



ANNUAL CORPORATE
GOVERNANCE REPORT
2021



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

In compliance with the applicable legal obligations and based on the standard form circulated by the CNMV (Spain's National Securities Market Commission), the Board of Directors of ELECTOR, S.A. (hereinafter Elector or the Company) has prepared this Annual Corporate Governance Report (hereinafter the REPORT) for the financial year ending 31 December 2021.

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

The REPORT shall also be made available to the shareholders upon the publication of the announcement of the Annual General Shareholders' Meeting to decide on the approval of the Annual Financial Statements for the financial year ending 31 December 2021.

A) OWNERSHIP STRUCTURE

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

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

Yes No

Date of shareholders' meeting approval dd/mm/yyyy

Minimum term of continuous ownership required under the Articles of Association

Indicate whether the company has loyalty-attributed votes:

Yes No

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

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

N/A

Indicate whether there are different classes of shares with different associated rights:

Yes No

Class	Number of shares	Par value	Number of voting rights	Rights and obligations conferred

A.2. LIST THE COMPANY'S SIGNIFICANT DIRECT AND INDIRECT SHAREHOLDERS AT YEAR END, INCLUDING DIRECTORS WITH A SIGNIFICANT SHAREHOLDING:

Name or company name of shareholder	% of voting rights attached to the shares (including votes for loyalty)		% of voting rights through financial instruments		% of total voting rights	Of the total number of voting rights attached to the shares indicate, if applicable, the additional votes attached to the loyalty voting shares	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
CANTILES XXI, S.L.	52.759%				52.759%		
SANTANDER ASSET MANAGEMENT, S.A., SGIIC		3.089%			3.089%		

Breakdown of the indirect holding:

Name or company name of the indirect owner	Name or company name of the direct owner	% of voting rights attached to the shares (including votes for loyalty)	% of voting rights through financial instruments	% of total voting rights	Of the total number of voting rights attached to the shares indicate, if applicable, the additional votes attached to the loyalty voting shares
SANTANDER ASSET MANAGEMENT, S.A.,	SANTANDER SMALL CAPS ESPAÑA, FI SANTANDER SOSTENIBLE 1, FI SANTANDER SOSTENIBLE 2, FI SANTANDER SOSTENIBLE ACCIONES, FI	3.089%		3.089%	

Indicate the most significant changes in the shareholder structure during the year:

Most significant movements

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

Name of company name of director	% voting rights attributed to shares (including loyalty votes)		% of voting rights through financial instruments		% of total voting rights	From the total % of voting rights attributed to the shares indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR JAIME REAL DE ASÚA ARTECHE	0.036%				0.036%		
MR IGNACIO PRADO REY-BALTAR	0.464%				0.464%		
MR FERNANDO AZAOLA ARTECHE	0.326%				0.326%		
MR MIGUEL CERVERA EARLE	0.164%	0.004%			0.169%		
MS ISABEL DUTILH CARVAJAL	0.010%				0.010%		
MR JOAQUÍN GÓMEZ DE OLEA MENDARO	0.001%	0.115%			0.116%		
MR CRISTÓBAL GONZÁLEZ DE AGUILAR ALONSO-URQUIJO	0.135%				0.135%		
MS IRENE HERNÁNDEZ ÁLVAREZ	0.007%				0.007%		
MR JUAN LANDECHO SARABIA	0.003%	0.082%			0.085%		
MR SANTIAGO LEÓN DOMEQ	0.414%				0.414%		
MR RAFAEL MARTÍN DE BUSTAMANTE VEGA	0.025%				0.025%		
MR MIGUEL MORENÉS GILES		1.011%			1.011%		
MR RAFAEL PRADO ARANGUREN	0.148%				0.148%		
MR EMILIO YBARRA AZNAR	0.011%				0.011%		

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

Breakdown of the indirect holding:

Name or company name of director	Name or company name of the direct owner	% voting rights attributed to shares (including loyalty votes)	% of voting rights through financial instruments	% of total voting rights	From the total % of voting rights attributed to the shares indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote
MR MIGUEL CERVERA EARLE	MS MARIA DEL MAR MANCA DIAZ	0.004%		0.004%	
MR JOAQUÍN GÓMEZ DE OLEA MENDARO	BARANGO, S.L.	0.115%		0.115%	
MR JUAN LANDECHO SARABIA	MS SOFIA CANOSA CASTILLO	0.082%		0.082%	
MR MIGUEL MORENÉS GILES	KEROW INVERSIONES, S.L.	1.011%		1.011%	

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

% of total voting rights represented on the Board of Directors

1.212 %

A.4. IF APPLICABLE, INDICATE ANY FAMILY, COMMERCIAL, CONTRACTUAL OR CORPORATE RELATIONSHIPS THAT EXIST AMONG SIGNIFICANT SHAREHOLDERS TO THE EXTENT THAT THEY ARE KNOWN TO THE COMPANY, UNLESS THEY ARE INSIGNIFICANT OR ARISE IN THE ORDINARY COURSE OF BUSINESS, WITH THE EXCEPTION OF THOSE REPORTED IN SECTION A.6:

Not applicable.

A.5. IF APPLICABLE, INDICATE ANY COMMERCIAL, CONTRACTUAL OR CORPORATE RELATIONSHIPS THAT EXIST BETWEEN SIGNIFICANT SHAREHOLDERS AND THE COMPANY AND/OR ITS GROUP, UNLESS THEY ARE INSIGNIFICANT OR ARISE IN THE ORDINARY COURSE OF BUSINESS:

Not applicable.

A.6. UNLESS INSIGNIFICANT FOR BOTH PARTIES, DESCRIBE THE RELATIONSHIPS THAT EXIST BETWEEN SIGNIFICANT SHAREHOLDERS, SHAREHOLDERS REPRESENTED ON THE BOARD AND DIRECTORS OR THEIR REPRESENTATIVES IN THE CASE OF DIRECTORS THAT ARE LEGAL PERSONS.

EXPLAIN, IF APPLICABLE, HOW THE SIGNIFICANT SHAREHOLDERS ARE REPRESENTED. SPECIFICALLY, INDICATE THOSE DIRECTORS APPOINTED TO REPRESENT SIGNIFICANT SHAREHOLDERS, THOSE WHOSE APPOINTMENT WAS PROPOSED BY SIGNIFICANT SHAREHOLDERS, OR WHO ARE LINKED TO SIGNIFICANT SHAREHOLDERS AND/OR COMPANIES IN THEIR GROUP, SPECIFYING THE NATURE OF SUCH RELATIONSHIPS OR TIES. IN PARTICULAR, MENTION THE EXISTENCE, IDENTITY AND POST OF ANY DIRECTORS OF THE LISTED COMPANY, OR THEIR REPRESENTATIVES, WHO ARE IN TURN MEMBERS OR REPRESENTATIVES OF MEMBERS OF THE BOARD OF DIRECTORS OF COMPANIES THAT HOLD SIGNIFICANT SHAREHOLDINGS IN THE LISTED COMPANY OR IN GROUP COMPANIES OF THESE SIGNIFICANT SHAREHOLDERS.

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship / post
MR JAIME REAL DE ASÚA ARTECHE	CANTILES XXI, S.L.		DEPUTY CHAIRMAN
MR IGNACIO PRADO REY BALTAR	CANTILES XXI, S.L.		
MR JOAQUÍN GÓMEZ DE OLEA Y MENDARO	CANTILES XXI, S.L.		CHAIRMAN
MR MIGUEL CERVERA EARLE	CANTILES XXI, S.L.		
MR CRISTÓBAL GONZÁLEZ DE AGUILAR ALONSO-URQUIJO	CANTILES XXI, S.L.		ALTERNATE DIRECTOR
MR JUAN LANDECHO SARABIA	CANTILES XXI, S.L.		DIRECTOR
MR SANTIAGO LEÓN DOMECQ	CANTILES XXI, S.L.		
MR MIGUEL MORENÉS GILES	CANTILES XXI, S.L.		DIRECTOR
MR GABRIEL DE ORAA Y MOYUA	CANTILES XXI, S.L.		DIRECTOR
MR RAFAEL PRADO ARANGUREN	CANTILES XXI, S.L.		

A.7. INDICATE WHETHER THE COMPANY HAS BEEN NOTIFIED OF ANY SHAREHOLDERS' AGREEMENTS THAT MAY AFFECT IT, IN ACCORDANCE WITH THE PROVISIONS OF ARTICLES 530 AND 531 OF THE SPANISH CORPORATE ENTERPRISES ACT. IF SO, DESCRIBE THEM BRIEFLY AND LIST THE SHAREHOLDERS BOUND BY THE AGREEMENT:

Yes No

INDICATE WHETHER THE COMPANY IS AWARE OF ANY CONCERTED ACTIONS AMONG ITS SHAREHOLDERS. IF SO, PROVIDE A BRIEF DESCRIPTION:

Yes No

Parties to the concerted action	% of share capital concerned	Brief description of the concerted action	Expiry date of the concert, if any

If any of the aforementioned agreements or concerted actions have been amended or terminated during the year, indicate this expressly:

Not applicable.

