



**Regulations  
of the Audit Committee  
of  
ELEC NOR, S.A.**

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### **Artículo 1. Purpose**

1. The Audit Committee of the Board of Directors of ELECNOR, S.A. (hereinafter, the "**Company**") is constituted in accordance with the provisions of the Spanish Companies Act, Article 15 bis of the Company Bylaws and Article 13 of the Regulations of the Board of Directors of the Company.

For the purposes of these Regulations and with regard to the concept of a "Group", the provisions of Article 42 of the Code of Commerce shall be followed.

2. These Regulations of the Audit Committee, approved by the Board of Directors of the Company, are intended to establish the standards of organisation and operation of its Audit Committee, carrying out in whatever is appropriate for the best fulfilment of its functions, the statutory and regulatory provisions of the Board of Directors based on the recommendations and criteria of good corporate governance established by the Spanish National Securities Market Commission and other competent bodies, and taking into account the characteristics of the Company and its Group.
3. All matters not expressly provided for in these Regulations shall be subject to the provisions set out by the aforementioned Committee itself, with the provisions of the Company Bylaws and the Regulations of the Board with regard to the functioning of the Board of Directors being of supplementary application and to the extent that their nature and functions enable their application.

### **Artículo 2. Interpretation, amendment and dissemination**

1. In the application and interpretation of these Regulations, the Audit Committee shall take into account the legally applicable regulations and the recommendations and criteria of good governance established by the supervisory bodies and, in particular, by the Spanish National Securities Market Commission.
2. The Regulations shall be reviewed periodically by the Board of Directors, taking into account the proposals made in this regard by the Audit Committee, and the Regulations shall be disseminated to shareholders and the markets in general through publication on the Company's website.

### **Artículo 3. Composition of the Audit Committee**

1. The Board of Directors shall establish an Audit Committee, comprising a minimum of three and a maximum of five Directors appointed by the Board of Directors from amongst the Non-Executive Directors, the majority of which shall be Independent Directors, and one of them will be appointed taking into account their knowledge and experience in accounting, auditing or both.

The Board of Directors shall also ensure that the members of the Audit Committee as a whole, and its Chairman in particular, possess knowledge and experience in accounting, auditing and the management and control of risks, both financial and

non-financial, as well as in other areas that may be appropriate for the Audit Committee to fulfil its functions.

2. As a whole, and without prejudice to ensuring the promotion of gender diversity and other diversity criteria, Committee members shall possess the relevant technical expertise in relation to the company's business sector.
3. Except as provided in the following article, Committee members shall be appointed for the term for which they have been appointed Company Directors. The loss of Director status will also result in the loss of the status of member of the Audit Committee.

#### **Artículo 4. Committee roles**

1. The Audit Committee shall appoint a Chairman from amongst the Independent Directors for a four-year term, for which they may be re-appointed for the same term once a period of one year has elapsed from the date on which their role expires or the date their removal had been agreed upon, without prejudice to their continuance or re-appointment as a Committee member.
2. The Audit Committee shall also appoint a Secretary, who may be the Secretary of the Board of Directors, provided that they are not considered as Executive Director.

The Secretary of the Audit Committee shall assist the Chairman of the Committee in planning meetings and in collecting and distributing the necessary information sufficiently in advance, and taking the minutes of the meetings.

#### **Artículo 5. Functions of the Audit Committee**

1. Without prejudice to any other tasks assigned to it at any time by the Board of Directors, the Audit Committee shall, in any case, exercise the following functions:
  - (i) Regarding oversight of financial and non-financial information:
    - a) Report, through its Chairman, to the General Shareholders' Meeting on issues raised by shareholders in matters within its remit and, in particular, on the outcome of the audit, explaining how it has contributed to the integrity of the financial information and the role that the Committee has played in that process.
    - b) Monitor and assess the process of drawing up and submitting the mandatory financial and non-financial information relating to the Company and, where appropriate, to its Group, reviewing compliance with regulatory requirements, the proper delimitation of the scope of consolidation and the correct application of accounting criteria and, in particular, to know, understand and oversee the effectiveness of the internal control system for financial information (SCIIF), as well as to

submit recommendations or proposals to the Board of Directors aimed at protecting its integrity.

