



**ANNUAL  
REPORT ON**

**REMUNERATION OF**

**DIRECTORS OF**

**LISTED COMPANIES**

**2019**



## A) REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FINANCIAL YEAR

- A.1. Explain the current director remuneration policy applicable to the year in progress. To the extent that it is relevant, certain information may be included in relation to the remuneration policy approved by the General Shareholders' Meeting, provided that these references are clear, specific and concrete.**

The specific determinations for the year in progress should be described, both the remuneration of directors in their status as such and as a result of their executive functions carried out for the Board pursuant to the contracts signed with executive directors and to the remuneration policy approved by the General Shareholders' Meeting.

At any event, the following aspects should be reported:

- Description of the procedures and company bodies involved in determining and approving the remuneration policy and its terms and conditions.
- Indicate and, where applicable, explain whether comparable companies have been taken into account in order to establish the company's remuneration policy.
- Information on whether any external advisors took part in this process and, if so, their identity.

### Existing remuneration policy for the current year:

On 22 May 2019, the General Shareholders' Meeting of Elecnor, S.A. ("Elecnor" or the "Company") approved the "Remuneration Policy for Directors for the 2020, 2021 and 2022 financial years" (the "Policy") with 95.07% of votes in favour. This Policy had previously been approved by the Company's Board of Directors by virtue of a resolution dated 27 March 2019, following a proposal and a report justifying the decision by Elecnor's Appointments and Remunerations Commission, in a meeting held on 18 February 2019.

In accordance with the By-laws and the Regulations of the Board of Directors of the Company, the General Shareholders' Meeting shall determine the maximum remuneration to be paid to the Directors for all the functions they perform, both for the performance of executive and non-executive functions.

In accordance with the foregoing and the principles governing this Policy, the maximum amount of annual remuneration for the Directors as a whole is set at EUR ten (10) million. This maximum amount shall remain in force until its modification is approved.

- A.** The Director remuneration system for the performance of non-executive functions .

In accordance with the By-laws and the Regulations of the Company's Board of Directors, there are three (3) cumulative remuneration systems for all Directors for the performance of non-executive functions:

- a. the maximum amount of 7% of the profits obtained by the consolidated group during the year, after the provision for the payment of taxes and requirements established by law for this purpose has been met, as well as,
- b. a fixed cash allowance to be determined by the General Meeting, and

- c. attendance allowances which, depending on the circumstances, are to be assigned as compensation for attendance expenses and others that they must assume in the exercise of their roles and functions.

Likewise, and in keeping with the previous remuneration policy, the remuneration shall not necessarily be the same for all Directors for the performance of non-executive functions, and its distribution shall be agreed by the Board of Directors of the Company in accordance with Article 12 of the Company's By-laws, for which it shall consider:

- a. membership or performance of positions within the different Board of Directors' Commissions,
- b. membership of other Boards of Directors of companies belonging to Elecnor Group and attendance at the various meetings of the Board of Directors,
- c. the dedication of the Directors and the responsibility assumed by them, and
- d. their functions and trajectory on the Board of Directors.

For all of the above, during the financial year 2020, in order to determine the remuneration of each Director, a basic remuneration shall be set for all of them, for their status as Directors, which shall be increased according to the fulfilment of the different parameters listed above.

Furthermore, and on an exceptional basis, the Company may grant, by agreement of the General Meeting, a fixed allocation to those Directors, who do not have executive functions, which it considers appropriate, for any reason, and which has been duly justified by the Board of Directors to the General Shareholders' Meeting of the Company.

#### B. The Director remuneration system for the performance of executive functions

The remuneration of the Directors for the performance of executive functions is independent and compatible with the remuneration and compensation established for the performance of non-executive functions, which are established in both the Company By-laws as in the contract that to this effect is signed between them and the Company, and which conforms to the remuneration Policy.

As a relevant change, Directors with executive functions shall receive the remuneration set in their respective contracts for the performance of such functions, as follows:

- a. A fixed cash remuneration, which may be modified during the period referred to in the Policy, by agreement of the Board of Directors, provided that it does not exceed the maximum remuneration to be received as remuneration of the Directors for all the functions they perform, both for the performance of executive and non-executive functions, as determined by the General Shareholders' Meeting.
- b. A variable remuneration, calculated on indicators or benchmarks, qualitative or quantitative, based on the degree of compliance with the objectives by the executive Directors (as agreed by the Board of Directors upon proposal of the Appointments and Remuneration Commission, such as turnover, operating profit, profit after tax ("PAT"), recruitment and debt or others). Variable remuneration may be much more relevant than fixed remuneration components.
- c. Remuneration based on the delivery of shares or option rights over shares of the Company itself.
- d. The following social benefits or remuneration in kind: (i) they shall be included in the civil liability policy for Directors and board members that the Company has agreed upon at all times; (ii) they shall continue to have the right to participate in social security systems (for coverage of their survival, illness, accidents, etc.) in terms similar to those generally established at all times for the Company's Directors; and (iii) likewise, the Executive Chair shall continue to enjoy all those benefits that, if applicable, the Company makes available to the management group.
- e. In addition to any compensation for termination of the contract, provided that the termination was not caused by breach of their duties as administrator.

- 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 guarantee a suitable balance between the fixed and variable components of the remuneration. In particular, state the actions adopted by the company in relation to the remuneration system to reduce exposure to excessive risks and adapt this to the long-term objectives, values and interests of the company, which will include, as the case may be, mention of the measures to guarantee 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 staff whose professional activities have a material impact on the risk profile of the company and measures to avoid conflict of interest, as the case may be.