A.8. INDICATE WHETHER ANY INDIVIDUAL OR COMPANY EXERCISES OR MAY EXERCISE CONTROL OVER THE COMPANY IN ACCORDANCE WITH ARTICLE 5 OF THE SECURITIES MARKET ACT. IF SO, IDENTIFY THEM:

Yes No

Name or company name

CANTILES XXI, S.L.

Remarks

In accordance with the provisions of Article 42 of the Commercial Code

A.9. COMPLETE THE FOLLOWING TABLES WITH DETAILS OF THE COMPANY'S TREASURY SHARES:

At the close of the year

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

(*) Through:

Name or company name of direct shareholder	Number of direct shares

Total:

Explain any significant changes during the year:

Explain significant changes

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

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

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

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

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

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

A.11. ESTIMATED FLOAT

	%
Estimated float	38.52%

A.12. INDICATE WHETHER THERE ARE ANY RESTRICTIONS (IN THE ARTICLES OF ASSOCIATION, LEGISLATIVE OR OF ANY OTHER NATURE) PLACED ON THE TRANSFER OF SHARES AND/OR ANY RESTRICTIONS ON VOTING RIGHTS. IN PARTICULAR, INDICATE THE EXISTENCE OF ANY TYPE OF RESTRICTION THAT MAY INHIBIT A TAKEOVER OF THE COMPANY THROUGH ACQUISITION OF ITS SHARES ON THE MARKET, AS WELL AS SUCH REGIMES FOR PRIOR AUTHORISATION OR NOTIFICATION THAT MAY BE APPLICABLE, UNDER SECTOR REGULATIONS, TO ACQUISITIONS OR TRANSFERS OF THE COMPANY'S FINANCIAL INSTRUMENTS.

Yes No

A.13. INDICATE WHETHER THE GENERAL SHAREHOLDERS' MEETING HAS RESOLVED TO ADOPT MEASURES TO NEUTRALISE A TAKEOVER BID BY VIRTUE OF THE PROVISIONS OF LAW 6/2007.

Yes No

A.14. INDICATE WHETHER THE COMPANY HAS ISSUED SHARES THAT ARE NOT TRADED ON A REGULATED EU MARKET.

Yes No

B) GENERAL SHAREHOLDERS' MEETING

B.1. INDICATE WHETHER THERE ARE ANY DIFFERENCES BETWEEN THE MINIMUM QUORUM REGIME ESTABLISHED BY THE SPANISH CORPORATE ENTERPRISES ACT FOR GENERAL SHAREHOLDERS' MEETINGS AND THE QUORUM SET BY THE COMPANY, AND IF SO, GIVE DETAILS.

Yes No

B.2. INDICATE WHETHER THERE ARE ANY DIFFERENCES BETWEEN THE COMPANY'S MANNER OF ADOPTING CORPORATE RESOLUTIONS AND THE REGIME PROVIDED IN THE SPANISH CORPORATE ENTERPRISES ACT AND, IF SO, GIVE DETAILS

Yes No

B.3. INDICATE THE RULES FOR AMENDING THE ARTICLES OF ASSOCIATION. IN PARTICULAR, INDICATE THE MAJORITIES REQUIRED FOR AMENDMENT OF THE ARTICLES OF ASSOCIATION AND ANY PROVISIONS IN PLACE TO PROTECT SHAREHOLDERS' RIGHTS IN THE EVENT OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION.

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

ARTICLES OF ASSOCIATION

"Article 11.- Special quorums.

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

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

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

REGULATIONS OF THE GENERAL SHAREHOLDERS' MEETING

"Article 13.- Voting.

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

All substantially independent resolutions must be voted on separately:

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

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

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

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

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

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

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

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

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

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

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

Remarks

Bearing in mind the attendant circumstances of the public health risk from the Covid-19 pandemic, the 2021 Annual General Meeting was held at second call exclusively via remote means of attendance for shareholders and their proxy representatives pursuant to Article 3 of Royal Decree Law 34/2020 of 17 November on urgent measures to support business solvency and the energy sector, and in the area of taxation, this with reference to the rendering thereof given in Royal Decree Law 5/2021 of 12 March on extraordinary measures to support business solvency in response to the Covid-19 pandemic.

Thus voting by shareholders attending via remote means has been included in the "electronic voting" column and voting by shareholders using proxy representation by remote media appears in the "% present by proxy" column. Physical presence has solely been attributed to shares owned by the directors who were present at the meeting.

B.5. INDICATE WHETHER ANY POINT ON THE AGENDA OF THE GENERAL SHAREHOLDERS' MEETINGS DURING THE YEAR WAS NOT APPROVED BY THE SHAREHOLDERS FOR ANY REASON.

Yes No

Items on the agenda not approved

% vote against

B.6. INDICATE WHETHER THE ARTICLES OF ASSOCIATION CONTAIN ANY RESTRICTIONS REQUIRING A MINIMUM NUMBER OF SHARES TO ATTEND GENERAL SHAREHOLDERS' MEETINGS, OR TO VOTE REMOTELY:

Yes No

Number of shares required to attend General Meetings 10

Number of shares required for voting remotely 10

B.7. INDICATE WHETHER IT HAS BEEN ESTABLISHED THAT CERTAIN DECISIONS, OTHER THAN THOSE ESTABLISHED BY LAW, ENTAILING AN ACQUISITION, DISPOSAL OR CONTRIBUTION TO ANOTHER COMPANY OF ESSENTIAL ASSETS OR OTHER SIMILAR CORPORATE TRANSACTIONS MUST BE SUBMITTED FOR APPROVAL TO THE GENERAL SHAREHOLDERS' MEETING.

Yes No

Explain the decisions that must be submitted to the General Shareholders' Meeting, other than those established by law

B.8. INDICATE THE ADDRESS AND MANNER OF ACCESS ON THE COMPANY'S WEBSITE TO INFORMATION ON CORPORATE GOVERNANCE AND OTHER INFORMATION REGARDING GENERAL SHAREHOLDERS' MEETINGS THAT MUST BE MADE AVAILABLE TO SHAREHOLDERS THROUGH THE COMPANY WEBSITE.

All information concerning both the Corporate Governance of the company and General Shareholders' Meetings is available through the "Corporate Governance" section of the "Shareholders and Investors" section of its website at www.grupoelecnor.com and can be downloaded and printed in full.

C) STRUCTURE OF THE COMPANY'S ADMINISTRATION

C.1. BOARD OF DIRECTORS.

C.1.1. MAXIMUM AND MINIMUM NUMBER OF DIRECTORS ESTABLISHED IN THE ARTICLES OF ASSOCIATION AND THE NUMBER SET BY THE GENERAL MEETING.

Maximum number of directors	15
Minimum number of directors	5
Number of directors set by the general meeting	15

C.1.2. COMPLETE THE FOLLOWING TABLE ON BOARD MEMBERS.

Name or company name of director	Repr.	Category of director	Position on the board	Date first appointed	Date of last appointment	Election procedure	Date of birth
MR JAIME REAL DE ASÚA ARTECHE		Proprietary	Chairman	19/12/2001	01/06/2018	General Meeting	09/09/1954
MR IGNACIO PRADO REY-BALTAR		Proprietary	Deputy Chairman	01/06/2018	01/06/2018	General Meeting	21/08/1952
MR RAFAEL MARTÍN DE BUSTAMANTE VEGA		Executive	Member and CEO	18/05/2011	23/06/2021	General Meeting	27/01/1958
MR CRISTÓBAL GONZÁLEZ DE AGUILAR ALONSO-URQUIJO		Proprietary	Deputy Secretary	18/03/2015	22/05/2019	General Meeting	23/11/1954
MR FERNANDO AZAOLA ARTECHE		External	Member	18/06/1998	01/06/2018	General Meeting	04/12/1940
MR MIGUEL CERVERA EARLE		Proprietary	Member	01/06/2018	01/06/2018	General Meeting	29/09/1963
MS ISABEL DUTILH CARVAJAL		Independent	Member	20/05/2015	22/05/2019	General Meeting	13/09/1963
MR JOAQUÍN GÓMEZ DE OLEA MENDARO		Proprietary	Member	15/10/2009	20/05/2020	General Meeting	02/05/1964
MS IRENE HERNÁNDEZ ÁLVAREZ		Independent	Member	01/06/2018	01/06/2018	General Meeting	03/01/1965
MR JUAN LANDECHO SARABIA		Proprietary	Member	21/06/2006	01/06/2018	General Meeting	04/08/1956
MR SANTIAGO LEÓN DOMEQ		Proprietary	Member	23/06/2021	23/06/2021	Appointed by co-option	27/01/1958
MR MIGUEL MORENÉS GILES		Proprietary	Member	23/07/1987	01/06/2018	General Meeting	03/03/1948
MR GABRIEL DE ORAA Y MOYUA		Proprietary	Member	20/07/1989	01/06/2018	General Meeting	09/04/1938
MR RAFAEL PRADO ARANGUREN		Proprietary	Member	18/11/1993	01/06/2018	General Meeting	27/06/1965
MR EMILIO YBARRA AZNAR		Independent	Member	20/05/2015	22/05/2019	General Meeting	12/07/1964

