 | 2020 |
| Salaries and wages | 16,946 | 345,414 |
| Social Security | 1,163 | 94,190 |
| Other employee benefits expenses | 575 | 4,941 |
| | **18,684** | **444,545** |

### ***18.4. Transactions denominated in foreign currencies***

At 31 December 2021, there were no significant transactions denominated in foreign currencies, as these were linked to the Services and Projects activity which has been spun off to Elecnor Servicios y Proyectos, S.A.U. (see Note 5).

Details of income and expenses denominated in foreign currency at 31 December 2020 are as follows:

| | Thousands of Euros |
|---|---|
| | 2020 |
| Income | |
| Net sales | 652,933 |
| Rendering of services | 50 |
| Financial Instruments | |
| Finance income | 172 |
| Dividends | 20,008 |
| Other | 447 |
| | **673,610** |
| Expenses | |
| Net purchases | (116,698) |
| Expenses on operating leases | (6,750) |
| Other services received | (27,831) |
| Personnel expenses | (28,194) |
| Financial Instruments | |
| Finance expenses | (90) |
| Taxes | (10,287) |
| Other | (6,924) |
| | **(196,774)** |

## 19. Information on employees

The average headcount, by professional category, in 2021 and 2020 was as follows:

| | Average headcount | |
|---|---|---|
| | 2021 | 2020 |
| Management | 22 | 125 |
| Executive | 45 | 779 |
| Technician | 76 | 2,234 |
| Basic | 134 | 8,036 |
| **Total** | **277** | **11,174** |

Of the average headcount at Elecnor, S.A. in 2021, 175 employees had temporary contracts (4,983 in 2020).

Moreover, the breakdown by gender at the end of 2021 and 2020, specified by professional category, of staff and Directors is as follows:

| Category | 2021 | | 2020 | |
|---|---|---|---|---|
| | Male | Female | Male | Female |
| Directors | 13 | 2 | 13 | 2 |
| Management | 14 | 8 | 107 | 14 |
| Executive | 19 | 25 | 683 | 155 |
| Technician | 38 | 46 | 1,531 | 875 |
| Basic | 153 | 28 | 8,188 | 408 |
| **Total** | **237** | **109** | **10,522** | **1,454** |

The average number of Company employees with a disability equal to or higher than 33% (or equivalent local rating) in 2021 and 2020, detailed by professional category, is as follows:

| Category | 2021 | 2020 |
|---|---|---|
| Technical area | - | 5 |
| Administration | - | 8 |
| Specialists | - | 35 |
| **Total** | **-** | **48** |

## 20. Related Party Balances and Transactions

### *20.1.* Related Party Transactions

The Company's transactions with Group companies, associates and jointly-controlled entities are as follows:

*2021*

| | Thousands of Euros | | | |
|---|---|---|---|---|
| | 2021 | | | |
| | Group companies | Group associates | multi-group companies | Total |
| Income | | | | |
| Dividend income, holding companies | 39,000 | 123 | 2,190 | 41,313 |
| Interest income, holding companies | 4,465 | | 1,027 | 5,492 |
| Income from services rendered | 2,715 | - | - | 2,715 |
| Other operating income | 730 | - | 393 | 1,123 |
| | **46,910** | **123** | **3,610** | **50,643** |
| Expenses | | | | |
| Financial instruments | | | | |
| Finance expenses | (104) | - | - | (104) |
| Impairment and losses | | | | |
| Credits | - | - | (5,825) | (5,825) |
| | **(104)** | **-** | **(5,825)** | **(5,929)** |
| | **46,806** | **123** | **(2,215)** | **44,714** |

*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) | - | - | (2,371) |
| Credits | - | - | (8,333) | (8,333) |
| | **(107,715)** | **-** | **(9,228)** | **(116,943)** |
| | **(48,234)** | **15,539** | **(7,203)** | **(39,898)** |

Materials consumed with group companies as of 31 December 2020 included Euros 74,056 thousand with the group company Aplicaciones Técnicas de la Energía, S.L. 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. As a result of the spin-off conducted in 2021 (see Note 5), these transactions are made by Elecnor Servicios y Proyectos S.A.U.

Expenses on impairment of credits with joint ventures as of 31 December 2021 and 2020, 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 10.4.

***20.2. Related party balances***

The breakdown of balances with Group companies, associates and jointly-controlled entities at 31 December 2021 and 2020 is as follows:

*2021*

| | Thousands of Euros 2021 | | | |
|---|---|---|---|---|
| | Group companies | Group associates | multi-group companies | Total |
| Long-term investments in Group companies and associates | | | | |
| Equity instruments | 373,465 | 35 | 424,222 | 797,722 |
| Credits to companies | 100,000 | - | - | 100,000 |
| Total non-current assets | **473,465** | **35** | **424,222** | **897,722** |
| Trade and other receivables | | | | |
| Customers, short-term Group companies and associates | 4,214 | 73 | 244 | 4,531 |
| Short-term investments in Group companies and associates | | | | |
| Credits to companies | 110,400 | - | - | 110,400 |
| Other financial assets | 34,819 | - | - | 34,819 |
| Total current assets | **149,433** | **73** | **244** | **149,750** |
| Total assets | **622,898** | **108** | **424,466** | **1,047,472** |
| Short-term payables to Group companies and associates | (113,308) | - | - | (113,308) |
| Total current liabilities | **(113,308)** | **-** | **-** | **(113,308)** |
| Total liabilities | **(113,308)** | **-** | **-** | **(113,308)** |

*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)** |

The heading “Other financial assets” at 31 December 2021 includes the Corporate Income Tax receivable from Group companies amounting to Euros 18,025 thousand due to the tax consolidation (see Note 4-k).

The heading “Short-term payables to Group companies and associates” at 31 December 2021 includes the current account with the company Elecnor Servicios y Proyectos S.A.U. arising as a result of the spin-off amounting to Euros 100,586 thousand (see Note 5) and the Corporate Income Tax payable to Group companies amounting to Euros 12,722 thousand due to the tax consolidation (see Note 4-k).

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, 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%. This loan has been transferred to Elecnor Servicios y Proyectos S.A.U. as a result of the spin-off (see Note 5).

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 was Euros 6,250 thousand. This loan has been transferred to Elecnor Servicios y Proyectos S.A.U. as a result of the spin-off (see Note 5).

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 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. At 31 December 2021, the remaining amount has been repaid, with no amounts outstanding at the end of the period.

Furthermore, at 31 December 2020, the company maintained a credit of Euros 23,800 thousand with Enerfin Enervento Exterior, S.L.U. for various loans granted in the year. In 2021, Euros 3,750 thousand has been written off and the outstanding receivable amount at 31 December 2021 is Euros 20,400 thousand.

Furthermore, group company suppliers at 31 December 2020 included a balance of Euros 10,767 thousand with the group company Aplicaciones Técnicas de la Energía, S.L. for the projects described in note 20.1. These balances have been transferred to Elecnor Servicios y Proyectos S.A.U. as a result of the spin-off (see Note 5).

Finally, at 31 December 2021 and 2020 the Company had an account payable to the Directors amounting to Euros 2,434 thousand and Euros 2,415 thousand, respectively.

### ***20.3. Remuneration of the Board of Directors***

#### ***a) Remuneration and other benefits-***

In 2021 the members of the Company’s Board of Directors received remuneration amounting to Euros 4,789.6 thousand for all items (Euros 4,938.1 thousand in 2020). This remuneration includes that earned in their capacity as management personnel.

The Company has paid approximately Euros 4.3 thousand for life insurance arranged for former or current members of its Board of Directors (Euros 13.1 thousand in 2020).

At 31 December 2021 and 2020, 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 2021 and 2020, the Board of Directors of the Company is formed by 15 individuals, two of whom are female.

At 31 December 2021 and 2020, 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.

***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 2021 and 2020 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.

***20.4. Remuneration to the Management Team***

In 2021, the Company's Management Team received remuneration amounting to Euros 971 thousand (Euros 5,728 thousand in 2020).

The stated total remuneration includes both fixed remuneration and annual variable remuneration.

At 31 December 2021 and 2020, 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.

## 21. Bonds and guarantees

At 31 December 2021 and 2020, the breakdown of bonds and guarantees for bids, completion or performance provided for projects executed by ELECNOR, S.A. in its own name and projects related to the concessions and wind power business and the companies remaining in ELECNOR, S.A. following the spin-off agreement, generally provided by banks on behalf of the Company to third parties, is as follows:

| | Thousands of Euros | |
|---|---|---|
| | 2021 | 2020 |
| Completion bonds | 165,987 | 802,181 |
| Advances on contracts | 30,859 | 335,083 |
| Performance bonds | 25,382 | 172,940 |
| Bid bonds | 2,220 | 64,589 |
| Standby | - | 17,028 |
| | **224,448** | **1,391,821** |

At 31 December 2020, 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.

At 31 December 2021, due to the spin-off (see Note 5), the guarantees have been transferred to Elecnor Servicios y Proyectos, S.A.U., which absorbs the Services and Projects activity tied to these guarantees.

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 (shares that have been transferred to Elecnor Servicios y Proyectos, S.A.U. as part of the spin-off described in Note 5).

The Company 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.

## 22. Temporary Business Associations (UTEs)

As a result of the spin-off described in Note 5, from 1 January 2021 the Company has ceased to participate in Temporary Business Associations as this business has been transferred to Elecnor Servicios y Proyectos, S.A.U.

The balance sheets and income statements of the Temporary Business Associations in which Elecnor, S.A. was involved were 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, the amount of revenues from construction work performed in 2020 and the order book at said years 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 were 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** |

The heading "Inventories" at 31 December 2020 included advance payments by Temporary Business Associations to their suppliers amounting to Euros 3,776 thousand.

Furthermore, the heading "Short-term payables" in the attached table includes advance invoices and advances from customers amounting to Euros 21,715 thousand.

Below is a breakdown of the UTEs' contributions to the various headings of the income statement for 2020:

| Income statement | Thousands of Euros 2020 |
|---|---|
| Net turnover | 78,800 |
| Materials consumed | (59,494) |
| Non-trading income | 188 |
| Personnel expenses | (4,201) |
| External services | (10,816) |
| Taxes | (843) |
| Losses, impairment and changes in trade provisions | (902) |
| Depreciation and amortisation charge | (294) |
| Impairment and profit/loss on disposal of fixed assets | 608 |
| Finance income | 78 |
| Finance expenses | (99) |
| Translation differences | 2,438 |
| Foreign tax expense | (614) |
| **Total** | **4,849** |

## 23. Order book

Details, by line of business, of the Elecnor, S.A.'s order book at 31 December 2020, excluding UTEs, were as follows:

| By geographical area | Thousands of Euros 2020 |
|---|---|
| Domestic | 511,726 |
| International | 1,007,279 |
| **Total** | **1,519,005** |
| By line of business | |
| Electricity | 809,423 |
| Power generation | 171,438 |
| Telecommunications | 123,936 |
| Construction, environment and water | 197,310 |
| Maintenance | 26,238 |
| Facilities | 85,068 |
| Gas | 12,915 |
| Railways | 92,677 |
| **Total** | **1,519,005** |

The above order book does not included projects that are expected to generate losses.

## 24. 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 2021 and 2020:

| Description | Thousands of Euros | |
|---|---|---|
| | 2021 | 2020 |
| For audit services | 50 | 271 |
| For other Verification services | 100 | 101 |
| For other services | 7 | 11 |
| **Total** | **157** | **383** |

The above amounts include all fees relating to services provided in 2021 and 2020, 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 2021 and 2020.

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 2021 and 2020.

Moreover, other affiliates of KPMG International invoiced the Company in the years ended on 31 December 2021 and 2020 for net fees relating to professional services, as follows:

| | Thousands of Euros | |
|---|---|---|
| Description | 2021 | 2020 |
| For other Verification services | 29 | 15 |
| For other services | 50 | 1,102 |
| **Total** | **79** | **1,117** |

Other auditors also invoiced the Company in the years ended on 31 December 2021 and 2020 for net fees relating to professional services, as follows:

| | Thousands of Euros | |
|---|---|---|
| Description | 2021 | 2020 |
| Tax advisory services | 1,261 | - |
| Other services | 772 | 3 |
| **Total** | **2,033** | **3** |

## 25. 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 2021, 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
- Elecnor Angola

Environmental Management certificates are also held for the following subsidiaries:

- Audeca
- Deimos
- Hidroambiente
- Enerfín
- Elecnor México
- Elecnor do Brasil
- Elecnor de Argentina
- IQA
- Montelecnor

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.

Climate change is a challenge in respect of which Elecnor has worked hard since 2013, by calculating its carbon footprint in accordance with internationally accepted standards and by implementing measures to reduce GHG emissions within its scope of action. In March 2021, for the seventh consecutive year AENOR verified greenhouse gas emissions in accordance with the UNE ISO 14064-1:2012 standard, linked to the direct and indirect emissions relating to all its activities. Similarly, Elecnor obtained the “Calculo y Reduzco” seal granted by Spain’s Ministry for Ecological Transition’s (MITECO) Office for Climate Change (OECC) as part of the National Register for Carbon Footprint, Offsetting and Absorption of CO2.

Elecnor has taken part for the fourth consecutive year in the Carbon Disclosure Project (CDP), presenting its voluntary report on climate change, strengthening its commitment to sustainability.

The Group has taken part for the fourth consecutive year in the Carbon Disclosure Project (CDP), presenting its voluntary report on climate change. In its 2021 report to this organisation, Elecnor has consolidated its “A -” score, thus, endorsing our company’s leadership in the fight to combat climate change. This rating highlights that our Group is once again valued at one of the highest level in terms of sustainability, adaptation and mitigation of the impact of climate change.

Elecnor has also taken another step forward in its commitment to decarbonisation by joining the Science Based Targets (SBT) initiative, which identifies and fosters innovative approaches to establishing corporate emission reduction targets according to science.

## 26. Events after the reporting period

In February 2022, the Company’s Directors decided to start a search process for the possible incorporation of a financial partner in the capital of its wind energy subsidiary, Enerfin Sociedad de Energía, S.L.U., by acquiring a material but non-controlling stake in this subsidiary.

**Appendix I: Company information**

**(Thousands of Euros)**

| 2021 | Registered office | Auditor | Activity | Interest % | | | Thousands of Euros | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Net carrying amount | direct % | indirect % | Share capital | Reserves and other equity items | Operating profit/(loss) for 2021 | Net profit/loss for 2021 | Dividend for 2021 |
| **Group companies (*)** | | | | | | | | | | | |
| Elecdal, URL | ALGERIA | *** | Construction and assembly | 12 | 100.00% | 0.00% | 12 | 152 | (12) | (12) | - |
| Elecnor Cameroun Société Anonyme | CAMEROON | Mazars | Construction and assembly | 150 | 100.00% | 0.00% | 151 | (913) | 1,755 | 866 | - |
| Elecnor Paraguay, S.A. | PARAGUAY | *** | Dormant | 20 | 99.83% | 0.17% | - | - | - | - | - |
| Elecnor Servicios y Proyectos, S.A.U. | SPAIN | KPMG | Construction and assembly | 153,752 | 100.00% | 0.00% | 15,050 | 138,656 | 41,256 | 53,492 | 32,000 |
| Elecnor South Africa (PTY) LTD | SOUTH AFRICA | *** | Construction and assembly | - | 100.00% | 0.00% | 2,138 | (2,541) | 8 | 8 | - |
| Enerfín Sociedad de Energía, S.L.U. (Group) | SPAIN | Deloitte | Management and administration of companies | 219,526 | 100.00% | 0.00% | 64,224 | 155,922 | 2,721 | (28,296) | 7,000 |
| **Associates and jointly-controlled entities (*)** | | | | | | | | | | | |
| Celeo Concesiones E Inversiones, S.L.U. (Group) | SPAIN | KPMG | Management and administration of companies | 424,222 | 51.00% | 0.00% | 166,671 | 333,229 | 68,607 | 10,957 | 2,190 |
| Acciona Infraestructuras- Elecnor Hospital David, S.A. | PANAMA | *** | Construction | - | 25.00% | 0.00% | 8 | 4,450 | (9,977) | (9,977) | - |
| Dunor Energía, Sapi De Cv | MEXICO | KPMG | Construction of the Empalme II combined cycle power plant 313 | - | 50.00% | 0.00% | 3 | (49,695) | (3,854) | (4,334) | - |
| Eólica la Patagonia, S.A. | ARGENTINA | *** | Operation and maintenance of wind farms | - | 50.00% | 0.00% | 12 | (13) | - | - | - |
| Inti Energia, S.A.P.I. de CV | MEXICO | *** | Dormant | 1 | 50.00% | 0.00% | - | - | - | - | - |
| Morelos Epc S.A.P.I. De Cv | MEXICO | *** | Construction, engineering and supply of Morelos gas pipeline | 3 | 49.99% | 0.01% | 6 | 147 | (30) | (34) | - |
| Morelos O&M, Sapi, Cv | MEXICO | *** | Maintenance of the Morelos gas pipeline | 35 | 50.00% | 0.00% | 71 | 269 | 65 | 60 | 123 |
| Proyectos Electricos Agua Prieta, Sapi De Cv. | MEXICO | PKF Accountants & business advisers | International public tender no. 18164093-022-09 by the CFE relating to the plant named 171 CC Agua Prieta | 1 | 50.00% | 0.00% | 3 | (4,786) | (8) | 30 | - |
| | | | | **797,722** | | | | | | | **41,313** |

(*) Refer to figures of Individual Companies.
(***) Companies not legally required to audit their annual accounts.

**Appendix I: Company information**

**(Thousands of Euros)**

| 2020 | Registered office | Auditor | Activity | Interest % Net cost | Executives: | indirect ownership | Thousands of Euros Share capital | Reserves | Net profit/loss for the year | Dividend for 2020 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Group companies (*)** | | | | | | | | | | |
| Andes Solares, SAS | COLOMBIA | *** | Development and operation of renewable energy sources | 12 | 100.00% | 0.00% | 146 | (87) | (16) | -- |
| Aplicaciones Técnicas de la Energía, S.L. (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 | *** | Dormant | 73 | 51.00% | 0.00% | 967 | (824) | -- | -- |
| 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 telecommunications 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 Construcciones 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 | -- |
| 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 |

**Appendix I: Company information**

**(Thousands of Euros)**

| | | | | | Interest % | | Thousands of Euros | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **2020** | **Registered office** | **Auditor** | **Activity** | **Net cost** | **Executives:** | **indirect ownership** | **Share capital** | **Reserves** | **Net profit/loss for the year** | **Dividend for 2020** |
| 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. | 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 | *** | Dormant | 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) | -- |
| 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 | *** | Rendering of all manner of services, and development, administration and management of companies | 60 | 100.00% | 0.00% | 60 | 11 | -- | -- |
| Electrolíneas del Ecuador, S.A. | ECUADOR | Seel & Company, S.A. | Construction and assembly | 1,237 | 100.00% | 0.00% | 1,272 | 800 | (221) | -- |
| Elecven Construcciones, 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) | -- |
| Enerfín Sociedad de Energía, S.L.U. (Group) | 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) | -- | -- |
| Elecnor Angola Group | 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 | *** | Sales | 1,066 | 100.00% | 0.00% | 1,202 | 77 | -- | -- |

**Appendix I: Company information**

**(Thousands of Euros)**

| | | | | | Interest % | | Thousands of Euros | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **2020** | **Registered office** | **Auditor** | **Activity** | **Net cost** | **Executives:** | **indirect ownership** | **Share capital** | **Reserves** | **Net profit/loss for the year** | **Dividend for 2020** |
| IQA Operatios Group, LTD | SCOTLAND | KPMG | Electrical installations | 10,622 | 100.00% | 0.00% | 5,986 | (7,096) | 4,144 | -- |
| 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 | *** | Development, construction and generation of electricity | 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, S.L.U. | SPAIN | *** | Construction and operation of wind farm | 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 | *** | Sales | 603 | 100.00% | 0.00% | 603 | (343) | (465) | -- |
| TDS, S.A. | ARGENTINA | *** | No activity/In the process of winding up | -- | 100.00% | 0.00% | -- | -- | -- | -- |
| Yariguies Solar, SAS | COLOMBIA | *** | Development and operation of renewable energy sources | 24 | 100.00% | 0.00% | 291 | (80) | (14) | -- |
| **Associates and jointly-controlled entities (*)** | | | | | | | | | | |
| Alto Jahuel Transmisora de Energía, S.A. | CHILE | KPMG | Development, construction and operation of electrical facilities | 1 | 0.02% | 50.99% | -- | -- | -- | -- |
| Celeo Concesiones E Inversiones, S.L.U. (Group) | SPAIN | KPMG | Management and administration of companies | 410,817 | 51.00% | 0.00% | 166,671 | 723,434 | 785 | 1,437 |
| Acciona Infraestructuras- Elecnor Hospital David, S.A. | PANAMA | *** | Construction | -- | 25.00% | 0.00% | 8 | 4,637 | -- | -- |
| Centro Logistico Huerta el Peñon | SPAIN | *** | Operation and maintenance of installations for processing and eliminating waste | -- | 50.00% | 0.00% | 1,608 | (2,158) | (220) | -- |
| 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 Energía, 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 | *** | Actions for the drafting, design, construction, funding, conservation and maintenance of the installations comprising the superstructure of the Madrid-Galicia high-speed railway line, Olmedo-Zamora-Pedralba section | 1,264 | 18.00% | 0.00% | 7,020 | 221 | 185 | -- |
| Eólica la Patagonia, S.A. | ARGENTINA | *** | Operation and maintenance of the | -- | 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 | -- |

**Appendix I: Company information**

**(Thousands of Euros)**

| | | | | | Interest % | | Thousands of Euros | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **2020** | **Registered office** | **Auditor** | **Activity** | **Net cost** | **Executives:** | **indirect ownership** | **Share capital** | **Reserves** | **Net profit/loss for the year** | **Dividend for 2020** |
| Inti Energia, S.A.P.I. de CV | MEXICO | *** | Dormant | 1 | 50.00% | 0.00% | -- | -- | -- | -- |
| Morelos Epc S.A.P.I. De Cv | MEXICO | *** | Construction, engineering and supply of 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 by the CFE relating to the plant named 171 CC Agua Prieta | 1 | 50.00% | 0.00% | 3 | (12,415) | 12 | -- |
| | | | | **858,941** | | | | | | **35,569** |

(*) Refer to figures of Individual Companies.
(***) Companies not legally required to audit their annual accounts.

## Appendix II: List of consolidated temporary business associations (UTEs)


| | Percentage ownership | Thousands of Euros (*) 2020 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 | -- |
| CONSORCIO ELECNOR DYNATEC | 100.00% | 2,200 | 2,514 |
| 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 | -- |
| UTE AS SOMOZAS | 50.00% | -- | -- |
| UTE JARDINES MOGAN | 50.00% | -- | -- |
| UTE URBANIZACIÓN PEDRO III | 50.00% | -- | -- |
| UTE ELECNOR-ONDOAN SERVICIOS | 50.00% | 712 | 700 |
| UTE ELECNOR - DEIMOS SIPA | 50.00% | -- | -- |
| UTE PATRIMONIO SEGURIDAD | 33.33% | -- | 5 |
| UTE PLAZAS COMERCIALES T4 | 50.00% | -- | -- |
| UTE TRANVIA OUARGLA | 49.50% | -- | -- |
| UTE ENERGÍA GALICIA | 20.00% | 885 | 19,725 |
| UTE AEROPUERTO DE PALMA | 45.00% | (1) | -- |
| GROUPEMENT INTERNATIONAL SANTÉ POUR HAITI | 100.00% | 785 | -- |
| UTE ENERGÍA GRANADA | 33.34% | -- | -- |
| UTE MOBILIARIO HUCA | 50.00% | -- | -- |
| UTE ANILLO GALINDO | 25.00% | -- | -- |
| Consorcio Nueva Policlínica de Chitre | 100.00% | 51 | 13 |
| Consorcio Nueva Policlínica de Chepo | 100.00% | 358 | -- |
| UTE ADEC LOCALES CERCANÍAS | 85.00% | -- | -- |
| UTE CAMPO DE VUELO TF NORTE | 70.00% | -- | -- |
| UTE VOPI4-ELNR CA L'ALIER | 50.00% | 39 | 359 |
| UTE MANTENIMIENTO AVE ENERGÍA | 12.37% | 16,321 | 70,511 |

## Appendix II: List of consolidated temporary business associations (UTEs)


| | Percentage ownership | Thousands of Euros (*) | |
|---|---|---|---|
| | | 2020 | |
| | | Production Completed | Portfolio produced |
| UTE ASEGOP IBIZA | 32.50% | 6 | 17 |
| UTE ELECNOR BUTEC BELLARA | 60.00% | 5,799 | -- |
| UTE EDARES SEGOVIA | 40.00% | -- | -- |
| UTE SICA | 50.00% | 9 | 227 |
| UTE MANTENIMIENTO AEROPUERTO DE PALMA | 50.00% | 18 | -- |
| UTE CUETO DEL MORO | 25.00% | 8 | 3 |
| UTE ELECNOR ALGHANIM | 60.00% | 739 | 1,860 |
| UTE MANTENIMIENTO VALEBU | 50.00% | 72 | 1,627 |
| UTE EMBARQUE DESEMBARQUE T4 | 50.00% | -- | -- |
| UTE CONTAR | 95.00% | 118 | -- |
| UTE INST. RECERCA SANT PAU | 50.00% | 10 | 50 |
| UTE INST. MERCAT DE SANT ANTONI | 60.00% | -- | 56 |
| UTE TUNELES ABDALAJIS | 90.00% | 468 | 55 |
| UTE TORRENTE - XATIVA | 50.00% | -- | -- |
| UTE EMPALME II | 50.00% | 76 | -- |
| 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 |
| 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 |
| UTE LINEA 1 | 20.00% | -- | -- |
| UTE TERMINAL E | 50.00% | (75) | 96 |
| UTE HERNANI-IRUN | 50.00% | 779 | -- |
| UTE ACTUAC ETAPS CYII LOTE2 | 50.00% | 0 | -- |
| UTE CARPIO Y POLLOS | 50.00% | 126 | -- |
| UTE CAMPO DE VUELOS ASTURIAS | 70.00% | 12 | 320 |
| UTE BIOMASA HUERTA DEL REY | 50.00% | -- | 85 |
| UTE MOPAEL | 80.00% | 5,355 | -- |
| UTE OFICINAS GENCAT | 60.00% | 62 | -- |
| UTE UYUNI-YUNCHARA | 49.00% | -- | -- |
| UTE MEGAFONÍA AENA | 70.00% | -- | -- |
| UTE MANTENIMIENTO SIGMA AENA | 50.00% | 197 | 15 |
| UTE RENFE AGENTE ÚNICO | 30.00% | 318 | 963 |

## Appendix II: List of consolidated temporary business associations (UTEs)


| | | Thousands of Euros (*) | |
|---|---|---|---|
| | | 2020 | |
| | Percentage ownership | Production Completed | Portfolio produced |
| UTE RENFE CCTV | 30.00% | 2,242 | 195 |
| UTE UCA | 50.00% | 261 | 94 |
| UTE SIPA AENA | 50.00% | 1,252 | -- |
| JV ELECNOR AL OWN | 70.00% | 491 | -- |
| UTE BILBOPORTUA | 50.00% | 408 | -- |
| UTE BIZKAIKO ARGIAK | 23.00% | -- | -- |
| ELECNOR AND RAY, J.V. JV | 60.00% | -- | -- |
| UTE MANTENIMIENTO LOTE 1 | 50.00% | 1,344 | -- |
| UTE ELECNOR - EIFFAGE | 50.00% | 8,507 | 170 |
| UTE TIL TIL | 50.00% | -- | -- |
| UTE EDAR LAGUNA DE NEGRILLOS | 80.00% | -- | -- |
| UTE PORTUKO ARGIAK | 23.00% | 35 | 298 |
| UTE E&C M.I. BUSTURIA AUXILIAR | 51.00% | -- | -- |
| UTE URBANITZACIÓ MERCAT DE SANT ANTONI | 60.00% | 5 | 93 |
| UTE ING PUY DU FOU | 50.00% | -- | 224 |
| UTE SICA 2018-2021 | 50.00% | 397 | -- |
| UTE ELECTRIFICACIÓN VILLAFRANCA | 90.00% | 1,038 | 1,605 |
| UTE TREBALLS PREVIS 1 CAMP NOU | 22.50% | 98 | 196 |
| UTE CLINICA EUGIN BALMES | 50.00% | 387 | 58 |
| UTE SALAS VIP AEROP BCN | 50.00% | -- | -- |
| JV TAFILAH | 70.00% | 222 | 4,153 |
| UTE ACCESOS BANCO DE ESPAÑA | 50.00% | -- | 3 |
| VARIANTE PAJARES UTE | 20.00% | 4,577 | -- |
| CONSORCIO CHIELEC DOMINICANA | 100.00% | 1,458 | 232 |
| UTE CASETAS AEROPUERTO DE MÁLAGA | 77.00% | -- | -- |
| UTE AMPLIACIÓN TRANVÍA VITORIA | 50.00% | 189 | 20 |
| ELECNOR – EIFFAGE JV | 50.00% | 1,906 | 1,374 |
| UTE MANTENIMIENTO AEROPUERTO DE PALMA II | 50.00% | 1,718 | 811 |
| UTE MONTERORRERO | 25.00% | 23,271 | -- |
| UTE MONLORA | 30.00% | 6,439 | -- |
| UTE MONCAYO | 10.00% | 16,748 | -- |
| SEP ELECNOR-EIFFAGE GUINEA CONAKRY | 50.00% | 3,519 | 11,343 |
| UTE ALSTOM RENOVABLES-ELECNOR II | 25.64% | -- | -- |
| UTE ELECNOR-EIFFAGE GUINEA BISSAU | 50.00% | 3,677 | 5,172 |
| UTE PEDRALBA-OURENSE | 50.00% | 14,183 | 6,911 |
| UTE EDIFICI LA PEDROSA | 50.00% | 6,481 | 1,340 |

## Appendix II: List of consolidated temporary business associations (UTEs)


| | Percentage ownership | Thousands of Euros (*) 2020 Production Completed | Portfolio produced |
|---|---|---|---|
| UTE BOMBEOS BAKIO-GANDIAS | 50.00% | 67 | 72 |
| UTE ELECTRIFICACIÓN RECOLETOS | 50.00% | -- | 370 |
| UTE PRESA DE L´ALBAGÉS | 50.00% | 2,674 | -- |
| UTE LIMPIEZA AEROPUERTO DE PALMA | 50.00% | 254 | 331 |
| UTE SICA 2020-2022 | 50.00% | -- | -- |
| UTE SEG ESTACIONES MADRID | 50.00% | -- | -- |
| UTE NOVA ESCOLA BRESSOL | 50.00% | 1,215 | 598 |
| UTE MANT MERCAT DE SANT ANTONI | 60.00% | 206 | 237 |
| UTE LINEA 4 | 20.00% | 6,524 | 37 |
| UTE INSTAL. TUNEL GLORIES | 40.00% | 3,711 | 16,971 |
| UTE EDAR ARRIANDI | 50.00% | 121 | 1,439 |
| 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 NOROESTE | 50.00% | 382 | 44,947 |
| UTE MANTENIMIENTO CENTRO | 50.00% | 216 | 27,568 |
| UTE ENERGÍA LÍNEA 9 | 20.00% | 1,659 | -- |
| S.E.I. UTE (ELECNOR, S.A. – TERRES) | 50.00% | -- | -- |
| UTE REMOLAR | 23.51% | -- | -- |
| UTE SERRANO – ELECNOR CANSALADES | 40.00% | -- | -- |
| UTE ELECNOR GONZALEZ SOTO | 50.00% | 9 | 43 |
| TERMINAL ALICANTE, UTE | 20.00% | -- | -- |
| UTE VILLAGONZALLO, Z – 3 | 35.00% | -- | -- |
| UTE TARAGUILLA | 25.00% | -- | -- |

(*) 100% information provided, not taking into account removals.

# 2021 Directors' Report - Elecnor Group

for the year ended 31 December 2021

## Contents

## 1. Purpose, vision and business model GRI 102-2

The Elecnor Group is a Spanish company operating in more than 50 countries. The company's purpose is to generate change and bring about well-being 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.

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:

- **Services and Projects[1]**: 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, financing, construction, investment and management of energy assets.

Efficiency, diversification and robustness are the Elecnor Group's growth and expansion levers.

## 2. Economic context[2]

2021 has once again been affected by the impact of the COVID-19 pandemic on the world economy. According to the International Monetary Fund (IMF), the world economy continues along a path of recovery, in spite of the setback arising from the new variant of the pandemic.

Therewith, the IMF estimates world economic growth of 5.9% in 2021 and 4.9% in 2022, with the forecast from last June's WEO update lowered by 0.1% for 2021 and raised by 0.5% for 2022. The downside revision in 2021 reflects deterioration in advanced economies (partly as a result of supply disruptions) and in low-income developing countries, chiefly due to the deteriorating dynamics arising from the pandemic. Concurrently, beyond 2022, growth is projected to abate to around 3.3% in the medium term. However, the IMF maintains that the outlook is still subject to considerable uncertainty, related to the path of the pandemic, the effectiveness of backing during the transition until health measures facilitate normalisation and the development of financial conditions.

According to the World Bank's Global Economic Prospects, for emerging and developing economies, conversely, growth is expected to drop from 6.3% in 2021 to 4.6% in 2022 and 4.4% in 2023. For many vulnerable economies, the relapse will be even greater: output of fragile and conflict-affected economies will be 7.5% below their pre-pandemic trend.

As regards fiscal stance, economies of emerging and developing markets are already adopting tightened fiscal policies, and advanced economies will also do so in 2022. The present is marked by a clear uncertainty in which risks to financial stability remain contained.

[1] Services and Projects, formerly known as the Infrastructure

[2] Sources:
- International Monetary Fund (IMF). World Economic Outlook. January 2022
- World Bank. World Economic Outlook.
- Bank of Spain. Macroeconomic projections for the Spanish economy (2021-2024)
- World Economic Outlook (WEO). January 2022 Report

In terms of **Spain**, the Bank of Spain's projections are optimistic and anticipate the recovery to continue at a good pace over the coming two years. In the short term, however, the economy's dynamism will continue to be burdened by the spread of the omicron variant. Thereafter, however, its activity is expected to resume higher levels of growth, as distortions in supply chains and inflationary pressures are allayed and tourism flows gradually normalise. This is further assisted by the impetus of projects funded through the Next Generation EU (NGEU) programme and continued favourable financing conditions. In particular, these projections anticipated GDP growth of 4.5% last year, which would accelerate up to 5.4% in 2022 and reach 3.9% next year.

For the **eurozone**, according to the IMF, in 2022, major economies will continue to grow, but at lower rates (France, 3.9%, Italy, 4.2%), except for Germany (+4.6%) and Spain (+6.4%). One of the key findings of the current economic environment is that, a little over a year ago, the European economy was expected to recover resolutely as a result of the disbursement of the Next Generation EU programme (with funds worth Euros 750 billion), the savings made during lockdown, the easing of restrictions and the implementation of more expansionary policies by the European Central Bank (ECB). Despite that, the coinciding demand for raw materials, oil, gas and components, the supply of which has reacted more slowly, causing bottlenecks and increases in the cost of electricity, was not taken into account. Consequently, the IMF has already announced that it is preparing an additional "modest revision" of its economic forecasts for the eurozone in the coming update of its global projections. The ECB echoes the increase in prices in Europe, which have risen by 5% annually. The president of the ECB has toughened her tone on inflation and does not rule out a scenario of an interest rate hike.

As for the **United States**, GDP growth for 2021 was 5.7%, lower than expected by the IMF (6%), as a result of disruptions to supply chains and lower consumption in the third quarter. In January, the World Bank revised its growth projection for 2022 downward to 3.7% (-0.5 percentage points).

In **Latin America**, in 2021, Chile registers the highest growth among major South American countries. This market has proven to be the fastest growing in the region with an 11% increase in GDP this year. The World Bank's estimates for the forthcoming years indicate that the region now faces significant risks such as a sharp rise in the number of COVID-19 cases, funding strains and debt-related stress. According to the body, Brazil's economy will slow to 1.4% in 2022 and spring to 2.7% in 2023. Meanwhile, Mexico's growth will slow to 3% in 2022 and 2.2% in 2023.

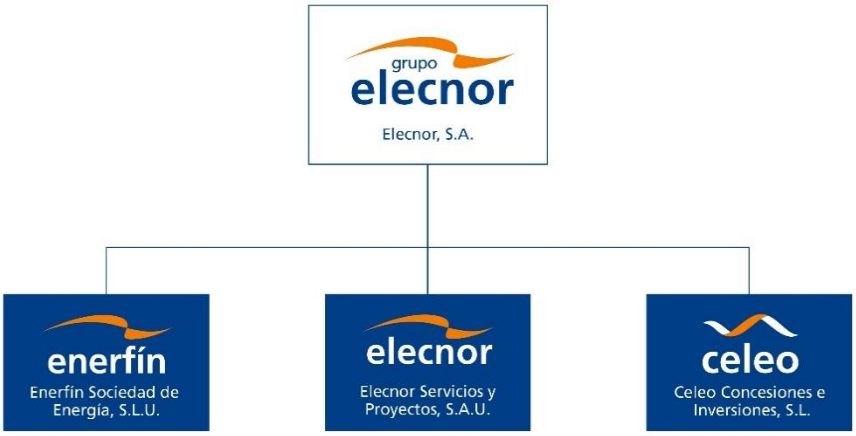
The IMF has cut **Australia**'s GDP growth forecast for 2021 (to 3.5%), while increasing the outlook for 2022 (4.1%). There are downside risks in the short term that balance out in the medium term for the international body. It adds that lending should be cut in order to cool the housing sector (interest rates at historic lows have driven up property prices and household debt) and that monetary and fiscal policy stimuli should continue in order to buttress the economy during a difficult period of blockages as a result of the coronavirus. Remember that, to counteract the effects of the pandemic, the Government of Australia implemented in March of last year aid packages, such as wage and unemployment subsidies, and also provided economic stimuli.

Growth of 3.7% is estimated in 2021 for **Sub-Saharan Africa** and it is projected to grow by 3.8% in 2022, both below the figure of the global economy, implying a broadening divergence from advanced economies. This comes amid increasing uncertainty surrounding new variants of the COVID-19 virus and financial conditions. The IMF expects Angola to grow by 3.2% and to emerge from successive recession cycles, as well as positive growth in other countries on the continent where the Group is present, such as Cameroon and Senegal, in the coming years.

### Elecnor Group

In 2021, the Board prepared the joint project for the spin-off of Elecnor, S.A. to Elecnor Servicios y Proyectos, S.A.U. which was approved at the General Shareholders' Meeting held on 23 June this year. The projected entails the spin-off of part of the equity of Elecnor, S.A. devoted to the services and projects business activity, comprising one economic unit acquired by universal succession by Elecnor Servicios y Proyectos, S.A.U. Insofar as Elecnor Servicios y Proyectos, S.A.U. is fully owned by Elecnor, S.A. the spin-off has taken place in accordance with the provisions of sec. 49.1 of Spanish Law 3/2009, of 3 April, on structural modifications of commercial enterprises, by reference to sec. 73.1 of the same legal text.

The current Elecnor, S.A. continues to be the Group's listed parent company with the following organisational structure:




This spin-off process seeks the adaptation of the corporate structure of the Group to the organisational reality with which the Group has been working for several years. This new structure facilitates the management and coordination of the various activities and helps give more visibility to businesses favouring the orderly growth of all of them. In any case, from an operational point of view, the Group continues to operate in the same way.