Furthermore, state whether the company has established any period for the accrual or consolidation of certain variable remuneration items, in cash, shares or other financial instruments, any deferral period in the payment of amounts or the handover of accrued and consolidated financial instruments, or if any clause exists reducing the deferred remuneration or that obliges the director to return remuneration received, when such remuneration has been based on certain figures that have clearly been shown to be inaccurate has been agreed.

The only Director foreseen to receive a variable remuneration is the Executive Director.

The variable remuneration of the Executive Director is based on the Company's performance and their personal performance, which is calculated on indicators or benchmarks, either qualitative or quantitative, linked to the degree of compliance with the objectives thereof.

As such, the variable remuneration of the Executive Director is established, in accordance with their Contract, depending on the degree of achievement of a series of objectives, such as turnover, operating profit, profit after tax ("PAT"), recruitment and debt, regulatory compliance and occupational risk prevention, among others.

Variable remuneration may be much more relevant than fixed remuneration components.

The Board of Directors, on the proposal of the Appointments and Remunerations Commission, shall determine the objectives, the degree of their achievement, and the final amount corresponding to the variable remuneration.

The possibility of establishing variable incentives in the long term is also envisaged.

Lastly, the system for the remuneration of the Company's Directors for the performance of non-executive functions establishes a maximum amount of 7% of the profits obtained by the consolidated group in the financial year, after the provision for the payment of taxes has been made and the requirements established by law for this purpose have been met.

- Amount and nature of fixed components that are due to be accrued during the year by directors in their status as such.

The fixed annual remuneration for each of the Directors for the performance of their non-executive functions is expected to be EUR 143,500 and EUR 1,500 for attendance fees for each meeting of the Board of Directors, plus the amount they receive for their membership of the various Board of Director Committees and Commissions as detailed below:

For membership of **the Executive Committee**: EUR 25,000.

For membership of **the Audit Commission**:

Member: EUR 15,000.

Chair: EUR 20,000.

For membership of the **Appointments and Remunerations Commission**:

Member: EUR 12,500.

Chair: EUR 17,500.

The annual remuneration for the performance of positions on the **Board of Directors**,

which is expected to remain the same as in the previous year, is detailed below:

Non-Executive Chair: EUR 270,000.

Secretary: EUR 20,000.

- Amount and nature of fixed components that are due to be accrued during the year for the performance of senior management functions of executive directors.

They will be set once the Annual Accounts have been approved.

- 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 financial year 2020, there will be no remuneration in kind.

- Amount and nature of variable components, differentiating between those established in the short and long term. Financial and non-financial, including social, environmental and climate change parameters selected to determine variable remuneration in the year in progress, explaining the extent to which these parameters are related to performance, both of the director and of the company, together with their risk profile, and the methodology, deadline necessary and techniques established to determine the degree of compliance with the parameters used in the design of the variable remuneration at the end of the year.

State the range, in monetary terms, of the different variable components according to the degree of compliance with the objectives and parameters established, and whether any maximum monetary amounts exist in absolute terms.

They will be set once the Annual Accounts have been approved.

- Main characteristics of long-term savings systems. Among other information, state the contingencies covered by the system, whether through defined contributions or benefits, the annual contribution that needs to be made to the defined contribution system, the benefits directors are entitled to in the event of defined benefit systems, the conditions under which economic rights are consolidated for directors and their compatibility with any other type of payment or severance pay as a result of the early termination or dismissal of the director, or deriving from the termination of the contractual relation, in the terms provided, between the company and the director.

State if the accrual or consolidation of any of the long-term savings plans is linked to achieving certain objectives or parameters related to the short- or long-term performance of the director.

The Company does not consider these systems.

- Any type of payment or severance pay for early termination or dismissal of the director, or deriving from the termination of the contractual relation, in the terms provided, between the company and the director, whether voluntary resignation by the director or dismissal of the director by the company, as well as any type of agreement reached, such as exclusivity, post-contractual non-competition, permanence or loyalty, which entitle the director to any type of remuneration.

There are no agreed or paid compensation payments in the event of termination of a Director's duties.

The only compensation provided for are those that the Executive Director may receive for the termination of their contract for the performance of their senior management functions, which are explained below:

The contract with the Executive Director provides for compensation in their favour in the event of termination, provided that the termination is not the result of a breach attributable to the same, nor is it due to their exclusive will.

The amount of the compensation amounts, as a general rule, to an amount equivalent to two (2) years of their total remuneration, including fixed and variable remuneration, but excluding that obtained in programmes or incentives of an annual or multi-year nature, without prejudice to the fact that, depending on the type of event that results in the termination of the contracts, it may reach an amount equivalent to three (3) years of their total remuneration.

The contract with the Executive Director also contains a clawback clause, under which the Executive Director must reimburse the Company for amounts received as variable remuneration or resulting from the settlement of incentive plans, if at any time during (1) year after payment thereof, as a result of the Executive Director's wilful or grossly negligent actions, the following circumstances have arisen: (i) there have been alterations or inaccuracies in the relevant business data for the purposes of calculating the variable remuneration or incentive plans and these are confirmed by the Company's external auditors; (ii) as a result of the above circumstance, the Company is obliged to significantly reformulate its accounts.

The Executive Director must pay the amount notified by the Company within forty-five (45) days following the date of the request for payment.