TOTAL NUMBER OF DIRECTORS 15

Indicate any cessations, whether through resignation or by resolution of the general meeting, that have taken place in the Board of Directors during the reporting period:

Name or company name of director	Category of the director at the time of cessation	Date of last appointment	Date of cessation	Specialised committees of which he/she was a member	Indicate whether the director left before the end of his or her term of office
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Reason for the cessation when this occurs before the end of the term of office and other remarks; information on whether the director has sent a letter to the remaining board members and, in the case of cessation of non-executive directors, explanation or opinion of the director dismissed by the general meeting

C.1.3. COMPLETE THE FOLLOWING TABLES ON THE MEMBERS OF THE BOARD AND THEIR CATEGORIES.

EXECUTIVE DIRECTORS

Name or company name of the director	Post in organisation chart of the company	Profile
Mr Rafael Martín de Bustamante Vega	CEO	<p>PROFESSIONAL AND BIOGRAPHICAL PROFILE</p> <p>Position: Chief Executive Officer Category: Executive Committees: Member of the Executive Committee (18/03/2015). Dates of appointment and re-election as a board member of Elecnor, S.A.: - First appointment: 18/05/2011 - 1st re-election: 16/05/2017 - 2nd re-election: 23/06/2021 Holding in the share capital of Elecnor, S.A.: - Direct: 0.025% - Indirect: 0.000%</p> <p>OTHER CURRENT POSITIONS HELD AND ACTIVITIES</p> <p>ELECNOR GROUP: - Board member of ENERFÍN SOCIEDAD DE ENERGÍA, S.L.U. - Board member of CELEO CONCESIONES E INVERSIONES, S.L. - Member of the advisory board of the ELECNOR FOUNDATION.</p> <p>PROFESSIONAL CAREER</p> <p>ELECNOR GROUP: - General Manager - General Manager of Networks and Installations - General Management Director - International Sales Management - National Sales Management</p> <p>OUTSIDE THE ELECNOR GROUP: - President of ADEMI (Association of Industrial Assembly Companies)</p> <p>ACADEMIC EDUCATION</p> - Degree in Physics from the UNED - Diploma in the PADE Programme from the IESE Business School of the University of Navarra (Spain) • Languages: English and French

Total number of executive directors 1

Percentage of board 6.66%

EXTERNAL PROPRIETARY DIRECTORS

Name of company name of director	Name or company name of the significant shareholder represented by the director or that nominated the director	Profile
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Mr Jaime Real de Asúa Arteche	CANTILES XXI, S.L.	<p>PROFESSIONAL AND BIOGRAPHICAL PROFILE</p> <p>Position: Chairman Category: Proprietary Committees: - Chairman of the Executive Committee (01/06/2018). - Secretary of the Appointments, Remuneration and Sustainability Committee (01/06/2018). Dates of appointment and re-election as a board member of Elecnor, S.A.: - First appointed: 19/12/2001 - 1st re-election: 20/06/2003 - 2nd re-election: 23/06/2006 - 3rd re-election: 23/05/2012 - 4th re-election: 1/06/2018 Holding in the share capital of Elecnor, S.A.: - Direct: 0.036% - Indirect: 0.000%</p>
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OTHER CURRENT PROFESIONAL POSITIONS HELD AND ACTIVITIES

ELECNOR GROUP:

- Chairman of the Committee of ELECNOR SERVICIOS Y PROYECTOS, S.A.U.
- Member of the Board of Directors of ENERFÍN SOCIEDAD DE ENERGÍA, S.L.U.

OUTSIDE THE ELECNOR GROUP:

- VISCOFAN, S.A.: Board member and Chairman of the Appointments, Remuneration and Sustainability Committee
- Director and Deputy Chairman of the Board of Directors of CANTILES XXI, S.L.
- TASDEY, S.A.: Member of the Board of Directors
- BBVA: Member of the Advisory Board of Zona Norte
- CIRCULO DE EMPRESARIOS: Member
- ADEY FOUNDATION: Trustee
- Joint and several administrator of RACAZ SEIS, S.L.

PROFESSIONAL CAREER

ELECNOR GROUP:

- Deputy Chairman of the Board of Directors
- Member of the Board of Directors of CELEO CONCESIONES E INVERSIONES, S.L.

OUTSIDE THE ELECNOR GROUP:

- CEMENTOS PORTLAND VALDERRIVAS: various management positions and i member of the Board of Directors of several of its companies.

ACADEMIC EDUCATION

- Degree in Industrial Engineering, specialising in Industrial Organisation, from the ETSII in Bilbao.

- Languages: English

EXTERNAL PROPRIETARY DIRECTORS

Name of company name of director	Name or company name of the significant shareholder represented by the director or that nominated the director	Profile
Mr Ignacio Prado Rey-Baltar	CANTILES XXI, S.L.	<p>PROFESSIONAL AND BIOGRAPHICAL PROFILE</p> <p>Position: Deputy Chairman Category: Proprietary Committees: - Member of the Audit Committee (01/06/2018) - Member of the Executive Committee (23/09/2020) Dates of appointment and re-election as a Board Member of Elecnor, S.A.: - First appointed: 01/06/2018 - Appointed as a Deputy Chairman: 01/06/2018 Holding in the share capital of Elecnor, S.A.: - Direct: 0.464% - Indirect: 0.000%</p> <p>OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES</p> <p>ELECNOR GROUP: Board Member of ENERFÍN SOCIEDAD DE ENERGÍA, S.L.U.</p> <p>OUTSIDE THE ELECNOR GROUP: Board Member of GRUPO CELULOSAS MOLDEADAS, S.L.</p> <p>PROFESSIONAL CAREER</p> <p>ELECNOR GROUP: - Deputy General Manager of Assets of ELECNOR, S.A. subsidiaries - Director of Interior subsidiaries - Director of Human Resources - Technology and New Products. Gas and Water - Gas Delegation - Member and Secretary of the Board of Trustees of the ELECNOR FOUNDATION</p> <p>OUTSIDE THE ELECNOR GROUP: - Prado Hnos., S.A.: Administrative Financial Director - Assistant to the Administrative Financial Director - Member of the Board of Directors of CEMOPOL- CELULOSES MOLDEADAS PORTUGUESAS, S.A.</p> <p>ACADEMIC EDUCATION</p> - Degree in Economics and Business Administration from the Universidad Comercial de Deusto - Senior Management Programme (PADE) at the IESE Business School of the University of Navarra • Languages: English

EXTERNAL PROPRIETARY DIRECTORS

Name of company name of director	Name or company name of the significant shareholder represented by the director or that nominated the director	Profile
Mr Joaquín Gómez de Olea Mendaro	CANTILES XXI, S.L.	<p>PROFESSIONAL AND BIOGRAPHICAL PROFILE</p> <p>Position: Board Member Category: Proprietary Committees: N/A Dates of appointment and re-election as a Board Member of Elecnor, S.A.: - First appointed: 19/06/2010 - 1st re-election: 18/05/2016 - 2nd re-election: 21/05/2020 Holding in the share capital of Elecnor, S.A.: - Direct: 0.001% - Indirect: 0.115%</p> <p>OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES</p> <p>ELECNOR GROUP: - Board Member of CELEO CONCESIONES E INVERSIONES, S.L. - Secretary-Counsellor of ENERFIN SOCIEDAD DE ENERGIA, S.L.U.</p> <p>OUTSIDE THE ELECNOR GROUP: - Board Member and Chairman of CANTILES XXI, S.L.</p> <p>PROFESSIONAL CAREER</p> <p>ELECNOR GROUP: - Secretary to the Board of Directors of ELECNOR, S.A.</p> <p>OUTSIDE THE ELECNOR GROUP: - Director of TUBOS REUNIDOS. - Member of the Appointments and Remuneration Committee of TUBOS REUNIDOS. - Chairman of the Audit Committee of TUBOS REUNIDOS. - Member of the Audit Committee of TUBOS REUNIDOS. - Non-executive Chairman of CELEO REDES, S.L.U.</p> <p>ACADEMIC EDUCATION</p> - Higher Industrial Engineer qualifying at the School of Industrial Engineers, Madrid (U.P.M.) • Languages: English