# 3. Economic and financial performance in the period

## 3.1. Key figures in consolidated profit/loss for the year

| KEY FIGURES (thousands of euros) | 2021 | 2020 | Change (%) |
|---|---|---|---|
| Turnover | 3,122,421 | 2,455,952 | *27.1%* |
| Domestic | 1,422,918 | 1,238,600 | *14.9%* |
| International | 1,699,503 | 1,217,352 | *39.6%* |
| EBITDA | 271,769 | 245,802 | *10.6%* |
| Profit before tax | 142,048 | 125,932 | *12.8%* |
| Attributable consolidated net profit | 85,883 | 78,303 | *9.7%* |

The Elecnor Group's **sales** reached **EUR 3,122.4 million** (EUR 2,455.9 million in the previous financial year), a 27.1% increase with respect to 2020. Both the domestic market (which represents 46% of the total) and the international market (which makes up 54%) experienced significant growth (14.9% and 39.6% respectively). This positive evolution in the Group's figures of the year was possible thanks to a significant increase in Elecnor's business volume, mainly due to activities related to services that the Group provides in European countries, particularly Spain, the United Kingdom, Italy, and in the United States, and the start of the implementation of major projects in Australia, Chile and Brazil, especially. The beginning of execution of major projects in Australia, Chile and Brazil has also had a positive impact.

**EBITDA** reached **Euros 271.8 million**, 10.6% above the same figure for last year. The Group's profits this year have absorbed the costs of launching new telecommunications and electricity service contracts in the United Kingdom and Italy, and non-recurring costs such as those related to the spin-off project explained above. In addition to the good performance of the Services and Projects Business, worth highlighting is the positive evolution of the Concessions Business, both of which the Group bases its activity on and which complement and strengthen each other.

The Elecnor Group attained net profits of EUR 85.9 million in 2021, which is a 9.7% increase on the profits obtained in the previous financial year.

The Group continuously evaluates its operating expenses to reduce any discretionary expenses, applying policies of contention and control to the expenses on a recurring basis, in all companies of the Group.

## 3.2. Business performance

### Services and Projects Business GRI 102-6

| (thousands of euros) | 2021 | 2020 | Change (%) |
|---|---|---|---|
| Turnover | 2,958,160 | 2,352,471 | 25.7% |
| EBITDA | 165,838 | 161,708 | 2.6% |
| Profit before tax | 114,957 | 112,311 | 2.4% |
| Attributable net profit | 77,119 | 71,517 | 7.8% |

This business, which the Group develops via its subsidiary Elecnor Servicios y Proyectos and that company's affiliates, has grown sharply in the period.

In the **domestic market**, activity continued to grow on the back of the services developed for the energy, telecommunications, water, gas and transportation sectors, where it provides an essential service for all utilities. In addition, during this period, construction work on renewable-energy power generation plants contributed to both the turnover and profit/loss of the Group.

In the **international market**, the positive performance is mainly due to the construction of electricity transmission lines in Brazil and Chile, and also to US subsidiaries (Hawkeye and Belco) and to the major projects in Australia started over the course of the financial year. The construction of wind farms in Colombia, solar PV farms in the Dominican Republic and Panama, hydroelectric plants in Cameroon and Angola, substations in Guinea, D.R. Congo and Cameroon, and a biomass project in Belgium, among many others, also contributed to the Group's turnover. It is worthy to note that this increase in activity has contributed to the absorption of the costs for the launch of new activities and the expansion to new areas in Italy and the United Kingdom, countries in which the Group has been operating for years with positive results.

## Concessions business

| (thousands of euros) | 2021 | 2020 | Change (%) |
|---|---|---|---|
| Turnover | 166,593 | 145,232 | 14.7% |
| EBITDA (1) | 131,301 | 112,791 | 16.4% |
| Profit before tax | 54,465 | 44,265 | 23.0% |
| Attributable net profit | 34,876 | 30,970 | 12.6% |

*(1) **EBITDA** contributed by this business to the group comprises that contributed by ENERFIN (Euros 116,303 thousand) and that contributed by CELEO, which is consolidated using the equity method (Euros 14,998 thousand). For a better understanding of these figures, see Note 32 of the Notes to the Annual Accounts of Elecnor, S.A. and subsidiaries for the year ended 31/12/21 with the main projects.*

This business, which Elecnor develops via its subsidiary Enerfín and its investee Celeo, and both companies' affiliates, has performed strongly in the period.

**Enerfín** participates in 1,355 MW of renewable energy in operation and under construction in Spain, Brazil and Canada, and continues to pursue strong developmental activity to ensure its growth. The various project companies that manage these assets generate a combined EBITDA of Euros 116,303 thousand, as set out in Note 32 to the Consolidated Annual Accounts of Elecnor, S.A. and its subsidiaries for the year ended 31/12/21.

Enerfín benefited from the commissioning of the San Fernando complex in north-east Brazil early this year and the Cofrentes wind farm in Spain in April last year.

The new transitional measures implemented by the Spanish government in order to combat soaring energy prices have had a limited impact on Enerfín, thanks to its price hedging policy, energy sales agreements and its assets with regulated revenues.

The Group upholds a policy of ensuring the price of energy on a percentage of estimated electricity production, which seeks to minimise the exposure of the result to changes in electricity prices in Spain, by procuring derivatives.

**Celeo**, the company owned and managed jointly with APG, one of the world's largest pension funds, already operates 6,804 km of electricity transmission lines in Chile and Brazil, and participated in 345 MW of renewable energy. Overall, it manages around EUR 5,211 million of assets in operation. The companies that manage these assets generate an aggregated EBITDA of Euros 299,984 thousand[3], as can be seen in Note 32 to the Consolidated Annual Accounts of Elecnor, S.A. and its subsidiaries for the year ended 31/12/21.

The power transmission business continues to grow with the increase in its assets in Brazil, new concessions gained in Chile and Peru, and the acquisition of Colbún Transmisión, S.A.'s 29 operating transmission line assets (totalling 899 km, with 27 transmission substations located throughout Chile) by Alfa Desarrollo, S.P.A., in which Celeo Concesiones holds a 20% stake and APG Asset Management N.V. holds an 80% stake. This acquisition makes Celeo the second-largest player in the regulated transmission market in Chile. The quality of these assets has enabled USD 1.2 billion project bonds issued in the New York market in favourable conditions.

## Production portfolio

| Pending backlog<br>(thousands of Euros, at year-end) | 2021 | 2020 | Change (%) |
|---|---|---|---|
| Domestic | 708,824 | 611,915 | 15.8% |
| International | 1,798,144 | 1,661,166 | 8.2% |
| Total | 2,506,968 | 2,273,081 | |

The **portfolio of signed contracts** pending execution by 31 December 2021 and whose implementation is expected to take place over the next 12 months, **amounts to EUR 2,507 million** (EUR 2,273 million at the end of 2020). Of this portfolio figure, 72% relates to the international market, for an amount of EUR 1,798 million, and 28% to the domestic market, for an amount of EUR 709 million. The domestic portfolio comprises contracts for traditional services, as well as for wind and solar PV farms. The international portfolio is increasing in both European countries (Italy and the United Kingdom), where service-related activities are carried out, and in other countries (Australia, the United States and Brazil, mainly) where major projects for the construction of renewable-energy power generation plants and power transmission projects.

## 3.3. Financial position

In 2021, the Group's operating activity enabled it to generate a cash flow of Euros 206.2 million (Euros 194 million the prior year) and its net investment amounted to Euros 100 million (Euros 209.6 million the prior year).

Total net financial debt (Euros 534.8 million) decreased by 0.4% with respect to the previous year (Euros 536.6 million).

Net financial debt with recourse (Euros 119.4 million) was reduced by 8.1% with respect to the end of the previous year (EUR 129.9 million). This was mainly due to the positive cash generation performance of the Group's businesses as a result of their operating activities.

Net Financial Debt with recourse includes debt with cost, both with financial institutions and short-term MARF promissory note issues, bond issues and finance lease transactions; it does not include debt of projects with specific financing without recourse to their shareholder for the project in question.

[3] EBITDA at 100% of concession projects participated in by CELEO and accounted for using the equity method at the ELECNOR GROUP, excluding the impact of IFRIC 12 since it best reflects the cash flow generation capacity of each project, by including the financial and operating proceeds.

The indebtedness ratio at year end, calculated as Net Financial Debt with recourse divided by EBITDA with recourse, was 0.72 (0.83 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.

Although the Group analyses and monitors the evolution of Total Net Financial Debt, it pays special attention to Net Financial Debt with recourse, given that the remaining Debt is secured by the investment projects to which this financing is dedicated.

| Net Financial Debt<br>(thousands of Euros, at year-end) | 2021 | 2020 |
|---|---|---|
| Net Financial Debt with recourse | 119,392 | 129,940 |
| EBITDA | 271,769 | 245,802 |
| *With recourse*[4] | *138,284* | *144,591* |
| *Without recourse*[5] | *133,485* | *101,211* |
| Ratio of Debt/EBITDA with recourse + projects div. | 0.72 | 0.83 |
| Total Net Financial Debt | 534,766 | 536,649 |
| *With recourse* | *119,392* | *129,940* |
| *Without recourse* | *415,374* | *406,709* |
| EBITDA | 271,769 | 245,802 |
| Ratio of Total Net Financial Debt/ EBITDA | 1.97 | 2.18 |

The Total Net Financial Debt to EBITDA ratio is a ratio used in the market to compare the level of indebtedness to the cash generation from transactions and, thus, assess companies' level of solvency.

To present a ratio that reflects the Group's solvency, it is appropriate to present Net Financial Debt with recourse in relation to EBITDA with recourse, in which the contributions to the figures of investment projects funded by debt secured by such projects are excluded from both figures. In turn, the dividends distributed by the abovementioned projects are added to the EBITDA with recourse. The purpose of this ratio is to measure the Group's capacity to meet its recourse debt.

With regard to the Group's **financial strategy**, we note:

- In September 2021, the Elecnor Group signed a novation of the **Syndicated Financing Agreement** executed in 2014. This novation extends the maturity by slightly more than two years, through September 2026. It includes a voluntary repayment of Euros 150 million of the Loan Tranche and an increase of Euros 100 million of the Credit Facility Tranche. Therefore, the financing now has a cap of EUR 350 million, distributed between the Loan Tranche of EUR 50 million and a Credit Facility Tranche of EUR 300 million. This financing complies with the requirements laid down by the Sustainability Linked Loan Principles and, therefore, it **has been classified as sustainable**.

- The Group'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**

[4] EBITDA with recourse is Group EBITDA excluding non-recourse EBITDA (EBITDA corresponding to investment projects financed by debt secured by such projects)

**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 EUR 300 million. In deciding to renew the programme, Elecnor Group valued the flexibility of the financing periods and the lower cost than that of alternative funding sources over the same maturities.

- In 2021, the Elecnor Group signed three long-term private placements totalling Euros 100 million:
  - Euros 50 million at 10 years, in **sustainable loan** format, placed by Banca March.
  - Euros 20 million at 10 years, which additionally fulfils the Green Loan Principles, as the funds are used for projects classified as **green**, placed by B. Sabadell.
  - Euros 30 million at 14 years, as **sustainable bonds**, also placed by B. Sabadell, included in the MARF. They the Elecnor Group's BBB- rating (investment grade) issued by Axesor.

  With this restructuring, the Elecnor Group has managed to extend the maturities of its long-term financing to average maturities of close to 10 years, while maintaining reduced cost levels.

- The Group has had a Securitisation Fund called "ELECNOR EFICIENCIA ENERGÉTICA 2020, Fondo de Titulización" since December 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 structure, Elecnor obtains financing for investments in contracts assigned in the amount of Euros 50 million. 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.

The Elecnor Group tackles its investment projects by arranging financing secured by such projects, as described in section 6.2 "Interest rate risk" herein, while it contributes 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 2021 are the same as those applied to the consolidated annual accounts in 2020. 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) of the Group's holding company: Elecnor, S.A.

The Group's holding company obtained the following profit/(loss) for the year:

| Key figures (thousands of euros) | 2021 | 2020 |
|---|---|---|
| Turnover | 67,456 | 1,544,049 |
| Operating income | 16,109 | 20,752 |

| | | |
|---|---|---|
| Profit before tax | 7,361 | 46,765 |
| Profit after tax | 9,196 | 31,633 |

As a result of the spin-off stated in the second section of this report, Elecnor, S.A. has become the Group's holding company, contributing practically all of its assets and liabilities related to the Services and Projects business activity to Elecnor Servicios y Proyectos, S.A.U., and from this moment on dedicating itself to the holding of shares and the rendering of corporate services.

As a result of this change, the figures in the Income Statement of Elecnor, S.A. differ substantially from those of last year. In 2021, sales chiefly comprise dividends received from subsidiaries, as well as invoicing for services and financial interest to Group companies. This result also includes the expense of the structure remaining in Elecnor, S.A.

This transaction and its effect on the accounts of the Group's holding company is described in the Annual Accounts of Elecnor, S.A. for the year ended 31/12/21. Elecnor, S.A. as a whole and its subsidiaries are not affected by this transaction.

## 3.6. Average payment period

The average payment period to suppliers of the Group's holding company, Elecnor, S.A., calculated as per Additional Provision Three of Law 15/2010, dated 15 July, is 31 days. The average payment period to suppliers of the Group, calculated in the same way, is 55 days.

## 3.7. Turnover by activity

At 31 December each year and in thousands of Euros

| Turnover by activity (thousands of euros) | 2021 | 2020 | Change (%) |
|---|---|---|---|
| Electricity | 1,260,553 | 982,949 | 28.2% |
| Power generation | 685,292 | 470,708 | 45.6% |
| Telecommunications and space | 267,522 | 233,301 | 14.7% |
| Facilities | 209,434 | 213,434 | -1.9% |
| Construction, environment and water | 298,202 | 237,677 | 25.5% |
| Maintenance | 194,514 | 170,770 | 13.9% |
| Oil & Gas | 141,279 | 92,572 | 52.6% |
| Railways | 65,625 | 54,541 | 20.3% |
| | 3,122,421 | 2,455,952 | 27.1% |

For yet another year, the main activities in terms of turnover were **Electricity**, with Euros 1,260.6 million, 28.2% up on 2020, and **Energy Generation**, with Euros 685.3 million, 45.6% up on 2020. This significant increase in the main activities is a result both of the strength of the domestic market and the foreign subsidiaries (especially in the United States, Chile, Brazil and IQA) and the branches in Italy, Angola, Lithuania, etc.

# 4. Stock market information

| | 2021 | 2020 |
|---|---|---|
| Closing share price (€) | 10.5 | 11 |
| Total volume of securities (million) | 5.6 | 4.3 |
| Total cash traded (€ million) | 57.7 | 39.8 |
| Number of shares (million) | 87 | 87 |
| Market capitalisation (€ million) | 913.5 | 957 |
| PER | 10.6 | 12.2 |
| Dividend yield | 3.1% | 3.1% |

On 07 July 2021, the **supplementary dividend was distributed against profit for 2020**, in a gross amount of €0.27455644 (€0.28207889, including the pro-rata distribution of treasury shares). On 22 December 2021, the **interim dividend against 2021 profit was paid**, in a gross amount of Euros 0.05961779 (Euros 0.06125324, including the pro-rata distribution of treasury shares).

Shares in Elecnor, S.A. closed the year with a price of **Euros 10.5 per share** and market capitalisation stood at Euros 913.5 million. The total cash amount traded was Euros 57,7 million.

# 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. 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. The financing is secured by these projects. This kind of arrangement usually requires under contract that interest rate risk be partly covered using hedging instruments.

In the case of both financing secured by the investment projects and corporate financing, borrowings are arranged mainly at floating interest 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. 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.

At 31 December 2021, the Elecnor Group has a solid liquidity position, with sufficient cash and available credit facilities to comfortably meet liquidity requirements even if markets contract.

## 6.4. 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 national 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, Éoliennes 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 both to that country's national grid (National Transmission System) and the Zonal 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.

In addition, in Chile we also participate in dedicated transmission lines, committed to counterparties of proven solvency, most of which are rated Investment Grade. In these cases, the remuneration we receive is regulated in each of the long-term contracts that we have signed with these companies that use our infrastructure, either to evacuate the energy generated or to guarantee their electricity supply.

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.

## 6.5. Market risk

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 uses hedging strategies.

The Group upholds a policy of ensuring the price of energy on estimated electricity production, which seeks to minimise the exposure of the result to changes in electricity prices in Spain, by procuring derivatives.

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.

## 6.6. Risk Management System

Elecnor Group 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.

To ensure better identification and management of the main risks, these are grouped into five broad categories:

- Governance risks.
- Strategic, planning and economic environment-related risks.
- Operating risks.
- Reporting risks.
- Compliance risks

In 2021, as part of the process of review and continuous improvement of the Risk Management System, the Group has carried out an internal reflection and planned a series of actions with the aim of making the aforementioned system more operational and effective, mainly through a greater focus on business risks and the improvement of certain systematics for monitoring the main risks, the identification and review of the main associated management and control procedures and tools and the monitoring of the corresponding improvement projects.

# 7. Environment

The commitment of the Elecnor Group to environmental sustainability is inherent to the undertaking of its activities and its business strategy. On the one hand, the Elecnor Group contributes to building a sustainable, low-carbon future through its renewable energy generation, energy efficiency, water and environmental activities; and, on the other hand, reducing its carbon footprint and undertaking appropriate 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.

The Elecnor Group's activity is framed by its Environmental Management System and Energy Management, certified in accordance with ISO 14001:2015 and ISO 50001:2018 standards, respectively, as well as its Climate Change Strategy. The Environmental Management System defines a procedure to identify, assess and record the environmental aspects originating in its activities in order to determine which are significant and to be able to take measures on them to minimise possible impacts.

The principles of the Environmental Management of the Elecnor Group are set out in the Integrated Management System Policy, the scope of which was updated in 2021. These principles of action are described below:

- Incorporating environmental considerations into the decision-making processes regarding investments and execution of activities, encouraging their being taken into account in cost-benefit analyses.
- Fostering the protection and conservation of biodiversity and the natural environment, implementing the necessary measures in order to mitigate, offset and even avoid the negative impacts produced by the Group's activities, promoting those that generate positive impacts.
- Making sustainable use of resources, fostering responsible consumption, waste minimisation and the circular economy.
- 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 Elecnor Group actively and decisively contributes to building a low-carbon society. Climate change is a challenge on which the company has been working for years by undertaking various initiatives that have a positive impact on reducing its environmental footprint:

- Calculating its carbon footprint in accordance with internationally recognised standards and implementing actions to reduce GHG emissions within the scope of its activity.
- Verifying, for the seventh consecutive year, the inventory of greenhouse gas emissions pursuant to the ISO 14064-1 standard.
- Obtaining the "Calculo y Reduzco" seal awarded by the Spanish Office for Climate Change (OECC).
- Taking part for the fourth consecutive year in the Carbon Disclosure Project (CDP), presenting its voluntary report on climate change. In 2021, it upheld the score of A- achieved in 2020, a score that positions the Group yet again at the highest level in terms of sustainability, adaptation and mitigation of the impact of climate change.

In 2021, the Group continued progress in its commitment to decarbonisation by joining the SBT (Science Based Targets) initiative. This initiative identifies and fosters innovative approaches to setting science-based corporate emission reduction targets. Following the Group's adherence to the SBT initiative, the Climate Change Strategy for 2035 has been revised. The new Strategy is structured into four overall areas of action: Governance, Strategy, Risk Management, Metrics and Targets, included in three cross-cutting lines: People, Assets and Knowledge, seeking to align with best disclosure practices in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The Committed to the environment chapter of the Non-Financial Information section of this Report outlines the goals, strategies and all the initiatives implemented in 2021 in accordance with the Group's Environmental Management policy.

## 8. Human Resources

### Elecnor's workforce (*)

| At 31 December each year | 2021 | 2020 | Change (%) |
|---|---|---|---|
| Domestic | 11,103 | 10,542 | 5.3% |
| International | 10,328 | 7,661 | 34.8% |
| | 21,431 | 18,203 | 17.73% |

*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 2021 year-end, the Group's workforce had increased by 3,228 (17.73%) to 21,431 employees. In the domestic market the increase was 5.32%, largely in the area of Maintenance to cover the need to support the international business. Abroad, there was a general increase of 34.81%. The increases in headcount in Italy, Angola, Oman and Brazil were particularly noteworthy.

The section Our people, our best asset in the Non-Financial Information section of this Directors' report outlines all the information relating to the Group's workforce.

## 9. RDI

Innovation in the Elecnor Group contributes greater added value to the services it provides to its customers with the guarantee of sustainability, competitiveness and differentiation of the company.

The Group's main strategic lines of RDI target the following areas of activity. Elecnor, S.A. and its subsidiary Audeca are currently certified in accordance with UNE 166002 standard.

In 2021, the main initiatives undertaken were as follows:

- Maintenance of UNE 166002 certification for RDI Management Systems of Elecnor, S.A. and Audeca.
- Launch of INNOVA 2021 call for proposals for RDI project funding.
- Development of projects for the hybridisation of wind power with photovoltaic energy and studying the possibility of integrating a storage system in hybrid farms.
- The production of renewable hydrogen is being promoted —through the subsidiary Enerfín— as a vector towards ecological transition and decarbonisation.
- Integration of circular economy criteria into wind farm components, mainly turbine blades.
- Collaboration agreement with two hydrogen production technology manufacturers: Fusion Fuel and Ohmium.
- Design and manufacture of an auxiliary metal structure for assembling lighting on high-rise towers.
- Approval of three projects with the participation of the Group's technological subsidiary, Elecnor Deimos, within the scope of the EU's European Defence Industrial Development Programme (EDIDP). These projects are intended to develop new techniques for observing objects in Earth orbit, a command and control system for space defence systems and to outline a space system for the early detection of intercontinental ballistic missiles.
- Approval by the Provincial Council of Bizkaia of two innovative projects in the HAZITEK call for proposals: Genio Project in the Railway Department and QR Project for the activity of industrial plants.
- Training of staff for site and construction managers, tender and BIM personnel for lean construction.

Further information is presented referring to R&D&I in the Elecnor Group in the Non-Financial Information section of this Directors' Report, specifically in the Technology and Innovation chapter.

# 10. Significant events subsequent to year-end

Between 31 December 2021 and the time of 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, except what follows.

On 18 February 2022, the Elecnor Group informed the CNMV of the start a search process for the possible incorporation of a financial partner in the capital of its wind energy subsidiary, Enerfín Sociedad de Energía, S.L.U., by acquiring a material but non-controlling stake in this subsidiary.

# 11. Outlook for 2022

## 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 threat of rising interest rates, growing inflation and geopolitical risks, the world economy is expected to grow, bolstered by the main economies' policies in support of growth.

## 11.2. Elecnor Group

The Elecnor Group holds a leading position in the main activities that will be the driver of growth and will concentrate most of the stimulus measures promoted, in particular by the European Union and the United States. In that regard, the global trends that will drive the Group's businesses are:

- Electrification and energy efficiency
- Renewable energies
- Digitisation and connectivity
- Comprehensive rendering of urban services

On the basis of the foregoing, the Elecnor Group expects to continue to grow its results in 2022, as it has been doing year after year for the last decade.

## 12. Share capital and acquisition of own shares

At 31 December 2021, the share capital of Elecnor, S.A. was represented by 87,000,000 shares, each with a par value of EUR 10 Euro, fully subscribed and paid in, implying a share capital of EUR 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 2020, Elecnor, S.A. had a portfolio of 2,320,942 shares. In 2021 it acquired 232,769 securities, and sold 232,962. Accordingly, at 31 December 2021 it had a total of 2,320,749 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 2021, as provided in article 15 of Royal Decree 1362/2007.

## 14. Annual Corporate Governance Report and Annual Report on Directors' Remuneration

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, as well as the Annual Report on Directors' Remuneration for the year ended 31 December 2021, which accompany this report. Said documents are available on the CNMV website and on the Group's corporate website.

## 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 Grou

## Appendix containing alternative performance measures

Elecnor presents the Alternative Performance Measures, according to the guidelines published by the ESMA (European Securities and Markets Authority). These measures are widely used by investors, securities analysts and other agents as performance measures that are supplementary, and should be considered as such, and in no case as a replacement.

**Alternative measures of the Elecnor Group's performance**

| Key figures (thousands of euros) | 2021 | 2020 | Change (%) |
|---|---|---|---|
| Turnover | 3,122,421 | 2,455,952 | 27.1% |
| Domestic | 1,422,918 | 1,238,600 | 14.9% |
| International | 1,699,503 | 1,217,352 | 39.6% |
| EBITDA | 271,769 | 245,802 | 10.6% |
| Profit before tax | 142,048 | 125,932 | 12.8% |
| Attributable consolidated net profit | 85,883 | 78,303 | 9.7% |

| Turnover by segments (thousands of euros) | 2021 | 2020 | Change (%) |
|---|---|---|---|
| Services and Projects business | 2,958,160 | 2,352,471 | 25.7% |
| Concessions business | 166,593 | 145,232 | 14.7% |
| **Subtotal Businesses** | **3,124,753** | **2,497,703** | **25.1%** |
| Group Management and Other Adjustments | - | - | |
| Operations between segments | (2,332) | (41,751) | - |
| | **3,122,421** | **2,455,952** | **27.1%** |

| Turnover by activity (thousands of euros) | 2021 | 2020 | Change (%) |
|---|---|---|---|
| Electricity | 1,260,553 | 982,949 | 28.2% |
| Power generation | 685,292 | 470,708 | 45.6% |
| Telecommunications and space | 267,522 | 233,301 | 14.7% |
| Facilities | 209,434 | 213,434 | -1.9% |
| Construction, environment and water | 298,202 | 237,677 | 25.5% |
| Maintenance | 194,514 | 170,770 | 13.9% |
| Oil & Gas | 141,279 | 92,572 | 52.6% |
| Railways | 65,625 | 54,541 | 20.3% |
| | **3,122,421** | **2,455,952** | **27.1%** |

**EBITDA**

EBITDA is defined as operating income plus expense for amortisation, depreciation, impairment and charges to provisions. The group deems EBITDA to be a useful supplementary indicator that can be used in assessing the Group's operating performance.

| | 2021 | 2020 | Change (%) |
|---|---|---|---|
| **EBITDA = Gross Operating Profit:** | **271,769** | **245,802** | 10.6% |
| Operating income | 178,684 | 146,568 | |
| + Expense for amortisation, depreciation, impairment, and charges to provisions, and negative difference in business combinations | 93,085 | 99,234 | |

| EBITDA by segments (thousands of euros) | 2021 | 2020 | Change (%) |
|---|---|---|---|
| Services and Projects business | 165,838 | 161,708 | 2.6% |
| Concessions business | 131,301 | 112,791 | 16.4% |
| **Subtotal Businesses** | **297,139** | **274,499** | **8.2%** |
| Group Management and Other Adjustments | (25,109) | (21,394) | |
| Operations between segments | (261) | (7,303) | |
| EBITDA | **271,769** | **245,802** | **10.6%** |

| Profit before income tax by segment (thousands of euros) | 2021 | 2020 | *Change (%)* |
|---|---|---|---|
| Services and Projects business | 114,957 | 112,311 | 2.4% |
| Concessions business | 54,465 | 44,265 | 23.0% |
| **Subtotal Businesses** | **169,422** | **156,576** | **8.2%** |
| Group Management and Other Adjustments | (27,956) | (24,055) | |
| Operations between segments | 582 | (6,589) | |
| **Total Group** | **142,048** | **125,932** | **12.8%** |

| Consolidated net profit attributable by segment (thousands of euros) | 2021 | 2020 | Change (%) |
|---|---|---|---|
| Services and Projects business | 77,119 | 71,517 | 7.8% |
| Concessions business | 34,876 | 30,970 | 12.6% |
| **Consolidated net profits from the businesses** | **111,995** | **102,487** | **9.3%** |
| Group Management and Other Adjustments | (26,533) | (19,815) | |
| Operations between segments | 421 | (4,369) | |
| **Total Group** | **85,883** | **78,303** | **9.7%** |

**Alternative measures of profit and loss of the holding company of the Elecnor Group**

| Key figures (thousands of euros) | 2021 | 2020 |
|---|---|---|
| Turnover | 67,456 | 1,544,049 |
| Operating income | 16,109 | 20,752 |
| Profit before tax | 7,361 | 46,765 |
| Profit after tax | 9,196 | 31,633 |

| | 2021 | 2020 |
|---|---|---|
| EBITDA = Gross Operating Profit | 25,685 | 45,412 |
| Operating income | 16,109 | 20,752 |
| + Depreciation and amortisation of fixed assets in the income statement of Elecnor, S.A. | 3,897 | 14,465 |
| + Losses, impairment and changes in trade provisions in the income statement of Elecnor, S.A. | - | 10,195 |
| + Impairment and losses under the heading Impairment and profit/loss on disposals of financial instruments in the income statement of Elecnor, S.A. | 5,679 | - |

**Stock market information**

| | 2021 | 2020 |
|---|---|---|
| Closing share price (€) | 10.5 | 11 |
| Total volume of securities (million) | 5.6 | 4.3 |
| Total cash traded (€ million) | 57.7 | 39.8 |
| Number of shares (million) | 87 | 87 |
| Market capitalisation (€ million) | 913.5 | 957 |
| PER | 10.6 | 12.2 |
| Dividend yield | 3.1% | 3.1% |

**Group backlog**

| Pending backlog (thousands of Euros, at year-end) | 2021 | 2020 | Change (%) |
|---|---|---|---|
| Domestic | 708,824 | 611,915 | 15.8% |
| International | 1,798,144 | 1,661,166 | 8.2% |
| **Total** | **2,506,968** | **2,273,081** | |
| Growth percentage | 10.3% | 2.3% | |

**Alternative debt measures; indebtedness ratio**

| Net Financial Debt<br>(thousands of Euros, at year-end) | 2021 | 2020 | Change (%) |
|---|---|---|---|
| Net Financial Debt with recourse | 119,392 | 129,940 | -8.1% |
| EBITDA | 271,769 | 245,802 | |
| *With recourse* | *138,284* | *144,591* | |
| *Without recourse* | *133,485* | *101,211* | |
| Ratio of Debt/EBITDA with recourse + projects div. | 0.72 | 0.83 | |
| Total Net Financial Debt | 534,766 | 536,649 | -0.4% |
| *With recourse* | *119,392* | *129,940* | |
| *Without recourse* | *415,374* | *406,709* | |
| EBITDA | 271,769 | 245,802 | |
| Ratio of Total Net Financial Debt/ EBITDA | 1.97 | 2.18 | |

| | 2021 | 2020 |
|---|---|---|
| **Net Financial Debt with recourse**<br>*(Net Financial Debt in Note 16 of the Annual Accounts of Elecnor, S.A. and Subsidiaries)* | **119,392** | **129,940** |
| EBITDA | 271,769 | 245,802 |
| *EBITDA without recourse (from projects financed via funding without recourse)* | *133,485* | *101,211* |
| *EBITDA with recourse* | *138,284* | *144,591* |
| Dividends from projects financed via funding without recourse | 43,931 | 25,403 |
| Reversal of the effect on EBITDA with recourse of the application of IFRS 16 | -17,001 | -12,655 |
| **EBITDA with recourse + Dividends from projects without recourse net of the effect of IFRS 16** | **165,215** | **157,339** |
| Indebtedness ratio = Net financial debt with recourse/(EBITDA with recourse + Dividends from projects) | **0.72** | **0.83** |

Note: the purpose of eliminating the effect of IFRS 16 on Leases is to offset the impact of this standard —the impact increases the figures of EBITDA and Debt— and to comply with the method of calculating this figure contained in the financing contracts.

Calculation of Total Net Financial Debt

| | 2021 | 2020 |
|---|---|---|
| + Financial liabilities from issuing bonds and other marketable securities | 134,581 | 110,349 |
| + Finance liabilities on loans and borrowings | 789,598 | 807,840 |
| + Derivative financial instruments (non-current liabilities and current liabilities in the Consolidated Statement of Financial Position) | 101,272 | 18,131 |
| - Current investments in related companies | (323) | (141) |
| - Derivative financial instruments | (6,454) | (830) |
| - Cash and cash equivalents | (388,105) | (391,628) |
| - Other current financial investments | (11,214) | (9,594) |
| + Loans granted by public entities (Note 16) | 4,622 | 4,448 |
| + Derivative financial instruments (current assets in the Consolidated Statement of Financial Position) arising from exchange rate hedges (Note 17) | 6,122 | 391 |
| - Derivative financial instruments (non-current liabilities and current liabilities in the Consolidated Statement of Financial Position) arising from exchange rate hedges (Note 17) | (10,723) | (4,220) |
| - Derivative financial instruments (non-current liabilities and current liabilities in the Consolidated Statement of Financial Position) arising from exchange rate hedges (Note 17) | (84,610) | |
| - Reversal of the effect of the application of IFRS 9 | | 1,903 |
| **Total Net Financial Debt** | **534,766** | **536,649** |
| (increase on previous year's close) | -0.4% | 8.6% |

**Other disclosures**

## Services and Projects business

| (thousands of euros) | 2021 | 2020 | Change (%) |
|---|---|---|---|
| Turnover | 2,958,160 | 2,352,471 | 25.7% |
| EBITDA | 165,838 | 161,708 | 2.6% |
| Profit before tax | 114,957 | 112,311 | 2.4% |
| Attributable net profit | 77,119 | 71,517 | 7.8% |

## Concessions business

| (thousands of euros) | 2021 | 2020 | Change (%) |
|---|---|---|---|
| Turnover | 166,593 | 145,232 | 14.7% |
| EBITDA (1) | 131,301 | 112,791 | 16.4% |
| Profit before tax | 54,465 | 44,265 | 23.0% |
| Attributable net profit | 34,876 | 30,970 | 12.6% |

**(1)** EBITDA contributed by this business to the group comprises that contributed by ENERFIN (Euros 116,303 thousand) and that contributed by CELEO, which is consolidated using the equity method (Euros 14,998 thousand). For a better understanding of these figures, see Note 32 of the Notes to the Annual Accounts of Elecnor, S.A. and subsidiaries for the year ended 31/12/21 with the main projects.

## Elecnor's workforce*

| At 31 December each year | 2021 | 2020 | Change (%) |
|---|---|---|---|
| Domestic | 11,103 | 10,542 | 5.3% |
| International | 10,328 | 7,661 | 34.8% |
| | **21,431** | **18,203** | **17.7%** |

*This calculation does not include directors who are not on the Group's workforce.

# ANNUAL CORPORATE GOVERNANCE REPORT 2021

**ISSUER IDENTIFICATION DETAILS**

**YEAR END-DATE**: 31/01/2021

**TAX ID (NIF):** A48027056

**Company name:** ELECNOR, S.A.

**Registered office:** C. del Marqués de Mondéjar, 33, 28028 Madrid

**ELECNOR, S.A. ANNUAL CORPORATE GOVERNANCE REPORT FOR THE 2021 FINANCIAL YEAR**

In compliance with the applicable legal obligations and based on the standard form 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 2021.

The REPORT was approved by the Company's Board of Directors at its meeting held on 23 February 2022 and shall immediately be notified and sent to the CNMV 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 2021.

## A) OWNERSHIP STRUCTURE

### A.1. COMPLETE THE TABLE BELOW WITH DETAILS OF THE COMPANY'S SHARE CAPITAL AND THE ATTRIBUTED VOTING RIGHTS, INCLUDING THOSE CORRESPONDING TO SHARES WITH A LOYALTY VOTE AS OF THE CLOSING DATE OF THE YEAR, WHERE APPROPRIATE:

Indicate whether Articles of Association contain the provision of double loyalty voting:

No ☒
Yes ☐ Date of shareholders' meeting approval dd/mm/yyyy
Minimum term of continuous ownership required under the Articles of Association

Indicate whether the company has loyalty-attributed votes:
No ☒
Yes ☐

| Date of last change of share capital | Share capital (euros) | Number of shares | Number of voting rights (not including additional loyalty-attributed votes) | Number of additional voting rights attributed corresponding to loyalty voting shares | Total number of voting rights, including additional votes attributed on the basis of loyalty |
|---|---|---|---|---|---|
| 20/05/2009 | 8,700,000 | 87,000,000 | 87,000,000 | | |

Number of shares entered on the special register pending completion of the loyalty period N/A

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, INCLUDING DIRECTORS WITH A SIGNIFICANT SHAREHOLDING:

| Name or company name of shareholder | % of voting rights attached to the shares (including votes for loyalty) | | % of voting rights through financial instruments | | % of total voting rights | Of the total number of voting rights attached to the shares indicate, if applicable, the additional votes attached to the loyalty voting shares | |
|---|---|---|---|---|---|---|---|
| | Direct | Indirect | 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 (including votes for loyalty) | % of voting rights through financial instruments | % of total voting rights | Of the total number of voting rights attached to the shares indicate, if applicable, the additional votes attached to the loyalty voting shares |
|---|---|---|---|---|---|
| SANTANDER ASSET MANAGEMENT, S.A., SGIIC | 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:

| Most significant movements | | |
|---|---|---|
| | | |

**A.3. GIVE DETAILS OF THE PARTICIPATION AT THE CLOSE OF THE FISCAL YEAR OF THE MEMBERS OF THE BOARD OF DIRECTORS WHO ARE HOLDERS OF VOTING RIGHTS ATTRIBUTED TO SHARES OF THE COMPANY OR THROUGH FINANCIAL INSTRUMENTS, WHATEVER THE PERCENTAGE, EXCLUDING THE DIRECTORS WHO HAVE BEEN IDENTIFIED IN SECTION A.2 ABOVE:**

| Name of company name of director | % voting rights attributed to shares (including loyalty votes) | | % of voting rights through financial instruments | | % of total voting rights | From the total % of voting rights attributed to the shares indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote | |
|---|---|---|---|---|---|---|---|
| | Direct | Indirect | Direct | Indirect | | Direct | Indirect |
| Mr JAIME REAL DE ASÚA ARTECHE | 0.036% | | | | 0.036% | | |
| 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% | | |

| **Total percentage of voting rights held by the Board of Directors** | **2.957%** |
|---|---|

Breakdown of the indirect holding:

| Name or company name of director | Name or company name of the direct owner | % voting rights attributed to shares (including loyalty votes) | % of voting rights through financial instruments | % of total voting rights | From the total % of voting rights attributed to the shares indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote |
|---|---|---|---|---|---|
| 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% | |

List the total percentage of voting rights represented on the board:

| **% of total voting rights represented on the Board of Directors** | **1.212%** |
|---|---|

**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. **UNLESS INSIGNIFICANT FOR BOTH PARTIES, DESCRIBE THE RELATIONSHIPS THAT EXIST BETWEEN SIGNIFICANT SHAREHOLDERS, 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 TABLES WITH DETAILS OF THE COMPANY'S TREASURY SHARES:**

**<u>At the close of the year</u>**

| Number of direct shares | Number of indirect shares (*) | Total percentage of share capital |
|---|---|---|
| 2,320,749 | ------ | 2.67% |

(*) Through:

| Name or company name of direct shareholder | Number of direct shares |
|---|---|
| | |
| **Total:** | |

Explain any significant changes during the year:

| Explain significant changes |
|---|
| There have been no significant changes. The only transactions involving the company's treasury shares were those conducted under the Liquidity Contract which the company entered into with Renta 4 Banco, the quarterly details of which are duly reported to the CNMV pursuant to the provisions of Section 2 b) of the Fourth rule in Circular 1/2017. |

**A.10. PROVIDE A DETAILED DESCRIPTION OF THE CONDITIONS AND TERM OF THE CURRENT MANDATE GIVEN TO THE BOARD OF DIRECTORS AT THE GENERAL MEETING TO ISSUE, REPURCHASE, OR DISPOSE OF TREASURY SHARES.**

On 16 May 2017, Elecnor's General Shareholders' Meeting passed resolution five of the order of business by a majority of 95.73% of the present and represented share capital, the literal transcription of which reads as follows:

"It is hereby agreed by a majority to authorise the Board of Directors to acquire the Company's own shares on the part of the Company, or of the Controlled Companies, through purchase or any other transaction "*inter vivos*" for valuable consideration, in accordance with the provisions of Articles 146(a) and 509 of the Spanish Corporate Enterprises Act. It is authorised to acquire the number of shares at most which the Law and/or the mandatory legal provisions provide for at all times and which, at present, in addition to those already owned by the Company, constitute no more than 10% of its share capital. The minimum acquisition price is set at the nominal value of the shares, while the maximum price should not exceed 30% of their listed value on the stock exchange. This holds for a period of five years and renders null and void the authorisation granted at the General Shareholders' Meeting of 23 May 2012.