- c) Inform the Board of Directors, in advance, of the financial information to be made public by the Company on a regular basis.
- d) Ensure that the annual financial statements submitted by the Board of Directors to the General Meeting are drawn up in accordance with the accounting rules. And that, in those cases where the auditor has modified their opinion in their audit report, the Chairman of the Audit Committee shall clearly explain to the General Meeting the views of the Audit Committee on its content and scope, making a summary of such views available to the shareholders at the time of publication of the Meeting, together with the other proposals and reports of the Board.

(ii) Regarding oversight of internal control and internal audit:

- a) Monitor the effectiveness of the Company's internal control and internal audit, as well as discuss with the auditors any significant weaknesses detected in the performance of the audit, concluding the level of confidence and reliability of the system, all without infringing on their independence. For this purpose, and where appropriate, it may submit recommendations or proposals to the Board of Directors and the appropriate time limit for follow-up.
- b) Supervise the internal audit unit, which shall ensure the proper functioning of the internal information and control systems and which shall function under the Chairman of the Committee, and in particular:
  - (i) ensure the independence of the unit assuming the internal audit function;
  - (ii) propose the selection, appointment and termination of the person responsible for internal audit;
  - (iii) propose the budget of the unit;
  - (iv) approve the orientation and annual work plan, ensuring that its activity is focused primarily on the important risks, including reputational risks;
  - (v) receive periodic information on its activities; and
  - (vi) verify that members of the management team take into account the conclusions and recommendations of its reports.

The head of the internal audit unit shall report directly to the Audit Committee on the execution of its annual work plan, including any possible incidents and limitations to its scope occurring during its implementation, on the results and follow-up of its recommendations, and will submit an activity report to it at the end of each financial year.

- c) Establish and supervise a mechanism that allows employees and other persons related to the Company, such as Directors, shareholders, suppliers, contractors or subcontractors, to communicate irregularities of potential importance, including financial and accounting irregularities or ones of any other nature, related to the Company, which they observe

in relation to the Company or its Group. This mechanism must ensure confidentiality and, in any case, establish mechanisms so that reports can be made anonymously, respecting the rights of the complainant and the complaine, receiving regular information on its operation and allowing the proposal of appropriate actions for its improvement and the reduction of the risk of irregularities in future.

- d) Ensure in general that established internal control policies and systems are effectively implemented in practice.

(iii) Regarding oversight of risk management and control:

- a) Monitor and assess the effectiveness of risk management and control systems relating to the Company and the Group, both financial and non-financial (including operational, technological, legal, social, environmental, political and reputational or related to corruption), re-evaluating, at least annually, the list of most-significant risks, proposing any adjustments to the Board, where applicable.
- b) Supervise the risk management and control unit.

(iv) Regarding the Accounts Auditor:

- a) Send to the Board of Directors for submission to the General Shareholders' Meeting the proposals for the selection, appointment, re-appointment and replacement of the accounts auditor, taking responsibility for the selection process, in accordance with the provisions of the applicable regulations, as well as the conditions for their hiring, and for this purpose, they shall:

1º. define the selection procedure for the auditor; and

2º. issue a reasoned proposal.

- b) Regularly collect information from the external auditor on the audit plan and its implementation, and any other matters related to the account audit process, in particular any discrepancies that may arise between the accounts auditor and Company management.
- c) Establish appropriate relations with the external auditor to receive information on any issues that may pose a threat to their independence for consideration of the Committee, and any other information related to the process of auditing the accounts, and, where appropriate, the authorisation of services other than those prohibited under the terms of the applicable rules for the independence regime, as well as other communications set out in the account audit legislation and audit standards.

In any case, the external auditors shall provide them with an annual declaration of their independence with regard to the Company or entities directly or indirectly linked to it, as well as detailed and individualised information regarding additional services of any kind provided and the corresponding fees collected from these entities by the external auditor or by the persons or entities linked to it, in accordance with the provisions of the governing regulations on account audit activity.