- State the conditions that contracts should respect for those exercising senior management functions as executive directors. Among others, information should be provided on the duration, limits on amounts of severance pay, minimum contract term clauses, notice periods and payment in lieu of these notice periods, and any other clauses relating to hiring bonuses, compensation and golden parachute clauses for early termination of the contractual relationship between the company and the executive director. Include, among others, the pacts or agreement on non-competition, exclusivity, permanence and loyalty, and post-contractual non-competition, unless these have been explained in the previous section.

Main terms and conditions of the contracts of the Executive Directors with the Company.

The contract that the Executive Director signs with the Company is based on the following conditions:

- (a) Duration:  
The contract of the Executive Director shall remain in force as long as they remain in office.
- (b) Compensation:  
The contract with the Executive Director provides for compensation in their favour in the event of termination, provided that the termination is not the result of a breach attributable to the same, nor is it due to their exclusive will.

The amount of the compensation amounts, as a general rule, to an amount equivalent to two (2) years of their total remuneration, including fixed and variable remuneration, but excluding that obtained in programmes or incentives of an annual or multi-year nature, without prejudice to the fact that, depending on the type of event that results in the termination of the contracts, it may reach an amount equivalent to three (3) years of their total remuneration.

- (c) Compliance with the Company's corporate governance system:  
The Executive Director has the obligation to observe strictly and to the extent that it is applicable, the standards and provisions contained in the corporate governance system of the Company.
- (d) Post-contractual exclusivity and non-competition agreement:  
The contract may establish an obligation of exclusivity and full dedication to the Company and of post-contractual non-competition for a maximum period of two (2) years from the termination of the contract.

## (e) Confidentiality:

The contract of the Executive Director shall establish a strict duty of confidentiality. In addition, once their relationship with the Company has concluded, they must return to the Company any documents and objects related to their activity that they may hold.

## (f) Refund clause (clawback):

The contract with the Executive Director includes a refund clause under which the Executive Director must reimburse the Company for any amounts received as variable remuneration or resulting from the settlement of incentive plans, if at any time during (1) year after payment thereof, as a result of the fraudulent or grossly negligent actions of the Executive Director, the following circumstances have arisen: (i) there have been alterations or inaccuracies in the relevant business data for the purposes of calculating the variable remuneration or incentive plans and these are confirmed by the Company's external auditors; (ii) as a result of the above circumstance, the Company is obliged to significantly reformulate its accounts.

The Executive Director must pay the amount notified by the Company within forty-five (45) days following the date of the request for payment.

- The nature and estimated amount of any other supplementary remuneration accrued by directors in the year in progress in consideration for services rendered other than those inherent in the post.

They do not exist.

- Other remunerative items or by-products, as the case may be, of the company granting the director advance payments, loans, guarantees or any other remuneration.

They do not exist.

- The nature and estimated amount of any other planned supplementary remuneration accrued by directors in the year in progress that are not included in the previous sections, whether payment is satisfied by the company or another group company.

They do not exist.

## A.2. Explain any significant change in the remuneration policy applicable in the current year resulting from:

- A new policy or a modification of the policy already approved by the General Meeting.
- Significant changes in the specific determinations established by the board for the current year regarding the remuneration policy in force with respect to those applied in the previous year.
- Proposals that the board of directors has agreed to submit to the general shareholders' meeting to which this annual report will be submitted and which are proposed to be applicable to the current year.

On 22 May 2019, the Shareholders' General Meeting of the Company approved, with 95.07% of votes in favour, the new "Remuneration Policy for Directors for the 2020, 2021 and 2022 financial years", which had previously been approved by the Company's Board of Directors by virtue of a resolution dated 18 February 2019 at the proposal of the Elecnor Appointments and Remunerations Commission, at its meeting held on 18 February 2019.

The drafting of this Policy is the result of the new interpretation of the concept of directors in their "status" (Supreme Court ruling 98/2018 of 26 February), under Articles 23.e), 217 and 529 novodecies of the Law on Corporations ("LSC" by its Spanish acronym).

Although the aforementioned ruling does not apply to listed companies, since it expressly excludes this type of company in its arguments, Elecnor decided to anticipate a possible extrapolation of its arguments to listed companies by modifying Article 12 of the Company's by-laws, which was worded as follows:

### "ARTICLE 12

Management of the Company shall correspond to the Board of Directors.

The General Shareholders' Meeting shall determine and approve the maximum remuneration to be received as remuneration of the board directors for all items and for any duties they perform, both for the performance of executive and non-executive functions. The maximum amount set by the General Meeting shall remain in force until the General Meeting approves the amendment thereof.

#### A. Director remuneration for the performance of non-executive functions.

For the performance of non-executive functions, all Directors shall receive as remuneration:

- the maximum amount of 7% of the profits obtained by the consolidated group during the year, after the provision for the payment of taxes and requirements established by law for this purpose have been met, as well as,
- a fixed cash allowance to be determined by the General Meeting, and
- attendance allowances which, depending on the circumstances, are to be assigned as compensation for attendance expenses and others that they must assume in the exercise of their roles and functions.

The Board of Directors shall be responsible for determining the annual remuneration amount, in accordance with the above items, and the distribution of the remuneration of each Director for the performance of non-executive functions.