This mandate could be used in whole or in part for the acquisition of own shares to pass or transfer to Executive Directors, or members of the Senior Management of either the Company or its group companies".

On the other hand, there is no current mandate from the General Shareholders' Meeting for Elecnor's Board of Directors to issue Company shares.

**A.11. ESTIMATED FLOAT**

| | % |
|---|---|
| **Estimated float** | 38.52% |

**A.12. INDICATE WHETHER THERE ARE ANY RESTRICTIONS (IN THE ARTICLES OF ASSOCIATION, 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 ARTICLES OF ASSOCIATION. IN PARTICULAR, INDICATE THE MAJORITIES REQUIRED FOR AMENDMENT OF THE ARTICLES OF ASSOCIATION AND ANY PROVISIONS IN PLACE TO PROTECT SHAREHOLDERS' RIGHTS IN THE EVENT OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION.**

These rules are contained in Article 11 of the Articles of Association and in Article 13 of the Regulations of the General Shareholders' Meeting, which we reproduce below:

**ARTICLES OF ASSOCIATION**

*"Article 11.- Special quorums*

*For the Annual or Extraordinary General Shareholders' Meeting to validly agree the issuance of bonds, a share capital increase or reduction, the cancellation or limiting of the right of first refusal to new shares, corporate transformation, mergers or demergers, blanket assignment of assets and liabilities and the moving of the registered office abroad and, in general, any amendment of the Articles of Association, at the first call there must be as many shareholders present or represented as hold at least fifty per cent of the subscribed capital with voting rights.*

*Twenty-five per cent of such share capital shall suffice for a quorum at the second call.*

*To pass the resolutions referred to in this Article, if the capital that is present or represented exceeds fifty per cent, it shall suffice that the resolution be adopted by absolute majority. Notwithstanding this, voting in favour by two-thirds of the share capital present or represented at the Meeting shall be required when at the second call the shareholders account for twenty-five per cent or higher of the subscribed capital with voting rights without reaching the fifty per cent mark."*

**REGULATIONS OF THE GENERAL SHAREHOLDERS' MEETING**

*"Article 13.- Voting*

*After the discussion of each of the Agenda items, they will be voted on. Each share has the right to one vote and any resolution will be duly adopted by simple majority.*

*All substantially independent resolutions must be voted on separately:*

*a) The appointment, ratification, re-appointment or dismissal of a director.*
*b) Any amendment to the Articles of Association, and each self-standing Article or group of Articles thereof.*
*c) All those matters so specified by the Articles of Association.*

*For the Annual or Extraordinary General Shareholders' Meeting to validly agree the issuance of bonds, a share capital increase or reduction, the cancellation or limiting of right of first refusal to new shares, corporate transformation, mergers or demergers, blanket assignment of assets and liabilities and the moving of the registered office abroad and, in general, any amendment of the Articles of Association, at the first call there must be as many shareholders present or represented as hold at least fifty per cent of the subscribed capital with voting rights. Twenty-five per cent of such share capital shall suffice for a quorum at the second call.*

*To pass the resolutions referred to in the preceding paragraph, if the capital that is present or represented exceeds fifty per cent, it shall suffice that the resolution be adopted by absolute majority. Notwithstanding this, voting in favour by two-thirds of the share capital present or represented at the Meeting shall be required when at the second call the shareholders account for twenty-five per cent or higher of the subscribed capital with voting rights without reaching the fifty per cent mark.*

*The Articles of Association can raise the quorums and majorities referred to in the preceding paragraphs.*

*Shareholders with the right to attend and vote can cast their votes on resolutions that figure on the Agenda by post, email or any other remote means of communication before the meeting is held as long as the identity of the person casting their vote in this way and the security of the e-communications are fully assured, as provided for in the applicable regulatory framework, the Articles of Association, these Regulations and in the supplementary and implementing rules thereof where the Board of Directors may approve these.*

*Based on the technical and legal conditions that so enable it and duly guarantee the identity of the individual exercising their right to vote, the Board of Directors is entitled to develop the aforementioned provisions by establishing the appropriate rules, media and procedures, as per state-of-the-art technology to organise the casting of votes and the granting of proxy representation by electronic means, in accordance, where appropriate, with that which is provided for in the applicable regulatory framework for these matters. The implementing provisions adopted by the Board of Directors under this Article will be published on the Company website.*

*For any resolution to be voted on by the General Shareholders' Meeting, at least the following must be determined: the number of shares against which the number of valid votes have been cast, the proportion of share capital represented by said votes, the total number of valid votes, the number of votes for and against the resolution and, where appropriate, the number of abstentions.*

*When a vote has been cast electronically, the Company must send the voting shareholder e-confirmation of the receipt of their vote.*

*Without detriment to this, no later than one month as of the date on which the General Shareholders' Meeting is held, the shareholder or their representative and the ultimate beneficiary can ask the Company for confirmation that the votes corresponding to their shares were properly registered and accounted for by the Company, unless they already have this information. The Company must send this confirmation within the window established by the applicable regulation."*

## B.4 GIVE DETAILS OF ATTENDANCE AT GENERAL SHAREHOLDERS' MEETINGS HELD DURING THE REPORTING YEAR AND THE TWO PREVIOUS YEARS.

| Date of general meeting | Attendance data | | | | |
|---|---|---|---|---|---|
| | % physically present | % present by proxy | % distance voting | | Total |
| | | | Electronic voting | Other | |
| 22/05/2019 | 7.07% | 74.59% | 0.00% | 0.00% | 81.66% |
| **Of which float** | 2.67% | 19.54% | 0.00% | 0.00% | 22.21% |
| 20/05/2020 | 5.04% | 75.14% | 1.42% | 2.04% | 83.64% |
| **Of which float** | 1.27% | 19.26% | 1.17% | 2.04% | 23.75% |
| 23/06/2021 | 4.68% | 74.14% | 0.06% | 1.43% | 80.31% |
| **Of which float** | 1.06% | 17.53% | 0.06% | 1.43% | 20.08% |

| Remarks |
|---|
| Bearing in mind the attendant circumstances of the public health risk from the Covid-19 pandemic, the 2021 Annual General Meeting was held at second call exclusively via remote means of attendance for shareholders and their proxy representatives pursuant to Article 3 of Royal Decree Law 34/2020 of 17 November on urgent measures to support business solvency and the energy sector, and in the area of taxation, this with reference to the rendering thereof given in Royal Decree Law 5/2021 of 12 March on extraordinary measures to support business solvency in response to the Covid-19 pandemic.<br><br>Thus voting by shareholders attending via remote means has been included in the "electronic voting" column and voting by shareholders using proxy representation by remote media appears in the "% present by proxy" column. Physical presence has solely been attributed to shares owned by the directors who were present at the 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 |
|---|---|

## B.6 INDICATE WHETHER THE ARTICLES OF ASSOCIATION 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 both the Corporate Governance of the company and General Shareholders' Meetings is available through the "Corporate Governance" section of the "Shareholders and Investors" section of its website at www.grupoelecnor.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 ASSOCIATION 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 | Repr. | 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 | Chairman | 19/12/2001 | 01/06/2018 | General Meeting | 09/09/1954 |
| Mr IGNACIO PRADO REY-BALTAR | | Proprietary | Deputy Chairman | 01/06/2018 | 01/06/2018 | General Meeting | 21/08/1952 |
| Mr RAFAEL MARTÍN DE BUSTAMANTE VEGA | | Executive | Member and CEO | 18/05/2011 | 23/06/2021 | General Meeting | 27/01/1958 |
| Mr CRISTÓBAL GONZÁLEZ DE AGUILAR ALONSO-URQUIJO | | Proprietary | Deputy Secretary | 18/03/2015 | 22/05/2019 | General Meeting | 23/11/1954 |
| Mr FERNANDO AZAOLA ARTECHE | | External | Member | 18/06/1998 | 01/06/2018 | General Meeting | 04/12/1940 |
| Mr MIGUEL CERVERA EARLE | | Proprietary | Member | 01/06/2018 | 01/06/2018 | General Meeting | 29/09/1963 |
| Ms ISABEL DUTILH CARVAJAL | | Independent | Member | 20/05/2015 | 22/05/2019 | General Meeting | 13/09/1963 |
| Mr JOAQUÍN GÓMEZ DE OLEA MENDARO | | Proprietary | Member | 15/10/2009 | 20/05/2020 | General Meeting | 02/05/1964 |
| Ms IRENE HERNÁNDEZ ÁLVAREZ | | Independent | Member | 01/06/2018 | 01/06/2018 | General Meeting | 03/01/1965 |
| Mr JUAN LANDECHO SARABIA | | Proprietary | Member | 21/06/2006 | 01/06/2018 | General Meeting | 04/08/1956 |
| Mr SANTIAGO LEÓN DOMECQ | | Proprietary | Member | 23/06/2021 | 23/06/2021 | Appointed by co-option | 27/01/1958 |
| Mr MIGUEL MORENÉS GILES | | Proprietary | Member | 23/07/1987 | 01/06/2018 | General Meeting | 03/03/1948 |

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|---|---|---|---|---|---|---|---|
| Mr GABRIEL DE ORAA Y MOYUA | | Proprietary | Member | 20/07/1989 | 01/06/2018 | General Meeting | 09/04/1938 |
| Mr RAFAEL PRADO ARANGUREN | | Proprietary | Member | 18/11/1993 | 01/06/2018 | General Meeting | 27/06/1965 |
| Mr EMILIO YBARRA AZNAR | | Independent | Member | 20/05/2015 | 22/05/2019 | General Meeting | 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 |
|---|---|---|---|---|---|
| | | | | | |

| Reason for the cessation when this occurs before the end of the term of office and other remarks; information on whether the director has sent a letter to the remaining board members and, in the case of cessation of non-executive directors, explanation or opinion of the director dismissed by the general meeting |
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### C.1.3. COMPLETE THE FOLLOWING TABLES ON THE MEMBERS OF THE BOARD AND THEIR CATEGORIES

**EXECUTIVE DIRECTORS**

| Name or company name of the director | Post in organisation chart of the company | Profile |
|---|---|---|
| Mr Rafael Martín de Bustamante Vega | CEO | **PROFESSIONAL AND BIOGRAPHICAL PROFILE**<br>Position: Chief Executive Officer<br>Category: Executive<br>Committees: Member of the Executive Committee (18/03/2015).<br>Dates of appointment and re-election as a board member of Elecnor, S.A.:<br>- First appointment: 18/05/2011<br>- 1st re-election: 16/05/2017<br>- 2nd re-election: 23/06/2021<br>Holding in the share capital of Elecnor, S.A.:<br>- Direct: 0.025%<br>- Indirect: 0.000%<br><br>**OTHER CURRENT POSITIONS HELD AND ACTIVITIES** |

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| | | ELECNOR GROUP:<br>- Board member of ENERFÍN SOCIEDAD DE ENERGÍA, S.L.U.<br>- Board member of CELEO CONCESIONES E INVERSIONES, S.L.<br>- Member of the advisory board of the ELECNOR FOUNDATION.<br><br>**PROFESSIONAL CAREER**<br><br>ELECNOR GROUP:<br>- General Manager<br>- General Manager of Networks and Installations<br>- General Management Director<br>- International Sales Management<br>- National Sales Management.<br><br>OUTSIDE THE ELECNOR GROUP: President of ADEMI (Association of Industrial Assembly Companies)<br><br>**ACADEMIC EDUCATION**<br>- Degree in Physics from the UNED<br>- Diploma in the PADE Programme from the IESE Business School of the University of Navarra (Spain)<br>• Languages: English and French. |

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| Total number of executive directors | 1 |
| Percentage of board | 6.66% |

## EXTERNAL PROPRIETARY DIRECTORS

| Name of 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. | **PROFESSIONAL AND BIOGRAPHICAL PROFILE**<br>Position: Chairman<br>Category: Proprietary<br>Committees:<br>- Chairman of the Executive Committee (01/06/2018).<br>- Secretary of the Appointments, Remuneration and Sustainability Committee (01/06/2018).<br>Dates of appointment and re-election as a board member of Elecnor, S.A.:<br>- First appointed: 19/12/2001<br>- 1st re-election: 20/06/2003<br>- 2nd re-election: 23/06/2006<br>- 3rd re-election: 23/05/2012<br>- 4th re-election: 1/06/2018<br>Holding in the share capital of Elecnor, S.A.:<br>- Direct: 0.036%<br>- Indirect: 0.000%<br><br>**OTHER CURRENT PROFESIONAL POSITIONS HELD AND ACTIVITIES**<br><br>ELECNOR GROUP:<br>- Chairman of the Committee of ELECNOR SERVICIOS Y PROYECTOS, S.A.U.<br>- Member of the Board of Directors of ENERFÍN |

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| | | SOCIEDAD DE ENERGÍA, S.L.U.<br><br>OUTSIDE THE ELECNOR GROUP:<br>- VISCOFAN, S.A.: Board member and Chairman of the Appointments, Remuneration and Sustainability Committee<br>- Director and Deputy Chairman of the Board of Directors of CANTILES XXI, S.L.<br>- TASDEY, S.A.: Member of the Board of Directors<br>- BBVA: Member of the Advisory Board of Zona Norte<br>- CIRCULO DE EMPRESARIOS: Member<br>- ADEY FOUNDATION: Trustee<br>- Joint and several administrator of RACAZ SEIS, S.L.<br><br>**PROFESSIONAL CAREER**<br><br>ELECNOR GROUP:<br>- Deputy Chairman of the Board of Directors<br>- Member of the Board of Directors of CELEO CONCESIONES E INVERSIONES, S.L.<br><br>OUTSIDE THE ELECNOR GROUP:<br>- CEMENTOS PORTLAND VALDERRIVAS: various management positions and i member of the Board of Directors of several of its companies.<br><br>**ACADEMIC EDUCATION**<br>- Degree in Industrial Engineering, specialising in Industrial Organisation, from the ETSII in Bilbao.<br>- Languages: English<br><br>• |
| Mr Ignacio Prado Rey-Baltar | CANTILES XXI, S.L. | **PROFESSIONAL AND BIOGRAPHICAL PROFILE**<br>Position: Deputy Chairman<br>Category: Proprietary<br>Committees:<br>- Member of the Audit Committee (01/06/2018)<br>- Member of the Executive Committee (23/09/2020)<br>Dates of appointment and re-election as a Board Member of Elecnor, S.A.:<br>- First appointed: 01/06/2018<br>- Appointed as a Deputy Chairman: 01/06/2018<br><br>**Holding in the share capital of Elecnor, S.A.:**<br>- Direct: 0.464%<br>- Indirect: 0.000%<br><br>**OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES**<br><br>ELECNOR GROUP: Board Member of ENERFÍN SOCIEDAD DE ENERGÍA, S.L.U.<br><br>OUTSIDE THE ELECNOR GROUP: Board Member of GRUPO CELULOSAS MOLDEADAS, S.L.<br><br>**PROFESSIONAL CAREER**<br><br>ELECNOR GROUP:<br>- Deputy General Manager of Assets of ELECNOR, S.A. subsidiaries<br>- Director of Interior subsidiaries<br>- Director of Human Resources<br>- Technology and New Products. Gas and Water.<br>- Gas Delegation.<br>- Member and Secretary of the Board of Trustees of the ELECNOR FOUNDATION. |

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| | | OUTSIDE THE ELECNOR GROUP:<br>- Prado Hnos., S.A.: Administrative Financial Director<br>- Assistant to the Administrative Financial Director<br>- Member of the Board of Directors of CEMOPOL - CELULOSES MOLDEADAS PORTUGUESAS, S.A.<br><br>**ACADEMIC EDUCATION**<br>- Degree in Economics and Business Administration from the Universidad Comercial de Deusto<br>- Senior Management Programme (PADE) at the IESE Business School of the University of Navarra.<br>- Languages: English. |
| Mr Joaquín Gómez de Olea Mendaro | CANTILES XXI, S.L. | **PROFESSIONAL AND BIOGRAPHICAL PROFILE**<br>Position: Board Member<br>Category: Proprietary<br>Committees: N/A<br>Dates of appointment and re-election as a Board Member of Elecnor, S.A.:<br>- First appointed: 19/06/2010<br>- 1st re-election: 18/05/2016<br>- 2nd re-election: 21/05/2020<br>Holding in the share capital of Elecnor, S.A.:<br>- Direct: 0.001%<br>- Indirect: 0.115%<br><br>**OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES**<br><br>ELECNOR GROUP:<br>- Board Member of CELEO CONCESIONES E INVERSIONES, S.L.<br>- Secretary-Counsellor of ENERFIN SOCIEDAD DE ENERGIA, S.L.U.<br><br>OUTSIDE THE ELECNOR GROUP: Board Member and Chairman of CANTILES XXI, S.L.<br><br>**PROFESSIONAL CAREER**<br><br>ELECNOR GROUP: Secretary to the Board of Directors of ELECNOR, S.A.<br><br>OUTSIDE THE ELECNOR GROUP:<br>- Director of TUBOS REUNIDOS.<br>- Member of the Appointments and Remuneration Committee of TUBOS REUNIDOS.<br>- Chairman of the Audit Committee of TUBOS REUNIDOS.<br>- Member of the Audit Committee of TUBOS REUNIDOS.<br>- Non-executive Chairman of CELEO REDES, S.L.U.<br><br>**ACADEMIC EDUCATION**<br>- Higher Industrial Engineer qualifying at the School of Industrial Engineers, Madrid (U.P.M.)<br>- Languages: English<br><br>• |
| Mr Cristóbal González de Aguilar Alonso-Urquijo | CANTILES XXI, S.L. | **PROFESSIONAL AND BIOGRAPHICAL PROFILE**<br>Position: Board Member<br>Category: Proprietary<br>Committees: Member of the Executive Committee (2018-)<br>Dates of appointment and re-election as a Board Member of Elecnor, S.A.:<br>- First appointed: 18/03/2015<br>- 1st re-election: 22/05/2019<br>- Appointed as Deputy Secretary: 20/01/16<br>Holding in the share capital of Elecnor, S.A.: |

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|---|---|---|
| | | - Direct: 0.135%<br>- Indirect: 0.000%<br><br>**<u>OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES</u>**<br><br><u>ELECNOR GROUP</u>: Board Member of ENERFIN SOCIEDAD DE ENERGIA, S.L.U.<br><u>OUTSIDE THE ELECNOR GROUP</u>: Alternate Director of CANTILES XXI, S.L.<br><br>**<u>PROFESSIONAL CAREER</u>**<br><br><u>ELECNOR GROUP</u>: Board Member of CELEO CONCESIONES E INVERSIONES, S.L.<br><u>OUTSIDE THE ELECNOR GROUP</u>:<br>- Board Member of ELECDEY, S.L.<br>- Board Member of TASDEY, S.A.<br>- CEO of Ingeniería, Estudios y Proyectos NIP, S.A.<br>- Management of the Commercial Department at Ingeniería, Estudios y Proyectos NIP, S.A.<br>- Operations department (Seville Airport), AENA<br><br>**<u>ACADEMIC EDUCATION</u>**<br>- Higher Aeronautical Engineer from the School of Aeronautical Engineering of the Polytechnic<br>- University of Madrid<br>- Upper Level Diploma from The British Institute in Madrid<br>- Diploma in Business Administration, Corporate Finance and Stock Market Analysis from CEPADE of the Polytechnic University of Madrid<br>- Management Development Programme (PDD) from the IESE Business School of the University of Navarra<br>- Languages: English and French.<br>• |
| Mr Miguel Cervera Earle | CANTILES XXI, S.L. | **<u>PROFESSIONAL AND BIOGRAPHICAL PROFILE</u>**<br><u>Position</u>: **Board** Member<br><u>Category</u>: Proprietary<br><u>Committees</u>: Member of the Appointments, Remuneration and Sustainability Committee (24/03/2021)<br><u>Dates of appointment and re-election as a Board Member of Elecnor, S.A.:</u><br>- First appointed: 01/06/18<br><u>Holding in the share capital of Elecnor, S.A.:</u><br>- Direct: 0.164%<br>- Indirect: 0.004%<br><br>**<u>OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES</u>**<br><br><u>ELECNOR GROUP</u>: Deputy Secretary of ENERFÍN SOCIEDAD DE ENERGÍA, S.L.U.<br><br><u>OUTSIDE THE ELECNOR GROUP:</u><br>- Director of Maria del Mar Manca S.L.<br>- Board Member of Clonsila Inversiones S. L.<br>- Board Member of Inversiones Berretin, S.L.<br>- Board Member of Tasdey, S.A.<br><br>**<u>PROFESSIONAL CAREER</u>**<br><br><u>OUTSIDE THE ELECNOR GROUP:</u><br>- Founder and Managing Director of Solución Dental<br>- Founder and Managing Director of Solución Salud.<br>- Founder and Partner of SMI España Infoclinic.<br>- Founder and Partner of Mirco LTD.<br>- Board Member of Echepolita S.L. |

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| | | **ACADEMIC EDUCATION**<br>- Graduate of the Centro de Estudios Informáticos (Madrid).<br>- Master's degree in business programming from SPHINX, Ltd. (London).<br>- MP - Programme for Directors. Keys to successfully tackle the new challenges facing Boards of Directors. ESADE BUSINESS SCHOOL MADRID.<br>- Languages: English.<br>• |
| Mr Juan Landecho Sarabia | CANTILES XXI, S.L. | **PROFESSIONAL AND BIOGRAPHICAL PROFILE**<br>Position: Board Member<br>Category: Proprietary<br>Committees: N/A<br>Dates of appointment and re-election as a Board Member of Elecnor, S.A.:<br>- First appointed: 21/06/2006<br>- 1st re-election: 23/05/2012<br>- 2nd re-election: 1/06/2018<br>Holding in the share capital of Elecnor, S.A.:<br>- Direct: 0.003%<br>- Indirect: 0.082%<br><br>**OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES**<br><br>ELECNOR GROUP: Board Member of ENERFIN SOCIEDAD DE ENERGIA, S.L.U.<br>OUTSIDE THE ELECNOR GROUP: Board Member of CANTILES XXI, S.L.<br><br>**PROFESSIONAL CAREER**<br>ELECNOR GROUP:<br>- Manager in several departments of Elecnor, S.A.<br>- Belonged to INTERNACIONAL DE DESARROLLO ENERGETICO, S.A.<br>OUTSIDE THE ELECNOR GROUP:<br>- Board Member of Ingeniería, Estudios y Proyectos NIP, S.A.<br>- Director and Vice President of the Club de Exportadores e Inversores.<br>- Board Member of CELEO CONCESIONES E INVERSIONES, S.L.<br>- Director and member of the Board Committee of the Association of Manufacturers of Capital Goods SERCOBE.<br>- Credit Suisse.<br>- Electrowatt Ingeniería.<br>**ACADEMIC EDUCATION**<br>- Degree in Economics and Business Administration from the Universidad Pontificia de Comillas, ICADE 2<br>- Languages: English.<br>• |
| Mr Santiago León Domecq | CANTILES XXI, S.L. | **PROFESSIONAL AND BIOGRAPHICAL PROFILE**<br>Position: Board Member<br>Category: Proprietary<br>Committees: N/A<br>Dates of appointment and re-election as a Board Member of Elecnor, S.A.:<br>- First appointed: 23/06/2021<br>Holding in the share capital of Elecnor, S.A.:<br>- Direct: 0.414%<br>- Indirect: 0.000%<br><br>**OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES** |

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| | | ELECNOR GROUP: Board Member of ENERFIN SOCIEDAD DE ENERGIA, S.L.U.<br>OUTSIDE THE ELECNOR GROUP:<br>- Board Member of TASDEY, S.A.<br>- Board Member of PROBIGRAF, S.L.<br><br>**PROFESSIONAL CAREER**<br><br>ELECNOR GROUP: Board Member of DEIMOS SPACE, SL.U.<br>FUERA DEL GRUPO ELECNOR:<br>- Board Member of Ingeniería, Estudios y Proyectos NIP, S.A.<br>- Board Member of ELECDEY, S.L.<br>- Board Member of ELECDEY CARCELERN, S.L.<br>- Board Member of ELECDEY ASCOY, S.A.<br>- High Net Worth Agent at BANKINTER<br>- Chairman of VOLVO TURISMOS LA RAZA<br>- Territorial Director of Private Banking at BANESTO<br>- Board Member of CONTIFORM, S.A.<br>- Deputy Chairman of CHASE MANHATTAN BANK<br>- Board Member of JEREZ INDUSTRIAL, S.A.<br>- Board Member of GRAFICARTÓN, S.A.<br>- Board Member of EUROPAPEL, S.A.<br>- Manager de MANUFACTURERS HANOVER TRUST CO.<br>**ACADEMIC EDUCATION**<br>- Law degree, University of Cadiz<br>- MBA, University of Cadiz<br>- Languages: English. |
| Mr Miguel Morenés Giles | CANTILES XXI, S.L. | **PROFESSIONAL AND BIOGRAPHICAL PROFILE**<br>Position: Board Member<br>Category: Proprietary<br>Committees:<br>- Member of the Executive Committee (18/03/2015)<br>- Secretary of the Audit Committee (01/06/2018)<br>Dates of appointment and re-election as a Board Member of Elecnor, S.A.:<br>First appointed 23/07/1987<br>- 1st re-election: 21/06/1991<br>- 2nd re-election: 27/06/1996<br>- 3rd re-election: 18/06/1998<br>- 4th re-election: 20/06/2003<br>- 5th re-election: 23/06/2006<br>- 6th re-election: 23/05/2012<br>- 7th re-election: 1/06/2018<br>Holding in the share capital of Elecnor, S.A.:<br>- Direct: 0.000%<br>- Indirect: 1.011%<br><br>**OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES**<br><br>ELECNOR GROUP:<br>- Board Member of ENERFÍN SOCIEDAD DE ENERGÍA, S.L.U.<br>- Non-executive Chairman of CELEO CONCESIONES E INVERSIONES, S.L.<br><br>OUTSIDE THE ELECNOR GROUP:<br>- Padre Damián Foundation: Founder and Trustee<br>- Board Member of CANTILES XXI, S.L.<br>- Chairman of the Board of Directors of Fincas Cultivadas S.L.<br>- Agrícola Capdepon SL. Individual representing the Administrator of Fincas Cultivadas.<br>- Board Member of Acerca Partners S.L. |

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| | | - Board Member of Kerow Inversiones S.L.<br>- Board Member of Inversiones Transitorias con Inmuebles S.L.<br>- Board Member of Eguiluz Equipamientos S.L.<br>- Board Member of Edificios Eguiluz S.L.<br><br>**PROFESSIONAL CAREER**<br><br>OUTSIDE THE ELECNOR GROUP:<br>- Confide Residencial, S.L.: Board Member<br>- Strategic Adviser for several companies<br>- Freigel Foodsolutions, S.A.: Chairman and CEO<br>- Grupo Agrovic Alimentación: Board Member and CEO<br>- Tinamenor, S.A.: Chairman and CEO<br>- Constructora Internacional, S.A.: Deputy Managing Director<br>- Williams & Humbert, S.A.: Director of the International Division.<br>- Garvey, S.A.: Deputy General Manager and Assistant to the Managing Director.<br><br>**ACADEMIC EDUCATION**<br>- Graduate in Political, Economic and Business Sciences, specialising in Business, from the Complutense University of Madrid.<br>- Masters in Economics and Business Management (MED) at the Instituto de Estudios Superiores de la Empresa (IESE) of the University of Navarra in Barcelona.<br>- Senior Business Management Programme (PADE) from the Instituto de Estudios Superiores de la Empresa (IESE) of the University of Navarra in Barcelona.<br>- Languages: English and French. |
| Mr Gabriel de Oraa y Moyúa | CANTILES XXI, S.L. | **PROFESSIONAL AND BIOGRAPHICAL PROFILE**<br>Position: Board Member<br>Category: Proprietary<br>Committees: N/A<br>Dates of appointment and re-election as a Board Member of Elecnor, S.A.:<br>- First appointed: 20/07/1989<br>- 1st re-election: 21/06/1991<br>- 2nd re-election: 27/06/1996<br>- 3rd re-election: 18/06/1998<br>- 4th re-election: 20/06/2003<br>- 5th re-election: 23/06/2006<br>- 6th re-election: 23/05/2012<br>- 7th re-election: 1/06/2018<br>Holding in the share capital of Elecnor, S.A.:<br>- Direct: 0.000%<br>- Indirect: 0.000%<br><br>**OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES**<br><br>ELECNOR GROUP: Board Member of ENERFIN SOCIEDAD DE ENERGIA, S.L.U.<br>OUTSIDE THE ELECNOR GROUP: Board Member of CANTILES XXI, S.L.<br><br>**PROFESSIONAL CAREER**<br>ELECNOR GROUP:<br>- Secretary of the Board of Directors of Elecnor, S.A.<br>- General Manager of Elecnor, S.A.<br>- Director of various departments at Elecnor, S.A.<br>- Board Member of CELEO CONCESIONES E INVERSIONES, S.L.<br>OUTSIDE THE ELECNOR GROUP:<br>- Project engineer at ALSTHOM, S.A. (Paris). |

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| | | - Project Development Engineer at GENERAL ELECTRIC, Lynchburg and Roanoke, VA (USA).<br><br>**ACADEMIC EDUCATION**<br>- PhD in Industrial Engineering from the Escuela Técnica Superior de Ingenieros, Bilbao.<br>- Course in Economics at the Sorbonne University (Paris).<br>- INSIDE Business Management Course at the Universidad Comercial de Deusto (Bilbao).<br>- Senior Business Management Programme (PADE) at the IESE of the University of Navarra.<br>- Languages: English and French. |
| Mr Rafael Prado Aranguren | CANTILES XXI, S.L. | **PROFESSIONAL AND BIOGRAPHICAL PROFILE**<br>Position: Board Member<br>Category: Proprietary<br>Committees: N/A<br>Dates of appointment and re-election as a Board Member of Elecnor, S.A.:<br>- First appointed: 18/11/1993<br>- 1st re-election: 27/06/1996<br>- 2nd re-election: 18/06/1998<br>- 3rd re-election: 20/06/2003<br>- 4th re-election: 23/06/2006<br>- 5th re-election: 23/05/2012<br>- 6th re-election: 1/06/2018<br>Holding in the share capital of Elecnor, S.A.:<br>- Direct: 0.158%<br>- Indirect: 0.000%<br><br>**OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES**<br><br>ELECNOR GROUP: Board Member of ENERFÍN SOCIEDAD DE ENERGÍA, S.L.U.<br><br>OUTSIDE THE ELECNOR GROUP:<br>- Joint administrator and Founding Partner of Servicio y Asesoramiento de Riesgos Empresariales, S.L. (SARE, S.L. Insurance Brokerage)<br>- Joint Administrator and Founding Partner at Sarelan Consultores, S.L.L.<br>- Member of the Board of Directors and Secretary of Team Ingeniería y Consultoría, S.L.<br><br>**PROFESSIONAL CAREER**<br><br>ELECNOR GROUP:<br>- Secretary of the Board of Directors<br>- Member of the Audit Committee<br>- Chairman of the Equity Committee of Subsidiaries<br>- Member of the Board of Directors of CELEO CONCESIONES E INVERSIONES, S.L.<br><br>OUTSIDE THE ELECNOR GROUP: Held various positions of responsibility in the firms Alexander & Alexander and AON Gil & Carvajal<br><br>**ACADEMIC EDUCATION**<br>- Graduate in Economics and Business Studies from the Complutense University of Madrid, specialising in Auditing within Business Studies.<br>- Studies completed entirely at CUNEF.<br>- Diploma as a Qualified Insurance Broker.<br>• Languages: English |

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|---|---|
| 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 | **PROFESSIONAL AND BIOGRAPHICAL PROFILE**<br>Position: Board Member<br>Category: Independent Director<br>Committees:<br>- Member of the Audit Committee (2019-).<br>- Member of the Appointments, Remuneration and Sustainability Committee (2015-)<br>Dates of appointment and re-election as a Board Member of Elecnor, S.A.:<br>- First appointed: 20/05/2015<br>- 1st re-election: 22/05/2019<br>Holding in the share capital of Elecnor, S.A.:<br>- Direct: 0.010%<br>- Indirect: 0.000%<br><br>**OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES**<br><br>OUTSIDE THE ELECNOR GROUP:<br>- Founding partner of Argali Abogados, S.L., a firm specialising in M&A<br>- Independent Board Member of Millennium Hospitality Real Estate SOCIMI, member of the Appointments and Remuneration Committee and of the Audit Committee<br>- Independent Board Member of Banco de Alcalá, S.A. and Chairwoman of the Appointments and Remuneration Committee<br>- Chairwoman of the Legal Security working group of the Círculo de Empresarios.<br>- Arbitrator.<br><br>**PROFESSIONAL CAREER**<br><br>ELECNOR GROUP: Chairwoman of the Audit Committee<br><br>OUTSIDE THE ELECNOR GROUP:<br>- Founding partner and Board Member of the multidisciplinary business law firm DUTILH ABOGADOS.<br>- Secretary of the Board of Directors and of the Executive Committee of Prosegur.<br>- Secretary of the Board of Directors and of the Audit Committee of Bodaclick.<br>- Secretary of the Board of Directors of several companies (High-Tech Hotels and Resort, SwiftAir, Inteligencia Ymedia and Lledó Iluminación)<br><br>**ACADEMIC EDUCATION**<br>- Degree n Law CEU, Complutense University.<br>- Masters in Maritime Business, ICADE. Spanish Maritime Institute.<br>- Masters in Maritime Law (LLM), University of Cardiff, Wales.<br>- Leadership in law firms, Harvard.<br>Languages: English and French |
| Ms Irene Hernández Álvarez | **PROFESSIONAL AND BIOGRAPHICAL PROFILE**<br>Position: Board Member<br>Category: Independent director<br>Committees: Chairwoman of the Audit Committee (2019-)<br>Dates of appointment and re-election as a Board Member of Elecnor, S.A.:<br>- First appointed: 01/06/2018 |

| | |
|---|---|
| | Holding in the share capital of Elecnor, S.A.:<br>- Direct: 0.007%<br>- Indirect: 0.000%<br><br>**OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES**<br><br>OUTSIDE THE ELECNOR GROUP:<br>- Founding Partner of Impulsa Capital, S.L.<br>- Coordinating Director and Chairwoman of the Audit Committee, and both Member and Secretary of the Appointments and Remuneration Committee, of Saint Croix Holding Immobilier SOCIMI, S.A.<br>- Coordinating Director, member of the Executive Committee and Chairwoman of the Audit Committee of ENCE ENERGÍA Y CELULOSA, S.A.<br><br>**PROFESSIONAL CAREER**<br><br>ELECNOR GROUP: Member of the Audit Committee.<br><br>OUTSIDE THE ELECNOR GROUP: J.P. Morgan.<br><br>**ACADEMIC EDUCATION**<br>- ICADE, Madrid.<br>- Extraordinary End of Degree Award E-2 in Economics and Business Studies.<br>- Second National Economics Prize.<br>- VI Premio Carlos Cubillo Valverde, sponsored by Price Waterhouse.<br>- Languages: English. |
| Mr Emilio Ybarra Aznar | **PROFESSIONAL AND BIOGRAPHICAL PROFILE**<br>Position: Board Member<br>Category: Independent Director<br>Committees:<br>- Member of the Audit Committee (22/05/2019)<br>- Chairman of the Appointments, Remuneration and Sustainability Committee (22/05/2019)<br>Dates of appointment and re-election as a Board Member of Elecnor, S.A.:<br>- First appointed: 20/05/2015<br>- 1st re-election 22/05/2019<br>Holding in the share capital of Elecnor, S.A.:<br>- Direct: 0.011%<br>- Indirect: 0.000%<br><br>**OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES**<br><br>OUTSIDE ELECNOR GROUP:<br>- Deputy Chairman of the Board of Directors and Member of the Executive Committee of TUBOS REUNIDOS.<br>- Founder and Partner of Kemet Corner, a strategic communication, brand image and public relations consultancy for companies since 2016.<br><br>**PROFESSIONAL CAREER**<br><br>ELECNOR GROUP: Coordinating Director for the Chairman.<br><br>OUTSIDE THE ELECNOR GROUP:<br>- GRUPO VOCENTO:<br>  ○ General Manager of Communications and Institutional Relations at Vocento.<br>  ○ Chairman of Commercial Multimedia Vocento.<br>  ○ Deputy Chief Executive Officer and General Manager of Development at Diario ABC. |

| | |
|---|---|
| | ○ General Manager of Diario El Correo, Bilbao.<br>○ General Manager at Diario La Rioja.<br>○ Marketing Director at CM XXI.<br>○ Deputy Sales Manager at Grupo Correo.<br>- GRUPO PRISA: area of International expansion.<br>- JP MORGAN: Analyst in Corporate Finance (Madrid, New York and London).<br>**ACADEMIC EDUCATION**<br>- Degree in Law, Complutense University of Madrid<br>- Certificate in Business Administration and Management. Harvard University, Boston<br>- Senior Management Programme (PADE), IESE Madrid<br>- Languages: English. |

| 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 | Does not own a shareholding that is considered as legally significant and was Executive Director of the Company up until 31/12/2016 | ____________<br>____ | **PROFESSIONAL AND BIOGRAPHICAL PROFILE**<br>Position: Board Member<br>Category: Other External<br>Committees: Secretary of the Executive Committee (01/06/2018)<br>Dates of appointment and re-election as a Board Member of Elecnor, S.A.:<br>- First appointed: 18/06/1998<br>- - 1st re-election: 20/06/2003<br>- - 2nd re-election: 23/06/2006<br>- - 3rd re-election: 23/05/2012 |

| | | | |
|---|---|---|---|
| | | | - - 4th re-election: 1/06/2018<br>Holding in the share capital of Elecnor, S.A.:<br>- Direct: 0.326%<br>- Indirect: 0.000%<br><br>**OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES**<br><br>ELECNOR GROUP: President of the Elecnor Foundation (13/11/2008)<br><br>**PROFESSIONAL CAREER**<br><br>ELECNOR GROUP:<br>- Director of CELEO CONCESIONES E INVERSIONES, S.L.<br>- Executive Chairman<br>- Chairman of the Executive Committee<br>- CEO<br>- Board Member<br>- General Manager<br>- General Management Director<br>- International Commercial Director.<br><br>OUTSIDE THE ELECNOR GROUP:<br>- ALTOS HORNOS DE VIZCAYA: member of the Foreign Trade Department<br>- Director of VOCENTO, S.A. and Chairman of the Appointments and Remuneration Committee.<br>- Member of the Círculo de Empresarios.<br>- Chairman of ADEMI (Association of Industrial Assembly Companies).<br><br>**ACADEMIC EDUCATION**<br>- Graduate in Law from the University of Navarra<br>- Postgraduate studies in Business Administration at the University of Deusto and the University of Southern California (USC) on a scholarship from the Del Amo Foundation.<br>- Diploma in the PADE Programme from the IESE Business School of the University of Navarra (Spain)<br>- Languages: English, French and German. |

| | |
|---|---|
| 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

| | Number of female directors | | | | % of total directors for each category | | | |
|---|---|---|---|---|---|---|---|---|
| | Year 2021 | Year 2020 | Year 2019 | Year 2018 | Year 2021 | Year 2020 | Year 2019 | Year 2018 |
| Executive | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Proprietary | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Independent | 2 | 2 | 2 | 2 | 66.66 | 66.66 | 66.66 | 66.66 |
| Other external | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total: | 2 | 2 | 2 | 2 | 13.33 | 13.33 | 13.33 | 13.33 |

### 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.<br><br>Within the framework of this policy, in 2018, a second Independent Director, Ms Irene Hernández Álvarez was appointed as Chairwoman of the Audit Committee 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.<br><br>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 Committees. 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.<br><br>The bodies responsible for ensuring the diversity of the Board of Directors, that is, the Board of Directors and the Appointments, Remuneration and Sustainability Committee, shall ensure that in the processes for the selection of candidates for Director there is promotion of the diversity of experience, training, professional experience, age, gender, disability and the other diversity criteria set forth in this Policy. |

Likewise, the Elecnor Board of Directors and the Appointments, Remuneration and Sustainability Committee 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 Committees to maintain the necessary suitability of the Board of Directors as a whole, while 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 APPOINTMENTS 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, Remuneration and Sustainability Committee are the bodies responsible for ensuring the diversity of the Board of Directors and its Committees. They must ensure that in the selection processes for the candidates for Director they promote a diversity of experience, training, professional experience, 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 particular, when the Appointments, Remuneration and Sustainability Committee 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 Committees 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.

