



Rules of Procedure  
of the Audit  
Committee of  
Elecnor, S.A.

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## Article 1. Scope and Purpose

1. The Audit Committee of the Board of Directors of Elecnor, S.A. (the “**Company**”) is established in accordance with the Spanish Corporate Enterprises Act [*Ley de Sociedades de Capital*], Article 15bis of the Company’s Articles of Association, and Rule 13 of the Rules of Procedure of the Company’s Board of Directors.

Section 42 of the Spanish Commercial Code [*Código de Comercio*] applies as regards the definition of “Group” for purposes of these Rules of Procedure.

2. These Rules of Procedure of the Audit Committee have been approved by the Company’s Board of Directors. The rules regulate organisation and operation of the Audit Committee and make suitable provision for it to be able to perform its duties properly in compliance with the Articles of Association and the Rules of Procedure of the Board of Directors pursuant to the principles and recommendations for good corporate governance issued by the Spanish National Securities Market Commission [*Comisión Nacional del Mercado de Valores*] and other competent authorities having in mind the particularities of the Company and of its Group.
3. The decisions taken by the Committee itself will apply for all matters not expressly envisaged here. Secondly, the Articles of Association and Rules of Procedure of the Board of Directors will also apply insofar as they are consistent with the Committee’s nature and duties.

## Article 2. Interpretation, amendment, and dissemination

1. The Audit Committee will take the applicable laws and regulations and the principles and recommendations for good governance issued by supervisory authorities, particularly the National Securities Market Commission, into account when implementing and interpreting these Rules of Procedure.
2. The Rules of Procedure will be reviewed by the Board of Directors periodically having in mind any suggestions submitted by the Audit Committee. They will be published on the Company’s website for shareholders and the general public.

## Article 3. Composición de la Comisión de Auditoría

1. The Board of Directors will establish an Audit Committee, to be composed of no fewer than three and no more than five non-executive Directors appointed by the Board of Directors. A majority of Committee members will be independent Directors, and one member will be appointed on the basis of his or her knowledge and experience in accounting matters, auditing matters, or both.

The Board of Directors will endeavour to ensure that the Audit Committee members as a whole, in particular its Chair, are knowledgeable and experienced in accounting and auditing matters, in the management and control of financial and non-financial risks, and in any other areas relevant to the performance of the Audit Committee’s work.

2. Without prejudice to endeavouring to meet gender diversity and other diversity criteria, the Committee members overall are to possess the technical knowledge relevant to the Company’s area of business.
3. Except as stipulated in the following Rule, Committee member appointments will be for the same terms to which those individuals have been appointed as Company Directors. A Director will cease to be a member of the Audit Committee on ceasing to be a Company Director.

#### Article 4. Officers of the Committee

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1. The Audit Committee will appoint one of its independent Director members to be its Chair for a term of four years. The Chair may be re-appointed to another four-year term as Chair one year after his or her term has ended or he or she has ceased to serve as Chair, without prejudice to continuing or being re-appointed as a member of the Audit Committee.
2. The Audit Committee will also appoint a Secretary, who may be the Secretary of the Board of Directors, on condition that he or she is not an executive Director.

The Secretary of the Audit Committee will assist the Committee Chair in planning Committee meetings and gathering and circulating the requisite information sufficiently in advance and will also draw up the minutes of meetings.

#### Article 5. Duties of the Audit Committee

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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 statement 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 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-appointing, 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 will:
    - 1°. specify the procedure for selecting the external auditor; and
    - 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 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 apart from auditing 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 circumstances surrounding and the reasons for resignation;
  - (ii) to supervise announcement by the Company of a change in auditor through the National Securities Market Commission and to submit 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; and
  - (v) to ensure that the Company and the external auditor obey the law in force concerning providing services other than 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 the status of the Company's accounting situation and risks.
- 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 rules of conduct:
  - a) To supervise compliance with the Company's corporate governance rules and policies and internal rules 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:
  - a) 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.
 

In drawing up its report the Committee will 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 will set out the basis for its opinion 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.
  - b) To report in advance to the Board of Directors on all matters prescribed by law, the Articles of Association, or the Rules of Procedure of the Board of Directors, and specifically:
    - (i) the creation or purchase of shares in special purpose vehicles or entities based in countries or territories classified as tax havens and

- (ii) the financial terms and accounting implications and where appropriate the proposed swap terms of transactions that entail corporate and structural modifications planned by the Company.
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 main work carried on during the year, work carried out in association with outside experts, and the main incidents that took place, if any. The report will be placed at the disposal of the shareholders on the Company's website sufficiently in advance of the Ordinary General Meeting.
3. When performing its duties the Audit Committee will bear in mind the good governance recommendations and standards issued by the National Securities Market Commission and other competent authorities, 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.