EXTERNAL PROPRIETARY DIRECTORS

Name of company name of director	Name or company name of the significant shareholder represented by the director or that nominated the director	Profile
Mr Cristóbal González de Aguilar Alonso-Urquijo	CANTILES XXI, S.L.	<p>PROFESSIONAL AND BIOGRAPHICAL PROFILE</p> <p>Position: Board Member Category: Proprietary Committees: Member of the Executive Committee (2018-) Dates of appointment and re-election as a Board Member of Elecnor, S.A.: - First appointed: 18/03/2015 - 1st re-election: 22/05/2019 - Appointed as Deputy Secretary: 20/01/16 Holding in the share capital of Elecnor, S.A.: - Direct: 0.135% - Indirect: 0.000%</p> <p>OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES</p> <p>ELECNOR GROUP: - Board Member of ENERFIN SOCIEDAD DE ENERGIA, S.L.U.</p> <p>OUTSIDE THE ELECNOR GROUP: - Alternate Director of CANTILES XXI, S.L.</p> <p>PROFESSIONAL CAREER</p> <p>ELECNOR GROUP: - Board Member of CELEO CONCESIONES E INVERSIONES, S.L</p> <p>OUTSIDE THE ELECNOR GROUP: - Board Member of ELECDEY, S.L. - Board Member of TASDEY, S.A. - CEO of Ingeniería, Estudios y Proyectos NIP, S.A. - Management of the Commercial Department at Ingeniería, Estudios y Proyectos NIP, S.A. - Operations department (Seville Airport), AENA</p> <p>ACADEMIC EDUCATION</p> <ul style="list-style-type: none"> - Higher Aeronautical Engineer from the School of Aeronautical Engineering of the Polytechnic University of Madrid - University of Madrid - Upper Level Diploma from The British Institute in Madrid - Diploma in Business Administration, Corporate Finance and Stock Market Analysis from CEPADE of the Polytechnic University of Madrid - Management Development Programme (PDD) from the IESE Business School of the University of Navarra <p>• Languages: English and French</p>

EXTERNAL PROPRIETARY DIRECTORS

Name of company name of director	Name or company name of the significant shareholder represented by the director or that nominated the director	Profile
Mr Miguel Cervera Earle	CANTILES XXI, S.L.	<p>PROFESSIONAL AND BIOGRAPHICAL PROFILE</p> <p>Position: Board Member Category: Proprietary Committees: Member of the Appointments, Remuneration and Sustainability Committee (24/03/2021) Dates of appointment and re-election as a Board Member of Elecnor, S.A.: - First appointed: 01/06/18 Holding in the share capital of Elecnor, S.A.: - Direct: 0.164% - Indirect: 0.004%</p> <p>OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES</p> <p>ELECNOR GROUP: - Deputy Secretary of ENERFÍN SOCIEDAD DE ENERGÍA, S.L.U.</p> <p>OUTSIDE THE ELECNOR GROUP: - Director of Maria del Mar Manca S.L. - Board Member of Clonsila Inversiones S. L. - Board Member of Inversiones Berretin, S.L. - Board Member of Tasdey, S.A.</p> <p>PROFESSIONAL CAREER</p> <p>OUTSIDE THE ELECNOR GROUP: - Founder and Managing Director of Solución Dental - Founder and Managing Director of Solución Salud. - Founder and Partner of SMI España Infoclinic. - Founder and Partner of Mirco LTD. - Board Member of Echepolita S.L.</p> <p>ACADEMIC EDUCATION</p> <ul style="list-style-type: none"> - Graduate of the Centro de Estudios Informáticos (Madrid). - Master's degree in business programming from SPHINX, Ltd. (London). - MP - Programme for Directors. Keys to successfully tackle the new challenges facing Boards of Directors. ESADE BUSINESS SCHOOL MADRID. <p>• Languages: English</p>

EXTERNAL PROPRIETARY DIRECTORS

Name of company name of director	Name or company name of the significant shareholder represented by the director or that nominated the director	Profile
Mr Juan Landecho Sarabia	CANTILES XXI, S.L.	<p>PROFESSIONAL AND BIOGRAPHICAL PROFILE</p> <p>Position: Board Member Category: Proprietary Committees: N/A Dates of appointment and re-election as a Board Member of Elecnor, S.A.: - First appointed: 21/06/2006 - 1st re-election: 23/05/2012 - 2nd re-election: 1/06/2018 Holding in the share capital of Elecnor, S.A.: - Direct: 0.003% - Indirect: 0.082%</p> <p>OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES</p> <p>ELECNOR GROUP: - Board Member of ENERFIN SOCIEDAD DE ENERGIA, S.L.U.</p> <p>OUTSIDE THE ELECNOR GROUP: - Board Member of CANTILES XXI, S.L.</p> <p>PROFESSIONAL CAREER</p> <p>ELECNOR GROUP: - Manager in several departments of Elecnor, S.A. - Belonged to INTERNACIONAL DE DESARROLLO ENERGETICO, S.A.</p> <p>OUTSIDE THE ELECNOR GROUP: - Board Member of Ingeniería, Estudios y Proyectos NIP, S.A. - Director and Vice President of the Club de Exportadores e Inversores - Board Member of CELEO CONCESIONES E INVERSIONES, S.L. - Director and member of the Board Committee of the Association of Manufacturers of Capital Goods SERCOBE - Credit Suisse. - Electrowatt Ingeniería.</p> <p>ACADEMIC EDUCATION</p> <p>- Degree in Economics and Business Administration from the Universidad Pontificia de Comillas, ICADE 2</p> <p>• Idiomas: Inglés</p>

EXTERNAL PROPRIETARY DIRECTORS

Name of company name of director	Name or company name of the significant shareholder represented by the director or that nominated the director	Profile
Mr Santiago León Domecq	CANTILES XXI, S.L.	<p>PROFESSIONAL AND BIOGRAPHICAL PROFILE</p> <p>Position: Board Member Category: Proprietary Committees: N/A Dates of appointment and re-election as a Board Member of Elecnor, S.A.: - First appointed: 23/06/2021 Holding in the share capital of Elecnor, S.A.: - Direct: 0.414% - Indirect: 0.000%</p> <p>OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES</p> <p>ELECNOR GROUP: - Board Member of ENERFIN SOCIEDAD DE ENERGIA, S.L.U.</p> <p>OUTSIDE THE ELECNOR GROUP: - Board Member of TASDEY, S.A. - Board Member of PROBIGRAF, S.L.</p> <p>PROFESSIONAL CAREER</p> <p>ELECNOR GROUP: - Board Member of DEIMOS SPACE, S.L.U.</p> <p>FUERA DEL GRUPO ELECNOR: - Board Member of Ingeniería, Estudios y Proyectos NIP, S.A. - Board Member of ELECDEY, S.L. - Board Member of ELECDEY CARCELERN, S.L. - Board Member of ELECDEY ASCOY, S.A. - High Net Worth Agent at BANKINTER - Chairman of VOLVO TURISMOS LA RAZA - Territorial Director of Private Banking at BANESTO - Board Member of CONTIFORM, S.A. - Deputy Chairman of CHASE MANHATTAN BANK - Board Member of JEREZ INDUSTRIAL, S.A. - Board Member of GRAFICARTÓN, S.A. - Board Member of EUROPAPEL, S.A. - Manager de MANUFACTURERS HANOVER TRUST CO.</p> <p>ACADEMIC EDUCATION</p> <p>- Law degree, University of Cadiz - MBA, University of Cadiz</p> <p>• Languages: English</p>