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 kinship 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, as regards the measures agreed by the Appointments, Remuneration and Stability Committee (formerly known as the Appointments and Remuneration Committee) to encourage the Company to have a significant number of senior female executives, since February 2018 the Company has had an Equality Plan, which applies not only to the management team but also to all the Group's personnel. This is posted on the website of the Company to inform its shareholders, investors and other stakeholders in exercise of the principle of transparency.

The Equality Plan identifies the following work areas where the Company must pay special attention to focussing its efforts:

- **Training**: the Company understands that developing professionals is a key factor for the organisation's success. To this end, the following commitments are undertaken:
    - The Company will promote training actions that equally facilitate the development of skills and competencies, regardless of gender.
    - Both men and women will be ensured equal access to in-house training to drive professional development and adaptability to job requirements.
    - The participation of people returning to work after extended leaves of absence for family reasons in appropriate training courses for their professional retraining will be facilitated.
- **Promotion**: A job assessment system has been developed at Elecnor to assess jobs according to the functions and responsibilities they implicitly entail, regardless of the person who is in the job. The different promotion systems in place at Elecnor aim to stimulate employees' personal development to acquire new competencies that equip them to carry out new functions and obtain better results.
- **Remuneration**: Elecnor has been implementing a remuneration system that guarantees neutrality at all times with no conditioning factors whatsoever on the basis of gender. When it comes to conducting studies on remuneration, Elecnor uses blind data in which the job is taken into account, and not the person. To this end a remuneration system will be kept in place that observes objectivity, fairness and non-gender discrimination criteria; Elecnor shall make sure that the remuneration system aims to reward achievement without discriminating on grounds of gender; and equality of treatment and assessment in applying the remuneration system will be guaranteed for anybody who is exercising an entitlement to a work-life balance.
- **Communications**: Owing to the fact that equality commences right from the Company's communications with its major stakeholders (employees, shareholders and customers), Elecnor reflects its commitment to Equality and Non-discrimination in its specific principles of action for Corporate Social Responsibility and Corporate Compliance. To this end it undertakes the following commitments: the gender perspective will be incorporated into both in-house and external communications, for which purposes a communications Policy will be drawn up; in all the Company's communications and information, as well as in its public dissemination, publicity and recruiting actions, special care will be taken to use neutral, non-sexist language; and this process will bear in mind that communications embraces language, images and content.
- **Selection**: the Company's human resources are essential factors in maintaining and growing its business, thus only the best staff must be selected and hired for each of its activities. Elecnor has a public, written, internal selection and mobility policy, which lays down the guidelines and steps to be followed, and is completely discrimination-free.
- **Work-life balance**: The Company acknowledges entitlement to a work-life balance. Accordingly, attempts will be made to foster greater co-responsibility between men and women when it comes to family obligations. To this end, Elecnor commits to the following: the Company will inform all employees and explain to them all aspects of the law on a work-life balance if they request this, as well as any other entitlements and permissions to which they have a right according to the law and any applicable Collective Bargaining Agreements as these relate to their particular family circumstances. Any such information provided will clearly state that exercising any of their work-life balance entitlements will not have any adverse effect on their chances of promotion, their retribution levels or on their access to certain company benefits and incentives.
- **Occupational health**: The Company will base its choice of furniture, tools and other material normally used by the staff on different ergonomic principles, depending on

whether the user is a man or woman. Elecnor will avoid exposing pregnant women to any situation that could potentially represent a danger to them or their unborn child.

- **Protection against harassment:** the Company firmly rejects and has a policy of zero tolerance as regards behaviour or actions that constitute any form of sexual, moral or gender-based harassment and undertakes to actively, effectively and resolutely collaborate in preventing, detecting, correcting and sanctioning any conduct constituting harassment. The Company will prevent and head off harassment by means of a whistleblowing channel in Corporate Compliance and a Protocol to Prevent Situations of Workplace and Sexual Harassment.

In addition to all this, the Equality Plan lays down specific action to be taken by those people in positions of responsibility in each of the work areas referenced.

In line with the commitments which it has undertaken, at Elecnor 62.23% of women employees are in middle management or higher positions.

The Equality Plan is one of the major tools which the Appointments, Remuneration and Sustainability Committee uses to foster inclusion and diversity among the Group's employees, executive personnel included. Over 2021, together with the Human Resources Department this Committee gave consideration to the increase in the Group's permanent staff, the gender study, the wage gap and the findings of the survey on the atmosphere in the workplace conducted among employees. Even so, owing to the low turnover within the Company's management team over 2021, no specific measures were taken in relation to this category of employees.

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, Remuneration and Sustainability Committee must also ensure other diversity criteria such as professional experience and training, which are very important given Elecnor's business sector, and it must be ensured that, not only gender criteria, but also 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, in spite of the fact that, as was stated above, the level of turnover among Board Members and the management team is very low. |

**C.1.7 EXPLAIN THE CONCLUSIONS OF THE APPOINTMENTS COMMITTEE REGARDING VERIFICATION OF COMPLIANCE WITH THE POLICY AIMED AT PROMOTING AN APPROPRIATE COMPOSITION OF THE BOARD OF DIRECTORS.**

Elecnor is strongly committed to best corporate governance practices and, in particular, to promoting diversity on issues such as age, gender, training and professional experience. In this regard, with the support of the Appointments, Remuneration and Sustainability Committee, the Board of Directors of the Company 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, Remuneration and Sustainability Committee, 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 experience, skills, experience in the sector and knowledge of the Company and its Group, and 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 greater than or equal to that of others at whose request proprietary directors have been appointed. If so, explain why the requests were not granted:

Yes No ☒

No formal request of this kind has been made.

### C.1.9. INDICATE THE POWERS, IF ANY, DELEGATED BY THE BOARD OF DIRECTORS, INCLUDING THOSE RELATING TO THE OPTION OF ISSUING OR RE-PURCHASING SHARES, TO DIRECTORS OR BOARD COMMITTEES

| Name or company name of director or committee | Brief description |
|---|---|
| Mr RAFAEL MARTÍN DE BUSTAMANTE VEGA | All powers except as pertain to the Company's borrowings and those non-delegable by Law or the Articles of Association |
| EXECUTIVE COMMITTEE | All powers of the Board of Directors, except those which are non-delegable legally or under the Articles of Association, nor the following either:<br><br>(i) The capacity to approve investments or transactions of all kinds which lead to indebtedness for the Company.<br><br>(ii) Authorisation to approve investments or transactions of all kinds with a value of over 6,000,000 euros each.<br><br>Nor are powers delegated to approve investments or transactions of any kind for a value of less than 6,000,000 euros each where such authorisation cannot be delegated by the Board of Directors and/or falls within the remit of the General Meeting.<br><br>(iii) Authorisation to approve the incorporation, merger, demerger, blanket assignment of assets and liabilities, dissolution and/or liquidation of all kinds of entities that have their own legal personality, or to approve transactions that produce similar effects to those of the transactions cited upon such entities.<br><br>Powers to approve the above transactions is delegated to entities that do not have their own legal personality, such as, for illustrative purposes though not confined 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.

| Name or company name of director | Company name of the group entity | Position | Does the director have executive powers? |
|---|---|---|---|
| Mr Jaime Real de Asúa Arteche | ENERFIN SOCIEDAD DE ENERGIA, S.L.U. | Director | No |
| Mr Ignacio Prado Rey-Baltar | ENERFIN SOCIEDAD DE ENERGIA, S.L.U. | Director | No |
| Mr Rafael Martín de Bustamante Vega | ELECNOR SERVICIOS Y PROYECTOS, S.A. | Joint and Several Administrator | Yes |
| | ELECRED SERVICIOS, S.A.U. | Joint and Several Administrator | Yes |
| | ENERFIN SOCIEDAD DE ENERGIA, S.L.U. | Director | No |
| Mr Joaquín Gómez de Olea Mendaro | ENERFIN SOCIEDAD DE ENERGIA, S.L.U. | Director and Secretary of the Board | No |
| Mr Cristóbal González de Aguilar Alonso-Urquijo | ENERFIN SOCIEDAD DE ENERGIA, S.L.U. | Director | No |
| Mr Miguel Cervera Earle | ENERFIN SOCIEDAD DE ENERGIA, S.L.U. | Director and Deputy Secretary | No |
| Mr Juan Landecho Sarabia | ENERFIN SOCIEDAD DE ENERGIA, S.L.U. | Director | No |
| Mr Santiago León Domecq | ENERFIN SOCIEDAD DE ENERGIA, S.L.U. | Director | No |
| Mr Miguel Morenés Giles | ENERFIN SOCIEDAD DE ENERGIA, S.L.U. | Director | No |
| Mr Gabriel de Oraa y Moyua | ENERFIN SOCIEDAD DE ENERGIA, S.L.U. | Director | No |
| Mr Rafael Prado Aranguren | ENERFIN SOCIEDAD DE ENERGIA, S.L.U. | Director | No |

### C.1.11. LIST THE POSITIONS OF DIRECTOR, ADMINISTRATOR OR REPRESENTATIVE THEREOF, HELD BY DIRECTORS OR REPRESENTATIVES OF DIRECTORS WHO ARE MEMBERS OF THE COMPANY'S BOARD OF DIRECTORS IN OTHER ENTITIES, WHETHER OR NOT THEY ARE LISTED COMPANIES

| Identity of the director or representative | Company name of the listed or non-listed entity | Position |
|---|---|---|
| Mr Jaime Real de Asúa Arteche | VISCOFAN, S.A. | Member of the Board of Directors and Chairman of the Appointments, Remuneration and Sustainability Committee |
| | CANTILES XXI, S.L | Director and Deputy Chairman of the Board |
| | TASDEY, S.A. | Director |
| | RACAZ SEIS, S.L. | Joint and Several Administrator |
| Mr Ignacio Prado Rey-Baltar | GRUPO CELULOSAS MOLDEADAS, S.L. | Director |

| | | |
|---|---|---|
| Mr Rafael Martín de Bustamante Vega | CELEO CONCESIONES E INVERSIONES, S.L. | Director |
| Mr Joaquín Gómez de Olea Mendaro | CELEO CONCESIONES E INVERSIONES, S.L. | Director |
| | CANTILES XXI, S.L | Director and Chairman of the Board |
| Mr Cristóbal González de Aguilar Alonso-Urquijo | CANTILES XXI, S.L | Alternate Director |
| Mr Fernando Azaola Arteche | N/A | N/A |
| Mr Miguel Cervera Earle | TASDEY, S.A. | Director |
| | INVERSIONES BERRETIN, S.L. | Director |
| | CLONSILA INVERSIONES, S.L. | Director |
| | MARIA DEL MAR MANCA, S.L. | Joint and Several Administrator |
| Ms Isabel Dutilh Carvajal | MILLENIUM HOSPITALITY REAL STATE SOCIMI, S.A. | Independent Director, Member of the Audit Committee, and Member of the Appointments and Remuneration Committee |
| | BANCO DE ALCALÁ, S.A. | Independent Director, Chairwoman of the Appointments and Remuneration Committee |
| | ARGALI ABOGADOS, S.L. | Sole Administrator |
| Ms Irene Hernández Álvarez | SAINT CROIX HOLDING IMMOBILIER SOCIMI, S.A. | Coordinating Director, Chairwoman of the Audit Committee, and Member and Secretary of the Appointments and Remuneration Committee |
| | ENCE ENERGIA Y CELULOSA, S.A. | Coordinating Director, Member of the Executive Committee, and Chairwoman of the Audit Committee |
| | IMPULSA CAPITAL, S.L. | Joint and Several Administrator |
| Mr Juan Landecho Sarabia | CANTILES XXI, S.L. | Director |
| Mr Santiago León Domecq | TASDEY, S.A. | Director |
| | PROBIGRAF, S.L. | Director |
| Mr Miguel Morenés Giles | CANTILES XXI, S.L | Director |
| | CELEO CONCESIONES E INVERSIONES, S.L. | Director and Non-executive Chairman of the Board |
| | FINCAS CULTIVADAS, S.L. | Director and Chairman of the Board |
| | AGRÍCOLA CAPDEPON, S.L. | Individual representing the Administrator of Fincas Cultivadas, S.L. |
| | ACERCA PARTNERS, S.L. | Director |

| | | |
|---|---|---|
| | KEROW INVERSIONES, S.L. | Joint and Several Administrator |
| | INVERSIONES TRANSITORIAS CON INMUEBLES, S.L. | Joint and Several Administrator |
| | EGUILUZ EQUIPAMIENTOS, S.L. | Joint and Several Administrator |
| | EDIFICIOS EGUILUZ, S.L. | Joint and Several Administrator |
| Mr Gabriel de Oraa y Moyua | CANTILES XXI, S.L | Director |
| Mr Rafael Prado Aranguren | SARE S.L. CORREDURÍA DE SEGUROS | Joint Administrator |
| | SARELAN CONSULTORES, S.L.L. | Joint Administrator |
| | TEAM INGENIERÍA Y CONSULTORÍA S.L. | Director and Secretary to the Board |
| Mr Emilio Ybarra Aznar | TUBOS REUNIDOS, S.A. | Deputy Chairman of the Board and Member of the Executive Committee |
| | THE KEMET CORNER, S.L. | Sole Administrator |

Indicate, where appropriate, the other remunerated activities of the directors or directors' representatives, whatever their nature, other than those indicated in the previous table

| Identity of the director or representative | Other paid activities |
|---|---|
| Mr Jaime Real de Asúa Arteche | N/A |
| Mr Ignacio Prado Rey-Baltar | N/A |
| Mr Rafael Martín de Bustamante Vega | N/A |
| Mr Joaquín Gómez de Olea Mendaro | N/A |
| Mr Cristóbal González de Aguilar Alonso-Urquijo | N/A |
| Mr Fernando Azaola Arteche | N/A |
| Mr Miguel Cervera Earle | N/A |
| Ms Isabel Dutilh Carvajal | Arbitrator |
| Ms Irene Hernández Álvarez | N/A |
| Mr Juan Landecho Sarabia | N/A |
| Mr Santiago León Domecq | N/A |
| Mr Miguel Morenés Giles | N/A |
| Mr Gabriel de Oraa y Moyua | N/A |

| | |
|---|---|
| Mr Rafael Prado Aranguren | N/A |
| Mr Emilio Ybarra Aznar | N/A |

**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 rules and identification of the document where this is regulated |
|---|
| 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)** | 4,789.6 |
| **Funds accumulated by current directors for long-term savings systems with consolidated economic rights (thousands of euros)** | 0 |
| **Funds accumulated by current directors for long-term savings systems with unconsolidated economic rights (thousands of euros)** | 0 |
| **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 | Deputy General Manager of Facilities and Networks |
| Mr Eduard Pinyol Escardo | Deputy General Manager of International Development |
| Mr José Martí Soler | Deputy General Manager of Engineering |
| Mr Pablo Díaz Miguel Sánchez | Deputy General Manager of Energy |
| Mr Armando Pérez Medina | Deputy General Manager of Major Networks |
| Mr José Castellanos Ybarra | Deputy General Manager of Enerfín Sociedad de Energía |
| Mr Luis Alcíbar Villa | Deputy General Manager of Internal Audit and Finance |
| Ms Úrsula Albizuri Delclaux | Corporate Development Manager |

| | |
|---|---|
| **Mr Pedro Enrile Mora-Figueroa** | **General and Board Secretary** |

| | |
|---|---|
| **Number of women in senior management** | **1** |
| **Percentage of total senior management** | **10** |

| | |
|---|---|
| **Total remuneration of senior management (thousands of euros)** | 4,474 |

| **Remarks** |
|---|
| The total remuneration indicated includes fixed remuneration and annual variable remuneration |

### C.1.15 INDICATE WHETHER THE BOARD REGULATIONS WERE AMENDED DURING THE YEAR

Yes ☒ No ☐

| **Description of amendment(s)** |
|---|
| On 24 November 2021 the Board of Directors unanimously decided to amend Articles 3 ("Interpretation"), 5 ("General Duty of Supervision"), 6 ("Principles underlying the activities of the Board of Directors"), 13 ("Audit Committee"), 14 ("Appointments, Remuneration and Sustainability Committee"), 22 ("Right to information and right of inspection"), 24 ("Director Remuneration"), 26 ("General Obligations of Directors"), 27 ("Duty of confidentiality"), 28 ("Conflicts of interest"), 31 ("Business opportunities"), 33 ("Transactions with significant shareholders"), 34 ("Principle of Transparency"), 35 (Market relations) and 36 ("Relations with Auditors") of the Regulations of the Board of Directors to bring them into line with the amendments introduced by Law 5/2021 of 12 April on the promotion of long-term shareholder involvement in listed companies, which represents the transposition to the Spanish legal system of Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 ( "Law 5/2021"), and which, among others, amended the revised text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010 of 2 July (the "LSC" for the Spanish), in addition to inserting certain technical or drafting clarifications. |

### 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-option), as well as Articles 18, 19 and 21 of the Regulations of the Board, the content of which is reproduced below:

**ARTICLES OF ASSOCIATION**
*"Article 13.- Appointment*

*The number of Directors on the Board of Directors will not be less than five or be greater than fifteen.*

*Being a Director requires owning at least 5% of the shares of the Company with voting rights, at least five years in advance of the time of appointment. Said advance time of at least five years of owning shares and the requirement to own at least 5% of the capital of the Company will not be required when the appointment, re-election or ratification of a Director takes place through the General Shareholders' Meeting with a quorum of attendance of 25% of the subscribed capital in the first meeting called or without a minimum quorum in the second meeting called, and it is approved, in both cases, by a simple majority of the capital that is present or represented by proxy. The appointment, re-election or ratification of Independent Directors is an exception to the aforementioned, which in any event must comply with the provisions set forth in applicable regulations, in these Articles of Association and in the Regulations of the Board of Directors.*

*The Directors will exercise the duties of their position for the period of four years, and they may be re-elected, one or several times, for periods of equal duration.*

*The appointment of directors will expire when, with the term having expired, the next General Shareholders' Meeting has been held or the legal period for holding the General Shareholders' Meeting that has tot decide on approval of the accounts of the preceding financial year has elapsed.*

*Being a member of the Board of Directors requires not being subject to any of the circumstances implying prohibition or incompatibility that are established in legal provisions. "*

*"Article 15.- Functioning*

*…*

*The Directors are freely designated and dismissed by the General Shareholders' Meeting.*

*If vacancies occur during the term for which the Directors are appointed, the Board may appoint the persons to occupy those vacancies until the first General Shareholders' Meeting is held.*

*…"*

**REGULATIONS OF THE BOARD OF DIRECTORS**

*"Article 18. Appointment of Directors*

*Directors will be appointed by the General Meeting or by the Board of Directors by virtue of the powers of co-option it is accorded by law in the manner stipulated in the Spanish Corporate Enterprises Act and the Articles of Association.*

*[…]*

*Members of the Board of Directors may not be in breach of any of the grounds for disqualification or ineligibility stipulated by law. Appointment or re-election of members of the Board of Directors will be proposed by the Appointments, Remuneration and Sustainability Committee in the case of independent Directors and by the Board itself in all other cases after hearing the opinion of the Appointments, Remuneration and Sustainability Committee.*

*Nominations for appointment must furthermore in all cases be accompanied by a supporting report from the Board evaluating the candidate's expertise, experience, and merits, to be attached to the minutes of either the General Meeting or the Board meeting.*

*Where the Board of Directors disregards the recommendation of the Appointments, Remuneration and Sustainability Committee, its reasons must be stated in the minutes.*

*Company Directors may not belong to more than three Boards of Directors of listed*

*Companies in addition to that of Elecnor."*

*"Article 19 Re-election of Directors*

*Directors will be re-elected subject to the terms provided by law and in the Articles of Association.*
*Proposals or reports by the Appointments, Remuneration and Sustainability Committee will include an assessment of the quality of the work and job dedication of the proposed Directors during their previous terms, as well as their integrity, competence, availability and engagement in their duties."*

*"Article 21 Cessation in office of Directors*

*Directors shall leave office 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 under the Articles of Association.*

*Without prejudice to this, Directors who with proprietary status 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 circumstances that concern them (whether or not these relate to their actions in the Company itself) and which are detrimental to the good name 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, when they must report on developments in such legal proceedings, or when they find themselves in any of the legally envisaged situations of incompatibility or disqualification.*

*On having been informed of or having otherwise found out about the circumstances mentioned in the preceding paragraph, the Board shall give consideration to 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, Remuneration and Sustainability Committee. 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 deadline in the Articles of Association when there is just cause, as assessed by the Board of Directors following a proposal from the Appointments, Remuneration and Sustainability Committee.*

*When the Board of Directors takes 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 ceases in office before the end of their term, whether due to resignation or by resolution of the General Meeting, they must send a letter to all members of the Board of Directors adequately explaining their reasons for leaving 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 the cessation in office as soon as possible, giving a sufficient explanation of the reasons or circumstances cited by the Director."*

Moreover, on 15 December 2021 the Board of Directors of Elecnor approved the "Corporate Governance Policy" document, which includes establishing the principles and guidelines on corporate governance that should regulate the organisation and functioning of the Company's governing bodies, all consistent with the applicable rules and best practices for corporate governance. The policy document contains a special section on "Suitable composition and diversity of the Board of Directors".

**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 2020 which the Board of Directors carried out during the 2021 financial year has led to the drafting of a proposed Action Plan, which notably includes (i) planning to handle appropriate reshaping of the Board of Directors to give due consideration to size, composition, skill-set, type, diversity and age, (ii) continuous improvement in the provision of information to be discussed at Board meetings, (iii) greater and more frequent presence of the management team on the Board and (iv) the appointment of a new member of the Appointments, Remuneration and Sustainability Committee. |

**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 Committees, 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 Committees (each for their own results) and, in addition, the Appointments, Remuneration and Sustainability Committee 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 Committees, training of its members, communication between governing bodies, performance of the functions of the Chairman, Secretary and Chief Executive Officer, environmental, social and governance (ESG) issues, etc.

To provide continuity to the action plan resulting from the evaluation of the Board and its Committees for the 2019 financial year and in order to continue to comply with recommendation 36 of the Code of Good Governance, in 2021, the assessment of the aforementioned 2020 evaluation was performed using the questionnaires developed by the consultancy Russell Reynolds, which, as already reported, the Company 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 Committees and the performance of the Chairman, CEO and Secretary. For the evaluation of the Board for the 2020 financial year conducted in 2021, 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.

Finally, in accordance with the recommendations in the Code of Good Governance, it may be noted that for the evaluation of the 2021 financial year the external consultancy Russell Reynolds has again been hired to revise and update the evaluation system. On top of this they have interviewed each of the members of the Board of Directors within the context of the evaluation process.

**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**

| |
|---|
| Except for that mentioned in section C.1.17 above, there are no business relationships between the external consultancy Russell Reynolds and any company within the Elecnor 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 upon it by law or under 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 circumstances that concern them (whether or not these relate to their actions in the Company itself) and which are detrimental to the good name 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, when they must report on developments in such legal proceedings, or when they find themselves in any of the legally envisaged situations of incompatibility or disqualification.*

*On having been informed of or having otherwise found out about the circumstances mentioned in the preceding paragraph, the Board shall give consideration to 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, Remuneration and Sustainability Committee. 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 deadline in the Articles of Association when there is just cause, as assessed by the Board of Directors following a proposal from the Appointments, Remuneration and Sustainability Committee.*

*When the Board of Directors takes 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 ceases in office before the end of their term, whether due to resignation or by resolution of the General Meeting, they must send a letter to all members of the Board of Directors adequately explaining their reasons for leaving 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 the cessation in office as soon as possible, giving a sufficient explanation of the reasons or circumstances cited 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 ☒

**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 ☒

**C.1.22. INDICATE WHETHER THE ARTICLES OF ASSOCIATION OR BOARD REGULATIONS ESTABLISH ANY LIMIT AS TO THE AGE OF DIRECTORS**

Yes ☐ No ☒

**C.1.23. INDICATE WHETHER THE ARTICLES OF ASSOCIATION 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 ☒

| Additional requirements and/or maximum number of years in office | |
|---|---|

**C.1.24. INDICATE WHETHER THE ARTICLES OF ASSOCIATION 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, Article 16 of the Regulations of the Board of Directors 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, for each session and in writing, delegate other Director to represent them in said session for all purposes, and the same Director can hold several delegations. The proxy representation shall contain the corresponding instructions and shall be communicated to the Chairman of the Board by any means that enables 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 to whom it is possible to delegate the vote other than those provided for in law.

**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** | 12 |
| **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 proxy 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** | 21 |
| **Number of meetings held by the audit committee** | 11 |
| **Number of meetings held by the Appointments, Remuneration and Sustainability Committee** | 8 |

**C.1.26 INDICATE THE NUMBER OF MEETINGS HELD BY THE BOARD OF DIRECTORS DURING THE YEAR WITH MEMBER ATTENDANCE DATA**

| | |
|---|---|
| **Number of meetings at which at least 80% of the directors were present in person** | 12 |
| **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** | 12 |
| **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 ☒

**C.1.28. EXPLAIN THE MECHANISMS, IF ANY, ESTABLISHED BY THE BOARD OF DIRECTORS TO ENSURE THAT THE ANNUAL FINANCIAL STATEMENTS IT PRESENTS TO THE GENERAL SHAREHOLDERS' MEETING ARE PREPARED IN ACCORDANCE WITH ACCOUNTING REGULATIONS**

Through its Audit Committee and the General Internal Audit and Finance Sub-Division, the Company has the necessary mechanisms in place so that the annual financial statements presented at the General Shareholders' Meeting are prepared in accordance with the accounting standards, thereby avoiding any reservations or unfavourable opinions concerning them.

Article 5 of the Regulations of the Audit Committee establishes the following among its duties:

"…

*(i) In respect of supervising financial and non-financial information:*

…

*b) To oversee and assess the process of drawing up and submitting the requisite financial and non-financial information on the Company and on its Group as the case may be; to monitor compliance with legal and regulatory requirements; to ensure that the scope of consolidation has been suitably defined and accounting principles are properly followed; and especially to determine, consider, and supervise the effectiveness of the system for internal control of financial reporting (ICFR) and make suggestions or recommendations for safeguarding financial integrity to the Board of Directors.*

*c) To report in advance to the Board of Directors concerning the financial information, management report and, where appropriate, any requisite non-financial information that the Company is to make public periodically.*

*d) To ensure that the annual financial statements the Board of Directors submits to the General Meeting has been drawn up in accordance with accounting standards. Where the external auditor has included an observation in its audit report, the Audit Committee Chair will clearly explain the Committee's views on its significance and scope to the General Meeting and will make a summarised version of its views available to the shareholders when the notice of meeting is issued, together with the rest of the proposals and reports of the Board.*

*(ii) In respect of supervising internal control of financial reporting:*

*a) To supervise the effectiveness of the internal controls of the Company and its internal audit function in charge of ensuring proper operation of the internal control and reporting system and to discuss with the external auditors any material weaknesses found during the audit and draw conclusions as to the degree of reliability and confidence of the system, all without surrendering its independence. To these ends it may make any appropriate suggestions or recommendations to the Board of Directors and submit the relevant deadline for follow-up.*

…

*(iv) In respect of the external auditor:*

…

*b) To obtain from the external auditor, on a regular basis, information on the audit plan, on performance of that plan, and on any other questions connected with the auditing process, especially discrepancies that may arise between the external 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 of 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 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 Committee, establish the powers of the Audit Committee in relation to these mechanisms.

In regard to the external auditor, the Audit Committee has the following duties:

a) To send to the Board of Directors for submission to the General Shareholders' Meeting the proposals for the selection, appointment, re-election and replacement of the external auditor, taking responsibility for the selection process in accordance with the provisions of the applicable regulations as well as their recruitment terms, and for this purpose, they must:

   1. define the selection procedure for the auditor
   2. issue a reasoned proposal.

b) Regularly collect information from the external auditor on the audit plan and its implementation, and any other matters relating to the accounts auditing process, particularly any discrepancies that may arise between the external 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 Committee, and any other information relating 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 accounts auditing legislation and auditing standards.

   In any event, the external auditors must 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 received from these entities by the external auditor or by the persons or entities linked to it, in accordance with the provisions of the regulations governing accounts auditing activity.

d) Prior to issuance of the actual audit report on the accounts, they must issue an annual report expressing an opinion on whether the external auditor's independence has been compromised. In any event, this report must contain a reasoned assessment of each and every additional service provided (as referred to in the previous paragraph and other than the legal audit) wherein these are considered both individually and as a whole, as well as to the extent that they relate to the independence regime or the regulations governing the auditing of accounts.

e) Preserve the independence of the external auditor in exercising their functions and, in particular:

   (i) should the external auditor resign, look into circumstances that may have led to the resignation
   (ii) ensure that the Company reports any change of auditor through the CNMV (the Spanish National Securities Market Commission) accompanied by a statement regarding the existence or absence of any 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 guidelines on a limit for annual fees to be paid to the auditor for the provision of non-audit services
   (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 financial reporting.

The Group has an internal procedure which regulates the approval process for non-audit services to be provided by the external auditor from the standpoint of independence. Under the procedure the Audit Committee delegates appropriate approval of all such services to the Group's Chief Audit Executive as long as they are not prohibited under existing law or do not compromise the independence of the auditor, except in those cases where the level of fees proposed for providing the services submitted for approval represent a certain percentage of the fees for auditing services provided by the main auditor in the immediately preceding financial year, when the Audit Committee decides directly on approval. The Chief Audit Executive regularly reports to the Audit Committee on the services approved under this procedure and in all circumstances before the external auditor presents its annual statement confirming its independence, in which it provides a breakdown of fees charged to the company and those related to it over the financial year in question (itemised into captions for auditing services and for non-audit services) by both the auditor itself and other firms belonging to the same organisational framework.

As regards approving services outside auditing, the Audit Committee or the Chief Audit Executive, as appropriate, base themselves on specific documentation, which must include at least a draft of the relevant services proposal and the documentation supporting the independence assessment that the external auditor has made, as well as their conclusions on the matter. Sometimes, depending on the nature of the proposal and the fees suggested, the Audit Committee gathers suitable explanations from both the internal audit department and other managers of the Group. In all cases, in addition to deciding whether the proposed service is one that is prohibited or not, the evaluation process involves analysis of threats to independence (self-interestedness, self-reviewing, advocacy, familiarity or closeness, and intimidation) and, where appropriate, the safeguards to deploy in this respect.

The Audit Committee reports to the Board of Directors annually on its conclusions about the independence of the external auditor, and always before the framing of the annual financial statements.

The Audit Committee also has powers to oversee application of general policy on reporting information and contact and involvement with shareholders, institutional investors, asset managers, financial intermediaries, proxy advisers and other stakeholders. It will also conduct follow-up of how the company handles communication and relations with small to 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 ☐

| | Sociedad | Group Companies | Total |
|---|---|---|---|
| Amount invoiced for non-audit services (thousands of euros) | 185 | 9 | 194 |
| Amount invoiced for non-audit work/Amount for audit work (in %) | 78.7% | 2.2% | 29.8% |

**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 | 9 | 9 |

| | **Individual** | **Consolidated** |
|---|---|---|
| Number of years audited by the current audit firm/number of years in which the company has been audited (in %) | 26.47% | 26.47% |

**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 of the procedure |
|---|
| Article 9 of the Regulations of the Board of Directors determines that one of the functions of the Chairman is to:<br><br>"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."<br><br>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 Committees is made available.<br><br>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 taking measures to enable them to practise the appropriate examination and inspection procedures *in situ*.<br><br>The Company is committed to, and working on, ensuring continuous improvement in making available the information to be discussed at meetings of the Board and its Committees. This is one of the key points of the Action Plans that are implemented every year as a result of evaluation by the Board of Directors. |

**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:<br><br>"*Directors must place their position at the disposal of the Board of Directors and, if this* |

| |
|---|
| *deems it appropriate, formalise the corresponding resignation in circumstances that concern them (whether or not these relate to their actions in the Company itself) and which are detrimental to the good name 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, when they must report on developments in such legal proceedings, or when they find themselves in any of the legally envisaged situations of incompatibility or disqualification.*<br><br>*On having been informed of or having otherwise found out about the circumstances mentioned in the preceding paragraph, the Board shall give consideration to 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, Remuneration and Sustainability Committee. 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.*<br><br>*…*<br><br>*When a Director ceases in office before the end of their term, whether due to resignation or by resolution of the General Meeting, they must send a letter to all members of the Board of Directors adequately explaining their reasons for leaving 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 the cessation in office as soon as possible, giving a sufficient explanation of the reasons or circumstances cited by the Director.”* |

**C.1.37.** **INDICATE WHETHER, APART FROM SUCH SPECIAL CIRCUMSTANCES AS MAY HAVE ARISEN AND BEEN DULY INCLUDED IN THE MINUTES, 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 Appointments 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**

None 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 Directors, nor executives or employees.

The only indemnity agreed upon is provided for in favour of the Executive Director in the contract which they enter into with the Company, which will become legally operative whenever termination is not as a result of any breach attributable to them nor on account of their sole volition (with the exception of cases of death or disability of the Executive Director).

The amount of the indemnity for the Executive Director amounts to a sum equalling two (2) years of their total remuneration including the fixed element thereof and the short-term variable remuneration linked to the annual profits which the Company achieves, whereas it excludes the long-term variable element linked to any additional incentive schemes or programmes which the Company might implement. Nonetheless, exceptionally and if the cessation in office and termination of the contract with the Executive Director is due to a change of control of the Company in the sense provided for in Article 42 of the Commercial Code, or the assignment or transfer of all or a substantial part of its business activities or its assets or liabilities to a third person, or becoming part of another business group, as well as a change of either the Company's current shareholders who own over 50% of its share capital or of its majority or key shareholder, the Executive Director would be entitled to receive an additional amount equalling one (1) year 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** | X | |

| | Yes | NO |
|---|---|---|
| **Are these clauses notified to the General Shareholders' Meeting?** | X | |

| Remarks |
|---|
| The clauses for the Executive Director are approved by the Board of Directors on the proposal of the Appointments, Remuneration and Sustainability Committee. 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 COMMITTEE**

| Name | Position | Category |
|---|---|---|
| Mr Jaime Real de Asúa Arteche | Chairman | Proprietary Director |
| Mr Fernando Azaola Arteche | Secretary | External Director |
| Mr Cristóbal González de Aguilar Alonso-Urquijo | Member | Proprietary Director |
| Mr Rafael Martín de Bustamante Vega | Member | Executive Director |
| 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 Association or in other corporate resolutions**.

The Executive Committee has no function allocated or delegated to it other than what is set out in section C.1.9.

The essential duties of the Executive Committee are (i) to prepare information on the matters to be discussed by the Board of Directors and to draft motions for resolutions; (ii) to follow up on implementation of Elecnor Group policies, and (iii) to monitor the business of the Company and the Group, which represents confidential information due to its sensitivity in terms of competition and must be treated with the strictest confidentiality safeguards. This is all pursuant to the **Rules of Procedure** for the Committee as described in its actual constitutional charter and which are detailed below:

- The members of the Executive Committee shall step down from their role when they do so as Director or when agreed upon by the Board of Directors
- In the absence of the Chairman of the Executive Committee, 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 at the meeting
- The Executive Committee shall be convened by its Chairman, at their 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 Committee shall be quorate when at least a majority of its members are present or represented
- Through its Chairman, the Executive Committee shall inform the Board of Directors of the matters which the Committee discusses and the resolutions it passes.

In addition, all members of the Board of Directors receive copies of the minutes of the meetings of the Executive Committee, in accordance with Recommendation 38 of the Code of Good Governance.

The Executive Committee held a total of 21 meetings in the course of 2021 in which the following matters were discussed:

- The draft terms of the demerger of the services and projects division
- Procedures for potential additions of partners on certain projects
- Key investment and divestment transactions by the Elecnor Group
- The departure of lead business subsidiaries from the Elecnor Group, namely Elecnor

Servicios y Proyectos, S.A.U. and Enerfín Sociedad de Energía, S.L.U., as well as the investee company Celeo Concesiones e Inversiones, S.L., including their priority affairs and monitoring of their goals

- Review of the fall-out and risks arising from the Covid-19 pandemic
- Actions regarding sustainability and climate change
- Assessment of changes to the regulatory environment
- Study of the restructure of the Elecnor Group's long-term sources of finance with a particular focus on its sustainable and/or green rating
- Monitoring of the multi-currency commercial paper programme on MARF (Alternative Fixed-Income Market) of up to 300 million euros
- Proposed dividend pay-outs
- Evaluation of the Committee itself
- Trends in the company's market price and shareholder activity.

**AUDIT COMMITTEE**

| Name | Position | Category |
|---|---|---|
| Ms Irene Hernández Álvarez | Chairwoman | Independent Director |
| Mr Miguel Morenés Giles | Secretary | Proprietary Director |
| Ms Isabel Dutilh Carvajal | Member | Independent Director |
| Mr Ignacio Prado Rey-Baltar | Member | Proprietary Director |
| Mr Emilio Ybarra Aznar | Member | Independent Director |

| | |
|---|---|
| % 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 Committee are set out and developed in (i) Article 15 bis of the Articles of Association, (ii) in Article 13 of the Regulations of the Board and in the (iii) Regulations of the Audit Committee themselves. All of these are available on the Company's corporate website.

The Audit Committee must designate a Chair from among the Independent Directors for a maximum of four years, for which they may be re-elected 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, without detriment to their continuation or re-election as a Committee member.

The Audit Committee shall also appoint a Secretary, who may be the same as that of the Board of Directors, provided that they do not have Executive Director status.

The Audit Committee shall be quorate when the majority of its members are present or represented, and its resolutions shall be adopted by an absolute majority of the members present or represented at the meeting.