#### B. Director remuneration for the performance of executive functions.

In addition to the remuneration they receive for the performance of non-executive functions, the Directors who perform executive functions within the Company shall receive the remuneration established in their respective contracts for the following items:

- A fixed remuneration in cash.
- Variable remuneration, calculated on qualitative or quantitative indicators or reference parameters, linked to the degree of compliance with their objectives (agreed by the Board of Directors at the proposal of the Appointments and Remunerations Commission).
- Remuneration based on the delivery of shares or option rights over shares of the Company itself.
- The following social benefits or remuneration in kind: (i) they shall be included in the civil liability policy for Directors and board members that the Company has agreed upon at all times; (ii) they shall continue to have the right to participate in social security systems (for coverage of their survival, illness, accidents, etc.) in terms similar to those generally established at all times for the Company's Directors; and (iii) likewise, the Executive Chair shall continue to enjoy all those benefits that, if applicable, the Company makes available to the management group.
- In addition to any compensation for termination of the contract, provided that the termination was not caused by breach of their duties as administrator.

These contracts must be previously approved by the Board of Directors at the proposal of the Appointments and Remunerations Commission, complying with the requirements established in the applicable law.

In any case, the aggregate sum of all the resulting amounts to be received by all Directors and for any items in each financial year shall never be greater than the maximum amount approved by the General Meeting".

The new Remuneration Policy, which main characteristics and new features are described in section A.1., is a continuation of the previous policy and also aims to comply with the principles of good corporate governance, facilitating greater transparency and control of Directors' remuneration, as the By-laws set out the remuneration items for all Directors, regardless of the functions they perform.

**A.3. Identify the direct link to the document where the current company remuneration policy is posted, which must be available on the web page of the company.**

[https://www.elecnor.com/resources/files/1/Gobierno\\_Corporativo/politica-de-remuneraciones-de-los-consejeros-para-2020-2021-y-2022eng.pdf](https://www.elecnor.com/resources/files/1/Gobierno_Corporativo/politica-de-remuneraciones-de-los-consejeros-para-2020-2021-y-2022eng.pdf)

**A.4. Explain, taking into account the data provided in Section B.4, the outcome of voting, of a consultative nature, by shareholders at the General Shareholders' Meeting on the annual report on remuneration for the previous year.**

Elecnor's annual remuneration report for the 2018 financial year was approved by the General Shareholders' Meeting with 92.25% of the share capital present and represented.

Voting on the resolution:

Votes in favour: 65,541,705

Votes against: 3,154,855

Abstaining: 0

## B) OVERALL SUMMARY OF HOW REMUNERATION POLICY HAS BEEN APPLIED DURING THE YEAR ENDED

**B.1. Explain the process followed to apply the remuneration policy and determine the individual remuneration contained in Section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the Board of Directors and, as the case may be, the identity and the role of the external advisors whose services have been used in the process to apply the remuneration policy in the year ended.**

The remuneration policy applicable to the 2019 financial year was approved by the Company's Board of Directors by virtue of a resolution dated 15 March 2017 and was proposed by the Appointments and Remunerations Commission of Elecnor, S.A., which, in a meeting held on 13 March 2017, drafted the report explaining the Company's remuneration policy described herein. The Ordinary Shareholders' General Meeting of 15 May 2017, approved the remuneration policy for financial years 2017, 2018 and 2019.

For the preparation of this policy, the Company was advised by Russell Reynolds, a top-level consultant of recognised prestige and experience, for the analysis and drafting of a report on the Company's remuneration system. The aim was to verify, among other parameters, (i) whether the agreed remuneration was adequate to attract and retain Directors, but not so high as to compromise the independence of non-executive Directors, (ii) whether it was in line with market conditions and (iii) whether it complied as far as possible with the Recommendations on Good Corporate Governance.

Subsequently, in 2019, Elecnor agreed to modify its remuneration system for Directors. The Appointments and Remunerations Commission agreed to propose to the Board of Directors of Elecnor the modification of Article 12 of the Company's By-laws with regard to Directors' remuneration. This modification of the By-laws was approved by Elecnor's Shareholders' General Meeting, as detailed in section B.2. below, which should be taken into account in order to understand how the remuneration policy was applied during the financial year ending on 31 December 2019.

**B.2. Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks and adapting them to the long-term objectives, values and interests of the company, including a reference to the measures that have been adopted to guarantee that the long-term results of the company have been taken into consideration in the remuneration accrued and that a suitable balance has been attained between the fixed and variable components of the remuneration, the measures that have been adopted in relation to those categories of staff whose professional activities have a material repercussion on the company's risk profile and the measures that have been adopted to avoid conflicts of interest, if appropriate.**

As a continuation of section B.1. above, on 18 February 2019, the Appointments and Remunerations Commission agreed to propose to the Board of Directors of Elecnor the amendment of Article 12 of the Company's By-laws with regard to the remuneration of Directors for the performance of all their functions, both executive and non-executive, for the purpose of adapting it to the interpretation contained in Supreme Court Ruling 98/2018 of 26 February and to adapt the profit-based remuneration system to the reality of the Company and its Group (understood in the terms of Article 42 of the Commercial Code).

To this end, the Appointments and Remunerations Commission issued the corresponding report, which was approved by the Board of Directors in its meeting of 27 March 2019, thereby proposing the aforementioned amendment of the by-laws to the General Shareholders' Meeting. Consequently, the Shareholders' General Meeting of Elecnor, in its meeting held on 22 May 2019, unanimously approved the modification of Article 12 of the Company's By-laws, which is worded as follows:

**"ARTICLE 12**

Management of the Company shall correspond to the Board of Directors.

The General Shareholders' Meeting shall determine and approve the maximum remuneration to be received as remuneration of the board directors for all items and for any duties they perform, both for the performance of executive and non-executive functions. The maximum amount set by the General Meeting shall remain in force until the General Meeting approves the amendment thereof.

