



Policy for the diversity  
of the Board of Directors  
and selection  
of Directors

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## 1. INTRODUCTION

The National Securities Market Commission's Code of Good Governance of Listed Companies establishes that the Board of Directors must approve a policy aimed at encouraging the appropriate composition of the Board of Directors.

In addition, Technical Guide 1/2019 of the National Securities Market Commission on Appointments and Remunerations Commissions recommends that the functions of appointments and remuneration commissions in listed companies include that of proposing a director diversity policy to the Board of Directors.

In turn, the Board of Directors of Elecnor, S.A. ("Elecnor" or the "Company") recognises having transparency in all of its actions, including the process of selecting candidates for Directors, as one of the key elements of its corporate governance strategy.

In accordance with the foregoing, and within the framework of its responsibility for establishing the general policies and strategies of the Company, the Board of Directors has approved this **Policy for the diversity of the Board of Directors and selection of Directors** (the "Policy").

## 2. OBJECTIVE

This Policy is approved by the Board of Directors with the aim of making it concrete and verifiable, ensuring that the proposals for the appointment or re-election of Directors are based on a prior analysis of the competences required by the Board of Directors and encouraging diversity in its composition, among other aspects, in terms of knowledge, experience, age and gender.

The selection requirements for members of the Board of Directors shall be aimed at achieving an adequate composition of Elecnor's Board of Directors and its Commissions, in such a way as to make it possible to correctly exercise the powers conferred upon them by Law, the Company Bylaws and the Company's other corporate governance regulations.

## 3. GENERAL PRINCIPLES

This Policy is based on the following general principles:

- **Appropriate composition of the Board of Directors.** The composition of the Board should be the appropriate one for the best exercising of its functions, for which purpose the processes for the selection of Directors should be based on a prior analysis of the competences required by the Board of Directors.
- **Promoting diversity in the composition of the Board.** Diversity in the composition of the Board and its Commissions will be encouraged, in terms of knowledge, experience, age and gender, among other aspects.
- **Non-discrimination and equal treatment.** The procedures for selecting candidates for Director shall not suffer from implicit biases that may involve discrimination on the basis of race, sex, age, disability or for any other reason.
- **Transparency in the selection of candidates for Directors.** The processes for the selection and appointment of the Company's Directors must be transparent and the Board of Directors must provide all relevant information in this respect, duly documenting the selection processes and noting their main conclusions in the reports and proposals of the competent bodies that should be made available to the shareholders when holding the General Meeting in a simple, complete and comprehensive manner.

- **Compliance with the applicable regulations and principles of good corporate governance.**

The selection processes for the Company's Directors shall be carried out in compliance with the legislation in force, the Company Bylaws and the Company's other internal regulations, also taking into account the best good governance practices in this matter.

#### 4. PROMOTION OF DIVERSITY IN THE COMPOSITION OF THE BOARD OF DIRECTORS

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The Board of Directors of the Company is aware of the importance of the proper composition of the board for its effective functioning. In this regard, the Board of Directors shall propose to the General Meeting the number of members which, given the Company's circumstances, is most appropriate to ensure its effective functioning and the participation of all the Directors that enriches decision-making and contributes differing points of view to the debate and flexibility in decision-making.

It shall also be ensured that the Board of Directors comprises an adequate balance of different types of Director, and that Non-Executive Directors represent a large majority over the Executive Directors, whilst also ensuring that Independent Directors carry sufficient weight on the Board.

In addition, and with the aim of promoting an appropriate and diverse composition of the Board of Directors in a way that contributes to achieving a diversity of views and experiences, the selection of the candidates proposed as Directors of the Company shall also take into account the composition of the Board of Directors and its Commissions as a whole, on the basis of their functions and also the characteristics and activity of the Company and its Group.