EXTERNAL PROPRIETARY DIRECTORS

Name of company name of director	Name or company name of the significant shareholder represented by the director or that nominated the director	Profile
Mr Miguel Morenés Giles	CANTILES XXI, S.L.	<p>PROFESSIONAL AND BIOGRAPHICAL PROFILE</p> <p>Category: Proprietary</p> <p>Committees:</p> <ul style="list-style-type: none"> - Member of the Executive Committee (18/03/2015) - Secretary of the Audit Committee (01/06/2018) <p>Dates of appointment and re-election as a Board Member of Elecnor, S.A.:</p> <p>First appointed 23/07/1987</p> <ul style="list-style-type: none"> - 1st re-election: 21/06/1991 - 2nd re-election: 27/06/1996 - 3rd re-election: 18/06/1998 - 4th re-election: 20/06/2003 - 5th re-election: 23/06/2006 - 6th re-election: 23/05/2012 - 7th re-election: 1/06/2018 <p>Holding in the share capital of Elecnor, S.A.:</p> <ul style="list-style-type: none"> - Direct: 0.000% - Indirect: 1.011% <p>OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES</p> <p>ELECNOR GROUP:</p> <ul style="list-style-type: none"> - Board Member of ENERFÍN SOCIEDAD DE ENERGÍA, S.L.U. - Non-executive Chairman of CELEO CONCESIONES E INVERSIONES, S.L. <p>OUTSIDE THE ELECNOR GROUP:</p> <ul style="list-style-type: none"> - Padre Damián Foundation: Founder and Trustee - Board Member of CANTILES XXI, S.L. - Chairman of the Board of Directors of Fincas Cultivadas S.L. - Agrícola Capdepon SL. Individual representing the Administrator of Fincas Cultivadas. - Board Member of Acerca Partners S.L. - Board Member of Kerow Inversiones S.L. - Board Member of Inversiones Transitorias con Inmuebles S.L. - Board Member of Eguiluz Equipamientos S.L. - Board Member of Edificios Eguiluz S.L. <p>PROFESSIONAL CAREER</p> <p>OUTSIDE THE ELECNOR GROUP:</p> <ul style="list-style-type: none"> - Confide Residencial, S.L.: Board Member - Strategic Adviser for several companies - Freigel Foodsolutions, S.A.: Chairman and CEO - Grupo Agrovic Alimentación: Board Member and CEO - Tinamenor, S.A.: Chairman and CEO - Constructora Internacional, S.A.: Deputy Managing Director - Williams & Humbert, S.A.: Director of the International Division - Garvey, S.A.: Deputy General Manager and Assistant to the Managing Director <p>ACADEMIC EDUCATION</p> <ul style="list-style-type: none"> - Graduate in Political, Economic and Business Sciences, specialising in Business, from the Complutense University of Madrid - Masters in Economics and Business Management (MED) at the Instituto de Estudios Superiores de la Empresa (IESE) of the University of Navarra in Barcelona - Senior Business Management Programme (PADE) from the Instituto de Estudios Superiores de la Empresa (IESE) of the University of Navarra in Barcelona <p>• Languages: English and French</p>

EXTERNAL PROPRIETARY DIRECTORS

Name of company name of director	Name or company name of the significant shareholder represented by the director or that nominated the director	Profile
Mr Gabriel de Oraa y Moyua	CANTILES XXI, S.L.	<p>PERFIL PROFESIONAL Y BIOGRÁFICO</p> <p>Position: Board Member</p> <p>Category: Proprietary</p> <p>Committees: N/A</p> <p>Dates of appointment and re-election as a Board Member of Elecnor, S.A.:</p> <ul style="list-style-type: none"> - First appointed: 20/07/1989 - 1st re-election: 21/06/1991 - 2nd re-election: 27/06/1996 - 3rd re-election: 18/06/1998 - 4th re-election: 20/06/2003 - 5th re-election: 23/06/2006 - 6th re-election: 23/05/2012 - 7th re-election: 1/06/2018 <p>Holding in the share capital of Elecnor, S.A.:</p> <ul style="list-style-type: none"> - Direct: 0.000% - Indirect: 0.000% <p>OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES</p> <p>ELECNOR GROUP:</p> <ul style="list-style-type: none"> - Board Member of ENERFIN SOCIEDAD DE ENERGIA, S.L.U. <p>OUTSIDE THE ELECNOR GROUP:</p> <ul style="list-style-type: none"> - Board Member of CANTILES XXI, S.L. <p>PROFESSIONAL CAREER</p> <p>ELECNOR GROUP:</p> <ul style="list-style-type: none"> - Secretary of the Board of Directors of Elecnor, S.A. - General Manager of Elecnor, S.A. - Director of various departments at Elecnor, S.A. - Board Member of CELEO CONCESIONES E INVERSIONES, S.L. <p>OUTSIDE THE ELECNOR GROUP:</p> <ul style="list-style-type: none"> - Project engineer at ALSTHOM, S.A. (Paris). - Project Development Engineer at GENERAL ELECTRIC, Lynchburg and Roanoke, VA (USA). <p>ACADEMIC EDUCATION</p> <ul style="list-style-type: none"> - PhD in Industrial Engineering from the Escuela Técnica Superior de Ingenieros, Bilbao. - Course in Economics at the Sorbonne University (Paris). - INSIDE Business Management Course at the Universidad Comercial de Deusto (Bilbao). - Senior Business Management Programme (PADE) at the IESE of the University of Navarra. <p>• Languages: English and French</p>

EXTERNAL PROPRIETARY DIRECTORS

Name of company name of director	Name or company name of the significant shareholder represented by the director or that nominated the director	Profile
Mr Rafael Prado Aranguren	CANTILES XXI, S.L.	<p>PROFESSIONAL AND BIOGRAPHICAL PROFILE</p> <p>Position: Board Member Category: Proprietary Committees: N/A Dates of appointment and re-election as a Board Member of Elecnor, S.A.: - First appointed: 18/11/1993 - 1st re-election: 27/06/1996 - 2nd re-election: 18/06/1998 - 3rd re-election: 20/06/2003 - 4th re-election: 23/06/2006 - 5th re-election: 23/05/2012 - 6th re-election: 1/06/2018 Holding in the share capital of Elecnor, S.A.: - Direct: 0.158% - Indirect: 0.000%</p> <p>OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES</p> <p>ELECNOR GROUP: - Board Member of ENERFÍN SOCIEDAD DE ENERGÍA, S.L.U</p> <p>OUTSIDE THE ELECNOR GROUP: - Joint administrator and Founding Partner of Servicio y Asesoramiento de Riesgos Empresariales, S.L. (SARE, S.L. Insurance Brokerage) - Joint Administrator and Founding Partner at Sarelan Consultores, S.L.L. - Member of the Board of Directors and Secretary of Team Ingeniería y Consultoría, S.L.</p> <p>PROFESSIONAL CAREER</p> <p>ELECNOR GROUP: - Secretary of the Board of Directors - Member of the Audit Committee - Chairman of the Equity Committee of Subsidiaries - Member of the Board of Directors of CELEO CONCESIONES E INVERSIONES, S.L.</p> <p>OUTSIDE THE ELECNOR GROUP: Held various positions of responsibility in the firms Alexander & Alexander and AON Gil & Carvajal</p> <p>ACADEMIC EDUCATION</p> <ul style="list-style-type: none"> - Graduate in Economics and Business Studies from the Complutense University of Madrid, specialising in Auditing within Business Studies. - Studies completed entirely at CUNEF. - Diploma as a Qualified Insurance Broker <p>• Languages: English</p>

Total number of proprietary directors 10

Percentage of Board 66.66%

EXTERNAL INDEPENDENT DIRECTORS

Name or company name of director	Profile
Ms Isabel Dutilh Carvajal	<p>PROFESSIONAL AND BIOGRAPHICAL PROFILE</p> <p>Position: Board Member Category: Independent Director Committees: - Member of the Audit Committee (2019-) - Member of the Appointments, Remuneration and Sustainability Committee (2015-) Dates of appointment and re-election as a Board Member of Elecnor, S.A.: - First appointed: 20/05/2015 - 1st re-election: 22/05/2019 Holding in the share capital of Elecnor, S.A.: - Direct: 0.010% - Indirect: 0.000%</p> <p>OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES</p> <p>OUTSIDE THE ELECNOR GROUP: - Founding partner of Argali Abogados, S.L., a firm specialising in M&A - Independent Board Member of Millennium Hospitality Real Estate SOCIMI, member of the Appointments and Remuneration Committee and of the Audit Committee - Independent Board Member of Banco de Alcalá, S.A. and Chairwoman of the Appointments and Remuneration Committee - Chairwoman of the Legal Security working group of the Círculo de Empresarios. - Arbitrator.</p> <p>PROFESSIONAL CAREER</p> <p>ELECNOR GROUP: - Chairwoman of the Audit Committee</p> <p>OUTSIDE THE ELECNOR GROUP: - Founding partner and Board Member of the multidisciplinary business law firm DUTILH ABOGADOS - Secretary of the Board of Directors and of the Executive Committee of Prosegur - Secretary of the Board of Directors and of the Audit Committee of BodaClick - Secretary of the Board of Directors of several companies (High-Tech Hotels and Resort, SwiftAir, Inteligencia Ymedia and Lledó Iluminación)</p> <p>ACADEMIC EDUCATION</p> <ul style="list-style-type: none"> - Degree in Law CEU, Complutense University. - Masters in Maritime Business, ICADE. Spanish Maritime Institute. - Masters in Maritime Law (LLM), University of Cardiff, Wales. - Leadership in law firms, Harvard. <p>• Languages: English and French</p>