**A. Director remuneration for the performance of non-executive functions**

For the performance of non-executive functions, all Directors shall receive as remuneration:

- (i) the maximum amount of 7% of the profits obtained by the consolidated group during the year, after the provision for the payment of taxes and requirements established by law for this purpose have been met, as well as,
- (ii) a fixed cash allowance to be determined by the General Meeting, and
- (iii) attendance allowances which, depending on the circumstances, are to be assigned as compensation for attendance expenses and others that they must assume in the exercise of their roles and functions.

The Board of Directors shall be responsible for determining the annual remuneration amount, in accordance with the above items, and the distribution of the remuneration of each Director for the performance of non-executive functions.

## B. Director remuneration for the performance of executive functions.

In addition to the remuneration they receive for the performance of non-executive functions, the Directors who perform executive functions within the Company shall receive the remuneration established in their respective contracts for the following items:

- (i) A fixed remuneration in cash.
- (ii) Variable remuneration, calculated on qualitative or quantitative indicators or reference parameters, linked to the degree of compliance with their objectives (agreed by the Board of Directors at the proposal of the Appointments and Remunerations Commission).
- (iii) Remuneration based on the delivery of shares or option rights over shares of the Company itself.
- (iv) The following social benefits or remuneration in kind: (i) they shall be included in the civil liability policy for Directors and board members that the Company has agreed upon at all times; (ii) they shall continue to have the right to participate in social security systems (for coverage of their survival, illness, accidents, etc.) in terms similar to those generally established at all times for the Company's Directors; and (iii) likewise, the Executive Chair shall continue to enjoy all those benefits that, if applicable, the Company makes available to the management group.
- (v) In addition to any compensation for termination of the contract, provided that the termination was not caused by breach of their duties as administrator.

These contracts must be previously approved by the Board of Directors at the proposal of the Appointments and Remunerations Commission, complying with the requirements established in the applicable law.

In any case, the aggregate sum of all the resulting amounts to be received by all Directors and for any items in each financial year shall never be greater than the maximum amount approved by the General Meeting".

In addition, the aforementioned General Shareholders' Meeting approved, with 95.07% of votes in favour, the new Directors' Remuneration Policy for the next three years in the terms described in Section A.1., agreed by the Company's Board of Directors in its meeting on 27 March 2019, following a proposal and a report justifying it by the Appointments and Remunerations Commission, setting the maximum amount of annual remuneration for all directors, for all the functions they perform, i.e. both executive and non-executive functions, at the amount of EUR 10 million. This maximum amount will remain in force until its modification by the General Shareholders' Meeting is approved.

These measures are aimed at mitigating the risks that could arise from extrapolating the conclusions of the aforementioned Supreme Court Ruling 98/2018 of 26 February to listed companies while aligning them with shareholders' interests by offering, if possible, greater transparency of the existing remuneration systems, as well as control of the maximum amounts to be paid to all Directors for all items, since it is the shareholders who agree to set this maximum amount.

Thus, with this amendment of the By-laws and the preparation of this new Policy, the Company has anticipated a possible extrapolation of this Ruling to listed companies, reducing possible risks, both commercial and tax, which may arise in the future.

## B.3. Explain how the remuneration accrued over the year meets the provisions contained in the current remuneration policy.

Furthermore, report on the relationship between the remuneration obtained by the directors and the results or other performance measures of the company in the short and long term, explaining, as the case may be, how the variations in the performance of the company have influenced changes in the remuneration of directors and how the latter contribute to the short- and long-term results of the company.

The remuneration of Elecnor's Board of Directors for all items has been maintained during the 2019 financial year, in line with the cost containment policy approved by all the members of 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 against that may have been cast:

	Number	% of the total
Votes cast	68,696,560	78.96%
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	Number	% of votes cast
Negative votes	3,154,855	4.59%
Votes in favour	65,541,705	95.41%
Abstaining	0	0.00%
<hr/>		
Remarks		

## B.5. Explain how the fixed components accrued during the year by the directors in their capacity as such have been determined and how they have changed with respect to the previous year.

The fixed annual remuneration for each of the Directors, in their capacity as such, for membership of the Board of Directors was EUR 143,500 and EUR 1,500 for attendance fees for each meeting of the Board of Directors, plus the amount received for membership of the various Commissions of the Board of Directors and the Committees detailed below:

Remuneration for membership of the various Committees:

- For membership of **the Executive Committee**: EUR 25,000.
- For membership of **the Audit Commission**:  
Member: EUR 15,000.  
Chair: EUR 20,000.
- For membership of **the Appointments and Remunerations Commission**:  
Member: EUR 12,500.  
Chair: EUR 17,500.

The annual remuneration for the performance of positions on the **Board of Directors** is detailed below:

Non-Executive Chair: EUR 270,000.  
Secretary: EUR 20,000.

There have been no changes over the previous year.

## B.6. Explain how the salaries accrued by each one of the executive directors over the past financial year for the performance of management duties were determined, and how they have changed with respect to the previous year.

The amount and nature of the fixed components of remuneration for the performance of management duties by the Executive Director shall be as follows:

Mr. Rafael Martín de Bustamante Vega (Managing Director).  
• Salary: EUR 568,000.

There has been an upwards variation of 0.88% over the previous year.