#### **Article 6. Convening meetings**

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1. The Audit Committee will meet at least four times a year to review the financial information to be reported regularly to the supervisory authorities. Committee meetings dealing with these subjects will be attended by the internal auditor and also by the external auditor if its report contains any observations, though the auditors will not be present during the decision-making part of the meeting when the Audit Committee takes the corresponding decisions.
2. The Committee will also meet at the request of any of its members and whenever convened by the Chair, who will call a meeting whenever the Board or its Chair asks for a report or proposals, and at all events whenever it is appropriate to hold a meeting for the Committee to be able to perform its duties properly.
3. Audit Committee meetings will be convened by the Committee Secretary on instructions from the Chair at least five days in advance, unless there are urgent reasons for it to meet sooner or immediately. The notice of meeting will be sent by email or by any other means that furnish confirmation of receipt.

The notice of meeting will in all cases include the meeting agenda, and the requisite information will also be attached, making allowance for the fact that there may be reasons for distributing the information at the meeting itself in certain circumstances.

#### **Article 7. Meetings**

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1. Audit Committee meetings will be held at the Company's registered office or at any other venue previously designated by the Chair and stated in the notice of meeting.
2. A Committee meeting may be held at several different locations linked by systems that enable the participants attending to be recognised and identified, to be permanently interconnected, and to speak and vote, all in real time. The Directors in attendance at any of the linked locations will have the status of participants at a single session of the Committee. The session will be deemed to have met at the venue attended by the Chair or whoever is acting as Chair.

The Audit Committee Secretary will record in the minutes of meetings held in that form not only the members who have attended in person but also those who have been represented by another Committee member and those who have attended the meeting by means of whatever system is in use.

3. Committee members are to spend as much time as necessary examining and assessing the information that has been circulated before they attend Committee meetings.

Meetings of the Committee will be venues for constructive discussions by its members, and free expression and a critical and supervisory mindset will be encouraged. The Committee Chair will ensure that the members may freely take part in the debates.

4. The Audit Committee may call on any Company employee or executive to attend and may even call on them to attend without any other executive being present. Persons called must attend the Audit Committee sessions, lend their cooperation, and furnish whatever information is in their possession.

The Committee may also call on other people to attend its sessions (executive Directors, experts, external auditors, etc.), though only at the invitation of the Committee Chair and only when the specific agenda items for which they have been called are being discussed. More particularly, attendance by executives and other executive or non-executive Directors at Committee meetings will only occur from time to time. The minutes of Committee meetings will record the entrance and exit of the various guests. Guests will not attend the Committee's deliberations and votes without good reason duly explained in the minutes.

#### **Article 8. Quorums and passage of resolutions**

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1. The Audit Committee will be quorate when a majority of its members are present or represented. Resolutions will be passed by an absolute majority of the members present or represented at the meeting.
2. Audit Committee members may appoint another Audit Committee member to act as proxy. Proxy is to be conferred in writing separately for each meeting, and the Committee Chair is to be notified by means that allow confirmation of receipt of the notice.
3. Any Committee member that has a conflict of interest will not take part in the deliberations and voting on resolutions or decisions regarding which the member, or any person related to that member, has a direct or indirect conflict.

#### **Article 9. Committee minutes**

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1. The Audit Committee's discussions and resolutions will be recorded in a minute book, which will state the date of the session, the participants, the proposals or conclusions put forward, and the resolutions adopted at the session and will be signed by the Committee Chair and Secretary or whoever may be acting for them in those capacities, as the case may be.
2. The Committee minutes will be at the disposal of all the members of the Board of Directors.

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

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1. The Audit Committee will be entitled to adequate, pertinent, and sufficient access to any and all information or documents concerning matters within the scope of the Committee's remit in the Company's possession that the Committee considers necessary for it to perform its duties.
2. Furthermore, the Committee may, at the Company's expense, seek the assistance or advice of outside experts whenever it considers this to be necessary or appropriate for it to better perform its duties.

#### Article 11. Means and resources

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1. The Audit Committee will approve a plan for regular training of Audit Committee members to ensure that they stay current and up to date in their knowledge. In addition, there will be a programme to welcome in new members.
2. The Audit Committee is to have at its disposal the means and resources necessary for it to perform its duties independently. Requests for resources are to be directed to the Secretary of the Company's Board of Directors.

#### Article 12. Relations between the Audit Committee and the Board, the external auditor, and the internal auditor

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1. The Audit Committee will establish effective channels for periodic communications with its usual contacts, normally through the Committee Chair and, inter alia:
  - a) the Company's management, in particular, the CEO's office and the Finance Department;
  - b) the Chief Audit Executive; and
  - c) the lead auditor in charge of the external audit.
2. In any case, communications between the Audit Committee and the external auditor should be fluid, ongoing, and in conformity with the laws and regulations on external audits and should not impair the auditor's independence or the effectiveness of the audit performed or of the operation of auditing procedures.
3. The Committee will report on its activities and the work it has performed at the first full meeting of the Board of Directors after each meeting.
4. The Committee Chairman will serve as its spokesperson at meetings of the Board of Directors and the Company's General Shareholders Meeting, as the case may be.

Madrid, 24 November 2021