The Audit Committee must 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 its members.

The meetings of the Audit Committee will be called by its Secretary on the instructions of the Chair, and the call to meet shall always include the agenda of the meeting and be accompanied by the necessary information, without prejudice to the fact that in certain circumstances there might be justification for all or part of the information to be provided at the meeting itself.

Attendance at Committee meetings should be preceded by sufficient dedication by its members to analysing and evaluating the information received, as well as to promoting constructive dialogue between its members and the freedom to offer opinions.

The Committee may request the presence of any person not forming part of it and whom it deems appropriate for the best exercise of its functions. The person shall attend at the invitation of the Chair of the Committee but only to deal with those specific items on the agenda for which they are called. The minutes of Committee meetings shall record the arrival and departure of the various invitees and, except in specific cases for which proper justification must be noted in the minutes themselves, invitees shall not be present during deliberation and voting phases at Committee meetings.

The Audit Committee 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 advisable for the best exercise of its functions, for which it will have appropriate resources on hand.

The Audit Committee shall establish an effective and regular channel of communication with its regular contacts, which task shall normally fall to the Chair of the Committee, who shall also act as spokesperson for the Committee at the meetings of the Board of Directors and, where appropriate, at the Company's General Shareholders' Meeting.

Article 15 bis of the Articles of Association essentially covers the minimum duties assigned to the Audit Committee under the Corporate Enterprises Act. These are expanded upon in Article 13 of the Regulations of the Board of Directors, and this is in turn developed by Article 5 of the Regulations of the Audit Committee, which provides a detailed description of the duties which the Board of Directors allocates to the Committee and is now transcribed below:

*"Article 5. Duties of the Audit Committee*

*1. Notwithstanding any other tasks that may be assigned to it by the Board of Directors, the Audit Committee will have the following duties:*

*(i) In respect of supervising financial and non-financial information:*

a) *In the person of its Chair, to inform the General Shareholders Meeting regarding any matters falling within its purview raised by shareholders. More particularly, to report on audit results and explain the role the Committee has played during the auditing process and how audits have helped enhance the integrity of financial information.*

b) *To oversee and assess the process of drawing up and submitting the requisite financial and non-financial information on the Company and on its Group, as the case may be; to monitor compliance with legal and regulatory requirements; to ensure that the scope of consolidation has been suitably defined and accounting principles are properly followed; and especially to determine, consider, and supervise the effectiveness of the internal control of financial reporting (ICFR) system and make suggestions or recommendations for safeguarding financial integrity to the Board of Directors.*

c) *To report in advance to the Board of Directors concerning the financial information, management report, and, where appropriate, any requisite non-financial information that the Company is to make public periodically.*

d) *To ensure that the annual financial statements the Board of Directors submits to the General Meeting have been drawn up in accordance with accounting standards. Where the external auditor has included an observation in its audit report, the Audit Committee Chair will clearly explain the Committee's views on its* *significance and scope to the General Meeting and will make a summarised version of its views available to the shareholders when the notice of meeting is issued, together with the rest of the proposals and reports of the Board.*

*(ii) In respect of supervising internal control of financial reporting:*

a) *To supervise the effectiveness of the internal controls of the Company and its internal audit function in charge of ensuring proper operation of the internal control and reporting system and to discuss with the external auditors any material weaknesses found during the audit and draw conclusions as to the degree of reliability and confidence of the system, all without surrendering its independence. To these ends it may make any appropriate suggestions or recommendations to the Board of Directors and perform the relevant follow-up.*

b) *To supervise the internal audit unit overseeing proper functioning of the internal control and reporting systems, functionally subsidiary to the Committee Chair, in particular: (i) to assure the independence of the unit that performs the internal audit function; (ii) to propose the selection, appointment, and removal of the Chief Audit Executive; (iii) to propose the unit's budget; (iv) to approve the annual work plan and guidelines and ensure that the unit's activities focus mainly on relevant risks, including reputational risks; (v) to receive regular reports on the unit's activities; and (vi) to ensure that the members of the management team heed the conclusions and recommendations of its reports.*

   *The Chief Audit Executive will report directly to the Audit Committee on performance of the unit's annual work plan, on any incidents and constraints that arise in the course of its work, and on the results and follow-up of its recommendations; the CAE will submit a report on the unit's activities at the end of each year.*

c) *To set up and supervise a mechanism for employees and others who are connected with the Company, e.g., Directors, shareholders, vendors, contractors, or subcontractors, to report any potentially significant financial, accounting, or any other sort of irregularities affecting the Company which they may observe in the Company or its Group. The mechanism should ensure confidentiality, or at least make provision for anonymous reporting, while at the same time respecting the rights of the reporting and the reported persons. It should also provide for periodic reporting on operation of the mechanism and means for suggesting possible ways to improve the mechanism and reduce the risk of future irregularities.*

d) *More generally, to ensure that existing internal control policies and systems are effectively implemented in practice.*

*(iii) In respect of supervising risk management and control:*

a) *To supervise and assess the effectiveness of management and control systems for both financial and non-financial risks affecting the Company and the Group (including operational, technical, legal, social, environmental, political, and reputational or corruption-related risks) and to reassess at least yearly the list of the main risks and propose any changes to the Board.*

b) *To supervise the risk management and control unit.*

*(iv) In respect of the external auditor:*

a) *To submit proposals for selecting, appointing, re-electing, and replacing the external auditor to the Board of Directors for referral to the General Shareholders Meeting and to take charge of the selection process in conformity with the applicable laws and regulations and of the conditions of engagement, and for that purpose it must:*

   1. *specify the procedure for selecting the external auditor*

2. *draw up a reasoned proposal.*

b) *To obtain from the external auditor, on a regular basis, information on the audit plan, on performance of that plan, and on any other questions connected with the auditing process, especially discrepancies that may arise between the external auditor and Company management.*

c) *To establish suitable relations with the external auditor regarding submission of information on questions that could jeopardise its independence for review by the Committee together with any other questions relating to the auditing process and any other communications prescribed by the auditing legislation and other auditing regulations and standards and, when appropriate, to authorise services not prohibited by the applicable laws and regulations concerning independence.*

*To obtain a yearly declaration from the external auditor stating its independence from the Company and from the entities directly or indirectly related to it along with itemised, detailed information on additional services of any kind that it may provide and the corresponding fees paid by those entities to the external auditor or to persons or entities related to it, in accordance with the statutory framework regulating auditing practice.*

d) *To issue an annual report in advance of the external auditor's report setting out its opinion as to whether the auditor's independence has been compromised. This report will necessarily include a reasoned assessment of each of the additional services on top of auditing that are referred to in the preceding item, both individually and in aggregate, from the perspective of independence and the statutory framework regulating auditing practice.*

e) *To defend the external auditor's independence in the performance of its duties, in particular:*

(i) *should the auditor resign, to examine the attendant circumstances behind the resignation*

(ii) *to supervise announcement by the Company of a change in auditor through the National Securities Market Commission (the CNMV) and its submission of a statement regarding the existence of any disagreements with the outgoing auditor and what they might be*

(iii) *to ensure that the external auditor's remuneration for its work does not compromise the quality of the work or the auditor's independence*

(iv) *to set guidelines capping the fees the auditor may be paid each year for services other than auditing*

(v) *to ensure that the Company and the external auditor obey the law in force concerning the provision of non-auditing services and limits on economic dependence by auditors and all other laws and regulations connected with auditor independence generally.*

f) *To ensure that the external auditor meets yearly with the full Board of Directors to report on the work done and developments concerning the Company's accounting and risk situation.*

g) *To draw up a final assessment of the auditor's performance and its contribution to audit quality and financial information integrity.*

*(v) In respect of supervising compliance with the Company's corporate governance rules and internal codes of conduct:*

a) *To supervise compliance with the Company's corporate governance rules and policies and internal codes of conduct and ensure that corporate culture is aligned with the Company's purpose and values.*

b) *To supervise implementation of the general corporate, non-financial, financial, and economic communications policy and communications with shareholders and investors, proxy advisers, and other stakeholders. Also, to monitor the Company's relations and communications with small and medium-sized shareholders.*

*(vi) Other duties:*

*To report on Related-Party Transactions that need approval by the General Meeting or Board of Directors and oversee the Company's internal procedure for transactions for which the Board of Directors has delegated approval pursuant to the applicable rule.*

*In drawing up its report the Committee must examine whether the transaction is fair and reasonable from the perspective of the Company and shareholders that do not belong to the related party, as the case may be, and set out the bases for its opinion and the methods that have been used. Members of the Audit Committee concerned in the Related Party Transaction may not take part in drawing up the report.*

*To report in advance to the Board of Directors on all matters prescribed by law, the Articles of Association, or the Regulations of the Board of Directors, and specifically regarding:*

(i) *the creation or purchase of shares in special purpose vehicles or entities based in countries or territories classified as tax havens*

(ii) *the financial terms and accounting implications and, where appropriate, the proposed swap terms of transactions that entail corporate and structural transformations which the Company plans.*

2. *Each year the Audit Committee will draw up a report on its work and performance during the year as a basis for review by the Board of Directors. The report will contain information on, for instance, the make-up of the Committee, the number of meetings held during the year, the significant activities carried out during the year, work performed in association with outside experts, and any key incidents that took place. The report will be placed at the disposal of the shareholders on the Company's website sufficiently in advance of the Annual General Meeting.*
3. *When performing its duties, the Audit Committee will bear in mind the good governance recommendations and standards which the National Securities Market Commission (CNMV) lays down, as well as other competent authorities, even though these may be adapted to the specific circumstances of the Company and its Group.*
4. *Each year the Audit Committee will formulate an action plan setting out the main activities to be carried out by the Committee in the performance of its duties."*

The Committee met on 11 occasions in financial 2021. It should also be noted that when considered appropriate, it requested the attendance of members of the management team, in all cases subject to prior invitation from the Chair of the Committee and to discuss points in the agenda relating to their call to attend. Specifically, those participating in such meetings were the Deputy General Manager of Internal Audit and Finance, the CFO, the Head of Consolidation, the CAE and Compliance Officer, the Corporate Development Manager, the IT and Technology Manager, the Head of the Tax Department, the Sustainability Committee Coordinator, and the Board Secretary and Head of the Legal Department.

The Audit Committee's activity in 2021 mainly involved the following:

1. **<u>Review of the regular financial and non-financial information disclosed to the markets and of the objectives and forecasts at year-end</u>**

The Committee 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 Committee 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 Committee with the appropriate explanations regarding the accounts. The accounting treatment for extraordinary transactions and the tax treatment of those which are significant are analysed, these being checked against the interpretations of the Group's auditors and/or advisers.

Throughout the year, reassessments of year-end objectives and forecasts are presented and any deviations from the objectives explained.

2. **Monitoring of the main risks with a potential impact on the income statement and other significant issues affecting the annual financial statements, the Risk Management System and Internal Audit activity**

The Committee performs ongoing monitoring of key risks with a potential impact on the income statement, which, for better analysis of them are structured by general sub-divisions and business areas and quantified in terms of Group exposure and contingent trade receivables and receivables from public entities. The appropriateness of recognising a provision for these risks is considered on a case-by-case basis once the risks are known.

The Audit Committee 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 Committee monitors the main risks of this nature and the effective implementation of the Corporate Tax Policy. It also reviews the tax treatment of transactions with particular significance in this regard. This year it has also reviewed the Group's transfer pricing policy.

As regards related-party transactions, and outside those that relate to the draft terms of demerger of a branch of activity of Elecnor, S.A. into Elecnor Servicios y Proyectos, S.A.U., there have been no related-party transactions that have had to be reviewed by the Committee in 2021.

On the other hand, the Audit Committee 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 improve management of them.

The Audit Committee performs suitable oversight of Internal Audit and approves its annual work plan, following up both this and its task of monitoring and reviewing the main risks affecting the organisation, its processes and controls. Every year the Audit Committee also receives Internal Audit's Activities Report from the unit and reviews and approves it.

## 3. Monitoring and supervision of the draft terms of demerger of a branch of activity of Elecnor, S.A. into Elecnor Servicios y Proyectos, S.A.U.

The Audit Committee conducted regular and exhaustive monitoring of the draft demerger of a branch of activity of Elecnor, S.A. into Elecnor Servicios y Proyectos, S.A.U., supervising the various action plans established and the key risks in the project. Most particularly, at its meeting on 1 March 2021 and following appropriate reviewing, the Audit Committee decided to report favourably to the Board of Directors on, among other issues, the demerger balance sheet (31 December 2020) and the demerger draft itself, both being duly prepared by the Board of Directors at a meeting of 2 March 2021.

## 4. Relations with the Group's external auditors, supervision of their independence and approval of fees

The Audit Committee met with the Group's external auditors three times in 2021, on each occasion without other members of the Company or its Group being in attendance.

The main issues discussed with the external auditors at these meetings were:

- Planning and strategy of the annual audit of the individual accounts of the Company 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 suggested improvement where appropriate.
- Written statement and confirmation by the external auditors of their independence and detailed information on any non-audit services.

The Audit Committee makes an annual assessment of the external auditor's performance and contribution to audit quality and the integrity of financial reporting.

With respect to supervising suitable independence of the external auditor, in accordance with the established internal procedure in this regard which regulates the approval process from the perspective of independence and non-auditing services which the external auditor is to provide, the Audit Committee delegates appropriate approval for all of these services to the Group Chief Audit Executive, provided that these are not prohibited under legislation in force or do not compromise the auditor's independence. This is with the exception of those cases where the amount of the fees proposed for providing the services subjected to the approval process represents a certain percentage of the fees for auditing services which the main auditor provided in the immediately preceding financial year, in which case the Audit Committee carries out approval directly. The Chief Audit Executive has regularly reported to the Audit Committee on the services approved under this procedure and always prior to the external auditor submitting its annual statement confirming its independence, in which it provides details of the fees charged to the Company and those related to it. These are broken down into separate items, both for auditing services and non-audit services throughout the financial year in question, both by the auditor itself and other firms in its same organisational framework.

As regards approving services outside auditing, the Audit Committee or the Chief Audit Executive, as appropriate, base themselves on specific documentation, which must include at least a draft of the relevant services proposal and the documentation supporting the independence assessment that the external auditor has made, as well as their conclusions on the matter. Sometimes, depending on the nature of the proposal and the fees suggested, the Audit Committee gathers suitable explanations from both the internal audit department and other managers of the Group. In all cases, in addition to deciding whether the proposed service is one that is prohibited or not, the evaluation process involves analysis of threats to independence (self-interestedness, self-reviewing, advocacy, familiarity or closeness, and intimidation) and, where appropriate, the safeguards to deploy in this respect.

The Committee has concluded that the auditor for the Company's individual and consolidated accounts has performed its work on an independent footing, and has reported this to the Board of Directors appropriately.

The Audit Committee also made sure that the external auditor held a meeting with the full Board of Directors to report to it on the work carried out and developments as regards the situation of the Company's accounts and risks.

The Audit Committee studied KPMG's proposed fees for auditing the individual and consolidated annual financial statements for the 2021 financial year and decided to submit them to the Board of Directors for approval.

Finally, given the legal obligation to replace the Group's current auditor from the 2023 financial year, at its meeting in September the Audit Committee decided to commence the process of selecting a new auditor for the financial years from 2023 to 2025. Following the process, at its meeting of December 2021 the Audit Committee decided to refer its appointment proposal to the Board at its meeting that same month for subsequent submission to the General Meeting of Shareholders.

## 5. Monitoring of the compliance system and activity of the Compliance Committee

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 in 2021 were attended by the Group's Chief Compliance Officer, who reported on the Committee's activity and on the initiatives, actions and/or incidents arising in the field of Compliance, obtaining the Committee's approval and authorisation when necessary.

In summary, the tasks carried out by the Audit Committee in this area in 2021 were:

- Review and approval of the 2020 Annual Compliance Report
- Monitoring of the main risks to which the Group is exposed
- Approval and follow-up of compliance targets for 2021.
- Approval and follow-up of the 2021 Compliance Training Plan.
- Review of the Elecnor Group's Code of Ethics and Conduct, as well as its Compliance Policy, which were revised and updated in 2021, and the new policies developed to prevent corruption and anti-competitive practices, which were submitted to the Board of Directors for approval.
- 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.

Over 2021 the Audit Committee paid special attention to monitoring the functioning of the new Compliance organisational structure, which was approved in late 2020 with the intention of bolstering and improving the Compliance System and continuing to keep it permanently operational.

In addition, the Committee monitors developments in various judicial and administrative proceedings with a potential impact on legal persons belonging to the Elecnor Group.

## 6. Follow-up of the Group's Digital Transformation Project

The Group's Chief Information and Technology Officer, along with the Head of the Finance Sub-Division and the Chief Audit Executive, 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 Committee has also been kept informed about key progress and projects with respect to IT Systems security, with notable headway made in the area of cybersecurity, both nationally and internationally, and the achievement of ISO 27001 – Information security Management Systems (ISMS) certification in March 2021.

In addition, the Committee has monitored progress on the project led by the Consolidation area to implement software to support the whole of the Group's financial reporting and consolidation process, a project that has been successfully completed within the established deadlines.

**7. Reporting to the General Shareholders' Meeting**

Due to the special circumstances seen in 2021 as a result of the health crisis, the General Shareholders' Meeting held on 23 June 2021 was held remotely and in a scaled-down format. Despite such limitations, in her capacity as Chairwoman of the Audit Committee, Ms Irene Hernández Álvarez reported on the Committee's activities over 2020 and to date at the General Shareholders' Meeting.

**8. Oversight of compliance with the Company's Corporate Governance rules and in-house codes of conduct. Evaluation of the Committee**

In the area of Corporate Governance, the Audit Committee has analysed the issues arising from the evaluation of it which the Board of Directors conducted, establishing its proposals for action in relation to the assessment. The Audit Committee also performs appropriate supervision of compliance with the Company's rules on Corporate Governance and its in-house codes of conduct.

The work of the Audit Committee in reviewing, updating and amending 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 Committee has reviewed the Regulations of the Audit Committee, 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<br>Mr Miguel Morenés Giles<br>Ms Isabel Dutilh Carvajal<br>Mr Ignacio Prado Rey-Baltar<br>Mr Emilio Ybarra Aznar |
| **Date of appointment of the chairperson** | 22/05/2019 |

**APPOINTMENTS, REMUNERATION AND SUSTAINABILITY COMMITTEE**

| Name | Position | Category |
|---|---|---|
| Mr Emilio Ybarra Aznar | Chairman | Independent |
| Mr Jaime Real de Asúa Arteche | Secretary | Proprietary |
| Ms Isabel Dutilh Carvajal | Member | Independent |
| Mr Miguel Cervera Earle | Member | Proprietary |

| | |
|---|---|
| % of executive directors | 0% |
| % of proprietary directors | 50% |
| % of independent directors | 50% |
| % 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 Association or in other corporate resolutions**

The functions, procedures and rules of organisation and operation of the Appointments, Remuneration and Sustainability Committee are set out and developed in (i) Article 15 ter of the Articles of Association, (ii) Article 14 of the Regulations of the Board and (iii) in the Regulations of the Appointments, Remuneration and Sustainability Committee, all of which are available on the Company's corporate website.

The Appointments, Remuneration and Sustainability Committee 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, Remuneration and Sustainability Committee, provided they are not an Executive Director.

The Appointments, Remuneration and Sustainability Committee shall necessarily meet at least three times per year. It shall be validly constituted when attended, in person or by proxy, by a majority of its members, and its resolutions shall be passed by an absolute majority of the members present or represented at the meeting.

The meetings of the Committee will be called by its Secretary, on the instructions of the Chairman, and the call to meet 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, Remuneration and Sustainability Committee should be preceded by sufficient dedication by its members to analysing and evaluating the information received, and encouraging constructive dialogue between its members and the freedom to offer opinions.

The Committee may request the presence of any person not forming part of it and whom it deems appropriate for the best exercise of its functions, who shall attend at the invitation of the Chairman of the Committee but only to deal with those specific items on the agenda for which they are called. The minutes of Committee meetings shall record the arrivals and departures of the various invitees and, save in specific cases for which adequate justification must appear in the minutes themselves, invitees may not be present during the Committee's deliberation and voting phases.

The Appointments, Remuneration and Sustainability Committee 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 exercise 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 at its disposal.

The Committee shall establish an effective and regular channel of communication with its regular contacts, which shall normally fall to the Chairman of the Committee, who shall also act as spokesperson for the Committee at the meetings of the Board of Directors and, where appropriate, at the Company's General Shareholders' Meeting.

The Appointments, Remuneration and Sustainability Committee 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 Committee take into consideration potential candidates to fill vacancies for Directors, if they are found to be suitable.

Article 15 ter of the Articles of Association essentially covers the minimum duties assigned to the Appointments, Remuneration and Sustainability Committee under the Corporate Enterprises Act. These are expanded upon in Article 14 of the Regulations of the Board of Directors, and this is in turn developed by Article 5 of the Regulations of the Appointments, Remuneration and Sustainability Committee, which provides a detailed description of the duties which the Board of Directors allocates to the Committee and is now transcribed below:

*"Article 5. Functions of the Appointments, Remuneration and Sustainability Committee*

1. *Without prejudice to other functions that may be assigned to it by the Board of Directors, the Appointments, Remuneration and Sustainability Committee shall, in any case, exercise the following functions:*

   *(i) Regarding the composition of the Board:*
   - a) *Evaluating the required skills, knowledge and experience required on 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, ensuring that the Non-Executive Directors have sufficient time available to correctly carry out their functions.*

     *To this end, the Committee shall periodically prepare and update a matrix with the competencies needed by the Board, which defines the skills and knowledge of the candidates to become Directors, especially those of the executive and independent candidates.*
   - b) *Establishing a target representation number for the less represented gender on the Board of Directors and drawing up guidelines for achieving that target, and proposing the diversity policy for Directors to the Board of Directors.*
   - c) *Proposing policy to the Board of Directors for diversity thereof and selection of directors, and verifying adherence to this annually.*
   - d) *Verifying the category of Directors on an annual basis.*

   *(ii) Regarding the selection of Directors and members of the management team:*
   - a) *Submitting to the Board of Directors proposals for the appointment of Independent Directors for appointment by co-option or for submission to the decision of the General Shareholders' Meeting, as well as proposals for the re-election or removal of said Directors by the General Shareholders' Meeting.*
   - b) *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.*
   - c) *Reporting proposals for the appointment and removal members of the management team.*

   *(iii) Regarding the roles of the Board:*
   - a) *Announcing the appointment of the Chairman and Deputy Chairmen of the Board*
   - b) *Announcing the appointment and removal of the Secretary and Deputy Secretary of the Board*
   - c) *Proposing, where appropriate, the appointment of the Coordinating Director*
   - d) *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, and preparing a succession plan for such purpose.*

*(iv) Regarding the remuneration of Directors and members of the management team:*

a) *Proposing the remuneration policy for the Directors and the members of the management team to the Board of Directors, and confirming observance of it.*

   *The remuneration policy of directors shall establish at least the ceiling on the annual amount of remuneration to pay to the directors as a whole for performing their non-executive duties and the criteria for sharing this out bearing in mind the functions and responsibilities assigned to each of them. The remuneration policy shall also lay down the annual fixed remuneration element to which directors are entitled for carrying out their executive duties as well as the other provisions covered according to the Law.*

b) *Proposing to the Board of Directors the individual remuneration and the other contractual terms of the Executive Directors, as well as proposing the basic terms of the contracts for the members of the management team, all in keeping with the Articles of Association and the remuneration policy for directors in force at any time.*

c) *Reporting to the Board of Directors in advance on the individual setting of the remuneration of each Director for performing their non-executive duties within the framework of the Articles of Association and remuneration policy, as well as on individual determination of the remuneration of each Director for carrying out the executive duties which they have been allocated within the context of remuneration policy and consistent with the provisions of their contract.*

d) *Periodically reviewing the remuneration policy applied to the Directors and members of the management team, including the remuneration systems using shares and their application, as well as ensuring that their individual remuneration is in proportion to that which is paid to the Company's other Directors and members of the management team.*

e) *Reviewing the terms of the contracts for Executive Directors and members of the management team, and verifying that they are consistent with the current remuneration policies.*

f) *Verifying the remuneration information of the Directors and members of the management team contained in the various corporate documents, including the Annual Report on the Remuneration of Directors.*

*(v) Regarding review of corporate governance and sustainability:*

a) *Regularly evaluating and reviewing the Company's system of corporate governance and policy on corporate social responsibility and sustainability with respect to environmental and social matters, to ensure that they fulfil their task of promoting the social interest and take account of any legitimate interests of other stakeholders.*

b) *Supervising that the Company's practices in environmental and social matters adhere to established strategy and policy.*

c) *Overseeing and assessing processes in relations with the various different stakeholders.*

*(vi) Other functions:*

a) *With the involvement of the Coordinating Director where appropriate, presiding over the annual evaluation of the Board with respect to its functioning, composition, Committees and the Directors of the Company.*

b) *Regularly designing and organising programmes to update know-how for the Directors.*

c) *Ensuring that any conflicts of interest do not jeopardise the independence of external advice provided to the Committee.*

2. *The Appointments, Remuneration and Sustainability Committee shall prepare an annual report on its functioning and performance during the financial year, which shall serve as the basis for the evaluation to be carried out by the Board of Directors. The report shall include, inter alia, information on the composition of the Committee, the number of meetings held during the financial year, significant activities carried out during the period, noting those carried out with the co-operation of external experts, and where appropriate, the main incidents that have arisen. The report shall be made available to shareholders through the Company's website well in advance of the Annual General Meeting.*
3. *In carrying out and exercising its functions, the Appointments, Remuneration and Sustainability Committee shall take into account the recommendations and criteria for good corporate governance established by the CNMV (the Spanish National Securities Market Commission) and other competent bodies, without prejudice to their adaptation to the particular circumstances and characteristics of the Company and its Group.*
4. *The Appointments, Remuneration and Sustainability Committee shall annually establish an action plan covering its main activities in the performance of its duties during the financial yea."*

The Committee met on eight occasions over financial 2021. Furthermore, when it considered it to be appropriate, it requested that members of the management team should be present, in all cases following prior invitation to do so from the Chairman of the Committee and to discuss the points on the agenda on account of which they were called to participate. to be precise, the Director of Corporate Development, the Coordinator of the Sustainability Committee and Secretary of the Board, and the Director of the Legal Department have all taken part in certain meetings.

The activity of the Appointments, Remuneration and Sustainability Committee in 2021 mainly related to the following:

**1. <u>Composition of the Board of Directors and its Committees</u>**

The Committee has looked at the category of each of the Directors and concluded that, as matters stand, they are fully in line with their circumstances.

Every year the Committee carries out an ongoing process of analysing and studying the structure, composition and functioning of the Board of Directors. Here, in the course of 2021, the Committee has been advised by the Commercial Law Professor, Alberto Alonso Ureba, to continue the evaluation which Spencer Stuart conducted in 2017 in its capacity as an international top-tier consulting firm and to forge ahead with adapting the Board's structure to best practices and recommendations on good governance.

**2. <u>Selection of Directors and members of the management team</u>**

The Appointments, Remuneration and Sustainability Committee made a preliminary needs analysis for the Board of Directors encompassing the expertise, know-how and experience required on the Board. All of this was borne in mind when preparing proposals and reports for the appointment and re-election of Directors, which it submitted to the Board of Directors.

Specifically, at the request of the Board of Directors, the Committee reported favourably on the proposed re-election as a Director with the category of Executive of Mr Rafael Martín de Bustamante Vega for a four-year term, as well as the proposed ratification of the appointment by co-option in October 2020 of Mr Santiago León Domecq, as a Proprietary Director of the Company.

## 3. Positions on the Board

The Committee approved the succession plan for the Chairman of the Board of Directors and the CEO, while it has also reviewed the succession plan for the management team.

## 4. Remuneration of the Directors and the members of the management team

The Appointments, Remuneration and Sustainability Committee proposed the annual fixed and variable remuneration for the Executive Director and has drafted the Annual Directors' Remuneration Report for 2020, which the Board of Directors submitted to the General Meeting for its advisory vote.

The Committee also proposed the remuneration policy for the management team and its implementation, including its proposal for variable remuneration, both that for the short term (annual) and that for the long-term incentive system for the 2020-2022 period.

An external comparative analysis of the remuneration of the management team was also carried out, with the collaboration of Willis Towers Watson, WTW. The project comprises a quantitative analysis of the remuneration of the CEO and the management team, as well as a diagnosis of current policy as this relates to the market and best corporate governance practices.

## 5. Reviewing corporate governance and sustainability

The Appointments, Remuneration and Sustainability Committee has not been unaware of the global drive toward sustainability and has taken actions in this area into its remit, having set up a Sustainability Committee drawing on people from various different business areas at the Company.

Likewise, as we pointed out in the Introduction to this report, the Committee proposed to the Board that its own Regulations be amended, as well as that approval be given for the Corporate Governance Policy of Elecnor, S.A., definition of Policy on the Structure of the Elecnor Group and a new related-party transactions protocol so as to adapt these texts to the previously mentioned Corporate Enterprises Act.

## 6. Other functions

The Committee gave consideration to the situation regarding matters relating to Covid-19, such as the impact on the Company's personnel and their performance in certain areas.

As regards self-assessment by the Board, the Committee revised the standard forms for appraisal of the Board, the Chairman and its Committees in 2020, and carried out evaluation of the Committee itself, concluding that the applicable requirements for composition and functioning have been satisfactorily fulfilled.

With respect to such evaluations for financial 2021, with three years having passed since the last time that this process was conducted using an external consultant the Committee has decided to pursue this matter using the firm Russell Reynolds.

The questionnaire sent to all the Directors on potential situations of conflicts of interest in 2021 has also been revised.

When necessary, the Committee has benefitted from the advice of external experts having first explored potential conflicts of interest with them in such cases, no situation entailing any risk having been uncovered.

### 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

| | Number of female directors | | | |
|---|---|---|---|---|
| | Year 2021 Number % | Year 2020 Number % | Year 2019 Number % | Year 2018 Number % |
| Executive committee | 0% | 0% | 0% | 0% |
| Audit committee | 40% | 40% | 40% | 40% |
| Appointments and remuneration committee | 25% | 33% | 25% | 25% |

### 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

As was stated in section C.2.1. above, the Audit Committee is regulated by Article 15 bis of the Articles of Association and Article 13 of the Regulations of the Board of Directors, whereas the Appointments, Remuneration and Sustainability Committee is regulated by Article 15 ter of the Articles of Association and Article 14 of the Regulations of the Board of Directors.

Both Committees moreover have their own internal regulations, which are intended to establish the rules on their organisation and functioning, and are available on the corporate website (www.grupoelecnor.com).

On 24 November 2021 the Board of Directors approved amendment of the Regulations of the Board of Directors (including Articles 13 and 14), as well as those of the Audit Committee and the Appointments, Remuneration and Sustainability Committee, to adapt them to the amendments brought in by Law 5/2021 of 12 April on encouraging long-term shareholder engagement in listed companies, which transposes Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 into the Spanish legal system, ("Law 5/2021"), and which has altered (among other rules) the revised text of the Corporate Enterprises Act, endorsed by Royal Legislative Decree 1/2010 of 2 July (the "LSC" for the Spanish), in addition to adding to this certain technical or wording-related clarifications.

On the same date the Board of Directors also unanimously decided to change the name of the Appointments and Remuneration Committee to the "Appointments, Remuneration and Sustainability Committee".

On the other hand, the existence and functions of the Executive Committee are regulated in Article 15 of the Articles of Association, Article 12 of the Regulations of the Board of Directors and their own charter.

During the 2021 financial year, reports on the activities of the Appointments, Remuneration and Sustainability, and Audit Committees 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 Annual General Meeting, all in accordance with recommendations 6 and 36 of the Code of Good Governance.

## D) RELATED PARTY AND INTRAGROUP TRANSACTIONS

### D.1. EXPLAIN, WHERE APPROPRIATE, THE PROCEDURE AND COMPETENT BODIES RELATING TO THE APPROVAL OF TRANSACTIONS WITH RELATED AND INTRAGROUP PARTIES, INDICATING THE CRITERIA AND GENERAL INTERNAL RULES OF THE ENTITY THAT REGULATE THE ABSTENTION OBLIGATIONS OF ANY AFFECTED DIRECTOR OR SHAREHOLDERS. DETAIL THE INTERNAL INFORMATION AND PERIODIC CONTROL PROCEDURES ESTABLISHED BY THE COMPANY IN RELATION TO THOSE RELATED-PARTY TRANSACTIONS WHOSE APPROVAL HAS BEEN DELEGATED BY THE BOARD OF DIRECTORS

| Procedure and Bodies for reporting approval for related-party transactions |
|---|
| Article 33 of the Regulations of the Board of Directors offers a summarised description of the legal system applying to related-party transactions in Articles 529 vicies to 529 tervicies of the Corporate Enterprises Act:<br><br>*"The Board of Directors will be responsible for reviewing and approving, after hearing the Audit Committee, transactions by the Company or by companies in its Group with Directors, with shareholders that hold ten per cent (10%) of the voting rights or more or are represented on the Company's Board of Directors, or with any other persons who are related parties as defined by law ("**Related-Party Transactions**"), unless that decision lies with the General Meeting.*<br><br>*For purposes of the preceding paragraph, the following will not be Related-Party Transactions: (i) transactions between the Company and companies that the Company wholly owns, directly or indirectly; (ii) approval by the Board of Directors of the terms and conditions of contracts to be signed with Directors who will be performing executive duties, including the CEO or Managing Directors or members of their executive management team, and setting the specific amounts or specific remuneration to be paid under those contracts.*<br><br>*Transactions carried out by the Company with its subsidiary or investee companies will also not be Related-Party Transactions where no other party related to the Company has an interest in those subsidiary or investee companies.*<br><br>*Related-Party Transactions valued at amounts greater than or equal to ten per cent (10%) of the total assets on the latest balance sheet approved by the Company will need to be approved by the General Shareholders Meeting. All other Related-Party Transactions are to be approved by the Board of Directors, which may not delegate its authority in this area except for (i) Related-Party Transactions with companies belonging to the Group that are carried out as part of ordinary operating procedures at market terms and (ii) Related-Party Transactions that are concluded under contracts based on standard terms and generally employed for large numbers of customers, are performed at the usual prices or rates set by the vendor of the goods or services in question, or are for sums of not more than 0.5% of the Company's net turnover.*<br><br>*The Audit Committee is to issue a report on each Related-Party Transaction before it is approved by the General Meeting or the Board of Directors. In its report the Committee will assess whether the transaction is fair and reasonable from the standpoint of the Company and if appropriate of the shareholders other than the related party and will explain the* |

*standards on which the assessment has been based and the methods that have been used.*

*Members of the Audit Committee involved in the Related-Party Transaction may not take part in drawing up the report.*

*No report will be needed for Related-Party Transactions for which approval has been delegated by the Board of Directors in the cases permitted by law and as provided in these Regulations.*

*The Board of Directors itself will set up a routine internal control and reporting procedure for the cases in which it delegates approval of Related-Party Transactions to make sure that these transactions are fair and transparent and are compliant with the applicable legal requirements, as appropriate.*

*The Board of Directors will arrange for Related-Party Transactions carried out by the Company or other companies in its Group for sums greater than or equal to five per cent (5%) of total book assets or 2.5% of the Company's annual turnover to be made public.*

*It will post an announcement containing the information required by law in a readily accessible spot on the Company's website for that purpose and will report this to the National Securities Market Commission. The announcement is to be posted and released together with the report by the Audit Committee, if any, no later than at the time the Related-Party Transaction is concluded.*

*All the transactions concluded with the same counterparty in the previous twelve months will be taken into account when calculating the amount of a Related-Party Transaction."*

Similarly, Article 5 (vi) a) of the Regulations of the Audit Committee states that its duties include "*To report on Related-Party Transactions that need approval by the General Meeting or Board of Directors and oversee the Company's internal procedure for transactions for which the Board of Directors has delegated approval pursuant to the applicable rules*". This function is also set out in Articles 15 bis.7) of the Articles of Association and 13 r) of the Regulations of the Board of Directors.

Moreover, on 15 December 2021 and pursuant to Articles 529 vicies to 529 tervicies of the Corporate Enterprises Act, The Company's Board of Directors unanimously approved a Protocol for Related-Party Transactions aimed at expanding on the criteria for applying the system for approving transactions of this kind which affect the Company, as well as for the purposes of publishing information on them and also establishing the internal procedure for identifying, analysing, approving, monitoring, reporting and exercising control over Related-Party Transactions.

Assessing Related-Party Transactions before approval for them shall be the duty of the relevant Task Force (comprising one member of the General Financial and Economic Sub-division, one from Internal audit and Compliance and one from the General Secretariat), who shall also issue a six-monthly report summarising Related-Party Transactions for which the Board of Directors has delegated approval and which have been approved during the corresponding period. These reports shall be submitted to the Audit Committee.

The Manager of the Unit or Area within the Company to whom performing a Related-Party Transaction is proposed on account of the subject-matter concerned will have to refer the proposal to the Task Force to be studied so that a decision on the transaction can be taken as soon as possible.

If it is concluded that this is a Related-Party Transaction which the Board of Directors or the General Meeting of Shareholders must be approve, the Task Force submits it to the Audit Committee to be studied and the mandatory report issued prior to approval of the transaction. When drafting this report, the Committee must assess whether the transaction is fair and reasonable from the point of view of the Company and shareholders other than the related party, and also explain the standards on which evaluation is based as well as the methods used. After this, the Audit Committee will refer the proposed Related-Party Transaction to the Board of Directors along with the Committee's report to be processed in accordance with the rules provided for in the Articles of Association and in the respective Regulations of the of the General Shareholders' Meeting and the Board of Directors.

If it is concluded that this is a Related-Party Transaction where the Board of Directors has delegated approval for it, the proposal will be passed on to the competent body or person in accordance with the resolution to delegate which the Board of Directors has passed for these purposes. The competent party must then decide on whether to approve the Related-Party Transaction and immediately notify the Task Force and the Secretary of the Board of Directors of their decision.

With respect to the rules on abstention, the Company's internal regulations echo those legally provided for. In connection with this:

- With regard to Related-Party Transactions where approval falls to the General Shareholders' Meeting, the shareholder concerned shall not be entitled to vote, except in those cases where the motion has been approved by the Board of Directors without voting against it by the majority of Independent Directors, without detriment to the fact that, where appropriate, the rule on reversal of the burden of proof in Article 190.3 of the Corporate Enterprises Act shall apply.

- For Related-Party Transactions where approval falls to the Board of Directors, the Director concerned, or the one which represents or is related to the shareholder concerned, must abstain from participating in deliberating and voting on the relevant resolution pursuant to Article 228 c) of the Corporate Enterprises Act. Nonetheless, those Directors on the Board of the Company who represent or are related to the parent company must not abstain, without detriment to the fact that, in such cases, if their vote has been decisive in passing the resolution, the rule on reversal of the burden of proof shall apply on terms similar to those which Article 190.3 of the Corporate enterprises act provides for.

When the Audit Committee has to draw up a mandatory report, in doing so Directors who are members of this Committee and affected by the Related-Party Transaction may not participate.