- d) Issue an annual report, prior to the issuance of the account audit report, expressing an opinion on whether the accounts auditors' independence has been compromised. In any event, this report shall contain the reasoned assessment of each and every additional service provided as referred to in the previous paragraph, considered individually and as a whole, other than the legal audit and in relation to the independence regime or the governing regulations on account audit activity.
- e) Preserve the independence of the external auditor in exercising their functions and, in particular:
  - (i) should the auditor resign, examine the circumstances that may have led to this resignation;
  - (ii) ensure that the Company reports any change of auditor through the Spanish National Securities Market Commission accompanied by a statement regarding the existence or absence of disagreements with the outgoing auditor and, if applicable, the subject matter thereof;
  - (iii) ensure that the remuneration the external auditor receives for their work does not compromise their quality or independence;
  - (iv) establish a general limit for annual fees to be paid to the auditor for the provision of non-audit services; and
  - (v) ensure that the Company and the external auditor comply with existing rules on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other applicable rules to ensure the auditor's independence.
- f) Ensure that the external auditor has at least one annual meeting with the Board of Directors in full to inform them of the work executed and developments in the company's risk and accounting situation.
- g) Make a final assessment of the auditor's performance and how it has contributed to the quality of the audit and the integrity of the financial information.
- (v) Regarding monitoring compliance with the Company's corporate governance rules and internal codes of conduct:

- a) Monitoring compliance with corporate governance policies and rules and the Company's internal codes of conduct, also ensuring that the corporate culture is aligned with its purpose and values.
  - b) Supervising the implementation of the general policy relating to the communication of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, proxy advisors and other stakeholders. It will also monitor the way in which the Company communicates and relates to small and medium-sized shareholders.
- (vi) Other functions:
- a) Inform the Board of Directors, in advance, regarding all matters provided for by Law, in the Company's Bylaws and the Regulations of the Board, and in particular:
    - (i) the creation or acquisition of holdings in special-purpose entities or entities with registered offices in countries or territories classified as tax havens;
    - (ii) related-party transactions; and
    - (iii) the economic conditions and accounting impact, and, where appropriate, the proposed exchange equation, of operations of structural and corporate modifications planned by the Company.
2. The Audit 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 cooperation 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 General Meeting being held.
  3. In carrying out and exercising its functions, the Audit Committee shall take into account the recommendations and criteria of good governance established by 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 Audit Committee shall establish on an annual basis an action plan covering the main activities of the Committee during the financial year in relation to executing its functions.

#### **Artículo 6. Calls for meetings**



1. The Audit Committee shall meet at least four times per year in order to review the periodic financial information to be forwarded to the supervisory authorities. With regard to these matters, the Committee's meetings shall be attended by the internal auditor, and if any type of review report is issued, the accounts auditor. However, neither shall be present in the decision-making part of the meeting when the Audit Committee adopts the appropriate decisions.
2. The Committee shall also meet at the request of any of its members and whenever convened by its Chairman, who shall do so whenever the Board or its Chairman requests the issuance of a report or the adoption of proposals and, in any case, whenever it is appropriate for the proper conduct of its functions.
3. The meetings of the Audit Committee shall be convened by its Secretary, as ordered by the Chairman, at least five days in advance, except for reasons of urgency that warrant an immediate or earlier call; the call notice shall be sent by letter, fax, email or any other means that provides proof of receipt.

The call notice shall always include the agenda of the meeting and be accompanied by the necessary information, without prejudice to the fact that in certain circumstances it is justified that all or part of the information is provided at the meeting itself.

#### **Artículo 7. Meetings**

1. The meetings of the Audit Committee shall be held at the Company's registered address or at any place previously designated by the Chairman and indicated in the call notice.
2. The Committee may also meet in several places connected to each other by systems that allow the recognition and identification of the attendees, the ongoing communication between them and interventions and casting of the vote, all in real time. The attending Directors in any of the interconnected locations shall be considered as attendees to the same and only session of the Committee. The meeting shall be understood to be held at the place where the Chairman or the person exercising their functions is located.