To this end, the presence on the Board of Directors of Directors with sufficient diversity of training, experience and knowledge, gender, age or disability should be considered in the process for selecting candidates, to meet the legal requirements and good governance recommendations in relation to the composition and unique suitability of the members of the Board of Directors and of the various Internal Supervisory Commissions of the Board of Directors.

In particular, in order to promote gender diversity, the Company will seek to establish measures that encourage the Company to have a significant number of female members of the management team, without prejudice to the essential criteria of merit and capacity that must govern all the personnel selection processes of the Company and its Group.

In turn, with regard to the Audit Commission, the process of selecting candidates for members of this Commission should take into account the unique aspects required by the Law and the recommendations of the supervisor, ensuring that all its members have knowledge and experience in relation to accounting, auditing and the management and control of risks, both financial and non-financial, as well as technical knowledge of the sector to which the Company belongs in those other areas that may be suitable for the performance by the Audit Commission of its functions, without prejudice to the requirements of geographical origin, gender and other diversity requirements that must be taken into account.

For its part, the process of selecting candidates for members of the Appointments and Remunerations Commission will assess their knowledge and experience in areas such as the analysis and strategic evaluation of human resources, the selection of directors and managers, the performance of senior management functions and the design of remuneration policies and plans for directors and senior managers, again without prejudice to the other diversity requirements to be considered in its composition.

## 5. REQUIREMENTS FOR THE SELECTION OF DIRECTORS

Candidates to be nominated as Elecnor Directors shall have adequate competence, experience and qualifications, both personal and professional; shall be honourable, suitable and of recognised professional prestige; fulfil the requirements for aptitude and capacity necessary for performing their role; and possess the availability and commitment to their position that enables them to exercise the good governance of the Company and, in particular, have the required dedication to properly exercise their functions.

In addition, candidates shall comply with the requirements set forth in the Company Bylaws, the Regulations of the Board of Directors and the recommendations on good governance for the proper performance of the role of Director, and particularly, those related to the duty of diligence and loyalty, avoiding situations of conflict of interest or incompatibility.

In accordance with the foregoing, the Board of Directors and the Appointments and Remunerations Commission shall take into account the following requirements in the selection procedures for Directors:

### 5.1. Personal and professional repute

The members of the Board of Directors shall be honest and have an appropriate personal and professional reputation, be professionals of integrity and have demonstrated a professional conduct and career that is aligned with the principles contained in the Code of Ethics and with the vision and values of the Company and its Group.

In this sense, people of repute refers to people who have shown personal and professional conduct that does not cast doubt on their ability to carry out their duties by taking the necessary measures for the good management and control of the Company.

In this sense, it is understood that candidates will not be seen as having personal or professional repute if they are involved in any situations that affect them, whether or not these relate to their professional actions, and may harm the credit and reputation of the Company or in any way adversely affect the functioning of the Board of Directors or the Company and, in particular, when they are investigated in any criminal case.

### 5.2. Appropriate skills, knowledge and experience

The Elecnor Board of Directors shall be made up of persons of recognised prestige in their profession who possess the competences, knowledge, experience, talents and abilities appropriate to the position they are going to carry out. However, it will not be necessary for all Directors to have the same level of competences, knowledge and experience, provided that the Board of Directors and its Commissions, as a whole, include an appropriate combination of all of these.

### 5.3. Willingness to exercise good governance of the Company

The candidate's ability to devote the time and effort to their role necessary to fulfil the position effectively will be evaluated, ensuring that non-executive Directors have sufficient time available for the proper performance of their functions, always respecting the maximum number of positions established in the Company's corporate governance regulations at each moment.

In turn, the Appointments and Remunerations Commission will evaluate the presence of potential conflicts of interest arising from the professional experience and positions held in the past or present by the candidate or, where appropriate, from any kind of personal, professional or financial relationship with other Directors, significant shareholders in the Company or companies in its Group.