**D.2 GIVE INDIVIDUAL DETAILS OF TRANSACTIONS THAT ARE SIGNIFICANT DUE TO THEIR AMOUNT OR OF IMPORTANCE DUE TO THEIR SUBJECT MATTER CARRIED OUT BETWEEN THE COMPANY OR ITS SUBSIDIARIES AND SHAREHOLDERS HOLDING 10% OR MORE OF THE VOTING RIGHTS OR WHO ARE REPRESENTED ON THE BOARD OF DIRECTORS OF THE COMPANY, INDICATING WHICH HAS BEEN THE COMPETENT BODY FOR ITS APPROVAL AND IF ANY AFFECTED SHAREHOLDER OR DIRECTOR HAS ABSTAINED. IF THE BOARD OF DIRECTORS HAS RESPONSIBILITY, INDICATE IF THE PROPOSED RESOLUTION HAS BEEN APPROVED BY THE BOARD WITHOUT THE MAJORITY OF THE INDEPENDENTS VOTING AGAINST IT**

| Name or corporate name of the shareholder or any of its subsidiaries | % Holding | Name or corporate name of the company or subsidiary | Nature of the relationship | Type of operation and other information required for its evaluation | Amount (thousand euros) | Approving body | Identity of the significant shareholder or director who has abstained | The proposal to the board, if applicable, has been approved by the board without the majority of independents voting against it |
|---|---|---|---|---|---|---|---|---|
| N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

**D.3 GIVE INDIVIDUAL DETAILS OF THE TRANSACTIONS THAT ARE SIGNIFICANT DUE TO THEIR AMOUNT OR RELEVANT DUE TO THEIR SUBJECT MATTER CARRIED OUT BY THE COMPANY OR ITS SUBSIDIARIES WITH THE ADMINISTRATORS OR MANAGERS OF THE COMPANY, INCLUDING THOSE TRANSACTIONS CARRIED OUT WITH ENTITIES THAT THE ADMINISTRATOR OR MANAGER CONTROLS OR CONTROLS JOINTLY, INDICATING THE COMPETENT BODY FOR ITS APPROVAL AND IF ANY AFFECTED SHAREHOLDER OR DIRECTOR HAS ABSTAINED. IN THE EVENT THAT THE BOARD OF DIRECTORS HAS RESPONSIBILITY, INDICATE IF THE PROPOSED RESOLUTION HAS BEEN APPROVED BY THE BOARD WITHOUT THE MAJORITY OF THE INDEPENDENTS VOTING AGAINST IT**

| Name or company name of the administrators or managers or their controlled or jointly controlled entities | Name or company name of the company or subsidiary | Relationship | Nature of the transaction and other information necessary for its evaluation | Amount (thousands of euros) | Approving body | Identity of the shareholder or director who has abstained | The proposal to the board, if applicable, has been approved by the board without the majority of independents voting against it |
|---|---|---|---|---|---|---|---|
| N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

**D.4. REPORT INDIVIDUALLY ON INTRA-GROUP TRANSACTIONS THAT ARE SIGNIFICANT DUE TO THEIR AMOUNT OR RELEVANT DUE TO THEIR SUBJECT MATTER THAT HAVE BEEN UNDERTAKEN BY THE COMPANY WITH ITS PARENT COMPANY OR WITH OTHER ENTITIES BELONGING TO THE PARENT'S GROUP, INCLUDING SUBSIDIARIES OF THE LISTED COMPANY, EXCEPT WHERE NO OTHER RELATED PARTY OF THE LISTED COMPANY HAS INTERESTS IN THESE SUBSIDIARIES OR THESE ARE FULLY OWNED, DIRECTLY OR INDIRECTLY, BY THE LISTED COMPANY**

Not applicable.

**IN ANY CASE, REPORT ANY INTRAGROUP TRANSACTION CONDUCTED WITH ENTITIES ESTABLISHED IN COUNTRIES OR TERRITORIES CONSIDERED AS TAX HAVENS**

| Company name of the entity within the group | Brief description of the transaction and other information necessary for its evaluation | Amount (thousands of euros) |
|---|---|---|
| N/A | N/A | N/A |

**D.5 GIVE INDIVIDUAL DETAILS OF THE TRANSACTIONS THAT ARE SIGNIFICANT DUE TO THEIR AMOUNT OR RELEVANT DUE TO THEIR SUBJECT MATTER CARRIED OUT BY THE COMPANY OR ITS SUBSIDIARIES WITH OTHER RELATED PARTIES PURSUANT TO THE INTERNATIONAL ACCOUNTING STANDARDS ADOPTED BY THE EU, WHICH HAVE NOT BEEN REPORTED IN PREVIOUS SECTIONS**

| Company name of the related party | Brief description of the transaction and other information necessary for its evaluation | Amount (thousands of euros) |
|---|---|---|
| N/A | N/A | N/A |

**D.6 GIVE DETAILS OF 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, SIGNIFICANT SHAREHOLDERS OR OTHER RELATED PARTIES**

Article 26 of the Regulations of the Board of Directors establishes an obligation on Directors of "*taking whatever steps are needed to avoid situations in which their interests, whether their own or on behalf of third parties, may conflict with the corporate interests and with their duties to the Company*."

This Article also refers to the obligation on Directors of "*opposing resolutions contrary to law, to the Articles of Association, to these Regulations, and to any other internal regulations of the Company or to the corporate interest and asking to have their views recorded in the minutes whenever they consider this to be appropriate to safeguard corporate interests. In particular, the Independent Directors and other Directors who do not have a potential conflict of interest are to clearly voice their opposition to decisions that may be detrimental to shareholders not represented on the Board of Directors*".

Moreover, in the context of avoiding situations where there is a conflict of interest Article 28 of the Regulations of the Board of Directors establishes the following obligations for Directors:

"*Directors will report any direct or indirect conflict of interest they may have with respect to the Company's interests to the Board of Directors and will abstain from participating in the deliberations and voting on resolutions concerning matters in which they have a personal interest.*

*A personal interest will also be considered to exist on the part of a Director where a matter concerns persons related to the Director. Related persons will be as defined by law.*

*Directors will not be required to abstain from participating in the deliberations and voting on decisions affecting their status as Director, such as appointment to or removal from positions on the Board of Directors and like decisions.*

*Directors will also refrain from:*

*a) Directly or indirectly engaging in transactions with the Company unless the transaction is exempted by law or has been approved in accordance with the law and these Regulations in respect of Related-Party Transactions*

*b) Using the Company's name or relying on their position as director to exert an improper influence on the performance of private transactions*

*c) Accepting benefits or remuneration associated with the performance of their duties from third parties unrelated to the Company and its Group except for hospitality offered merely as a courtesy*

*d) Engaging in activities on their own behalf or on behalf of others where those activities entail actual or potential competition with the Company or might represent an ongoing conflict with the Company's interests for Directors*

*The Company may waive the bars set forth in items b) and d) above by decision by the competent body as provided by law.*

*The preceding provisions will also apply to cases in which the beneficiary is a person related to a Director.*

*In any event, conflicts of interest that affect the Company's directors will be reported in the Annual Report."*

On the other hand, Elecnor's Code of Ethics lays down the following among the principles in the performance of their activities by employees:

"*Independence in exercising one's professional activity is the cornerstone for a performance driven by freedom of judgement, fairness and loyalty to the company.*

*As a general principle of action, all Elecnor Group employees who find themselves in a potential or actual conflict of interest, considering their private or family interests and business interests, must refrain from carrying out the activity giving rise to such conflict, informing their immediate supervisor of the characteristics and circumstances at hand. Only with the express written authorisation of their supervisor may the employee continue to maintain this situation or carry out the specific activity within his or her professional remit that causes the conflict.*

*Elecnor Group employees will refrain from taking advantage for their own benefit or for the benefit of persons related to them of opportunities for personal gain related to investments, contracts or corporate transactions being considered or executed by the company or any of its subsidiaries or investees, or to any other information to which they have had access in the course of their professional duties. Those Elecnor Group employees who participate in supplier, contractor or external collaborator selection processes are obliged to act at all times with impartiality and objectivity, adopting the criteria that guide the organisation in those processes. Under no circumstances will Elecnor Group employees request or accept, either directly or indirectly, any payment or advantage from current or future suppliers that could undermine this impartiality."*

**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 ☒

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 ☒

| Report on the respective areas of activity and any business relationships between, on the one hand, the listed company or its subsidiaries and, on the other hand, the parent company or its subsidiaries, and identify where these aspects have been publicly reported |
|---|
| None 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 potential conflicts of interest |
|---|
| |

## E) RISK MANAGEMENT AND CONTROL SYSTEMS

### E.1. EXPLAIN THE SCOPE OF THE COMPANY'S FINANCIAL AND NON-FINANCIAL 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, Deputy General Managers 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 OR ECONOMIC INTEREST GROUPS**

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 any particular work or project are controlled through strict compliance by the Business Areas and the General Energy and Major Networks Subdivisions 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 taking out 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 report on 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**

Elecnor strives to make an active and unwavering contribution to building a sustainable, low-carbon future by generating renewable energy, implementing energy-efficient measures, reducing its carbon footprint and practicing appropriate environmental management.

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 to underpin this aspect.

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 2021, for the seventh consecutive year AENOR verified the inventory of greenhouse gas emissions in accordance with the UNE ISO 14064-1 standard for direct and indirect emissions from all the Company's activities. The Company has been awarded the "Calculate and Reduce" seal from the Spanish Office of Climate Change (the OECC for its Spanish acronym), as part of the process to register its carbon footprint and the carbon offset and $CO_2$ 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 Elecnor's resilience and unlock the potential opportunities arising from climate change, thereby growing as a group in a sustainable manner. Likewise, for the third consecutive year, Elecnor has participated in the international sustainability CDP (Carbon Disclosure Project) ranking and submitted its voluntary report on climate change. In 2020 Elecnor managed to improve on its rating for the previous year, moving up to A- (B in 2019). This places the Group among the highest levels for sustainability, adaptation and mitigation in the face of climate change. Elecnor's inclusion in this international ranking, which is recognised by customers, investors and shareholders alike, is framed within our Climate Change Strategy.

## COMPLIANCE RISK MANAGEMENT

To prevent and manage risks relating to the area of Compliance properly, the Elecnor Group keeps a Compliance System fully operational which is designed and functions in accordance with best domestic and international practices. The Compliance System applies to all of the Elecnor Group's subsidiaries and employees and we also expect all of our business partners to behave in a manner consistent with our principles and values, which are chiefly set out in the Elecnor Group's Code of Ethics and Conduct and Compliance Policy documents. The Elecnor Group applies the principle of zero tolerance to bad practices as regards ethics and integrity.

The Elecnor Group's Compliance System is conceived on the basis of adequately identifying and prioritising the main Compliance risks to which the organisation might be exposed, as well as those situations and activities where such risks could reveal themselves, which enables the necessary controls to be designed, implemented and supervised effectively and efficiently so as to ensure appropriate prevention and management of these risks. In identifying these risks the Group mainly guides itself using the crimes and offences which might entail criminal liability for legal persons under Spain's prevailing Criminal Code as well as equivalent local legislation

The Compliance Committee subjects both the risks that emerge and assessment of them to ongoing monitoring and updating, where appropriate. This body is entrusted with the tasks of overseeing, safeguarding and controlling the Compliance System and reports to the Audit Committee on an operational level.

The Compliance Officer and the Compliance Committee (delegated by the Audit Committee and the Board of Directors) shoulder responsibility for continuous improvement and reliable functioning of the Compliance System. Listed below are the core activities for achieving this goal:

- Annually laying down specific objectives for Compliance, which the Audit Committee reports and approves.
- Continuous monitoring of annual objectives for Compliance and reporting the extent to which they have been achieved to the Audit Committee at yearend.
- Regularly reporting any aspect or issue that relates to Compliance (projects underway, initiatives…) to the Audit Committee.
- Designing, developing and rolling out the annual training programme on Compliance and awareness.
- Operating the complaints channel and regularly reporting to the Audit Committee on intelligence conveyed, as well as any investigations in progress and the conclusions arrived at.
- Ongoing review and auditing of the main controls identified in relation to Compliance risks.
- Issuing an annual report to the Audit Committee and the Management Committee (description of the key elements of the Compliance System, major changes in the business, organisational and Compliance environment, and most significant actions performed over the year regarding prevention, follow-up and response...).
- Two annual external audits of the Compliance System by two separate auditing/consultancy firms.

The Compliance Committee conducts ongoing supervision of the Compliance System and regularly checks that the controls relating to identified Compliance risks are working effectively via various different audit tests.

Elecnor's Compliance System is aligned with the highest domestic and international standards in this field, having received certification from January 2018 pursuant to the international ISO 37001 "Anti-bribery Management Systems" standard and since February 2019 in connection with 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.

## 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:** continuous auditing and monitoring of 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.

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.

As part of the Digital Transformation project, financial 2021 has seen the completion of the project to develop and roll out a renowned software application for financial reporting and consolidation (SAP – Business Planning and Consolidation – "BPC").

**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**.

**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.

**Digitisation**

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. This resulted in the design and roll-out of a Digital Transformation process.

The Group's Digital Transformation process continued throughout 2021, 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 continuous internal audit and review.

Taking account of the differences in size of the subsidiaries relative to Elecnor, the different set of standards to which some of these are subject and the varying management needs, it was thought unreasonable to apply the IT management system of Elecnor (the holding company) and the company Elecnor Servicios y Proyectos to all of the Group companies in blanket fashion.

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, S.A. as per the same criteria.

The Business Consolidation Department is responsible for the monitoring and control of all domestic subsidiaries, and ultimately the Group's Financial Reporting and Consolidation Department and Internal Audit team, both in turn finally 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 Business Consolidation Department is responsible for the monitoring and control of all foreign subsidiaries, and ultimately the Group's Financial Reporting and Consolidation Department and Internal Audit team, both in turn finally 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 other things, for contributing to the continuous improvement of established control procedures and mechanisms.

On a regular basis, it informs the Audit Committee of the outcome of its work, making it easier for the Audit Committee 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 (limited) 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 criterion to be adopted is agreed in advance.

**RISK MANAGEMENT FOR FINANCIAL AND NON-FINANCIAL INFORMATION**

Among the duties of the Audit Committee established in its regulations is supervising financial and non-financial information.

With regard to supervising financial information, section F, "INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATING TO THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (ICFR)" of this document includes an exhaustive description of the Audit Committee's supervisory role and the procedures and controls in place to manage the risk of errors in preparing financial information.

With respect to non-financial information, the Co-ordinator of the Group's Sustainability Committee directs and organises the drafting of the relevant Non-Financial Information Statement (henceforward, NFIS), while she is supported in this task by a specialist firm with over 15 years of experience in advising on Corporate Social Responsibility and Sustainability.

This process commences with identifying the required content for the NFIS in accordance with both the regulatory framework applying at any time and the key sustainability standards and the materiality assessment carried out, as well as determining the areas in the organisation that have to provide the necessary information. The instructions, templates and forms to report the corresponding information is sent out to the managers of these.

After the Coordinator of the Sustainability Committee has received the appropriate information, both she and her group analyse it thoroughly to draw up various NFIS drafts, which are handed out to the members of the Audit Committee and the Board of Directors, as well as the managers of the different areas taking part and the Group Chief Audit Executive, for review. All comments received are suitably addressed and added to the NFIS.

On the other hand, over the course of the year Internal audit examines both the chief aspects that affect the preparation of the NFIS as well as the procedures and controls in place in the various areas to capture, review and report the necessary information to complete the NFIS. This reviewing process mainly consists of:

- Considering the standards that apply to the NFIS and identifying the information to add to it.
- Attending to and checking on the procedures for capturing, aggregating, processing and reporting the non-financial information from the different areas and confirming the facts.
- Taking charge of the procedure for preparing the NFIS and follow-up of it.
- Reviewing the drafts and final version of the NFIS.
- Providing support for the process of external verification of the NFIS and testing the final indicators.

Without detriment to continuous monitoring of financial and non-financial information the Audit Committee meets at least once a year with the Coordinator of the Sustainability Committee and the Group's Chief Audit Executive to consider and oversee both the drafting and revision of the NFIS and the financial reporting (ICFR). The members of the Audit Committee also meet in January and February (prior to preparation of the annual financial statements, the Annual Corporate Governance Report and the NFIS) with members of the General Internal Audit and Finance Sub-Division, the Coordinator of the Sustainability Committee and the General Secretary to look over the various different versions of the annual financial statements, the Annual Corporate Governance Report and the NFIS and put forward their comments on these items.

The NFIS and the information included in the Annual Corporate Governance Report on the ICFR are reviewed by the external auditor or a firm from the same organisational network, who issue reports on them.

## 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 functional 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.

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 by speculating 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 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 "baskets of currency" to cover mixed financing indexed to several 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 benchmarked against 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 concessions, which are carried out through project financing. This type of arrangement often requires that some of the interest rate risk be contractually covered using 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.

**Liquidity risk**
Liquidity risk is mitigated by a policy of holding cash and near-cash items, and highly liquid, 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 through leading banks to ensure we can meet future associated obligations. We also contract credit facilities for a sufficient sum to meet projected needs.

As of 31 December 2021, 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 trade receivables. 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 highly creditworthy customers. Even so, we use mechanisms such as advances, irrevocable letters of credit and taking out credit insurance policies for international sales to non-repeat 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, that generated by our domestic 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, as well as 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 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 Energía 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 north-east 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. Eóliennes 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 enforced 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 both the National and Zonal 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 transmission companies. 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, the payment obligation being shared among the rest of the coordinated companies.

Furthermore, in Chile we also have an interest in dedicated transmission lines allocated to counterparties of proven creditworthiness that in most cases have an Investment Grade rating. In such cases the remuneration that we receive is regulated under one of the long-term contracts which we have entered into with these companies that use our infrastructure, either to evacuate the power generated or to ensure their energy supply.

Elecnor always strives to take the most extreme of measures to mitigate this risk and periodically analyses its exposure to credit risk, making the corresponding adjustments for impairment loss.

**Market risk**

The Group has exposure to the risk of its cash-flows and profits are impacted by factors including movements in energy prices and the oil price. to manage such risk and keep it to a minimum the Group employs hedging strategies.

The Group has a policy of assuring the price of energy with respect to estimated electricity output, the intention being to diminish profit exposure to electricity price fluctuations in Spain via derivative contracts.

Elecnor pays close attention to regulatory risk, especially as this concerns renewable energy, so as to monitor potential effects of this on the 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 came about 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 calculating the remuneration parameters.

As for wind farms located overseas, Brazil's wind farms have signed long-term (20-year) power contracts of sale with different buyers (Eletrobras, Cámara de Comercialización de Energía Eléctrica, Cemig and distributors), these contracts having been signed within 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 contract of sale with Hydroquebec.

**Risk management system**

The Elecnor Group has exposure to several risk factors associated with both the sectors in which it operates and the broad range of countries where it is active, either on a stable basis or through one-off projects.

The Group 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.

To this end the Group has a dynamic and structured Risk Management System built on these pillars:

- Continuous identification, evaluation and prioritisation of risks
- Identification of the management and supervisory mechanisms and tools in place with respect to key risks and evaluating their effectiveness
- Continuous improvement of risk management through developing and implementing initiatives and projects aimed at enhancing management mechanisms and tools
- Permanent supervision and monitoring of the system.

These management and supervisory mechanisms and tools are built into the various organisational procedures so that they function continuously in the daily course of operations, without detriment to other occasional initiatives or actions that might be established on a case by case basis.

To ensure improved identification and management of core risks, these are grouped into five broad categories:

- Governance risk
- Strategy, planning and environmental risk
- Operational risk
- Reporting risk
- Compliance risk.

In the context of continuous review and improvement of the Risk Management System in 2021 the Group conducted internal evaluation and planned a set of actions intended to make the system more functional and efficient, chiefly by increasing its focus on business risk and enhancing certain arrangements of systems to monitor the major risks, pinpoint and review key associated management and supervisory procedures and tools, and follow up the relevant improvement–related projects.

## 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 so as to raise the level of health and safety protection of everyone involved in our works and projects.

With the outbreak of the Covid-19 pandemic worldwide in 2020, the Elecnor Group tackled this threat with the aim of limiting the spread of the disease as much as possible among its employees and subcontracted workers in the workplace.

Following all the efforts undertaken over 2020, the Action Plan continued to serve as the cornerstone for the whole of our response:

- Holding meetings of the Pandemic Monitoring Committee, which comprises the Group's Senior Management Team, Risk Prevention Service and Corporate Development. Chaired by our Chief Executive Officer, it carried out exhaustive monitoring of the situation, with regular meetings based on how the pandemic was developing.
- Specific protocols for both Sites and for Fixed Work Centres (warehouses, offices, factories, etc.) were produced consistent with the course of the pandemic towards the new normal.
- There was steady provision of protective equipment (masks, gloves, disposable suits, goggles, hand sanitiser, temperature measurement systems when accessing work centres, partitioning for workstations, disposable tissues, paper bins, specific disinfectants, etc.).
- The protocol for the protection of workers especially vulnerable due to their particular physical conditions continued to be observed.
- 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 accidental contact with confirmed cases.

All of this has enabled us to manage the pandemic effectively within the in-house 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).

To highlight the effort made within the Group, we can point to the fact that in Spain alone we have invested over 1,338,800 euros on measures to prevent or limit the spread of Covid-19 within Elecnor.

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.

Throughout the whole pandemic, special emphasis has been placed on performing work to promote information and awareness for our workers and their families, for example by releasing discussion of specific topics every Monday from our "Good morning" Intranet under the heading "Take care of yourself, take care of me" to send clear and practical messages.

In addition to the above description of the actions taken against the Covid-19 pandemic, the following notable activities were carried out during 2021:

- Over 2021 some 20 internal audits were performed pursuant to the ISO 45001 standard throughout 51 days in all. During these several Non-Conformity Observations were made in relation to various points in the standard, mostly on account of one-off errors/failures to comply.

With respect to external ISO 45001 audits, those for ELECNOR and the subsidiaries ADHORNA, ATERSA, DEIMOS SPACE, DEIMOS ENGINEERING, EHISA, ELECNOR INFRASTRUTTURE and JOMAR SEGURIDAD multisite certification (37 days) yielded satisfactory findings. On top of this, the audits for AUDECA (3 days of auditing) and ENERFIN (3 days), which have independent certification, also gave a satisfactory result.

In the International Market 15 internal audits were carried out pursuant to the ISO 45001 standard over a total of 61 days.

Regarding external Health and Safety audits, 9 were conducted in different countries in the International Market which took 58 days overall. These also yielded satisfactory findings which allowed existing certification to be retained, despite one or two minor non-conformities.

Over 2021 the system was adapted to the requirements of the ISO 45001:2018 standard, given that in the year the previous standard based on OHSAS 18001 ceased to be valid and it became necessary to use the new standard for certification.

The auditing for certification in Spain was carried out over May to July, a satisfactory result being attained and certification according to ISO 45001:2018 achieved.

Likewise, all the subsidiaries/branch offices that had their system certified in line with OHSAS 18001 also performed the tasks to adapt and obtain certification with respect to the ISO 45001 standard.

- A total of 1,192 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 85,590 safety inspections have been carried out in the Group to monitor the current conditions in which work is performed. As a result, the necessary corrective measures were taken to improve safety conditions.

- Mindful of the importance of training, and in this area in particular, scheduled activities in this aspect have continued.

Activities were conducted in Spain for an overall group of 28,280 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 159,338, an increase 42.1% compared to the 112,141 hours given in 2020. There are also other technological and management training areas that also have a significant impact on Occupational Health and Safety, yet which are not included in this total (electrical qualifications/authorisations, work equipment operators, etc.). This increase has been largely due to the smaller impact of the Covid-19 pandemic, but above all on account of the surge in activity.

Split by gender, In Spain 27,319 males and 961 females attended, with males receiving 150,936 hours of training, the figure for females being 8,402 hours.

In the International Market, training actions have been organised for an overall group of more than 226,620 people, most of whom attended more than one training event (this figure includes induction training on embarking on major projects). The total number of training hours in the area of Occupational Health and Safety amounted to more than 452,339, a substantial increase on 2020, when 140,140 hours were given, due to the smaller impact of Covid-19, but above all on account of the surge in activity, which featured larger projects with induction training on arrival for workers.

Divided by gender, in the International Market there were a total of 226,620 attendees, of which 223,493 were males and 3,127 females, with 437,483 hours of training given to males and 14,856 hours to females.

- 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:

  • Over the course of the year work has continued on the second phase of the "Excellence in Safety" Project ("PES" for the Spanish), although performance of the tasks has been slowed down by the Covid-19 pandemic.

  In addition, the Working Groups in those countries where work was taking place in 2020 (Angola, Argentina, Chile and Uruguay) have also carried out part of their work-load, adapting and implementing many of the actions defined in the Excellence in Safety Project in Spain, after adapting to the characteristics of each country, with implementation having been virtually completed in all four.

  On the other hand, the elements of the PES still outstanding in Italy have all been implemented, since a great deal of the activities had already been carried out there (SegurT, Notific@, meetings to raise awareness, etc.)

  Implementation of the PES commenced in Brazil and Mexico, countries where this is more recent, making headway in a large portion of the lines of action and completion expected in the opening four months of 2022.

  • In 2021 initiatives that had been planned have been launched or consolidated within the "Digital Transformation" project, several of which are worth noting:

  The tool for completing MRPs ("Main Risk Permits") has been fully implemented throughout Spain. In 2021 MRPs executed totalled 316,000 in Spain.

  Over 2021 several of the modules of the new CORE tool have been developed, which will enable it to contain all the processes developed in our Integrated Management System (planning, objectives, risks and action plans, improvement management, internal audits, follow-up of corrective measures, etc.). Many of these have also been implemented in the Domestic Market (improvement management, meetings, internal audits and follow-up of corrective measures).

  Development of the new Segurplan has also been finalised, which will enable swifter risk assessments, and OHS Studies and Plans.

  Work on improving SegurT and MRPs has continued, for them to be used across the entire International Market, as well as several enhancements that have helped to make them two applications that are more user-friendly and carry out monitoring more easily.

  In this regard, various upgrades have been developed to facilitate integration of the databases of personnel at subsidiaries and offices in the International Market, meaning that the user data handled to make payrolls in each country can be used without having to make manual adjustments.

There have also been less far-reaching initiatives which have helped perform activities: re-structuring and alteration of the intranet, unifying of documentation and criteria in e-coordina as regards access and payment requirements, roll-out of the new e-pocket app, which facilitates on-site querying of the data of our sub-contractors to be in a position to improve monitoring, etc.

On the other hand, in 2021 we continued the process of implementing the various computer Health and Safety tools (SegurT, Notific@, MRPs, e-coordina) in different countries in the International Market (Australia, Brazil, Mexico, 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 activities we perform at Elecnor to promote continuous improvement of Health and Safety in our subcontracted work, on 28 October we held the ceremony for the first Aliado Awards, which are intended to incentivise and reward the good practices which our sub-contractors develop. This is to raise the bar for their standard of OHS and for them to collaborate in achieving our ultimate goal of zero accidents. The awards were presented against the backdrop of the European Week for Safety and Health at Work to make a bigger splash in this area.

These awards originate from our Excellence in Safety Project within the line of activity that aims to improve the performance of our subcontractors in Health and Safety and in the Working Group for High Level Risk Mapping.

We invited candidates for the awards in two categories, "Self-employed people and firms of less than 50 workers" and "Companies with over 50 workers". We sent invitations to take part to over 7,500 active sub-contractors in e-coordina. We received a total of 30 candidatures, which were shortlisted to 19 across the two categories after review.

A jury of outside and in-house judges studied the 19 candidatures and chose a winner and two finalists for either category. They invited these to the event to reveal who had won and present the awards and other accolades.

- In the International Market, in addition to continuing with the preparation of indices 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 (and after pandemic travel restrictions were eased), the OHS Coordinator for the International Area commenced control and coordination visits in that market, going to Panama, Mexico, the Dominican Republic, Brazil, Uruguay and Angola in 2021.

- In the course of the year we began to send out emails every Monday which covered issues such as eating healthily, managing stress etc. with a view to improving the health and welfare of our workers and their families.

All of these activities have been reflected in the injury frequency index for the Domestic Market closing at 3.4 (the figure for the year is the best within the historic series) and the severity index came in at 0.16, compared to 0.15 in 2020.

In the International Market the injury frequency index closed at 1.9 for the year, having marked 1.6 in 2020 (this year's reading is the second lowest for the historic series), whereas the severity index reached 0.07 in 2021, against 0.04 in 2020.

With regard to the ELECNOR Group total, the injury frequency index reached a value of 2.7 this year, equalling the figure in 2020, while the severity index ended at 0.11 this year compared to 0.10 for 2020.

The injury frequency index has repeated its best reading since 1967 when our indices began, whereas the severity index is the second best ever achieved, bettered only in 2020.

## E.2. IDENTIFY THE BODIES WITHIN THE COMPANY RESPONSIBLE FOR PREPARING AND EXECUTING THE FINANCIAL AND NON-FINANCIAL RISK MANAGEMENT AND CONTROL SYSTEM, INCLUDING TAX RISK

The Audit Committee has among its responsibilities the supervision of the effectiveness of the Company's internal control, internal audit and the risk management and control 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 Committee is responsible for establishing the opportune relationships with the external auditor to receive information on those issues relating 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.

The Audit Committee regularly supervises the Group Risk Management System (see the reference to this in point E.1) and reviews the main risks identified and assessment of them, the key management and control procedures and tools rolled out in connection with these, and the chief projects to improve these procedures to continue to make headway in the process of ongoing improvement to Group management. To fulfil its duties in relation to overseeing the Risk Management System, the Audit Committee relies on the Group's internal audit department. Specifically this is the area charged with coordinating analysis of particular risks according to the needs established in each case (priority risks), keeping the Group's risk mapping up-to-date, identifying and reviewing the appropriate design and operational capability of the management procedures and tools in place to deal with the various risks, following up the improvement projects defined by the areas in charge of managing each of the risks; designing, presenting and executing its own internal audit action plan in relation to the various risks, and capturing and calculating certain indicators specified for the various risks, as well as reviewing the indicators calculated by the relevant areas managing this. Without detriment to the continuous monitoring of the organisation's main risks and the principal control methods associated with them which the Audit Committee carries out, the audit team regularly reports to it and the Management Committee on the development of the different plans defined within the framework of the organisation's Risk Management System.

## E.3 INDICATE THE MAIN FINANCIAL AND NON-FINANCIAL RISKS, INCLUDING TAX RISKS, AS WELL AS THOSE DERIVING FROM CORRUPTION (WITH THE SCOPE OF THESE RISKS AS SET OUT IN ROYAL DECREE LAW 18/2017), TO THE EXTENT THAT THESE ARE SIGNIFICANT AND MAY AFFECT THE ACHIEVEMENT OF BUSINESS OBJECTIVES

The Elecnor Group's main risks are grouped into five broad categories:

**Governance risk:** Relative to the structure and form of the organisation's governance (structure and composition of the administrative body, risk management, social responsibility and sustainability strategy and identification and management of stakeholder expectations).

**Strategy, planning and environmental risk**: That associated with the key variables and decisions of a strategic nature, the way in which strategy is implemented and environmental shifts or changes that could have a significant bearing on the organisation's activities and achievement of its objectives. Most notable among such risks are those relating to:

- The business model
- Managing and addressing changing customer needs
- Growth
- Subcontracting strategy
- Business concentration
- Changes to the market, industry and competition
- Climate change
- Public health
- Laws and regulations
- The social or political situation
- Trends in exchange and interest rates

**Operational risk**: Concerns the way in which the organisation pursues its activities and manages its resources according to established processes and procedures. They comprise risks associated with project management, asset management and maintenance, the supply chain, business management, financing, credit, liquidity, financial planning and budgeting, legal risk, human resources and information systems, among others.

**Reporting risk**: Risk relating to information management, both internally and externally, including risks ranging from data capture and processing to drafting reports and handing them out to intended recipients, whether these are management reports or those that are mandatory (annual financial statements, tax returns and reporting etc.…).

**Compliance risk**: Relating to mechanisms in place to ensure compliance with laws and regulation and the organisations policies and procedures, notable among these items being areas such as promoting and consolidating a compliance culture, actual management of risks of this kind and the reporting or management of incidents.

Moreover, notable among the major risks managed within the Compliance System are those concerning corruption, money laundering and the financing of terrorism, the spheres of competition law, and those relating to tax matters, the environment or human rights, among others.

## E.4 INDICATE WHETHER THE ENTITY HAS RISK TOLERANCE LEVELS, INCLUDING FOR TAX RISK

The company has mechanisms that enable it to gauge the level of exposure and scale of certain risks that affect it in the course of its activities.

Specifically, the company has a methodology in place to assess both the potential impact and the probability of occurrence of the risks pinpointed within its Risk Management System. This measures the impact discussed in terms of its effect on turnover, profitability and efficiency; on reputation, and on the sustainability of the business model itself. Having obtained a measurement for inherent risk (impact plus probability) for each of the risks mentioned, we examine to what extent these are better or worse managed and controlled using the procedures, controls, resources and tools for management currently in place and arrive at the residual risk.

The bodies in charge of overseeing the risk management and control systems (the

Board of Directors, Audit Committee and Senior Management, backed up by the internal audit department – see points E.1 and E.2 above) take into consideration both the inherent risk assessment and the residual risk when they prioritise the risks for which they plan and assign resources to enhance management, control or supervision and continuous follow-up of them.

## E.5 INDICATE WHICH FINANCIAL AND NON-FINANCIAL RISKS, INCLUDING TAX RISKS, HAVE MATERIALISED DURING THE YEAR

The following are the risks which we consider the most significant:

1.- Legal

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, proceedings, claims, arbitration, subcontracting, etc.), both for domestic and international business. Nevertheless, 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 (National Commission on Markets and Competition) 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 Case Management Order 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 Parent 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 developments in 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 Group recognised a provision to cover this risk in 2019 for an amount of EUR 20.4 million, on estimating that the probability of the appeal being upheld is less than 50%. At 31 December 2021 this provision is being maintained under the "Others" category, given that the situation has remained unchanged over this financial year.

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 liability.

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 order 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 approximately EUR 12 million.

In any event, within the framework of the continuous improvement of its risk management and internal control systems, in 2019 the Group initiated a process of reviewing and improving its compliance system in the field of competition regulations, integrated within its compliance system, 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. Notable within these measures is revision of the Elecnor Group's Code of Ethics and Conduct which, among other alterations, has reinforced messaging in the field of competition law, and most particularly approval and publication of specific policy on competition regulations (Competition Policy of the Elecnor Group) as well as a supplementary quick-start guide to help the Group's professionals gain a better understanding of current legislation and associated risks in this area. In addition, in order to strengthen the awareness and knowledge of competition law among its employees, a specific training programme for management (almost 250 people) has been designed and delivered over the course of 2021 with the support of Deloitte.

2.- Tax

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, where corresponding settlement agreements 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. In the currently reviewed financial year this Tribunal decided to dismiss the claims filed except for the one concerning the deductibility of interest on arrears. In December 2021 an administrative appeal was filed with the Spanish National Court of Justice as well as a petition for suspension of enforceability of the decision including the offer of a bank guarantee as collateral, which was lodged with the Tax Office (AEAT) under administrative procedure.

On the other hand, in 2021 the inspection procedure begun in 2019 finalised with the signing of undisputed assessments which entailed the payment of EUR 5,600,000 as well as a disputed assessment for the total sum of EUR 2,900,000.

In December 2021, in connection with the settlement agreement arising from the disputed assessment the Company filed an economic-administrative claim with the Central Economic-Administrative Tribunal.

Given this state of affairs, in conjunction with their tax advisers and in keeping with a policy of prudence in 2019, the Company's Directors decided to provision the amounts claimed in the settlement agreements that were appealed against and concerned discrepancies in the interpretation of related-party transactions, given the greater probability of the review bodies confirming the proposal of the tax authorities rather than not doing so.

Additionally, in 2019 and 2020, as well as in the year presently under review, a provision was recognised to cover the potential impact of non statute-barred financial years in regard to the disputed assessments signed owing to discrepancies in the interpretation of related-party transactions given that the same policies were followed with respect to transfer pricing as in previous years.

3.- Financial

In September 2021 the Elecnor Group signed a novation of the Syndicated Loan Agreement formalised in 2014. The novation extends the due date by a little over two years, up to September 2026. It includes a voluntary early repayment of EUR 150 million of the Loan Tranche and an increase of EUR 100 million for the Credit Tranche. The loan facility therefore comes to have a limit of EUR 350 million divided into a Loan Tranche of EUR 50 million and a Credit Tranche of EUR 300 million. This lending arrangement complies with the requirements which the "Sustainability Linked Loan Principles" establish, meaning it can be rated as sustainable.

In financial 2021 the Elecnor Group executed three long-term private placements totalling EUR 100 million:

- EUR 50 million over 10 years in sustained loan form, placed by Banca March.
- EUR 20 million over 10 years, which moreover is compliant with "Green Loan Principles" since the funds are to be used on projects rated as green, placed by B. Sabadell.
- EUR 30 million over 14 years in sustainable bonds, also placed by B. Sabadell, which went onto MARF, the Alternative Fixed-Income Market. They have an Elecnor Group BBB- (investment grade) rating given by Axesor.

With this re-structuring Elecnor Group has managed to extend the terms for its funding at the long end to average lives of around 10 years while keeping cost levels low.

4.- Economic

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 exchange rate movements. Within the framework of its Risk Management System, the company 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 both adjusts its cash forecasts and plans its financial needs, while also identifying the causes that have led to the occurrence of these risks, implementing measures that reinforce its risk monitoring and control activities in a process of continuous improvement.

5.- Occupational Health and Safety (OHS)

During the 2021 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.

To reduce this accident rate, the development of the "Excellence in Safety" Project has continued to progress in 2021. 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 carried out on the second phase of this project in Spain, and this has been largely undertaken in the International Market in those countries where such efforts were already taking place in 2020 (Angola, Argentina, Chile, and Uruguay), while roll-out has already begun in two other new countries (Brazil and Mexico). 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, with efforts being likewise directed at implementation in the International Market in 2021.

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, improvements to work equipment or PPE, etc.

6.- Labour relations

It should be noted that during 2021 regulatory changes which were initiated in the previous year have been implemented. These relate to "equality", "time cards/tracking", etc., for which reason various Labour and Social Security Inspectorate (I.T.S.S. for the Spanish) campaigns in these areas have been envisaged which, though they began in 2021, are still only confirmatory and token, and have not yet led to punitive action by the Labour and Social Security Inspectorate.

Though these campaigns are expected to entail an increase in the number of inspections, they do not jeopardise the viability of the company, there being no risk of any significant fine or settlement.

The change to the *modus operandi* of the I.T.S.S. does appear significant however – with so-called "anti-fraud bots" coming into play, which means that they require irregular situations to be rectified prior to deploying a traditional inspection.

2021 has seen these being used to monitor temporary employment, requiring that temporary contracts are converted into permanent ones. This form of conduct has not represented any economic detriment, although it has marked a change of trend and invited reconsideration of the actual temporary nature of the workforce.

We must not forget the exceptional situation during this year caused by the global Covid 19 pandemic. Even though we did not find ourselves facing the same set of problems as in 2020, this has affected normal Labour Relations, both internally due to the protocols to follow and externally on account of the shift in relations with the public authorities. The most relevant fact in 2021 was that the 14 Temporary Workforce Restructurings in 2020 as a direct or indirect consequence of the pandemic have been ruled to be definitive and accorded merit, with only one of them subjected to judicial review.

It should be noted that on the last working day of the year the Official State Gazette (the BOE for the Spanish) published Royal Decree Law 32/2021, which will lead to an overhaul of the labour market in 2022 which mainly affects types of contracts (limiting those temporary in nature), collective bargaining, outsourcing or subcontracting and Temporary Workforce Restructurings.

7.- Other Compliance risk

In 2021 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 TO ENSURE THAT THE BOARD OF DIRECTORS RESPONDS TO ANY NEW CHALLENGES THAT ARISE**

Oversight of the Risk Management and Control System mentioned in point E.1 is performed at the very top of the Company, namely by the Chairman, the CEO, the Audit Committee, the Board of Directors and the Management Committee.