**B.7. Explain the nature and the main characteristics of the variable components of the remuneration systems accrued in the year ended.**

In particular:

- Identify each one of the remuneration plans that have determined the different types of variable remuneration accrued by each of the directors in the year ended, including information on their scope, their date of approval, their date of incorporation, the periods of accrual and validity, the criteria used to evaluate performance and how this has affected the establishment of the variable amount accrued, as well as the measurement criteria used and the period necessary to be in a position to suitably measure all the conditions and criteria stipulated.

In the case of share options and other financial instruments, the general characteristics of each plan will include information on both the conditions to acquire unconditional ownership (consolidation) and to exercise these options or financial instruments, including the price and term to exercise them.

- Each one of the directors, together with their category (executive directors, proprietary external directors, independent external directors and other external directors), that are beneficiaries of remunerations systems or plans that include variable remuneration.
- As the case may be, information is to be provided on periods for the accrual or deferment of payment applied and/or the periods for withholding/unavailability of shares or other financial instruments, if they should exist.

Explain the short-term variable components of the remuneration systems

The only Director who has received variable remuneration is the Executive Director, and his variable remuneration during 2019 has amounted to the following:

Mr. Rafael Martín de Bustamante Vega (Managing Director)  
Variable remuneration: EUR 1,014,000.

Explain the long-term variable components of the remuneration systems

**B.8. Indicate whether certain variable components have been reduced or clawed back when, in the case of the former, payment has been consolidated and deferred or, in the case of the latter, consolidated and paid, on the basis of data that have subsequently proved to be inaccurate. Describe the amounts reduced or clawed back through the application of the reduction or clawback clauses, why they were implemented and the years to which they refer.**

No amount has been claimed or refunded under the refund (clawback) clause in the contract between the Company and the Executive Director.

**B.9 Explain the main characteristics of the long-term savings systems where the amount or equivalent annual cost appears in the tables in Section C, including retirement and any other survivor benefit that are financed, totally or partially, by the company, whether through internal or external contributions, indicating the type of plan, whether it is a defined contribution or benefit, the contingencies covered, the conditions to consolidate economic rights for directors and their compatibility with any type of severance pay for early termination or termination of the contractual relationship between the company and the director.**

The Company does not consider these systems.

**B.10. Explain, where appropriate, the severance pay or any other type of payment deriving from early dismissal or early resignation, or from the termination of the contract in the terms provided for therein, accrued and/or received by directors during the year ended.**

There are no agreed or paid compensation payments in the event of termination of a Director's duties.

The only compensation provided for are those that the Executive Director may receive for the termination of their contract for the performance of their senior management functions, which are explained below:

The contract with the Executive Director provides for compensation in their favour in the event of termination, provided that the termination is not the result of a breach attributable to the same, nor is it due to their exclusive will.

The amount of the compensation amounts, as a general rule, to an amount equivalent to two (2) years of their total remuneration, including fixed and variable remuneration, but excluding that obtained in programmes or incentives of an annual or multi-year nature, without prejudice to the fact that, depending on the type of event that results in the termination of the contracts, it may reach an amount equivalent to three (3) years of their total remuneration.

In addition, no such compensation was accrued or received in 2019.

**B.11. Indicate whether there have been any significant changes in the contracts of persons exercising senior management functions, such as executive directors, and, where appropriate, explain such changes. 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.**

In 2019, the contract with the Executive Director was amended to include a clawback clause under which the Executive Director must reimburse the Company for any amounts received as variable remuneration or resulting from the settlement of incentive plans, if at any time during (1) year after the payment thereof, as a result of wilful misconduct or gross negligence on the part of the Executive Director, the following circumstances have arisen: (i) there have been alterations or inaccuracies in the business data that are relevant for the purposes of calculating the variable remuneration or incentive plans and these are confirmed by the Company's external auditors; (ii) as a result of the above circumstance, the Company is obliged to significantly reformulate its accounts.

The Executive Director must pay the amount notified by the Company within forty-five (45) days following the date of the request for payment.

**B.12. Explain any supplementary remuneration accrued by directors as consideration for services rendered outside of their post.**

The Director Mr. Juan Landecho Sarabia had an employment relationship with an Elecnor Group company for which he was paid EUR 86,300.

**B.13. Explain any remuneration deriving from advance payments, loans or guarantees granted, indicating the interest rate, their key characteristics and the amounts eventually returned, as well as the obligations taken on by way of guarantee or collateral.**

They do not exist.

**B.14.** Itemise the remuneration in kind accrued by the directors over the year, briefly explaining the nature of the different salary components.

They do not exist.

**B.15.** Explain the remuneration accrued by directors by virtue of payments settled by the listed company to a third company at which the director renders services when these payments seek to remunerate the director's services to the company.

They do not exist.

**B.16.** Explain any other items of remuneration other than those mentioned in the previous sections, whatever their nature or the group company that settles the payment, particularly when this is a related operation or its settlement distorts the true image of the total remuneration accrued by the director.

They do not exist.