#### 5.4. Commitment to the fulfilment of the duties and obligations of Directors

In addition to the above requirements, in the context of the re-election of Directors, any nominations or reports from the Appointments and Remunerations Commission shall contain an assessment of the quality of the work and dedication to the role of the proposed Directors during their previous mandate, as well as the honourability, competence, availability and commitment to their role, evaluating the performance in office by the Director and the fulfilment of the duties imposed by the Law, the Company Bylaws and the Company's other corporate governance rules with the diligence of a professional business person and a faithful representative.

The above requirements shall apply to all members of the Elecnor Board of Directors, irrespective of the position they hold on the Board. In addition, candidates for the position of Independent Director shall meet the independence requirements set forth in the Law and in Elecnor's corporate governance rules.

Without prejudice to the foregoing, the people nominated for appointment as Director shall meet any other requirements set forth in the current legal provisions, the Company Bylaws and the Regulations of the Board of Directors, as well as those which, where appropriate, are established by the Appointments and Remunerations Commission at any time, taking into account the strictest good governance practices; and shall not be involved in any of the legally foreseen cases of incompatibility or prohibition set forth in the Law or the Company's corporate governance rules.

## 6. PROCEDURE FOR SELECTING DIRECTORS

### 6.1. Competent bodies

The bodies responsible for ensuring the diversity of the Board of Directors and its Commissions and for the selection processes for members of the Board shall be the Board of Directors and the Appointments and Remunerations Commission, without prejudice to the General Meeting's powers of appointment.

The **Board of Directors** shall have the following functions:

- a) Preparing a supporting report assessing the competence, experience and merits of the candidate proposed for appointment as Director, which in all cases must accompany the nomination and which shall be attached to the minutes of the General Meeting or of the Board itself.
- b) Proposing the appointment of Directors who are not independent, for submission to the General Meeting, or for the appointment by co-optation by the Board of Directors itself, as appropriate, as well as the proposals for the re-election of such Directors by the General Meeting.
- c) Ensuring that the selection procedures for members of the Board of Directors encourage diversity with regard to issues such as age, gender, disability, professional training and experience and the other diversity criteria set out in this Policy, that they are not subject to implicit biases that may involve discrimination and, in particular, facilitate the selection of a number of female Directors that allows for the balanced presence of women and men.

The **Appointments and Remunerations Commission** of the Company has, among others, the following functions:

- a) Evaluating the required skills, knowledge and experience for the Board of Directors. For this purpose, it shall define the necessary functions and aptitudes for the candidates to fill each vacancy and shall evaluate the time and dedication required so they may effectively perform their functions, ensuring that the Non-Executive Directors have sufficient time available to correctly carry out their functions.
- b) Establishing a representation target for the less represented gender on the Board of Directors and preparing guidelines on how to achieve this target.

- c) Submitting to the Board of Directors proposals for the appointment of Independent Directors for designation by co-optation or for submission to the decision of the General Shareholders' Meeting, as well as proposals for the re-election of said Directors by the General Shareholders' Meeting.
- d) Reporting the appointment proposals of the remaining Directors for their appointment by co-optation or for submission to the decision of the General Shareholders' Meeting, as well as proposals for their re-appointment or removal by the General Shareholders' Meeting.
- e) Leading, with involvement of the Lead Director, where appropriate, the annual evaluation of the Board concerning the functioning and composition of the Board, its Commissions and the Directors of the Company.
- f) Regularly designing and organising knowledge update programmes for the Directors.

In turn, the Company's **General Shareholders' Meeting** shall have the following functions:

- a) Appointing, ratifying and re-electing Directors, all without prejudice to the proportional representation system corresponding to the shareholders in the terms provided for in the applicable law.
- b) Determining at each moment the number of members of the Board of Directors by creating vacancies or appointing new Directors within the minimum and maximum established in the Elecnor Bylaws.

## 6.2. Search for candidates, assessment and nominations

The Board of Directors and the Appointments and Remunerations Commission, in the framework of their functions, shall seek to identify the most appropriate candidates at all times, in accordance with the needs of the Company's corporate bodies and the development of its business.