The Secretary of the Audit Committee shall record in the minutes of meetings held, in addition to the members who physically attend, or, where appropriate, are represented by another member of the Committee, persons who attend the meeting through the system in question.

3. Attendance at meetings of the Committee should be preceded by sufficient dedication by its members to analysing and evaluating the information received.

In addition, the meetings of the Committee shall encourage constructive dialogue amongst its members, promoting free expression and the supervisory and analytical attitude of its members, and the Chairman of the Committee shall ensure that members are free to participate in the deliberations.

4. The Audit Committee may request the attendance of any employee or executive of the Company, and may even arrange for them to appear without the presence of any other executive. The convened persons shall be obliged to attend the meetings of the Audit Committee and to provide them with their cooperation and access to any information available to them.

The Committee may also require the attendance of other persons at its meetings (Executive Directors, experts, accounts auditors etc.), but only at the invitation of the Chairman of the Committee and only to address those specific items on the agenda for which they are called. In particular, the presence of executives or other Directors, whether executives or non-executive, at the meetings of the Committee shall only occur occasionally and such attendees shall not remain present for the deliberative and voting phases of the Committee.

#### **Artículo 8. Constitution and adoption of agreements**

1. The Audit Committee shall be validly constituted when the majority of its members are present or represented, and its agreements shall be adopted by an absolute majority of the members present or represented at the meeting.
2. Members of the Audit Committee may grant their representation to another member of the Committee. Representation shall be conferred in writing and on an ad hoc basis for each meeting, and shall be communicated to the Chairman of the Committee by any means which provides confirmation of receipt.
3. In matters of conflict of interest, the Committee member concerned shall abstain from participating in the deliberation and voting on agreements or decisions in which they or a person related to them has a direct or indirect conflict of interest.

#### **Artículo 9. Minutes of the Committee**

1. The discussions and agreements of the Audit Committee shall be recorded in a book of minutes, indicating the date of the session, attendees, conclusions or proposals made at its meetings and adopted agreements, which shall be signed by the Chairman and the Secretary of the Committee or by whoever, if applicable, replaces them in the carrying out of their functions.
2. The minutes of the Committee shall be made available to all members of the Board of Directors.

#### **Artículo 10. Access to information and advice**

1. The Audit Committee shall have adequate, timely and sufficient access to any information or documentation available to the Company concerning matters within its remit, provided that it is deemed necessary for carrying out its functions.

2. The Committee may also seek, at the expense of the Company, the collaboration or advice of external professionals when it deems it necessary or appropriate in order to best carry out its functions.

#### **Artículo 11. Means and resources**

1. The Audit Committee may approve a periodic training plan to ensure that the members of the Audit Committee have up-to-date knowledge. Also, a welcome programme shall be provided for its new members.
2. For the performance of its functions, the Audit Committee shall have at its disposal the means and resources necessary for independent operation. Resources requirements should be channelled through the Secretary of the Board of Directors of the Company.

#### **Artículo 12. Relations between the Audit Committee and the Board, Accounts Auditor and Internal Auditor**

1. The Audit Committee shall establish an effective and regular communication channel with its regular contacts, which will normally be between the Chairman of the Committee and, inter alia, with:
  - a) Company management, in particular the general and financial management;
  - b) the person responsible for internal audit; and
  - c) the lead auditor responsible for the audit of accounts.
2. In any case, the communication between the Audit Committee and the external auditor shall be smooth, continuous, in accordance with the governing regulations on account audit activity and shall not impair the independence of the auditor nor the effectiveness with which the audit is conducted or with which the audit procedures are developed.
3. The Committee shall report its activity at the first session of the Board of Directors following its meetings, as a result of the work carried out.
4. The Chairman of the Committee shall act as its spokesperson at the meetings of the Board of Directors, and where appropriate, the General Shareholders' Meeting of the Company.

Madrid, 16 December 2020