EXTERNAL INDEPENDENT DIRECTORS

Name or company name of director	Profile
Ms Irene Hernández Álvarez	<p>PROFESSIONAL AND BIOGRAPHICAL PROFILE</p> <p>Position: Board Member Category: Independent director Committees: Chairwoman of the Audit Committee (2019-) Dates of appointment and re-election as a Board Member of Elecnor, S.A.: - First appointed: 01/06/2018 Holding in the share capital of Elecnor, S.A.: - Direct: 0.007% - Indirect: 0.000%</p> <p>OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES</p> <p>OUTSIDE THE ELECNOR GROUP: - Founding Partner of Impulsa Capital, S.L. - Coordinating Director and Chairwoman of the Audit Committee, and both Member and Secretary of the Appointments and Remuneration Committee, of Saint Croix Holding Immobilier SOCIMI, S.A. - Coordinating Director, member of the Executive Committee and Chairwoman of the Audit Committee of ENCE ENERGÍA Y CELULOSA, S.A.</p> <p>PROFESSIONAL CAREER</p> <p>ELECNOR GROUP - Member of the Audit Committee</p> <p>OUTSIDE THE ELECNOR GROUP: J.P. Morgan</p> <p>ACADEMIC EDUCATION - ICADE, Madrid. - Extraordinary End of Degree Award E-2 in Economics and Business Studies. - Second National Economics Prize. - VI Premio Carlos Cubillo Valverde, sponsored by Price Waterhouse. - Languages: English.</p>

EXTERNAL INDEPENDENT DIRECTORS

Name or company name of director	Profile
Mr Emilio Ybarra Aznar	<p>PROFESSIONAL AND BIOGRAPHICAL PROFILE</p> <p>Position: Board Member Category: Independent Director Committees: - Member of the Audit Committee (22/05/2019) - Chairman of the Appointments, Remuneration and Sustainability Committee (22/05/2019) Dates of appointment and re-election as a Board Member of Elecnor, S.A.: - First appointed: 20/05/2015 - 1st re-election 22/05/2019 Holding in the share capital of Elecnor, S.A.: - Direct: 0.011% - Indirect: 0.000%</p> <p>OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES</p> <p>OUTSIDE ELECNOR GROUP: - Deputy Chairman of the Board of Directors and Member of the Executive Committee of TUBOS REUNIDOS. - Founder and Partner of Kemet Corner, a strategic communication, brand image and public relations consultancy for companies since 2016</p> <p>PROFESSIONAL CAREER</p> <p>ELECNOR GROUP: - Coordinating Director for the Chairman.</p> <p>OUTSIDE THE ELECNOR GROUP: GRUPO VOCENTO: - General Manager of Communications and Institutional Relations at Vocento. - Chairman of Commercial Multimedia Vocento. - Deputy Chief Executive Officer and General Manager of Development at Diario ABC - General Manager of Diario El Correo, Bilbao. - General Manager at Diario La Rioja. - Marketing Director at CM XXI. - Deputy Sales Manager at Grupo Correo</p> <p>- GRUPO PRISA: area of International expansion - JP MORGAN: Analyst in Corporate Finance (Madrid, New York and London).</p> <p>ACADEMIC EDUCATION - Degree in Law, Complutense University of Madrid - Certificate in Business Administration and Management. Harvard University, Boston - Senior Management Programme (PADE), IESE Madrid • Languages: English</p>

Total number of independent directors	3
Percentage of Board	20%

Indicate whether any director classified as independent receives from the company, or any company in its group, any amount or benefit other than remuneration as a director, or has or has had a business relationship with the company, or any company in its group, during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

If so, include a reasoned statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name or company name of director	Description of the relationship	Reasoned statement
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OTHER EXTERNAL DIRECTORS

Identify the other external directors, indicate the reasons why they cannot be considered either proprietary or independent, and detail their ties with the company or its management or shareholders.

Name or company name of director	Reasons	Company, manager or shareholder to which or to whom the director is related	Profile
Mr Fernando Azaola Arteché	Does not own a shareholding that is considered as legally significant and was Executive Director of the Company up until 31/12/2016	-----	<p>PROFESSIONAL AND BIOGRAPHICAL PROFILE</p> <p>Position: Board Member Category: Other External Committees: Secretary of the Executive Committee (01/06/2018) Dates of appointment and re-election as a Board Member of Elecnor, S.A.: - First appointed: 18/06/1998 - 1st re-election: 20/06/2003 - 2nd re-election: 23/06/2006 - 3rd re-election: 23/05/2012 - 4th re-election: 1/06/2018 Holding in the share capital of Elecnor, S.A.: - Direct: 0.326% - Indirect: 0.000%</p> <p>OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES</p> <p>ELECNOR GROUP: - President of the Elecnor Foundation (13/11/2008)</p> <p>PROFESSIONAL CAREER</p> <p>ELECNOR GROUP: - Director of CELEO CONCESIONES E INVERSIONES, S.L. - Executive Chairman - Chairman of the Executive Committee - CEO - Board Member - General Manager - General Management Director - International Commercial Director</p> <p>OUTSIDE THE ELECNOR GROUP: - ALTOS HORNOS DE VIZCAYA: member of the Foreign Trade Department - Director of VOCENTO, S.A. and Chairman of the Appointments and Remuneration Committee - Member of the Círculo de Empresarios - Chairman of ADEMI (Association of Industrial Assembly Companies)</p> <p>ACADEMIC EDUCATION - Graduate in Law from the University of Navarra - Postgraduate studies in Business Administration at the University of Deusto and the University of Southern California (USC) on a scholarship from the Del Amo Foundation - Diploma in the PADE Programme from the IESE Business School of the University of Navarra (Spain) • Languages: English, French and German</p>

Total number of other external directors	1
Percentage of Board	6.66 %

Indicate any changes that have occurred during the period in each director's category:

Name or company name of director	Date of change	Previous category	Current category
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C.1.4. COMPLETE THE FOLLOWING TABLE WITH INFORMATION RELATING TO THE NUMBER OF FEMALE DIRECTORS AT THE CLOSE OF THE PAST FOUR YEARS, AS WELL AS THE CATEGORY OF EACH.

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

C.1.5. INDICATE WHETHER THE COMPANY HAS DIVERSITY POLICIES IN RELATION TO ITS BOARD OF DIRECTORS ON SUCH QUESTIONS AS AGE, GENDER, DISABILITY, EDUCATION AND PROFESSIONAL EXPERIENCE. SMALL AND MEDIUM-SIZED ENTERPRISES, IN ACCORDANCE WITH THE DEFINITION SET OUT IN THE SPANISH AUDITING ACT, WILL HAVE TO REPORT AT LEAST THE POLICY THAT THEY HAVE IMPLEMENTED IN RELATION TO GENDER DIVERSITY.

Yes No Partial policies

If so, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results over the year. Also indicate the specific measures adopted by the Board of Directors and the nomination and remuneration committee to achieve a balanced and diverse presence of directors.

If the company does not apply a diversity policy, explain the reasons why.

Description of policies, objectives, measures and how they have been applied, and results achieved.

On 22 November 2017, the Board of Directors approved the "Policy for the Selection of Directors and Diversity of the Board of Directors", which contains all the measures taken in relation to the selection of directors, policies on gender diversity, age, experience, etc.

Within the framework of this policy, in 2018, a second Independent Director, Ms Irene Hernández Álvarez was appointed as Chairwoman of the Audit Committee on 22 May 2019. Likewise, Ms Isabel Dutilh was re-elected as an Independent Director by the General Shareholders' Meeting held on the same date.

On 16 December 2020, the Board of Directors approved the amendment of the aforementioned policy, now known as the "Policy for Diversity of the Board of Directors and the Selection of Directors", for the purpose of adapting it to the recommendations of the Code of Good Governance of Listed Companies of Spain's National Securities Market Commission (CNMV) amended in June 2020 and to Technical Guide 1/2019 on Appointments and Remuneration Committees. Among the essential principles of the Policy are the search for an appropriate composition of the Board of Directors for the best exercise of its functions, for which purposes the processes for the selection of Directors should be based on a prior analysis of the skills required by the Board of Directors and the promotion of diversity in the composition of the Board. This Policy is published on the Company's corporate website.

The bodies responsible for ensuring the diversity of the Board of Directors, that is, the Board of Directors and the Appointments, Remuneration and Sustainability Committee, shall ensure that in the processes for the selection of candidates for Director there is promotion of the diversity of experience, training, professional experience, age, gender, disability and the other diversity criteria set forth in this Policy.

Likewise, the Elecnor Board of Directors and the Appointments, Remuneration and Sustainability Committee have a policy regarding renewals in the Board of Directors based on balancing the principles of representativeness with those of diversity and independence, taking into account the recommendations on Good Governance. In this regard, particularly in ratifications and re-elections, they will ensure the proper stability in the composition of the Board of Directors and its Committees to maintain the necessary suitability of the Board of Directors as a whole, while retaining the experience and knowledge of those who have been exercising the position of Director.