Notwithstanding this and to mitigate or redirect the risks described in sections E.3 and 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 fully briefing 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 risk management and control systems within Internal Control over Financial Reporting (ICFR)

### F.1 THE ENTITY'S CONTROL ENVIRONMENT

Report on at least the following, describing their principal features:

F.1.1 The 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 Financial Reporting process (ICFR), as well as its supervision, is assumed by the Audit Committee, a body which has delegated the tasks of designing and verifying the effective implementation and operating capacity of the ICFR to Elecnor's General Internal Audit and Finance Sub-Division.

To this end, the Regulations of the Elecnor Board of Directors expressly establish that one of its own functions is to identify the main risks of the Company and to implement and monitor the appropriate internal control and information systems, specifically to supervise the process for the preparation and submission of financial information. In addition, these Regulations, the Company's own Articles of Association and the Regulations of the Audit Committee itself establish that the Audit Committee's responsibilities include the supervision of the effectiveness of the Company's internal control, internal audit and systems for managing risk, 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 Committee is also responsible for establishing appropriate relations with the account auditors to receive information on any matters that may jeopardise their independence and any other matters relating to the account auditing process. In the specific area of auditor independence and through the internal procedure established in this respect, the Audit Committee is responsible for pre-approving, directly or indirectly through Internal audit and from an independent perspective, any proposal for non-audit services submitted by the Group's external auditor. It also annually obtains written confirmation from the auditors of their independence and information on the additional services which they provide, and issues the required report in this respect prior to issuing the 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 relevant heads of each related department, are responsible for designing the organisational structure and the lines of responsibility and authority with regard to functions concerning the process of preparing financial information. 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 (intranet).

Persons responsible for the administration and recording of transactions with a direct impact on the process of preparing financial information (corporation, local offices and subsidiaries) are functionally under 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 Code of Ethics and Conduct, and the documents that implement it, apply to all of the companies within the Group and all of the business and activities which it pursues in all of those countries where it operates. Their essential mission is to disseminate the Group's business philosophy among all of its employees and all of the people and companies who collaborate with it in its operational activity (such as suppliers, subcontractors, consultants or advisers, business partners and co-workers in general). They also lay down the guidelines that should inform their personal and professional conduct in carrying out their activities. Among those documents that develop the Code of Ethics and Conduct is that on Compliance Policy, which expands on the behaviour expected of Elecnor employees and the natural and legal persons that have regular dealings with Elecnor to ensure compliance with what is lawful. The Board of Directors of Elecnor approves these documents and they are available to all employees and interested third parties on Elecnor's website within the "Sustainability" section, as well as on the corporate intranet.

The Elecnor Group enforces a zero tolerance policy for malpractice in contravention of any provision as regards ethics and integrity and expects its professionals and third parties with who it deals keep their conduct and actions permanently aligned with the principles and values which the Code of Ethics and Conduct establishes, as well as with the regulations or legislation on which it is based and/or the policies or procedures that implement it.

With respect to the sphere of information which the Elecnor Group shares with third persons and publishes, the Code of Ethics and Conduct stipulates that "*Our related parties… must be able to trust in the truthfulness and integrity*" of it. It also states that "*Our books and records must faithfully and clearly reflect our transactions to a reasonable level of detail and in harmony with generally accepted accounting principles and policy*" and we stress that, to a greater or lesser extent, we all contribute to the process of recording transactions properly and keeping records of information, without detriment to the fact that certain employees have more specific duties in this field.

The Elecnor Group keeps a Compliance System fully operational, which is designed and operates in accordance with best domestic and international practices, to prevent and manage risks appropriately that relate to the potential violation of the principles, values and guidelines for behaviour set out in the Code of Ethics and Conduct and other associated regulations, policies and procedures. The Chief Compliance Officer and the Compliance Committee (which the Audit Committee and the Board of Directors delegate) are in charge of continuous improvement and proper functioning of the Elecnor Group's Compliance System. More specifically the Compliance Committee is tasked with supervising, monitoring and controlling the Compliance System and ensuring constant review and upgrading of it, as well as that it operates effectively. Moreover, among its other responsibilities it is the body entrusted with looking into potential contravention of the above-mentioned principles on how to act and lawfulness, and reports is conclusions to the Audit Committee so that it can decide to take any corrective action and disciplinary measures. The Compliance Committee currently comprises nine people from assorted corporate areas and the legal department in the various different business activities. The body structurally and functionally operates under the Audit Committee, to whom it regularly reports on its work.

The Compliance Committee 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 undesirable risk behaviour. Training cycles are carried out through classroom sessions, on-line training or handing out 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 Conduct, and the Compliance Policy in the welcome pack. All the new structural employees joining the organisation in Spain also receive an online induction course which includes a specific and very highly-evolved unit on our principles and values, and the Elecnor Group's Compliance System.

- Whistle-blower 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 whistle-blower and the person reported

All Elecnor Group professionals have an obligation to report any irregular practices and unlawful or unethical behaviour which they may become aware of or witnesses to immediately. to this end and at no detriment to other, less formal channels, the Elecnor Group provides its professionals and/or third parties having a legitimate interest with a confidential channel through which to (i) express any doubts about how to interpret the Code of Ethics and Conduct or its implementing regulations, (ii) put forward suggested improvements to existing internal control systems, or (iii) report in good faith with regard to conduct that is irregular or runs contrary to the provisions set out in the Code, regulations upon which it is based, policies and/or procedures that build on it, or legislation in force. Access to this channel is via an email address (codigoetico@elecnor.com) and/or traditional post (to "apartado de correos nº 266-48080"). These channels are fully up and running and are clearly set out in the Code of Ethics and Conduct, Compliance Policy and other related policies, on the corporate website or intranet, and in other public communications or publications, such as the Integrated Report.

Such reporting should preferably be specifically addressed by name and will all be reviewed and treated confidentially and in observance of the regulatory framework on personal data protection as well as the procedure laid down for this. Notwithstanding this, and if anonymous reports are received, these are studied alike by those in charge of the Ethics Channel and, where the argumentation in these appears sound, they are processed and investigated in line with the procedure discussed. The Elecnor Group does not tolerate reprisals against anybody using the established channels for reporting potentially irregular conduct in good faith.

Those supervising the Ethics Channel (who are appointed for such purpose among the members of the Compliance Committee) are in charge of taking receipt of and processing incoming reports and then identifying their nature and assessing how important they are, as well as deciding which department or unit at the Elecnor Group is best suited to resolving them. The Ethics Channel supervisors report directly to the Audit Committee on notifications received, the enquiries carried out and the conclusions reached. The final decision on disciplinary action to take falls to the Audit Committee.

The actual Regulations of the Audit Committee of Elecnor stipulate that the Committee's functions include setting up and supervising a mechanism to allow employees and people associated with the Company, such as Directors, shareholders, vendors, contractors or sub-contractors, to report potentially important irregularities, including those of a financial, accounting-related or any other nature in connection with the Company and which they notice within it or its Group. This mechanism must guarantee confidentiality and, in any event, provide for cases where the reporting can be made anonymously, protecting the rights of the whistle-blower and the person reported, while they regularly receive information on its functioning and can propose any appropriate action to improve the mechanism and lessen the risk of irregularities going forward.

- 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, depending on the position held 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. Thus over 2021 several courses have been delivered as part of this programme, such as finance for non-financial staff, financial statement analysis, financial project management and project valuation, and investment analysis.

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.

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 updating of it. 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, holding companies 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 remit allocated to the General Internal Audit and Finance Sub-Division by the Audit Committee.

To summarise, this risk identification process has the following characteristics:

- Analysis of the consolidated annual financial statements for the year 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 afore-mentioned 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 mainly.

The operation of the ICFR oversight system 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 Committee for approval. Among the tasks included within the Annual Plan is reviewing both the risks and main controls that relate to preparing financial information and the 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.

In performing its tasks, the General Internal Audit and Finance Sub-Division 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. The General Internal Audit and Finance Sub-division reports these risks, as well as their potential impact on the financial statements, to the Audit Committee at the various meetings which the Committee holds.

## 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, in conjunction with the General Accounting Department, the Management Control Department annually prepares the closing calendar which includes the closing dates, rules and instructions. This calendar is made available to all staff involved through email and the computerised directory. In addition, the Elecnor General Accounting and Management Control departments underpin the accounts 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, these 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 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 these levels of relevant information:

- Annual 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 consolidated interim financial statements.

  Subsequently, the individual and consolidated annual financial statements are reviewed by the heads of the various corporate areas of Elecnor, the General Internal Audit and Finance Sub-Division, the Audit Committee and the Board of Directors. The Audit Committee receives the annual financial statements sufficiently in advance to ensure adequate review of them and meets with the external auditors prior to the meetings of the Board of Directors where the annual and interim financial statements are prepared.

- Description of the ICFR

  The General Internal Audit and Finance Sub-Division is responsible for preparing the description of the ICFR. This process culminates in a review of it by the Audit Committee and approval for it as part of the Annual Corporate Governance Report by the Board of Directors.

- Notifications to the CNMV

  The department or subsidiary from which the information to be reported 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 if it includes financial or accounting information.

- Uploading of information to CNMV applications

  The annual financial statements and the consolidated annual financial statements, as well as their associated management reports (including the Annual Corporate Governance Report, or ACGR, and the Annual Directors' Remuneration Report, or ADRR), are presented in the European Single Electronic Format in accordance with the formatting and labelling requirements established in Commission Delegated Regulation (EU) 2018/815 in the case of the consolidated annual financial statements, which the Company's Board of Directors prepares in this format. The formatting is sent to the CNMV, along with the letter from the secretary confirming authorisation from the Board for publication, via the applications which it has enabled for these purposes. The Board of the Company is responsible for validating and delivering this information and has exclusive access to the smart card for sending it.

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 judgements, estimates and projections, the Group has identified the main risks relating to these aspects. In particular, the main areas exposed to judgements and estimates have been identified as those associated with:

- Recognition of income from construction contracts under the percentage-of-completion method.

- 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 Audit Committee and 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.

Elecnor currently has a series of controls that mitigate the main risks relating to the integrity, availability, validity and confidentiality of accounting and financial information. In addition, Elecnor has procedures on 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

As regards subcontracting to third parties of valuations or calculations in connection with certain items in the financial statements, the Group entrusts valuation of interest rate and exchange rate hedging derivatives traded to top-tier financial institutions.

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 income statement. The reports received from these experts, and the consequences that arise from them, if any, for 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 so as 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, the Head of Consolidation of the General Internal Audit and Finance Sub-Division submits queries to the external auditor.

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 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 a ban on 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.

This reporting and consolidation process is supported on a well-respected IT application (SAP – Business Planning and Consolidation, or "BPC").

## 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.

As described earlier, among the functions which the Audit Committee assumes is that of supervising and assessing the effectiveness of both the financial and the non-financial risk management and control systems. The Audit Committee is also in charge of supervising and assessing the preparation and presentation of the financial and non-financial information of the Company and its Group, checking on compliance with the regulatory requirements, suitable definition of the consolidation scope and proper implementation of accounting standards, as well as, especially ascertaining, understanding and overseeing the effectiveness of the Internal Control over Financial Reporting system.

In carrying out these functions, the Audit Committee 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, the 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. Internal Audit is integrated within the General Internal Audit and Finance Sub-Division. The Elecnor Group has an Internal Audit Plan, which the Chief Audit Executive presents to the Audit Committee, which approves it. At its various meetings the Audit Committee follows up on execution of the plan using the information which the General Internal Audit and Finance Sub-Division provides.

The Management Control area continuously monitors the different Elecnor organisations, paying particular attention to the most significant sections of the balance sheet and the income statement, such as work in progress (old production), advance invoicing, customer balances, and 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 the same subject-matter. These internal audits are on-site and at least once a year for each organisation. They 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 domestic subsidiaries are subject to an internal audit each financial year before its close.

In any event, in both this financial year and that previous to it, as a result of the policies implemented against the backdrop of 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.

With respect to ICFR, the Elecnor Group's Audit Committee is informed of the internal control structure existing in the organisation and, as previously mentioned, approves and supervises the annual internal audit plan, meets at least twice a year with the external auditors and is informed monthly about developments within businesses and activities at the meetings of the Board of Directors. Furthermore, where relevant, it is informed of certain judgements or estimates included in the financial information and, without detriment to this regular monitoring work, the Audit Committee devotes one of its meetings specifically to reviewing key aspects of the ICFR system. The Audit Committee 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. Also state whether the Company has an action plan to try to correct or mitigate any weaknesses observed.

The Elecnor Audit Committee 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 2021 financial year, the Audit Committee held 11 meetings, three of which have been attended by external auditors. These meetings were 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, whose review is attached as an Annex.

# ELECNOR, S.A.

**Auditor’s Report on the “Information concerning the System of Internal Control over Financial Reporting (ICFR)” of ELECNOR, S.A. for 2021**

***(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)***

KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

# Auditor's Report on the "Information concerning the System of Internal Control over Financial Reporting (ICFR)" of ELECNOR, S.A. for 2021

*(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

To the directors of ELECNOR, S.A.

As requested by the Board of Directors of ELECNOR, S.A. (the "Company") and in accordance with our proposal letter dated 27th January 2022, we have applied certain procedures to the "Information concerning the ICFR" attached in section F of the Annual Corporate Governance Report of ELECNOR, S.A. for 2021, which summarises the Company's internal control procedures for annual financial reporting.

The Board of Directors is responsible for adopting appropriate measures to reasonably ensure the implementation, maintenance and oversight of an adequate system of internal control, the development of improvements to that system and the preparation and definition of the content of the information concerning the ICFR attached.

In this respect, it should be borne in mind that irrespective of the quality of the design and operation of the internal control system adopted by the Company in relation to annual financial reporting, the system may only provide reasonable, but not absolute assurance in relation to the objectives pursued, due to the limitations inherent in any internal control system.

In the course of our audit work on the annual accounts and in accordance with Technical Auditing Standards, our evaluation of the Company's internal control was solely aimed at enabling us to establish the scope, nature and timing of the audit procedures on the Company's annual accounts. Consequently, the scope of our evaluation of the internal control, performed for the purposes of the audit of accounts, was not sufficient to enable us to issue a specific opinion on the efficiency of this internal control over regulated annual financial reporting.

For the purposes of issuing this report, we have applied only the specific procedures described below and set out in the Guidelines for preparing the auditor's report on the information on the system of internal control over financial reporting of listed entities, published on the website of the Spanish National Securities Market Commission (CNMV), which defines the work to be performed, the minimum scope of the work and the content of this report. As the scope of the work resulting from these procedures is in any event limited and substantially less than that of an audit or review of the internal control system, we do not express an opinion on its effectiveness or design or operational efficiency, with respect to the Company's annual financial reporting for 2021 described in the attached Information concerning the ICFR. Consequently, had additional procedures other than those defined in the aforementioned Guidelines been applied, or an audit or review been performed of the internal control system in relation to regulated annual financial reporting, other events or matters could have been identified, which would have been reported to you.

Moreover, as this special engagement does not constitute an audit of accounts nor is it subject to prevailing legislation regulating the audit of accounts in Spain, we do not express an audit opinion in the terms envisaged in such legislation.

The procedures applied were as follows:

1. Reading and understanding of the information prepared by the Company in relation to the ICFR – disclosures included in the directors' report – and evaluation of whether it covers all the information required, taking into account the minimum content described in Section F, concerning the description of the ICFR, the Annual Corporate Governance Report model set out in Spanish National Securities Market Commission (CNMV) Circular 5/2013 of 12 June 2013 and subsequent amendments, the most recent being Circular 3/2021 of 28 September 2021 (hereinafter, the CNMV Circulars).

2. Inquiries of personnel responsible for preparing the information detailed in point 1 above in order to: (i) gain an understanding of the preparation process; (ii) obtain information that allows us to assess whether the terminology used conforms to the definitions contained in the reference framework; (iii) obtain information on whether the control procedures described are in place and operational in the Company.

3. Review of explanatory documentation supporting the information detailed in point 1 above, and which will mainly include that made directly available to those responsible for preparing the descriptive information on the ICFR. This documentation includes reports prepared by internal audit, senior management and other internal or external specialists supporting the audit and compliance committee.

4. Comparison of the information detailed in point 1 above with the understanding of the Company's ICFR gained as a result of the procedures performed within the framework of the audit work on the annual accounts.

5. Reading of the minutes of the meetings of the Board of Directors, audit and compliance committee and other committees of the Company for the purposes of assessing the consistency of the matters discussed at these meetings in relation to the ICFR with the information detailed in point 1 above.

6. Procurement of a representation letter concerning the work performed, duly signed by those responsible for preparing and drawing up the information detailed in point 1 above.

As a result of the procedures applied to the Information concerning the ICFR, no inconsistencies or incidents have come to light that could affect it.

This report has been prepared exclusively in the context of the requirements established in article 540 of the Revised Spanish Companies Act and the CNMV Circulars for the purposes of the description of the ICFR in Annual Corporate Governance Reports.

KPMG Auditores, S.L.

(*Signed on original in Spanish*)

Cosme Carral

24 February 2022

## 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 Association 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 Annual 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 Annual 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 (the 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 pre-emptive 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 pre-emptive rights, the company should immediately publish the reports about such exclusion that are 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 appointments and remuneration committees.**

**c) Report by the audit committee on related-party transactions.**

**Complies ☐ Partially complies ☒ Explain ☐**

On the occasion of the publishing of the call to attend the Annual General Meeting, the Company has, on its corporate website and under the "General Meeting of Shareholders" heading of its "Corporate Governance" section, posted the following reports pursuant to Recommendation 6: the Functioning Report of the Audit Committee, the Functioning Report of the Appointments, Remuneration and Sustainability Committee (formerly known as the Appointments and Remuneration Committee) and the letter of independence of the external auditor.

The company nonetheless did not post the Report of the Audit Committee on the Independence of the External Auditor through error. Neither did it post the Report of the Audit Committee on related-party transactions, since the Company is of the view that the information published in the Annual Corporate Governance Report and the notes to the annual financial statements already offers a detailed and ample explanation of the most relevant aspects of the related-party transactions performed in the previous financial year, meaning that it would consequently be more straightforward and clearer for shareholders not to feature this information in a third document, all the more so given the new regulation on related-party transactions that is provided for in the Corporate Enterprises Act following revision of it under Law 5/2021 which requires more extensive information on related-party transactions.

**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 customs and best practices, it should seek to reconcile its own company interests, when appropriate, with the legitimate interests of its employees, suppliers, clients and other stakeholders that may be affected, as well as the impact of its corporate activities on the community at large 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 15 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.**

**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 appointments committee published upon calling the General Shareholders' Meeting to which the ratification, appointment or re-election of each director is submitted.**

**The appointments 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 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, Remuneration and Sustainability Committee (the erstwhile Appointments and Remuneration Committee) 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 Committees in terms of knowledge, experience, age and gender, among other issues. The Policy also expressly establishes that, 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, Remuneration and Sustainability Committee (formerly referred to as the Appointments and Remuneration Committee) 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, and choosing the best profiles available for it, without any discrimination on the basis of gender or any other factor.

**16. That the number of proprietary directors as a percentage of the total number of non-executive directors should not be greater than the proportion of the company's share capital represented by those directors to 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 which it comprises 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 producing shareholder value.

Elecnor's Proprietary Directors perform a supervisory task similar to that attributed to Independent Directors. The composition of Elecnor's Board of Directors corresponds with 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 it comprises 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 producing shareholder value.

Elecnor's Proprietary Directors perform a supervisory task similar to that attributed to Independent Directors. The composition of Elecnor's Board of Directors corresponds with 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 proprietary directors, the significant shareholder that they represent or to whom 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 appointments committee, should explain the reasons for the appointment of any proprietary directors at the proposal of shareholders whose equity interest 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 its 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 Association unless the Board of Directors finds just cause and a prior report has been prepared by the appointments 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 which 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 appointments, remuneration and sustainability 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 sufficiently 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 appointments committee should make sure that non-executive directors have sufficient time available to perform their duties properly.**

**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 establishes adequate means for directors to obtain appropriate advice to fulfil their duties properly 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 present shall be necessary, and said consent shall be duly recorded in the minutes.**

**Complies ☒ Complies partially ☐ Explain ☐**

**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 under the Articles of Association, 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 Association 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 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 appointments 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 appointments 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 Committee consists of an Executive Director, another External Director and four Proprietary Directors, all of whom have 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 Committee, given the nature of the business subject-matter discussed in it.

With respect to the Secretary of the Committee, Mr Fernando Azaola Arteche currently holds this position. He has the category of "Other External Director", having previously been Executive Director of the Company, and he has the necessary experience and knowledge of the Company required for adequate performance of this role. In this regard, the Company believes that, given the topics discussed on the Executive Committee (often of a commercial or business nature) and for the sake of the better functioning of the Committee it is advisable for the secretary to be somebody who has the knowledge and experience gained from their former position as Executive Director of the Company, which endows them with considerable ability to grasp what is required for the Executive Committee to function and for there to be adequate and efficient coordination with the present Executive Director of the Company, who is a member of the Committee. This is all without detriment to the necessary coordination that exists between the Secretary of the Executive Committee and the Secretary of the Board of Directors and its supervisory and control Committees to ensure that the Board and all of its Committees function effectively.

Notwithstanding this, the Company is weighing up whether the Secretary of this Committee should be the Secretary of the Board of Directors and in this respect, it is studying whether such a change would be advisable for the Board and its Committees to function better, given the particular characteristics of the Company. To date, the Company has still not taken any decision on the matter.

**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 ☒ 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, including those of a financial or accounting, or any other nature, that they observe in relation to or within 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 whistle-blower 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 of the change of auditor through the CNMV, 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 to report on the tasks performed and the developments in 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 ☒ 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 ☒ Complies partially ☐ Explain ☐**

**44. That the audit committee be kept abreast of any corporate and structural changes planned by the company 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 ☒ 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 to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.**

**Complies ☒ 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 ☒ Complies partially ☐ Explain ☐**

**47. That in designating the members of the appointments and remuneration committee – or of the appointments 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 ☐ Complies partially ☒ Explain ☐**

The members of the Appointments, Remuneration and Sustainability Committee are appointed while exercising care to ensure that they have the knowledge, aptitudes and experience appropriate to the functions that they are called upon to perform.

In regard to its composition, the Company fully complies with what is stipulated in the Corporate Enterprises Act, Article 529 quindecies, paragraph 1 of which establishes that "The appointments and remuneration committee shall comprise entirely of non-executive directors, appointed by the board of directors; at least two of whom must be independent directors". The Appointments, Remuneration and Sustainability Committee comprises two Independent Directors and two Proprietary Directors.

**48. That large-cap companies have separate appointments and remuneration committees.**

**Complies ☐ Explain ☐ Not applicable ☒**

**49. That the appointments 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 appointments committee to consider potential candidates that he or she considers suitable to fill a vacancy on the Board of Directors.**

**Complies ☒ 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 contract terms and conditions 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 written up and the 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 appointments 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 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 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 for a sufficient time 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 Article 12 of the Articles of Association provides 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.

Likewise, the Company has chosen to maintain the same policy for all the Directors, no distinction being made among the various categories of them, for which reason no percentage of the Executive Director's variable remuneration has been linked to the handover of shares even though this possibility is included within the current Directors' Remuneration Policy. This is all without prejudice to the fact that the Appointments, Remuneration and Sustainability Committee will at all times give consideration to the advisability or otherwise of changing policy, in which case it will submit the idea of handing shares to the Executive Director to the General Meeting of Shareholders for approval pursuant to Article 219 of the Corporate Enterprises Act.

**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 so as to meet the costs related to their acquisition or, following a favourable assessment by the appointments 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 where accrual**

**of them or the obligation to pay them 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-compete agreements.**

**Complies ☐ Complies partially ☒ Explain ☐ Not applicable ☐**

The amount of the Executive Director's compensation comes to the equivalent of two (2) years of total remuneration, from which long term variable remuneration is excluded. Even so, exceptionally, if cessation and termination of the contract with the Executive Director is due to a change of control of the Company in the sense which Article 42 of the Commercial Code provides for, or the assignment or transfer of all or part of its activities or its assets or liabilities to a third party or merger into another business group, as well as a change of the current shareholders who own over 50% of the share capital or the Company's key shareholder, the Executive Director would be entitled to receive an additional sum equal to one (1) year of their total remuneration.

## 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 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 revised text of the Corporate Enterprises 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 Corporate Enterprises Act, it is expressly stated that the provisions of points C.1.5 and C.1.6. of this report precisely apply to the Committees 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 re-electing members of the Board of Directors.

In 2021 those at the General Meetings of Shareholders of Elecnor, S.A. (the "Demerger Parent Company") and of Elecnor Servicios y Proyectos, S.A.U. (the "Beneficiary Company") approved the common draft terms of demerger formulated by the governing bodies pursuant to Law 3/2009 of 3 April on structural changes to commercial companies (the "LME" for the Spanish).

The partial unbundling entails the spin-off of the portion of the demerger parent's assets which focuses on the business activities of services and projects. This handles the execution of all types of engineering, renewable energy, construction and services projects, which it performs both directly and via subsidiaries and companies established in Spain and abroad in the sectors of: electricity, power generation, gas, telecommunications and systems, railways, energy maintenance and efficiency, plants and facilities, construction, water, the environment and space.

Elecnor, S.A. remains the Group's listed parent company, to which report the subsidiaries Elecnor Servicios y Proyectos, S.A.U. and Enerfín Sociedad de Energía, S.L.U., as well as the company Celeo Concesiones e Inversiones, S.L. in which it has an equity interest.

The demerger is intended to fit the Group's organisational structure to the actual organisational pattern which the firm has been working on for some years now, as well as to enable satisfactory splitting out of the risks, assets employed or profits of the activities which each of them pursue and consequently enable the proper separating out of the added value from each of the Elecnor Group's activities.

On the other hand, at its meeting of 24 November 2021 the Board of Directors unanimously passed a resolution to approve the Company's Equity Story to inform the market transparently by offering, on the one hand, a picture of the company's profile, philosophy and business model as well as a review of its results performance, and, on the other hand, discussion of the company's future strategy.

Moreover, at its meeting on 15 December 2021 the Board of Directors unanimously gave its approval to developing two new corporate policies, namely Policy on defining the structure of the Elecnor Group and Corporate Governance Policy.

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This Annual Corporate Governance Report was approved by the Board of Directors of the company at its meeting held on **23 February 2022.**

Indicate whether any director voted against or abstained from approving this report.

Yes ☐ No ☒

# ANNUAL REPORT ON DIRECTOR REMUNERATION

# 2021

<u>**ISSUER IDENTIFICATION DETAILS**</u>

**Year-end date**: 31/01/2021

**Tax ID (N.I.F.):** A48027056

**Company Name:** ELECNOR, S.A.

**Registered Office:** C. del Marqués de Mondéjar, 33, 28028 Madrid

## A) REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FINANCIAL YEAR (2022)

A.1.1 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:

a) Description of the procedures and company bodies involved in determining, approving and applying the remuneration policy and its terms and conditions.

b) Indicate and, where applicable, explain whether comparable companies have been taken into account in order to establish the company's remuneration policy.

c) Information on whether any external advisors took part in this process and, if so, their identity.

d) Procedures set forth in the current remuneration policy for directors in order to apply temporary exceptions to the policy, conditions under which those exceptions can be used and components that may be subject to exceptions according to the policy.

**Remuneration policy in place for the current financial year**:

As stated in Section A.2 below, the Company's Board of Directors, on the proposal of the Appointments, Remuneration and Sustainability Committee, intends to submit to the approval of the forthcoming Elecnor General Shareholders' Meeting a new Director Remuneration Policy applicable to the rest of 2022 and for the 2023, 2024 and 2025 financial years which, in accordance with article 529 r(1) LSC will apply as from the date of its approval.

Notwithstanding the foregoing, as of the date of the preparation of this Report — and up to the time of the approval of the new Remuneration Policy by the General Meeting — the Director Remuneration Policy for 2020, 2021 and 2022 will continue to apply, as explained below.

On 22 May 2019, the General Shareholders' Meeting of Elecnor, S.A. ("Elecnor" or the "Company") approved the "Director Remuneration Policy for 2020, 2021 and 2022" (the "Policy") with 95.07% of affirmative votes. This Policy had been previously approved by the Company's Board of Directors through a resolution passed on 27 March 2019, on a proposal and following a reasoned report by Elecnor's Appointments and Remuneration Committee (now, Appointments, Remuneration and Sustainability Committee), at its meeting of 18 February 2019.

Pursuant to the Company's Articles of Association and Board Regulation, the General Shareholders' Meeting must determine the maximum compensation to be received as the directors' remuneration for all of the functions they perform, in the discharge of both executive as well as of non-executive duties.

On the basis of the foregoing and of the principles regulating the Policy, the maximum amount of the annual remuneration for the directors overall is established at ten (10) million euros. This maximum amount will remain in force until such time as a change is approved.

A. Director remuneration system for the discharge of non-executive duties

Pursuant to the Company's Articles of Association and Board Regulation, there are three (3) cumulative remuneration systems for the directors overall for the discharge of non-executive duties:

a. a maximum amount of 7% of the profits obtained by the consolidated group in the year, determined after making the provision for the payment of taxes and following compliance with the legal requirements established to these effects and purposes, as well as

b. a fixed allocation in cash to be determined by the General Meeting, and

c. the attendance fees which, according to the circumstances, are to be allocated as compensation for the expenses of attendance and other costs to be met in the exercise of their offices and functions.

Likewise, and maintaining the foregoing remuneration policy, the remuneration will not necessarily be the same for all of the directors for the discharge of non-executive duties, and the distribution thereof will be agreed by the Company's Board of Directors according to article 12 of the Articles of Association, for which purpose the following will be taken into account:

a. membership on Board Committees or the holding of offices within them,

b. membership on the Boards of Directors of other companies belonging to the Elecnor Group and attendance at Board meetings,

c. the time devoted to their duties by the directors and the responsibility assumed by them, and

d. their functions and track record on the Board of Directors.

Consequently, to determine the remuneration of each director during the 2021 financial year, a basic remuneration was established for all of them as a fixed allocation, for their status as directors, to which the amounts corresponding to the various parameters listed previously have been added.

Likewise, on an exceptional basis, the Company, through a resolution passed by the General Meeting, may grant an additional fixed allocation to those directors who do not perform executive functions, as deemed appropriate for any reason whatsoever duly justified by the Board of Directors to the Company's General Shareholders' Meeting.

B. Director remuneration system for the discharge of executive duties

The remuneration of the directors for the discharge of executive duties is independent and compatible with the remunerations and compensations established for the performance of non-executive functions, as specified both in the Articles of Association, as well as in the contract signed between the directors and the Company, and in line with the Policy.

The directors entrusted with executive duties will receive the remuneration stipulated in their respective contracts for the discharge of such duties, according to the following items:

a. A fixed remuneration in cash, which may be modified during the period to which the Policy refers, through a resolution by the Board of Directors, provided that it does not exceed the maximum compensation to be received as the directors' remuneration for all of the functions they perform, for the discharge of both executive as well as of non-executive duties, determined by the General Meeting.

b. A variable remuneration, calculated on the basis of qualitative or quantitative reference indicators or parameters, tied to the degree of achievement of targets by the executive directors (agreed by the Board of Directors on the proposal of the Appointments and Remuneration Committee, such as turnover, operating profit, earnings after tax ("EAT"), contracting and debt, among others). The significance of the variable remuneration could be far superior to that of the fixed remuneration components.

c. A remuneration based on the handover of Company shares or share options.

d. The following benefits or remuneration in kind: (i) inclusion in the civil liability insurance policy for executives and directors arranged by the Company at all times; (ii) continuing entitlement to participate in the corporate welfare systems (for survivor, illness, accident coverage, etc.) in terms similar to those established at all times on a general basis for the executives of the Company; and (iii) also, the Executive Chairperson will continue to enjoy all of those benefits which, as the case may be, the Company makes available to its executives taken as a group.

e. As well as future compensation for the termination of their contract, provided that their termination does not stem from reasons of noncompliance with their duties.

In the drafting of the current Director Remuneration Policy, the Appointments and Remuneration Committee (now, Appointments, Remuneration and Sustainability Committee) and the Board of Directors had recourse to external consultancy provided by the Cuatrecasas law firm. Likewise, comparable companies, essentially in terms of invoicing and business sector, were taken into account for establishing the Company's Director Remuneration Policy.

A.1.2 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 has only one Executive Director, who is the only member of the Board of Directors considered for receiving a variable remuneration.

In this regard, and without prejudice to any changes as may be introduced into the new Remuneration Policy, as of the date of the preparation of this Report, the Executive Director's variable remuneration is tied to the Company's outcomes and to the Director's personal performance, calculated on the basis of qualitative or quantitative reference indicators or parameters, in relation to the degree of achievement of targets.

Thus, the Executive Director's variable remuneration for the 2021 financial year will be determined, in accordance with his Contract, in relation to the degree of achievement of a number of targets, which will be set by the Board of Directors, on the proposal of the Appointments and Remuneration Committee.

In terms of the relative importance of the variable remuneration items in comparison to the fixed items (remuneration mix), reference should be made to Section 7.2 of the current Director Remuneration Policy, which reads as follows:

> *"7.2. Variable remuneration*
>
> *In the case of the Executive Directors, the variable remuneration is tied to the outcomes of the Company and to the personal performance of each Director.*
>
> *Moreover, in accordance with the Articles of Association and their respective contracts, the remuneration of each Executive Director is established on the basis of the degree of achievement of a number of targets, such as, for example, turnover, operating profit, earnings after tax ("EAT"), contracting and debt, among others.*
>
> *The significance of the variable remuneration could be far superior to that of the fixed remuneration components."*

In addition to the above, it is noted that the Executive Director's fixed remuneration during the 2021 financial year accounted for 46.09% of his total remuneration, while the variable remuneration represented 53.91% of the total.

Also, in the process for the determination and approval of the Remuneration Policy, the Appointments, Remuneration and Sustainability Committee, made up exclusively by Non-Executive Directors and chaired by an Independent Director, proposes the Director Remuneration Policy to the Board of Directors. Such Policy must be clear, precise, verifiable and based on objective criteria, setting out the remuneration items of the Directors for their non-executive duties as well as the Executive Director's individual remuneration and other contract terms and conditions.

On the basis of the relevant legal provisions and in accordance with the remuneration system established in the Articles, the Appointments, Remuneration and Sustainability Committee is responsible for drawing up a Remuneration Policy proposal coherent with the particular circumstances of the Company, which, together with the mandatory report, is referred to the Board of Directors, who will decide on its submission to the General Meeting for approval, as a separate point on the agenda, pursuant to article 529 r LSC. The Remuneration Policy proposal, together with the specific report by the Appointments, Remuneration and Sustainability Committee, will be made available to shareholders on the Company's website as from the date of the call for the General Meeting, handing them over or sending them without cost to all those shareholders who so request. The Remuneration Policy approved by the General Shareholders' Meeting, together with the date and the result of the voting, is accessible on the Company's website.

Specifically, the current "Director Remuneration Policy for 2020, 2021 and 2022" was approved on 22 May 2019 by the General Shareholders' Meeting of Elecnor, S.A. (the "Policy") with 95.07% of affirmative votes. This Policy had been previously approved by the Company's Board of Directors through a resolution passed on 27 March 2019, on a proposal following a reasoned report by Elecnor's Appointments and Remuneration Committee (now, Appointments, Remuneration and Sustainability Committee), at its meeting of 18 February 2019.

Finally, the contract with the Executive Director includes a clawback clause, according to which the Executive Director must return to the Company those amounts received as variable remuneration or resulting from the settlement of incentive plans, if at any time during (1) year subsequent to the payment thereof, as a consequence of a culpable action or involving serious negligence by the Executive Director, the following circumstances would have arisen: (i) alterations or inaccuracies would have been evidenced in the business data which were relevant for calculating the variable remuneration or incentive plans and these are confirmed by the Company's external auditors; (ii) as a consequence of the preceding circumstance, the Company would need to significantly restate its accounts. The Executive Director must pay the amount notified by the Company within a time limit of forty-five (45) days following the date on which he was given notice to do so.

A.1.3 Amount and nature of fixed components due to be accrued during the year by directors in their capacity as such.

The annual fixed amount proposed for each of the directors for the discharge of their non-executive duties is 143,500 euros as annual fixed remuneration for each member of the Board of Directors (except for the Non-Executive Chairperson) and 1,500 euros as attendance fees for each Board meeting, plus an additional fixed remuneration to be paid on a yearly basis for their membership on the Committees of the Board of Directors as set out below:

For membership on the **Executive Committee**: 25,000 euros.

For membership on the **Audit Committee**
Member: 15,000 euros.
Chairperson: 20,000 euros.

For membership on the **Appointments and Remuneration Committee**
Member: 12,500 euros.
Chairperson: 17,500 euros.

Details of the annual remuneration paid for the exercise of offices on the **Board of Directors**, which is to remain unchanged from the previous financial year, are set out below:

Non-Executive Chairperson: 270,000 euros.

A.1.4 Amount and nature of fixed components due to be accrued during the year for the performance of senior management functions of executive directors.

Once the Annual Accounts for the 2021 financial year have been prepared, the Appointments and Remuneration Committee will propose to the Board of Directors the fixed amounts of the remuneration to be accrued by the Executive Director during the current year.

Notwithstanding the foregoing, in accordance with article 529 q(2) LSC, the new Remuneration Policy applicable to the rest of 2022 and for the 2023, 2024 and 2025 financial years, to be submitted by the Company's Board of Directors for approval by the forthcoming General Shareholders' Meeting, will establish the amount of the annual fixed remuneration of the Executive Director, the sole member of the Board of Directors who performs executive functions in Elecnor.

A.1.5 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 2022 financial year, the Company will have the following insurance coverage in place for its directors:

- Life insurance, with an estimated premium for 2022 totalling 4,541 euros.
- Health insurance, with an estimated premium for 2022 totalling 5,490 euros.

A.1.6 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.

Notwithstanding the changes, if any, which may be introduced into the new Remuneration Policy, as of the date of the preparation of this Report, the only member of the Board of Directors paid variable remuneration is the Executive Director.

The Company has two variable remuneration schemes applicable to the Executive Director: short-term variable remuneration (annual) for the current financial year and long-term variable remuneration (multiannual 2020-2022).

The Managing Director's variable remuneration is tied to predetermined and measurable performance criteria making it possible to remunerate his continuing performance during a sufficient period of time for appraising his contribution to the creation of sustainable value. Such variable remuneration is established, in accordance with his Contract, on the basis of the degree of achievement of a number of targets, such as the amount of the consolidated earnings after tax ("EAT"), the volume of contracting of the Group, its debt, compliance with regulations and occupational risk prevention, the Board's evaluation, etc.

The Appointments and Remuneration Committee is the committee responsible for analysing the degree of achievement of the targets set for the Executive Director for payment of his variable remuneration and for informing the Board of Directors, who will examine the proposal by the Committee and approve the amount of such remuneration each year. As of the date of this report, the meeting of the Appointments, Remuneration and Sustainability Committee that analyses, reports on and proposes to the Company's Board of Directors the targets set for the payment of such variable remuneration had not yet been held.

A.1.7 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.

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| The Company does not have systems of this kind. |

A.1.8 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 is no indemnification covenanted or paid in the event of the termination of duties as a director.