## C) ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Type	Period of accrual in year t
MR. JAIME REAL DE ASÚA ARTECHE	PROPRIETARY DIRECTOR	519.8
MR. FERNANDO LEÓN DOMEQ	PROPRIETARY DIRECTOR	249.8
MR. IGNACIO PRADO REY-BALTAR	PROPRIETARY DIRECTOR	227.3
MR. RAFAEL MARTÍN DE BUSTAMANTE VEGA	EXECUTIVE	1,819.3
MR. JOAQUÍN GÓMEZ DE OLEA Y MENDARO	PROPRIETARY DIRECTOR	232.3
MR. CRISTOBAL GONZÁLEZ DE AGUILAR ALONSO URQUIJO	PROPRIETARY DIRECTOR	237.3
MR. FERNANDO AZAOLA ARTECHE	EXTERNAL	199
MR. MIGUEL CERVERA EARLE	PROPRIETARY DIRECTOR	212.3
MS. ISABEL DUTILH CARVAJAL	INDEPENDENT	190.9
MS. IRENE HERNÁNDEZ ÁLVAREZ	INDEPENDENT	179.6
MR. JUAN LANDECHO SARABIA	PROPRIETARY DIRECTOR	286.1
MR. MIGUEL MORENÉS GILES	PROPRIETARY DIRECTOR	252.3
MR. GABRIEL ORAA Y MOYUA	PROPRIETARY DIRECTOR	199.8
MR. RAFAEL PRADO ARANGUREN	PROPRIETARY DIRECTOR	199.8
MR. EMILIO YBARRA AZNAR	INDEPENDENT	194

**C.1.** Complete the following tables regarding the individual remuneration of each director (including the salary received for performing executive duties) accrued during the year.

**a) Remuneration from the reporting company:**

**i) Remuneration in cash** (thousand euros).

Name	MR. JAIME REAL DE ASÚA ARTECHE / PROPRIETARY DIRECTOR	MR. FERNANDO LEÓN DOMEQ / PROPRIETARY DIRECTOR	MR. IGNACIO PRADO REY-BALTAR / PROPRIETARY DIRECTOR	MR. RAFAEL MARTÍN DE BUSTAMANTE VEGA / EXECUTIVE	MR. JOAQUÍN GÓMEZ DE OLEA Y MENDARO / PROPRIETARY DIRECTOR	MR. CRISTOBAL GONZÁLEZ DE AGUILAR ALONSO-URQUIJO / PROPRIETARY DIRECTOR	MR. FERNANDO AZAOLA ARTECHE / CONSULTANT	MR. MIGUEL CERVERA EARLE / PROPRIETARY DIRECTOR	MS. ISABEL DUTILH CARVAJAL / INDEPENDENT	MS. IRENE HERNÁNDEZ ÁLVAREZ / INDEPENDENT	MR. JUAN LANDECHO SARABIA / PROPRIETARY DIRECTOR	MR. MIGUEL MORENÉS GILES / PROPRIETARY DIRECTOR	MR. GABRIEL ORAA Y MOYUA / PROPRIETARY DIRECTOR	MR. RAFAEL PRADO ARANGUREN / PROPRIETARY DIRECTOR	MR. EMILIO YBARRA AZNAR / INDEPENDENT
Fixed remuneration	143.5	143.5	143.5	143.5	143.5	143.5	143.5	143.5	143.5	143.5	143.5	143.5	143.5	143.5	143.5
Per diem allowances	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18
Remuneration for membership of Board's Commissions	37.5	37.5	15	25		25	25		29.4	18		40			32.5
Salary				568											
Short-term variable remuneration				1,014											
Long-term variable remuneration															
Severance pay															
Other grounds	282.5	12.5	12.5	12.5	32.5	12.5	12.5	12.5			86.3	12.5			
Total in year t	481.5	211.5	189	1.781	194	199	199	174	190.9	179.6	247.8	214	161.5	161.5	194
Total in year t-1	481.5	211.5	17.8	1.636	194	174	197.5	61	194	10.5	424.3	212.5	161.5	161.5	194

Remarks

**ii) Table of changes in share-based remuneration schemes and gross profit from consolidated shares or financial instruments.**

Name	Name of Plan	Financial instruments at start of year t		Financial instruments granted at start of year t		Financial instruments consolidated during the year			Instruments matured but not exercised	Financial Instruments at end of year t		
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares /handed over	Price of the consolidated shares	Gross profit from shares handed over of consolidated financial instruments (thousand €)	No. of instruments	No. of instruments	No. of equivalent shares
Director 1	Plan 1 Plan 2											
Remarks												

**iii) Long-term saving systems.**

## Remuneration from consolidation of rights to savings system

Name	Contribution over the year from the company (thousand €)				Amount of accumulated funds (thousand €)										
	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		Year t		Year t-1								
	Year t	Year t-1	Year t	Year t-1	Systems with consolidated economic rights	Systems with unconsolidated economic rights	Systems with consolidated economic rights	Systems with unconsolidated economic rights							
Director 1															
Remarks															

**iv) Details of other items.**

Name	Item	Amount remunerated
MR. RAFAEL MARTÍN DE BUSTAMANTE VEGA / EXECUTIVE	LIFE INSURANCE PREMIUMS	EUR 4,116.60

**b) Remuneration of the company directors for seats on the boards of other group companies:**
**i) Remuneration in cash (thousand euros).**