C.1.6. DESCRIBE THE MEASURES, IF ANY, AGREED UPON BY THE APPOINTMENTS COMMITTEE TO ENSURE THAT SELECTION PROCEDURES DO NOT CONTAIN HIDDEN BIASES WHICH IMPEDE THE SELECTION OF FEMALE DIRECTORS AND THAT THE COMPANY DELIBERATELY SEEKS AND INCLUDES WOMEN WHO MEET THE TARGET PROFESSIONAL PROFILE AMONG POTENTIAL CANDIDATES, MAKING IT POSSIBLE TO ACHIEVE A BALANCE BETWEEN MEN AND WOMEN. ALSO INDICATE WHETHER THESE MEASURES INCLUDE ENCOURAGING THE COMPANY TO HAVE A SIGNIFICANT NUMBER OF FEMALE SENIOR EXECUTIVES.

Explanation of measures

The “Policy for Diversity of the Board of Directors and the Selection of Directors” approved in December 2020 and already mentioned in the previous point establishes that the Board of Directors and the Appointments, Remuneration and Sustainability Committee are the bodies responsible for ensuring the diversity of the Board of Directors and its Committees. They must ensure that in the selection processes for the candidates for Director they promote a diversity of experience, training, professional experience, age, gender, disability and the other diversity criteria set out in the Policy, and that these processes do not involve any implicit biases that may imply any discrimination and, in particular, that they promote the selection of a number of female Directors that will enable a balanced presence of women and men to be achieved.

In particular, when the Appointments, Remuneration and Sustainability Committee or the Board of Directors itself, as the case may be, seek a professional profile, they shall take into account the corporate interests by trying to ensure not only the individual suitability of the members of the Board but also the suitability of the Board of Directors and its Committees as a whole, in accordance with the legal requirements and good governance recommendations in this matter, without prejudice to the fact that, if there are two similar professional profiles, the one who is a member of the least represented gender on the Board shall be chosen.

In addition, the Elecnor Code of Ethics states that, both in its selection processes and in the development of the professional careers of its employees, Elecnor applies the principles of non-discrimination and equal opportunities, not taking into account factors such as race, colour, nationality, social origin, age, sex, marital status, sexual orientation, ideology, religion, or kinship when performing professional evaluations. Only merit, effort, performance results, training, experience and future potential will be considered as elements for differentiating between people professionally.

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

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

- **Training:** the Company understands that developing professionals is a key factor for the organisation’s success. To this end, the following commitments are undertaken:
 - The Company will promote training actions that equally facilitate the development of skills and competencies, regardless of gender.

- Both men and women will be ensured equal access to in-house training to drive professional development and adaptability to job requirements.
- The participation of people returning to work after extended leaves of absence for family reasons in appropriate training courses for their professional retraining will be facilitated.

- **Promotion:** A job assessment system has been developed at Elecnor to assess jobs according to the functions and responsibilities they implicitly entail, regardless of the person who is in the job. The different promotion systems in place at Elecnor aim to stimulate employees’ personal development to acquire new competencies that equip them to carry out new functions and obtain better results.
- **Remuneration:** Elecnor has been implementing a remuneration system that guarantees neutrality at all times with no conditioning factors whatsoever on the basis of gender. When it comes to conducting studies on remuneration, Elecnor uses blind data in which the job is taken into account, and not the person. To this end a remuneration system will be kept in place that observes objectivity, fairness and non-gender discrimination criteria; Elecnor shall make sure that the remuneration system aims to reward achievement without discriminating on grounds of gender; and equality of treatment and assessment in applying the remuneration system will be guaranteed for anybody who is exercising an entitlement to a work-life balance.
- **Communications:** Owing to the fact that equality commences right from the Company’s communications with its major stakeholders (employees, shareholders and customers), Elecnor reflects its commitment to Equality and Non-discrimination in its specific principles of action for Corporate Social Responsibility and Corporate Compliance. To this end it undertakes the following commitments: the gender perspective will be incorporated into both in-house and external communications, for which purposes a communications Policy will be drawn up; in all the Company’s communications and information, as well as in its public dissemination, publicity and recruiting actions, special care will be taken to use neutral, non-sexist language; and this process will bear in mind that communications embraces language, images and content.
- **Selection:** the Company’s human resources are essential factors in maintaining and growing its business, thus only the best staff must be selected and hired for each of its activities. Elecnor has a public, written, internal selection and mobility policy, which lays down the guidelines and steps to be followed, and is completely discrimination-free.
- **Work-life balance:** The Company acknowledges entitlement to a work-life balance. Accordingly, attempts will be made to foster greater co-responsibility between men and women when it comes to family obligations. To this end, Elecnor commits to the following: the Company will inform all employees and explain to them all aspects of the law on a work-life balance if they request this, as well as any other entitlements and permissions to which they have a right according to the law and any applicable Collective Bargaining Agreements as these relate to their particular family circumstances. Any such information provided will clearly state that exercising any of their work-life balance entitlements will not have any adverse effect on their chances of promotion, their retribution levels or on their access to certain company benefits and incentives.
- **Occupational health:** The Company will base its choice of furniture, tools and other material normally used by the staff on different ergonomic principles, depending on whether the user is a man or woman. Elecnor will avoid exposing pregnant women to any situation that could potentially represent a danger to them or their unborn child.
- **Protection against harassment:** the Company firmly rejects and has a policy of zero tolerance as regards behaviour or actions that constitute any form of sexual, moral or gender-based harassment and undertakes to actively, effectively and resolutely collaborate in preventing, detecting, correcting and sanctioning any conduct constituting harassment. The Company will prevent and head off harassment by means of a whistleblowing channel in Corporate Compliance and a Protocol to Prevent Situations of Workplace and Sexual Harassment.

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

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

The Equality Plan is one of the major tools which the Appointments, Remuneration and Sustainability Committee uses to foster inclusion and diversity among the Group’s employees, executive personnel included. Over 2021, together with the Human Resources

Department this Committee gave consideration to the increase in the Group's permanent staff, the gender study, the wage gap and the findings of the survey on the atmosphere in the workplace conducted among employees. Even so, owing to the low turnover within the Company's management team over 2021, no specific measures were taken in relation to this category of employees.

If in spite of any measures adopted there are few or no female directors or senior managers, explain the reasons for this:

Explanation of reasons

As noted above, without prejudice to the Company's commitment to promoting gender diversity, the Appointments, Remuneration and Sustainability Committee must also ensure other diversity criteria such as professional experience and training, which are very important given Elecnor's business sector, and it must be ensured that, not only gender criteria, but also the essential criteria of merit and capacity that must govern all selection processes are met. In this regard, the Company will seek to gradually increase the number of female Directors and executives in the context of the overall requirements for the suitability and diversity of the Board members, in spite of the fact that, as was stated above, the level of turnover among Board Members and the management team is very low.

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

Elecnor is strongly committed to best corporate governance practices and, in particular, to promoting diversity on issues such as age, gender, training and professional experience. In this regard, with the support of the Appointments, Remuneration and Sustainability Committee, the Board of Directors of the Company continues to work on and promote the necessary actions to encourage a diverse composition of the Board and to apply the Corporate Governance recommendations in this matter.

Without prejudice to this, the Appointments, Remuneration and Sustainability Committee, which regularly monitors compliance with the "Policy for Diversity of the Board of Directors and the Selection of Directors", considers that the current composition of the Board of Directors is appropriate for the best exercise of its functions and reflects a suitable balance of requirements for the members of the Board in terms of suitability and diversity, in particular in terms of training, professional experience, skills, experience in the sector and knowledge of the Company and its Group, and personal and professional backgrounds, among others.

C.1.8. IF APPLICABLE, EXPLAIN THE REASONS FOR THE APPOINTMENT OF ANY PROPRIETARY DIRECTORS AT THE REQUEST OF SHAREHOLDERS WITH LESS THAN A 3% EQUITY INTEREST.

Name or company name of shareholder	Reason
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Indicate whether the Board has declined any formal requests for presence on the Board from shareholders whose equity interest is greater than or equal to that of others at whose request proprietary directors have been appointed. If so, explain why the requests were not granted:

Yes No

No formal request of this kind has been made.

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

Name or company name of director or committee	Brief description
MR RAFAEL MARTÍN DE BUSTAMANTE VEGA	All powers except as pertain to the Company's borrowings and those non-delegable by Law or the Articles of Association.
EXECUTIVE COMMITTEE	All powers of the Board of Directors, except those which are non-delegable legally or under the Articles of Association, nor the following either: <ul style="list-style-type: none"> (i) The capacity to approve investments or transactions of all kinds which lead to indebtedness for the Company. (ii) Authorisation to approve investments or transactions of all kinds with a value of over 6,000,000 euros each. (iii) Authorisation to approve the incorporation, merger, demerger, blanket assignment of assets and liabilities, dissolution and/or liquidation of all kinds of entities that have their own legal personality, or to approve transactions that produce similar effects to those of the transactions cited upon such entities. Powers to approve the above transactions is delegated to entities that do not have their own legal personality, such as, for illustrative purposes though not confined to, joint ventures or joint ownership arrangements.