The only indemnification provided for or covenanted in favour of a director is the indemnification stipulated in the contract entered into between the Company and the Executive Director for the performance of his senior managerial functions, which will accrue for the Executive Director provided that termination of the contract is not a consequence of a breach of contact attributable to the Director or due to his exclusive initiative. This indemnification includes the Executive Director’s fixed remuneration and the short-term variable remuneration tied to the annual profits obtained by the Company, while it excludes the long-term variable remuneration tied to any additional incentive plans or programmes as the Company may implement.

The amount of the Executive Director’s indemnification is equivalent to two (2) years of his total remuneration. Nevertheless, on an exceptional basis, in the event that termination of the contract with the Executive Director is due to a change in the control of the Company in the context described in article 42 of the Commercial Code, or the split-off or transfer of all or a significant portion of its business or of its assets or liabilities to a third party or its inclusion in another business group, as well as a change in the current shareholders owning more than 50% of the share capital or in the Company’s reference shareholder, the Executive Director would be entitled to receive an additional amount equivalent to one (1) year of his total remuneration.

Likewise, the contract with the Executive Director includes a clawback clause, according to which the Executive Director must return to the Company those amounts received as variable remuneration or resulting from the settlement of incentive plans, if at any time during (1) year subsequent to the payment thereof, as a consequence of a culpable action or involving serious negligence by the Executive Director, the following circumstances would have arisen: (i) alterations or inaccuracies would have been evidenced in the business data which were relevant for calculating the variable remuneration or incentive plans and these are confirmed by the Company’s external auditors; (ii) as a consequence of the preceding circumstance, the Company would need to significantly restate its accounts.

The Executive Director must pay the amount notified by the Company within a time limit of forty-five (45) days following the date on which he was given notice to do so.

A.1.9 Indicate the conditions that the contracts of executive directors performing senior management functions should 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 agreements 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 entered into between the Executive Director and the Company is based on the following terms and conditions:

(a) Duration:
The Executive Director's contract will remain in force for as long as he continues in his office.

(b) Indemnification:
The contract with the Executive Director contains an indemnification clause in the event of termination, provided that termination is not a consequence of a breach of contact attributable to the Director or due to his exclusive initiative.

The amount of the Executive Director's indemnification is equivalent to two (2) years of his total remuneration, including the Executive Director's fixed remuneration and the short-term variable remuneration tied to the annual profit obtained by the Company, while it excludes the long-term variable remuneration linked to any additional incentive plans or programmes as the Company may implement. Nevertheless, on an exceptional basis, in the event that termination of the contract with the Executive Director is due to a change in the control of the Company in the context described in article 42 of the Commercial Code, or the split-off or transfer of all or a significant portion of its business or of its assets or liabilities to a third party or its inclusion in another business group, as well as a change in the current shareholders owning more than 50% of the share capital or in the Company's reference shareholder, the Executive Director would be entitled to receive an additional amount equivalent to one (1) year of his total remuneration.

(c) Compliance with the Company's corporate governance system
The Executive Director is under the obligation of strictly observing the rules and provisions contained in the Company's corporate governance system, as applicable.

(d) Exclusivity and post-contractual non-competition pact
The contract establishes an obligation of exclusivity and full dedication to the Company as well as of post-contractual non-competition during a maximum period of two (2) years as from termination of the contract.

(e) Confidentiality
The Executive Director's contract establishes a stringent duty of confidentiality. Moreover, upon termination of his relationship with the Company, the Director must return to the Company all of the documents and objects associated with his activity in his possession.

(f) Clawback clause
The contract with the Executive Director includes a clawback clause, according to which the Executive Director must refund to the Company those amounts received as variable remuneration or resulting from the settlement of incentive plans, if at any time during (1) year subsequent to the payment thereof, as a

consequence of a culpable action or involving serious negligence by the Executive Director, the following circumstances would have arisen: (i) alterations or inaccuracies would have been evidenced in the business data which were relevant for calculating the variable remuneration or incentive plans and these are confirmed by the Company's external auditors; (ii) as a consequence of the preceding circumstance, the Company would need to significantly restate its accounts.

The Executive Director must pay the amount notified by the Company within a time limit of forty-five (45) days following the date on which he was given notice to do so

A.1.10 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.

There is no such remuneration.

A.1.11 Other items of remuneration such as any deriving from the company's granting the director advances, loans or guarantees or any other remuneration.

There are none.

A.1.12 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.

During the current financial year, a number of the Company's directors (specifically, Jaime Real de Asúa, Ignacio Prado Rey-Baltar, Rafael Martín de Bustamante, Joaquín Gómez de Olea y Mendaro, Cristobal González de Aguilar Alonso-Urquijo, Miguel Cervera Earle, Juan Landecho Sarabia, Miguel Morenés Giles, Santiago León Domecq, Gabriel Oraa y Moyúa, and Rafael Prado Aranguren) will be paid €20,000 as remuneration for their membership on the Board of Directors of Enerfín Sociedad de Energía, S.L.U., a company 100%-owned by Elecnor, S.A.

A.2 Explain any significant change in the remuneration policy applicable in the current year resulting from:

a) A new policy or an amendment to a policy already approved by the General Meeting.

b) 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.

c) 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 no significant changes have been made to the current remuneration policy (2020-2022), the Appointments, Remuneration and Sustainability Committee intends to propose a new Director Remuneration Policy to the Board of Directors applicable to the rest of 2022 and for the 2023, 2024 and 2025 financial years, for the express purpose of incorporating into the Policy the new points introduced by the Good Governance Code for Listed Companies approved by the CNMV in June 2020 and Act 5/2021, of 12 April, amending the revised text of the Companies Act, for its subsequent submission to the General Shareholders' Meeting for approval.

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.

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| https://www.elecnor.com/informes-anuales-sobre-remuneraciones-consejeros |

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 report on remuneration for the 2020 financial year was approved by the General Shareholders' Meeting, through a consultative vote, with 93.53% of the share capital in attendance in person or by proxy voting in favour.

Voting on the resolution:

Votes in favour: 65,347,697
Votes against: 2,203,538
Abstentions: 0

In this regard, the great majority of the Company's shareholders have shown their support to the remuneration issues and matters raised at the General Meeting.

## B) GLOBAL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED DURING THE YEAR LAST ENDED (2021)

B.1.1 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.

In the process for the determination and approval of the Remuneration Policy, the Appointments, Remuneration and Sustainability Committee, made up exclusively by Non-Executive Directors and chaired by an Independent Director, proposes the Director Remuneration Policy to the Board of Directors. Such Policy must be clear, precise, verifiable and based on objective criteria, setting out the remuneration items of the Directors for their non-executive duties as well as the Executive Director's individual remuneration and other contract terms and conditions.

On the basis of the relevant legal provisions and in accordance with the remuneration system established in the Articles, the Appointments, Remuneration and Sustainability Committee is responsible for drawing up a Remuneration Policy proposal coherent with the particular circumstances of the Company, which, together with the mandatory report, is referred to the Board of Directors, who will decide on its submission to the General Meeting for approval, as a separate point on the agenda, pursuant to article 529 r LSC. The Remuneration Policy proposal, together with the specific report by the Appointments, Remuneration and Sustainability Committee, will be made available to shareholders on the Company's website as from the date of the call for the General Meeting, handing them over or sending them without cost to all those shareholders who so request. The Remuneration Policy approved by the General Shareholders' Meeting, together with the date and the result of the voting, is accessible on the Company's website.

Specifically, the current "Director Remuneration Policy for 2020, 2021 and 2022" was approved by the General Shareholders' Meeting of Elecnor, S.A. on 22 May 2019 with 95.07% of affirmative votes, having been previously approved by the Company's Board of Directors through a resolution passed on 27 March 2019, on a proposal and following a reasoned report by Elecnor's Appointments and Remuneration Committee (now, Appointments, Remuneration and Sustainability Committee), at its meeting of 18 February 2019.

In the process for drawing up the current Director Remuneration Policy, the Appointments and Remuneration Committee (now, Appointments, Remuneration and Sustainability Committee) and the Board of Directors had recourse to external consultancy provided by the Cuatrecasas law firm. Likewise, comparable companies, essentially in terms of invoicing and business sector, were taken into account for establishing the Company's Director Remuneration Policy.

B.1.2 Explain any deviation from the procedure established for the application of the remuneration policy that has occurred during the year.

No deviations have occurred.

B.1.3 Indicate whether any temporary exception has been applied to the remuneration policy and, if so, explain the exceptional circumstances that have led to the application of these exceptions, the specific components of the remuneration policy affected and the reasons why the entity believes that these exceptions have been necessary to serve the long-term interests and sustainability of the society as a whole or ensure its viability. Similarly, quantify the impact that the application of these exceptions has had on the remuneration of each director over the year.

No exceptions have been applied.

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, 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. Ensure 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 in relation to the amendment of Articles approved by the General Meeting in May 2019, as well as the "Director Remuneration Policy for 2020, 2021 and 2022".

Furthermore, as set out in the preamble of the Remuneration Policy approved, with the approval of the Policy the Company seeks to reduce eventual business and tax risks that could materialise in the future in relation to such remuneration.

The Company has two variable remuneration schemes in place applicable to the Executive Director: short-term variable remuneration (annual) for the current financial year and long-term variable remuneration (multiannual 2020-2022).

<u>Short-term variable remuneration (annual)</u>:

The Executive Director's variable remuneration in 2021 accrues in relation to the achievement of previously determined targets, 80% of which refer to financial and non-financial issues of the Group, while 20% are parameters relating to the Executive Director's individual targets. In this regard:

- The 80% portion of the annual variable remuneration refers to the growth of certain financial parameters relating to the Group, 50% of which refer to the consolidated Earnings After Tax (EAT) of the Group, 10% to the level of contracting obtained by the Group, 10% to issues relating to Human Resources/Job Map/branch of business division project/Risk Map and an additional 10% to the level of Debt.

- The 20% portion of the annual variable remuneration refers to individual parameters, in particular, to: succession of the management team, prevention, performance management (with respect to the financing of growth in concessions, Celeo Concesiones e Inversiones, S.L., corporate development and Team achievement) and the evaluation, if any, made by the Board of Directors.

The Bonus target for 2021 is set at 922,947 euros. The limit of the potential overachievement is placed at 120% and, as regards the lower part of the range, EAT and contracting are key considerations, according to each case, and must reach at least 80% of the target in order to enable the application of this annual variable incentive.

<u>Multiannual variable remuneration 2020-2022</u>:

The conditions necessary for this incentive to be applicable are: (i) sales and EAT within the range established in the Long-Term Objectives Plan, (ii) compliance with the Financial Plan established (with the investments planned) for Net Financial Debt and Cash, (iii) minimum Cash Generation of the Group sufficient in order to finance the Long-Term Objectives Plan incentive according to the criteria of the Appointments, Remuneration and Sustainability Committee, and (iv) completion of the strategic projects, according to the evaluation made by the Long-Term Objectives Plan Team, the Appointments, Remuneration and Sustainability

Committee and the Board.

The Appointments, Remuneration and Sustainability Committee will evaluate the excellence of the Executive Director's performance with respect to the following parameters: Prevention, Compliance, Contingencies and Performance Evaluation.

The valuation of the assets of the subsidiary, Enerfín Sociedad de Energía, S.L.U. (15%), the valuation of the assets of the investee company, Celeo Concesiones e Inversiones, S.L. (15%), the cash in hand and in banks of Elecnor Servicios y Proyectos, S.A.U. (50%), compliance with ESG criteria — environment, social and good governance — (10%) and shareholder value (10%) will be taken into account for the calculation of the incentive. The maximum overachievement of each parameter will be 120%. The base of the incentive will be the average of the variable remuneration received by the Executive Director during the years of the Long-Term Objectives Plan 2020-22, applying an individual multiplication factor.

The incentive will be paid once the Board of Directors deems the Long-Term Objectives Plan to have been fulfilled, establishing the date of payment within a period of six months following the date of fulfilment, taking into account the Company's cash management needs.

B.3 Explain how the remuneration accrued and consolidated over the financial year complies with the provisions of the current remuneration policy and, in particular, how it contributes to the company's long-term and sustainable performance.

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 in the year complies with the terms of the current Director Remuneration Policy. In this regard, the rules in relation to the procedure for determining the individual remuneration for each Director have been applied, in terms of both their non-executive as well as of their executive duties. The Directors have received solely the remuneration items expressly stipulated in the Articles and in the Policy, and within the maximum amount allowed by the latter.

The remuneration accrued by the Directors for their non-executive functions is calculated on a fixed basis according to the Remuneration Policy 2020-2022 and is limited by the maximum amount of 7% of the consolidated profits obtained by the Elecnor Group in the financial year, determined after making the provision for the payment of taxes and following compliance with the legal requirements established to these effects and purposes.

Through the application of this Policy, during 2021, the amount of the remuneration accrued by the Directors for the discharge of their non-executive duties (a fixed amount for membership on the Board of Directors, Committees, offices held, attendance fees and membership on the Boards of Group companies) totals 3,289,100 euros, thereby complying with the limit set in article 12 of the Articles of Association (and which the Policy includes) of not exceeding the maximum amount of 7% of the profits obtained by the consolidated group in the year, determined after making the provision for the payment of taxes and following compliance with the legal requirements established to these effects and purposes, which is estimated at approximately 85,883,000 euros.

Similarly, with respect to the Executive Director, the Company's current Remuneration Policy reads as follows:

*"The directors entrusted with executive duties will receive the remuneration stipulated in their respective contracts for the discharge of such duties, according to the following items:*

*a. A fixed remuneration in cash, which may be modified during the period to which the Policy refers, through a resolution by the Board of Directors, provided that it does not exceed the maximum compensation to be received as the remuneration of the directors for all of the functions they perform, for the discharge of both executive as well as of non-executive duties, determined by the General Meeting.*

*b. A variable remuneration, calculated on the basis of qualitative or quantitative reference indicators or parameters, tied to the degree of achievement of targets by the executive directors (agreed by the Board of Directors on the proposal of the Appointments and Remuneration Committee, such as turnover, operating profit, earnings after tax ("EAT"), contracting and debt, among others). The significance of the variable remuneration could be far superior to that of the fixed remuneration components."*

Consequently, the remuneration accrued by the Executive Director in 2021, both the fixed as well as the variable remuneration, conforms to the Company's current Remuneration Policy.

With respect to how the remuneration accrued and vested in 2021 by the Directors contributes to the sustainable and long-term performance of the Company and to the proportion between the remuneration obtained by the Directors and the results or other performance measurements in the short- and long-term, the criteria proposed by the Appointments, Remuneration and Sustainability Committee and approved by the Board of Directors in relation to the Executive Director's short-term variable remuneration are set out below:

- The 80% portion of the annual variable remuneration refers to the growth of certain financial and non-financial parameters relating to the Group, 50% of which refer to the consolidated Earnings After Tax (EAT) of the Group, 10% to the level of contracting obtained by the Group, 10% to issues relating to Human Resources/Job Map/branch of business division project /Risk Map and an additional 10% to the level of Debt.

- The 20% portion of the annual variable remuneration refers to individual parameters, in particular, to: succession of the management team, prevention, performance management (with respect to the financing of growth in concessions, Celeo, corporate development and Team achievement) and the evaluation, if any, made by the Board of Directors.

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 in favour, votes against, abstentions and blank ballots:

| | Number | % of total |
|---|---|---|
| Votes cast | 67,551,235 | 77.26% |

| | Number | % of votes cast |
|---|---|---|
| Votes against | 2,203,538 | 3.26% |
| Votes in favour | 65,347,697 | 96.74% |
| Blank ballots | 0 | 0% |
| Abstentions | 0 | 0% |

| Observations |
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B.5 Explain how the fixed components accrued and vested during the year by the directors in their capacity as such were determined, their relative proportion with regard to each director and how they changed with respect to the previous year.

The remuneration of the directors for the performance of their non-executive functions has been determined in accordance with the Remuneration Policy approved by the General Meeting. In particular, the annual fixed remuneration for each of the directors, for their non-executive functions, for membership on the Board of Directors, was 143,500 euros and 1,500 euros as attendance fees for each Board meeting, plus what they receive for their membership on Board Committees as set out below:

Remuneration for Committee membership:

- For membership on the **Executive Committee**: 25,000 euros.
- For membership on the **Audit Committee**
  Member: 15,000 euros.
  Chairperson: 20,000 euros.
- For membership on the **Appointments and Remuneration Committee**
  Member: 12,500 euros.
  Chairperson: 17,500 euros.

Details of the annual remuneration for the exercise of offices on the **Board of Directors** are shown below:

Non-Executive Chairperson: 270,000 euros.
Secretary: 9,200 euros (up to his voluntary resignation from the office of Secretary on 24 June 2020)

The aforementioned amounts were increased with respect to the previous financial year, in view of the fact that during 2020 the Board of Directors of Elecnor, S.A. decided to reduce the fixed remuneration of the Board, Chairperson and Secretary by 30% during the period in which the Temporary Workday Reduction Plans implemented by the Company to combat the COVID-19 crisis were in place (from 13 April to 31 May 2020). Similarly, the Directors' fees for attendance at the meetings held electronically during the months of April, May and June 2020 were 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 the nature of the fixed components of the remuneration for the performance of senior management functions by the Executive Director will be as follows:
Rafael Martín de Bustamante Vega (Managing Director)

- Salary: 577,000 euros.

Consequently, this amount has increased 4.72% with respect to the previous financial year, although the reason for this increase was the 30% reduction in the Executive Director's fixed salary during 2020 to combat the COVID-19 crisis (from 13 April to 31 May 2020).

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:

a) 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.

b) Each director who is a beneficiary of remuneration systems or plans that include variable remuneration, and his or her category (executive director, external proprietary director, external independent director or other external director.

c) 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 short-term variable components of the remuneration systems |
| --- |
| The only director to receive variable remuneration during 2021 was the Executive Director (Rafael Martín de Bustamante Vega).<br><br><u>Annual variable remuneration</u>:<br><br>This amount can total up to 160% of the Executive Director's annual fixed remuneration, in relation to the achievement of previously determined targets, 80% of which refer to financial and non-financial issues of the Group, while 20% are parameters relating to the Executive Director's individual targets. In this regard:<br><br>• The 80% portion of <u>the annual variable remuneration</u> refers to the growth of certain financial and non-financial parameters relating to the Group, 50% of which refer to the consolidated Earnings After Tax (EAT) of the Group, 10% to the level of contracting obtained by the Group, 10% to issues relating to Human Resources/Job Map/branch of business division project /Risk Map and an additional 10% to the level of Debt.<br><br>• The 20% portion of <u>the annual variable remuneration</u> refers to individual parameters, in particular, to: succession of the management team, prevention, performance management (with respect to the financing of growth in concessions, Celeo, corporate development and Team achievement) and the evaluation, if any, made by the Board of Directors.<br><br>The limit of the potential overachievement is placed at 120% and, as regards the lower part of the range, EAT and contracting are key considerations, according to each case, and must reach at least 80% of the target in order to enable the application of this annual variable incentive.<br><br>For the 2021 financial year, the amount of the short-term variable remuneration totalled 914,000 euros. |

| Explain the long-term variable components of the remuneration systems |
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| The only director to receive variable remuneration during 2021 was the Executive Director (Rafael Martín de Bustamante Vega).<br><br><u>Multiannual variable remuneration 2020-2022</u>:<br><br>The conditions necessary for this incentive to be applicable are: (i) sales and EAT within the range established in the Long-Term Objectives Plan, (ii) compliance with the Financial Plan established (with the investments planned) for Net Financial Debt and Cash, (iii) minimum Cash Generation of the Group sufficient in order to finance the Long-Term Objectives Plan incentive according to the criteria of the Appointments, Remuneration and Sustainability Committee, and (iv) completion of the strategic projects, according to the evaluation made by the Long-Term Objectives Plan Team, the Appointments, Remuneration and Sustainability Committee and the Board.<br><br>The Appointments, Remuneration and Sustainability Committee will evaluate the excellence of the Executive Director's performance with respect to the following parameters: Prevention, Compliance, Contingencies and Performance Evaluation.<br><br>The valuation of the assets of the subsidiary, Enerfín Sociedad de Energía, S.L.U. (15%), the valuation of the assets of the investee company, Celeo Concesiones e Inversiones, S.L. (15%), the cash in hand and in banks of Elecnor Servicios y Proyectos, S.A.U. (50%), compliance with ESG criteria — environment, social and good governance — (10%) and shareholder value (10%) will be taken into account for the calculation of the incentive. The maximum overachievement of each parameter will be 120%. The base of the incentive will be the average of the variable remuneration received by the Executive Director during the years of the Long-Term Objectives Plan 2020-22 applying an individual multiplication factor.<br><br>The incentive will be paid once the Board of Directors deems the Long-Term Objectives Plan to have been fulfilled, establishing the date of payment within a period of six months following the date of fulfilment, taking into account the Company's cash management needs.<br><br>No long-term variable remuneration has accrued for the Executive Director during the 2021 financial year. |

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.

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| No amount whatsoever has been claimed or returned under the clawback clause contained in the contract signed between the Company and the Executive Director. At the present time, no "malus" (reduction) 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 the variable remuneration. As of this day and date, the Company has not reached a decision as yet in this regard. |

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.

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| The Company does not have systems of this kind in place. |

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.

<table><tr><td>There is no indemnification covenanted or paid in the event of the termination of duties as a director.<br><br>The only indemnification covenanted is the indemnification stipulated for the Executive Director in the contract signed by him with the Company, which will operate provided that termination is not a consequence of a breach of contract attributable to the Director or due to his exclusive initiative (except in cases of the Executive Director’s death or invalidity).<br><br>The amount of the Executive Director’s indemnification is equivalent to two (2) years of his total remuneration, including the Executive Director’s fixed remuneration and the short-term variable remuneration tied to the annual profit obtained by the Company, while it excludes the long-term variable remuneration linked to any additional incentive plans or programmes as the Company may implement. Nevertheless, on an exceptional basis, in the event that termination of the contract with the Executive Director is due to a change in the control of the Company in the context described in article 42 of the Commercial Code, or the split-off or transfer of all or a significant portion of its business or of its assets or liabilities to a third party or its inclusion in another business group, as well as a change in the current shareholders owning more than 50% of the share capital or in the Company’s reference shareholder, the Executive Director would be entitled to receive an additional amount equivalent to one (1) year of his total remuneration.<br><br>Notwithstanding the foregoing, the aforementioned indemnification has neither accrued nor been paid during the 2021 financial year.</td></tr></table>

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.

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| There have been no significant changes in the contract with the Executive Director during the 2021 financial year. |

B.12 Explain any supplementary remuneration accrued by directors in consideration of the provision of services other than those inherent in their position.

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| No such remuneration exists. |

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.

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| No such remuneration exists. |

B.14 Itemise the remuneration in kind accrued by the directors during the year, briefly explaining the nature of the various salary components.

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| During the 2021 financial year, the Company had the following insurance coverage in place for its directors:<br>• Life insurance, with a premium totalling 4,325 euros in 2021.<br>• Health insurance, with a premium totalling 5,189.59 euros in 2021. |

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.

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| There is no such remuneration. |

B.16 Explain and detail the amounts accrued in the year in relation to any other remuneration concept other than that set forth above, whatever its nature or the group entity that pays it, including all benefits in any form, such as when it is considered a related-party transaction or, especially, when it significantly affects the true image of the total remuneration accrued by the director. Explain the amount granted or pending payment, the nature of the consideration received and the reasons for those that would have been considered, if applicable, that do not constitute remuneration to the director or in consideration for the performance of their executive functions and whether or not has been considered appropriate to be included among the amounts accrued under the "Other concepts" heading in Section C.

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| During the 2021 financial year, a number of the Company's directors (specifically, Jaime Real de Asúa, Ignacio Prado Rey-Baltar, Rafael Martín de Bustamante, Joaquín Gómez de Olea y Mendaro, Cristobal González de Aguilar Alonso-Urquijo, Miguel Cervera Earle, Juan Landecho Sarabia, Miguel Morenés Giles, Gabriel Oraa y Moyúa, and Rafael Prado Aranguren) were paid €20,000 as remuneration for their membership on the Board of Directors of Enerfín Sociedad de Energía, S.L.U., a company 100%-owned by Elecnor, S.A. Similarly, Santiago León Domecq received €10,000 for the same item. |

## C) ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

| Name | Type | Period of accrual in 2021 |
|---|---|---|
| JAIME REAL DE ASUA ARTECHE | NOMINEE | From 01/01/2021 to 31/12/2021 |
| IGNACIO PRADO REY-BALTAR | NOMINEE | From 01/01/2021 to 31/12/2021 |
| RAFAEL MARTIN DE BUSTAMANTE VEGA | EXECUTIVE | From 01/01/2021 to 31/12/2021 |
| JOAQUIN GOMEZ DE OLEA Y MENDARO | NOMINEE | From 01/01/2021 to 31/12/2021 |
| CRISTOBAL GONZALEZ DE AGUILAR ALONSO URQUIJO | NOMINEE | From 01/01/2021 to 31/12/2021 |
| FERNANDO AZAOLA ARTECHE | EXTERNAL | From 01/01/2021 to 31/12/2021 |
| MIGUEL CERVERA EARLE | NOMINEE | From 01/01/2021 to 31/12/2021 |
| ISABEL DUTILH CARVAJAL | INDEPENDENT | From 01/01/2021 to 31/12/2021 |
| IRENE HERNANDEZ ALVAREZ | INDEPENDENT | From 01/01/2021 to 31/12/2021 |
| JUAN LANDECHO SARABIA | NOMINEE | From 01/01/2021 to 31/12/2021 |
| SANTIAGO LEÓN DOMECQ | NOMINEE | From 01/01/2021 to 31/12/2021 |
| MIGUEL MORENES GILES | NOMINEE | From 01/01/2021 to 31/12/2021 |
| GABRIEL ORAA Y MOYUA | NOMINEE | From 01/01/2021 to 31/12/2021 |
| RAFAEL PRADO ARANGUREN | NOMINEE | From 01/01/2021 to 31/12/2021 |
| EMILIO YBARRA AZNAR | INDEPENDENT | From 01/01/2021 to 31/12/2021 |

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 | Fixed remuneration | Attendance fees | Remuneration for membership on Board committees | Salary | Short-term variable remuneration | Long-term variable remuneration | Indemnification | Other items | Total 2021 | Total 2020 |
|---|---|---|---|---|---|---|---|---|---|---|
| JAIME REAL DE ASUA ARTECHE/NOMINEE | 143.5 | 18.0 | 37.5 | | | | | 282.5 | 481.5 | 460.8 |
| IGNACIO PRADO REY-BALTAR/NOMINEE | 143.5 | 18.0 | 40.0 | | | | | 12.5 | 214.0 | 185.3 |
| RAFAEL MARTIN DE BUSTAMANTE VEGA/EXECUTIVE | 143.5 | 18.0 | 25.0 | 577.0 | 914.0 | | | 12.5 | 1,690.0 | 1,926 |
| JOAQUIN GOMEZ DE OLEA Y MENDARO/NOMINEE | 143.5 | 18.0 | | | | | | 12.5 | 174.0 | 173.3 |
| CRISTOBAL GONZALEZ DE AGUILAR ALONSO-URQUIJO/NOMINEE | 143.5 | 18.0 | 25.0 | | | | | 12.5 | 199.0 | 188.8 |
| FERNANDO AZAOLA ARTECHE/EXTERNAL | 143.5 | 16.5 | 25.0 | | | | | 12.5 | 197.5 | 191.3 |
| MIGUEL CERVERA EARLE/NOMINEE | 143.5 | 18.0 | 9.4 | | | | | 12.5 | 183.4 | 163.8 |
| ISABEL DUTILH CARVAJAL/INDEPENDENT | 143.5 | 18.0 | 27.5 | | | | | | 189.0 | 179.1 |
| IRENE HERNANDEZ ALVAREZ/INDEPENDENT | 143.5 | 18.0 | 20.0 | | | | | | 181.5 | 171.3 |
| JUAN LANDECHO SARABIA/NOMINEE | 143.5 | 18.0 | | | | | | | 161.5 | 152.2 |
| SANTIAGO LEÓN DOMECQ/NOMINEE | 143.5 | 18.0 | | | | | | 6.2 | 167.7 | 40.4 |
| MIGUEL MORENES GILES/NOMINEE | 143.5 | 18.0 | 40.0 | | | | | 12.5 | 214 | 204.1 |
| GABRIEL ORAA Y MOYUA/NOMINEE | 143.5 | 18.0 | | | | | | | 161.5 | 153.4 |
| RAFAEL PRADO ARANGUREN/NOMINEE | 143.5 | 18.0 | | | | | | | 161.5 | 151.6 |
| EMILIO YBARRA AZNAR/INDEPENDENT | 143.5 | 18.0 | 32.5 | | | | | | 194.0 | 183.8 |

| Observations |
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## 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 | EBITDA 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 | | | | | | | | | | | |

| Observations |
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## 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 the vested 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 | |
|---|---|---|---|
| JAIME REAL DE ASUA ARTECHE/NOMINEE | | | |
| IGNACIO PRADO REY-BALTAR/NOMINEE | | | |
| RAFAEL MARTIN DE BUSTAMANTE VEGA/EXECUTIVE | €4,325.0 | €925.19 | |
| JOAQUIN GOMEZ DE OLEA Y MENDARO/NOMINEE | | | |

| | | | |
|---|---|---|---|
| CRISTOBAL GONZALEZ DE AGUILAR ALONSO-URQUIJO/NOMINEE | | | |
| FERNANDO AZAOLA ARTECHE/EXTERNAL | | €2,476.04 | |
| MIGUEL CERVERA EARLE/NOMINEE | | | |
| ISABEL DUTILH CARVAJAL/INDEPENDENT | | | |
| IRENE HERNANDEZ ALVAREZ/INDEPENDENT | | | |
| JUAN LANDECHO SARABIA/NOMINEE | | | |
| SANTIAGO LEÓN DOMECQ/NOMINEE | | | |
| MIGUEL MORENES GILES/NOMINEE | | | |
| GABRIEL ORAA Y MOYUA/NOMINEE | | €1,788.36 | |
| RAFAEL PRADO ARANGUREN/NOMINEE | | | |
| EMILIO YBARRA AZNAR/INDEPENDENT | | | |
| **TOTAL** | **€4,325.0** | **€5,189.59** | |

**b) Remuneration of directors of the listed company for membership on the boards of subsidiary companies:**

i) **Remuneration accruing in cash (thousands of euros)**

| Name/ Type/ Accrual period Year 2019 | Fixed remuneration | Attendance fees | Remuneration for membership of board committees | Salary | Short-term variable remuneration | Long-term variable remuneration | Indemnification | Other items | Total 2021 | Total 2020 |
|---|---|---|---|---|---|---|---|---|---|---|
| JAIME REAL DE ASUA ARTECHE/NOMINEE | 20.0 | | | | | | | | 20.0 | 20.0 |
| IGNACIO PRADO REY-BALTAR/NOMINEE | 20.0 | | | | | | | | 20.0 | 20.0 |
| RAFAEL MARTIN DE BUSTAMANTE VEGA/EXECUTIVE | 20.0 | | | | | | | | 20.0 | 20.0 |
| JOAQUIN GOMEZ DE OLEA Y MENDARO/NOMINEE | 20.0 | | | | | | | | 20.0 | 20.0 |
| CRISTOBAL GONZALEZ DE AGUILAR ALONSO-URQUIJO/NOMINEE | 20.0 | | | | | | | | 20.0 | 20.0 |
| FERNANDO AZAOLA ARTECHE/EXTERNAL | | | | | | | | | | |
| MIGUEL CERVERA EARLE/NOMINEE | 20.0 | | | | | | | | 20.0 | 20.0 |
| ISABEL DUTILH CARVAJAL/INDEPENDENT | | | | | | | | | | |
| IRENE HERNANDEZ ALVAREZ/INDEPENDENT | | | | | | | | | | |
| JUAN LANDECHO SARABIA/NOMINEE | 20.0 | | | | | | | | 20.0 | 20.0 |
| SANTIAGO LEÓN DOMECQ/NOMINEE | 10.0 | | | | | | | | 10.0 | |
| MIGUEL MORENES GILES/NOMINEE | 20.0 | | | | | | | | 20.0 | 20.0 |
| GABRIEL ORAA Y MOYUA/NOMINEE | 20.0 | | | | | | | | 20.0 | 20.0 |
| RAFAEL PRADO ARANGUREN/NOMINEE | 20.0 | | | | | | | | 20.0 | 20.0 |
| EMILIO YBARRA AZNAR/INDEPENDENT | | | | | | | | | | |

| Observations |
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### 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 | EBITDA 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 | | | | | | | | | | | |
| | | | | | | | | | | | | |

| Observations |
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**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 the vested 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 1 | | | | | | | | |

| Observations |
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**iii) Details of other items:**

| Name | Item | Amount of remuneration |
|---|---|---|
| Director 1 | | |

| Observations |
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**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.

| | Remuneration accruing in the Company | | | | | Remuneration accruing in group companies | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Name | Total cash remuneration | EBITDA from vested shares or financial instruments | Remuneration by way of savings schemes | Other items of remuneration | Total 2021 | Total cash remuneration | EBITDA from vested shares or financial instruments | Remuneration by way of savings schemes | Other items of remuneration | Total 2021 Group | Total 2021 Company + Group |
| JAIME REAL DE ASUA ARTECHE/NOMINEE | 481.5 | | | | 481.5 | 20.0 | | | | 20.0 | 501.5 |
| IGNACIO PRADO REY-BALTAR/NOMINEE | 214.0 | | | | 214.0 | 20.0 | | | | 20.0 | 234.0 |
| RAFAEL MARTIN DE BUSTAMANTE VEGA/EXECUTIVE | 1,690.0 | | | 5.2 | 1,695.2 | 20.0 | | | | 20.0 | 1,715.2 |
| JOAQUIN GOMEZ DE OLEA Y MENDARO/NOMINEE | 174.0 | | | | 174.0 | 20.0 | | | | 20.0 | 194. |
| CRISTOBAL GONZALEZ DE AGUILAR ALONSO-URQUIJO/NOMINEE | 199.0 | | | | 199.0 | 20.0 | | | | 20.0 | 219.0 |
| FERNANDO AZAOLA ARTECHE/EXTERNAL | 197.5 | | | 2.5 | 200.0 | | | | | | 200.0 |
| MIGUEL CERVERA EARLE/NOMINEE | 183.4 | | | | 183.4 | 20.0 | | | | 20.0 | 203.4 |
| ISABEL DUTILH CARVAJAL/INDEPENDENT | 189.0 | | | | 189.0 | | | | | | 189.0 |
| IRENE HERNANDEZ ALVAREZ/INDEPENDENT | 181.5 | | | | 181.5 | | | | | | 181.5 |
| JUAN LANDECHO SARABIA/NOMINEE | 161.5 | | | | 161.5 | 20.0 | | | | 20.0 | 181.5 |
| SANTIAGO LEÓN DOMECQ/NOMINEE | 167.7 | | | | 167.7 | 10.0 | | | | 10.0 | 177.7 |
| MIGUEL MORENES GILES/NOMINEE | 214.0 | | | | 214.0 | 20.0 | | | | 20.0 | 234.0 |
| GABRIEL ORAA Y MOYUA/NOMINEE | 161.5 | | | 1.8 | 163.3 | 20.0 | | | | 20.0 | 183.3 |
| RAFAEL PRADO ARANGUREN/NOMINEE | 161.5 | | | | 161.5 | 20.0 | | | | 20.0 | 181.5 |
| EMILIO YBARRA AZNAR/INDEPENDENT | 194.0 | | | | 194.0 | | | | | | 194.0 |
| Total: | 4,570.1 | | | 9.5 | 4,579.6 | 210.0 | | | | 210.0 | 4,789.6 |

| Observations |
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C.2 Indicate the evolution in the last five years of the amount and percentage variation of the remuneration accrued by each of the directors of the listed company who have held this position during the year, the consolidated results of the company and the average remuneration on an equivalent basis with regard to full-time employees of the company and its subsidiaries who are not directors of the listed company.

| | Total amounts accrued and % annual variation | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2021** | **% variation 2021-2020** | **2020** | **% variation 2020-2019** | **2019** | **% variation 2019-2018** | **2018** | **% variation 2018-2017** | **2017** |
| JAIME REAL DE ASUA ARTECHE/NOMINEE | 501.5 | 4.31% | 480.8 | -7.5% | 519.8 | -0.33% | 521.5 | 0.29% | 520 |
| IGNACIO PRADO REY-BALTAR/NOMINEE | 234 | 13.98% | 205.3 | -9.68% | 227.3 | 453.04% | 41.1 | n/a | n/a |
| RAFAEL MARTIN DE BUSTAMANTE VEGA/EXECUTIVE | 1,715.2 | -11.86% | 1,946.0 | 6.96% | 1,819.3 | 8.55% | 1,676.0 | 6.38% | 1,575.5 |
| JOAQUIN GOMEZ DE OLEA Y MENDARO/NOMINEE | 194 | 0.36% | 193.3 | -16.79% | 232.3 | -0.73% | 234.0 | 0.64% | 232.5 |
| CRISTOBAL GONZALEZ DE AGUILAR ALONSO-URQUIJO/NOMINEE | 219 | 4.89% | 208.8 | -12.01% | 237.3 | 10.89% | 214.0 | 0.70% | 212.5 |
| FERNANDO AZAOLA ARTECHE/EXTERNAL | 200 | 4.55% | 191.3 | -3.87% | 199 | 0.76% | 197.5 | -91% | 2,197.0 |
| MIGUEL CERVERA EARLE/NOMINEE | 203 | 10.33% | 183.8 | -13.42% | 212.3 | 151.84% | 84.3 | 108.66% | 40.4 |
| ISABEL DUTILH CARVAJAL/INDEPENDENT | 189 | 5.53% | 179.1 | -6.18% | 190.9 | -1.60% | 194.0 | 0.78% | 192.5 |
| IRENE HERNANDEZ ALVAREZ/INDEPENDENT | 181.5 | 5.95% | 171.3 | -4.62% | 179.6 | 1,610.48% | 10.5 | n/a | n/a |
| JUAN LANDECHO SARABIA/NOMINEE | 181.5 | 5.40% | 172.2 | -39.81% | 286.1 | -38.38% | 464.3 | -17.24% | 561.0 |
| SANTIAGO LEÓN DOMECQ/NOMINEE | 177.7 | 339.85% | 40.4 | n/a | n/a | n/a | n/a | n/a | n/a |
| MIGUEL MORENES GILES/NOMINEE | 234 | 4.42% | 224.1 | -11.18% | 252.3 | -0.08% | 252.5 | 0% | 252.5 |
| GABRIEL ORAA Y MOYUA/NOMINEE | 183.3 | 5.71% | 173.4 | -13.21% | 199.8 | -0.84% | 201.5 | 0.75% | 200.0 |
| RAFAEL PRADO ARANGUREN/NOMINEE | 181.5 | 5.77% | 171.6 | -14.11% | 199.8 | -0.84% | 201.5 | 0.75% | 200.0 |
| EMILIO YBARRA AZNAR/INDEPENDENT | 194 | 5.55% | 183.8 | -5.26% | 194.0 | 0% | 194.0 | 0.78% | 192.5 |
| **Consolidated results of the Company** | 85,883 | 9.68% | 78,303 | -38.04% | 126,377 | 70.18% | 74,262 | 4.26% | 71,227 |
| **Average employee remuneration** | 35,045 | 2.03% | 34,347 | 7.14% | 32,057 | -5.80% | 34,031 | -1.20% | 34,444 |

| Observations |
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## 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 2021 financial year, the Company took out a civil liability insurance policy for its directors and senior managers with a premium totalling 277,567 euros.

This annual report on remuneration was approved by the Board of Directors of the company at its meeting of 23 February 2022.

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 |
|---|---|---|
| | | |