As set out above, the appointment, re-appointment and/or ratification of Directors that the Board of Directors submits to the General Shareholders' Meeting or the appointments that it makes directly to cover vacancies, in the exercise of its powers of co-optation, will require the proposal or report of the Appointments and Remunerations Commission, depending on the type of Director involved.

To this end, the Appointments and Remunerations Commission shall carry out a prior analysis of the competences, knowledge and experience of the Directors who are already part of the Board, as well as the competences required in the Board of Directors, taking into account the diversity targets set by the Company and, where appropriate, the need for a progressive renewal of the Board, specifying the profile and capacities required in the new Director. The result of the previous analysis and the description of the reasons for the suitability of the candidate shall be reflected in the Commission's proposal or report to be published at the time of convening the General Shareholders' Meeting to which the ratification, appointment or re-election of each Director is submitted.

To facilitate this prior analysis, the Appointments and Remunerations Commission shall prepare and periodically update a matrix with the competences needed by the Board of Directors, which defines the skills and knowledge of the candidates for Director, especially those of the executive and independent candidates.

The selection process shall ensure the promotion of a diversity of experience, knowledge, competences, age and gender in the candidates. For this purpose, when the Appointments and Remunerations Commission or the Board itself, as the case may be, seek a professional profile, the corporate interests shall be taken into consideration, without prejudice to the fact that, when faced with two similar professional profiles, the one of the least-represented gender on the Board will be chosen.

Whenever possible, the Appointments and Remunerations Commission shall inform the candidate, before proposing their appointment to the Board of Directors, of what is expected of them in terms of time and commitment to the Company and participation, where appropriate, in the Advisory Commissions of the Board.

Without prejudice to the provisions of this Policy, the selection procedure for Directors shall comply fully with the provisions of the Company's Bylaws and the Regulations of the Board of Directors, also taking into account the good corporate governance recommendations.

### **6.3. Proposal of candidates by Directors**

Any Director may provide the names of potential candidates. However, and in particular in the case of Independent Directors, where the candidates have been presented for evaluation by the Appointments and Remunerations Commission by significant shareholders, Proprietary Directors or Executive Directors, the Commission will analyse in detail the candidate's profile and collect as much information as it deems appropriate to ensure that the proposed candidate has no links that could restrict their independence.

### **6.4. Guidance and knowledge update programmes for members of the Board of Directors**

At the time of the appointment of a new Director, they shall follow any guidance programmes for new Directors established by the Company, in order to quickly acquire sufficient knowledge of the Company, as well as its corporate governance rules.

In addition, in order to update the suitability of the Directors, the Appointments and Remunerations Commission, in collaboration with the Chairman of the Board, may approve, when circumstances so advise, periodic training programmes for the members of the Board of Directors and its Commissions, which they may receive at meetings of the Board or its Commissions or by any other means.

### **6.5. External advice**

The Company may seek independent external advice, such as the collaboration of human resources consulting firms or any other external advisor, both for the purpose of carrying out the prior analysis of the needs of the Board of Directors and for the validation or search for the candidates for Director, in which case it will pay particular attention to potential conflicts of interest that may exist with such advisors and take the necessary steps to ensure that these do not materialise.

## **7. POLICY OVERSIGHT AND DISSEMINATION**

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The Board of Directors shall periodically evaluate the effectiveness of this Policy and take appropriate measures to address any deficiencies, making any amendments as it deems appropriate.

Without prejudice to the foregoing, the Appointments and Remunerations Commission shall verify compliance with this Policy on an annual basis, and report its findings back to the Board of Directors.

The annual verification by the Commission will be reported in the Company's Annual Corporate Governance Report.

## **8. ENTRY INTO FORCE**

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This Policy has been approved by the Elecnor Board of Directors, at the proposal of the Appointments and Remunerations Commission, at its meeting of 16 December 2020 and has entered into force at the same time as its approval.