Name	MR. JAIME REAL DE ASÚA ARTECHE / PROPRIETARY DIRECTOR	MR. FERNANDO LEÓN DOMÉCO / PROPRIETARY DIRECTOR	MR. IGNACIO PRADO REY-BALTAR / PROPRIETARY DIRECTOR	MR. MARTÍN DE BUSTAMANTE VEGA / EXECUTIVE	MR. JOAQUÍN GÓMEZ DE OLEA Y MENDARO / PROPRIETARY DIRECTOR	MR. CRISTÓBAL GONZÁLEZ DE AGUILAR ALONSO-URQUIJO / PROPRIETARY DIRECTOR	MR. FERNANDO AZAOLA ARTECHE / CONSULTANT	MR. MIGUEL CERVERA EARLE / PROPRIETARY DIRECTOR	MS. ISABEL DUTIL H CARVAJAL / INDEPENDENT	MS. IRENE HERNÁNDEZ ÁLVAREZ / INDEPENDENT	MR. JUAN LANDECHO SARABIA / PROPRIETARY DIRECTOR	MR. MIGUEL MORENÉS GILES / PROPRIETARY DIRECTOR	MR. GABRIEL ORAA Y MOYUA / PROPRIETARY DIRECTOR	MR. RAFAEL PRADO ARANGUREN / PROPRIETARY DIRECTOR	MR. EMILIO YBARRA AZNAR / INDEPENDENT
Fixed remuneration	38.3	38.3	38.3	38.3	38.3	38.3	0	38.3	0	0	38.3	38.3	38.3	38.3	0
Per diem allowances															
Remuneration for membership of Board's Commissions															
Salary															
Short-term variable remuneration															
Long-term variable remuneration															
Severance pay															
Other grounds															
Total in year t	38.3	38.3	38.3	38.3	38.3	38.3	0	38.3	0	0	38.3	38.3	38.3	38.3	0
Total in year t-1	40	40	23.3	40	40	40	0	23.3	0	0	40	40	40	40	0

## Remarks

**ii) Table of changes in share-based remuneration schemes and gross profit from consolidated shares or financial instruments.**

Name	Name of Plan	Financial instruments at start of year t		Financial instruments granted at start of year t		Financial instruments consolidated during the year				Instruments matured but not exercised	Financial Instruments at end of year t	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares /handed over	Price of the consolidated shares	Gross profit from shares handed over of consolidated financial instruments (thousand €)	No. of instruments	No. of instruments	No. of equivalent shares
Director1	Plan 1 Plan 2											
Remarks												

**iii) Long-term saving systems.**

Remuneration from consolidation of rights to savings system

Director 1

Name	Contribution over the year from the company (thousand €)				Amount of accumulated funds (thousand €)			
	Savings systems with consolidated economic rights		Savings systems with unconsolidated economic rights		Year t		Year t-1	
	Year t	Year t-1	Year t	Year t-1	Systems with consolidated economic rights	Systems with unconsolidated economic rights	Systems with consolidated economic rights	Systems with unconsolidated economic rights
Director 1								
Remarks								

**iv) Details of other items.**

Name	Item	Amount remunerated
Director 1		
Remarks		

**c) Summary of remunerations:**

This should include a summary of the amounts corresponding to all the remuneration items included in this report that have accrued to each director (thousand €).

Name	MR. JAIME REAL DE ASÚA ARTECHE / PROPRIETARY DIRECTOR	MR. FERNANDO LEÓN DOMEQO / PROPRIETARY DIRECTOR	MR. IGNACIO PRADO REY-BALTAR / PROPRIETARY DIRECTOR	MR. RAFAEL MARTÍN DE BUSTAMANTE VEGA / EXECUTIVE	MR. JOAQUÍN GÓMEZ DE OLEA Y MENDARO / PROPRIETARY DIRECTOR	MR. CRISTOBAL GONZÁLEZ DE AGUILAR ALONSO-URQUIJO / PROPRIETARY DIRECTOR	MR. FERNANDO AZAOLA ARTECHE / CONSULTANT	MR. MIGUEL CERVERA EARLE / PROPRIETARY DIRECTOR	MS. ISABEL DUTILH CARVAJAL / INDEPENDENT	MS. IRENE HERNÁNDEZ ÁLVAREZ / INDEPENDENT	MR. JUAN LANDECHO SARABIA / PROPRIETARY DIRECTOR	MR. MIGUEL MORENÉS GILES / PROPRIETARY DIRECTOR	MR. GABRIEL ORAA Y MOYUA / PROPRIETARY DIRECTOR	MR. RAFAEL PRADO ARANGUREN / PROPRIETARY DIRECTOR	MR. EMILIO YBARRA AZNAR / INDEPENDENT	TOTAL
Remuneration accrued in the company	481.5	211.5	189	1.781	194	199	199	174	190.9	179.6	247.8	214	161.5	161.5	194	4,778.3
Gross profit of consolidated shares or financial instruments																
Remuneration for saving systems																
Remuneration for other items																
Total FY2019 company	481.5	211.5	189	1.781	194	199	199	174	190.9	179.6	247.8	214	161.5	161.5	194	4,778.3
Remuneration accrued in group companies	38.3	38.3	38.3	38.3	38.3	38.3	0	38.3	0	0	38.3	38.3	38.3	38.3	0	421.3
Gross profit of consolidated shares or financial instruments																
Gross profit from options exercised																
Remuneration for other items																
Total year t group	38.3	38.3	38.3	38.3	38.3	38.3	0	38.3	0	0	38.3	38.3	38.3	38.3	0	421.3

Thousand €.

Remarks

## D) OTHER INFORMATION OF INTEREST

If there are any relevant issues relating to directors' remuneration that you have not been able to address in the previous sections of this report, but which are necessary to provide more comprehensive and fully reasoned information on the remuneration structure and practices of the company with regard to its directors, list them briefly.

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This annual remuneration report has been approved by the Board of Directors of the company on 25 March 2020.

State whether any director has voted against or abstained from approving this report.

Yes      No

Name or company name of the member of the Board of Directors who has not voted for the approval of this report	Reasons (against, abstention, non-attendance)	Explain the reasons
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