C.1.10. IDENTIFY ANY MEMBERS OF THE BOARD WHO ARE ALSO DIRECTORS, REPRESENTATIVES OF DIRECTORS OR MANAGERS IN OTHER COMPANIES FORMING PART OF THE LISTED COMPANY'S GROUP.

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

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

Identity of the director or representative	Company name of the listed or non-listed entity	Position
Mr Jaime Real de Asúa Arteche	VISCOFAN, S.A.	Member of the Board of Directors and Chairman of the Appointments, Remuneration and Sustainability Committee
	CANTILES XXI, S.L	Director and Deputy Chairman of the Board
	TASDEY, S.A.	Director
	RACAZ SEIS, S.L.	Joint and Several Administrator
Mr Ignacio Prado Rey-Baltar	GRUPO CELULOSAS MOLDEADAS, S.L.	Director
Mr Rafael Martín de Bustamante Vega	CELEO CONCESIONES E INVERSIONES, S.L.	Director
Mr Joaquín Gómez de Olea Mendaro	CELEO CONCESIONES E INVERSIONES, S.L.	Director
	CANTILES XXI, S.L	Director and Chairman of the Board
Mr Cristóbal González de Aguilar Alonso-Urquijo	CANTILES XXI, S.L	Alternate Director
Mr Fernando Azaola Arteche	N/A	N/A
Mr Miguel Cervera Earle	TASDEY, S.A.	Director
	INVERSIONES BERRETIN, S.L.	Director
	CLONSILA INVERSIONES, S.L.	Director
	MARIA DEL MAR MANCA, S.L.	Joint and Several Administrator
Ms Isabel Dutilh Carvajal	MILLENIUM HOSPITALITY REAL STATE SOCIMI, S.A.	Independent Director, Member of the Audit Committee, and Member of the Appointments and Remuneration Committee
	BANCO DE ALCALÁ, S.A.	Independent Director, Chairwoman of the Appointments and Remuneration Committee
	ARGALI ABOGADOS, S.L.	Sole Administrator
Ms Irene Hernández Álvarez	SAINT CROIX HOLDING IMMOBILIER SOCIMI, S.A.	Coordinating Director, Chairwoman of the Audit Committee, and Member and Secretary of the Appointments and Remuneration Committee
	ENCE ENERGIA Y CELULOSA, S.A.	Coordinating Director, Member of the Executive Committee, and Chairwoman of the Audit Committee
	IMPULSA CAPITAL, S.L.	Joint and Several Administrator
Mr Juan Landecho Sarabia	CANTILES XXI, S.L.	Director
Mr Santiago León Domecq	TASDEY, S.A.	Director
	PROBIGRAF, S.L.	Director
Mr Miguel Morenés Giles	CANTILES XXI, S.L	Director
	CELEO CONCESIONES E INVERSIONES, S.L.	Director and Non-executive Chairman of the Board
	FINCAS CULTIVADAS, S.L.	Director and Chairman of the Board
	AGRÍCOLA CAPDEPON, S.L.	Individual representing the Administrator of Fincas Cultivadas, S.L.
	ACERCA PARTNERS, S.L.	Director
	KEROW INVERSIONES, S.L.	Joint and Several Administrator
	INVERSIONES TRANSITORIAS CON INMUEBLES, S.L.	Joint and Several Administrator
	EGUILUZ EQUIPAMIENTOS, S.L.	Joint and Several Administrator
EDIFICIOS EGUILUZ, S.L.	Joint and Several Administrator	

Identity of the director or representative	Company name of the listed or non-listed entity	Position
Mr Gabriel de Oraa y Moyua	CANTILES XXI, S.L	Director
Mr Rafael Prado Aranguren	SARE S.L. CORREDURÍA DE SEGUROS	Joint Administrator
	SARELAN CONSULTORES, S.L.L.	Joint Administrator
	TEAM INGENIERÍA Y CONSULTORÍA S.L.	Director and Secretary to the Board
Mr Emilio Ybarra Aznar	TUBOS REUNIDOS, S.A.	Deputy Chairman of the Board and Member of the Executive Committee
	THE KEMET CORNER, S.L.	Sole Administrator

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

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

C.1.12. INDICATE WHETHER THE COMPANY HAS ESTABLISHED RULES ON THE MAXIMUM NUMBER OF COMPANY BOARDS ON WHICH ITS DIRECTORS MAY SIT, EXPLAINING IF NECESSARY AND IDENTIFYING WHERE THIS IS REGULATED, IF APPLICABLE:

Yes No

Explanation of the rules and identification of the document where this is regulated

Article 18 of the Regulations applicable to the Board of Directors establishes that: "The Directors of the Company may not sit on the Board of Directors of more than three listed companies, in addition to that of Elecnor, S.A."

C.1.13. INDICATE THE REMUNERATION RECEIVED BY THE BOARD OF DIRECTORS AS A WHOLE FOR THE FOLLOWING ITEMS:

Remuneration accruing in favour of the Board of Directors in the financial year (thousands of euros)	4,789.6
Funds accumulated by current directors for long-term savings systems with consolidated economic rights (thousands of euros)	
Funds accumulated by current directors for long-term savings systems with unconsolidated economic rights (thousands of euros)	0
Pension rights accumulated by former directors (thousands of euros)	0

C.1.14. IDENTIFY MEMBERS OF SENIOR MANAGEMENT WHO ARE NOT ALSO EXECUTIVE DIRECTORS AND INDICATE THEIR TOTAL REMUNERATION ACCRUED DURING THE YEAR.

Name or company name	Position(s)
Mr Francisco Javier Cruces López	General Manager of Infrastructure
Mr Argimiro Ramón Rodríguez	Deputy General Manager of Facilities and Networks
Mr Eduard Pinyol Escardo	Deputy General Manager of International Development
Mr José Martí Soler	Deputy General Manager of Engineering
Mr Pablo Díaz Miguel Sánchez	Deputy General Manager of Energy
Mr Armando Pérez Medina	Deputy General Manager of Major Networks
Mr José Castellanos Ybarra	Deputy General Manager of Enerfin Sociedad de Energía
Mr Luis Alcibar Villa	Deputy General Manager of Internal Audit and Finance
Ms Úrsula Albizuri Delclaux	Corporate Development Manager
Mr Pedro Enrile Mora-Figueroa	General and Board Secretary

Number of women in senior management	1
Percentage of total senior management	10%

Total remuneration of senior management (thousands of euros)	4.474
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Remarks

The total remuneration indicated includes fixed remuneration and annual variable remuneration.

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

Yes No

Description of amendment(s)

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

C.1.16. SPECIFY THE PROCEDURES FOR SELECTION, APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS. LIST THE COMPETENT BODIES, STEPS TO FOLLOW AND CRITERIA APPLIED IN EACH PROCEDURE.

The procedures for the selection, appointment, re-election and removal of directors are set out in the Articles of Association, Articles 13 (requirements for membership of the Board, duration of the role and re-election) and 15 (Appointment, removal

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

ARTICLES OF ASSOCIATION

"Article 13.- Appointment

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

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

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

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

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

"Article 15.- Functioning

[...]

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

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

[...]

REGULATIONS OF THE BOARD OF DIRECTORS

"Article 18. Appointment of Directors

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

[...]

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

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

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

Company Directors may not belong to more than three Boards of Directors of listed Companies in addition to that of Elecnor."

"Article 19 Re-election of Directors

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

"Article 21 Cessation in office of Directors

Directors shall leave office voluntarily or when the period for which they were appointed has lapsed and when so decided by the General Meeting by virtue of the powers conferred to it by law or under the Articles of Association.

Without prejudice to this, Directors who with proprietary status shall submit their resignation when the shareholder whom they represent sells their shareholding in full.

Directors must place their position at the disposal of the Board of Directors and, if this deems it appropriate, formalise the corresponding resignation in circumstances that concern them (whether or not these relate to their actions in the Company itself) and which are detrimental to the good name and reputation of the Company or in any way adversely affect the functioning of the Board of Directors or the Company and, in particular, when they are investigated in any criminal case, when they must report on developments in such legal proceedings, or when they find themselves in any of the legally envisaged situations of incompatibility or disqualification.

On having been informed of or having otherwise found out about the circumstances mentioned in the preceding paragraph, the Board shall give consideration to the case as soon as possible and, in light of the specific circumstances, shall decide on the measures to be taken after receiving a report from the Appointments, Remuneration and Sustainability Committee. All this shall be disclosed in the Annual Corporate Governance Report, unless special circumstances exist that prevent this, which must be recorded in the minutes, without prejudice to the information that the Company must disseminate, if appropriate, at the time of taking the appropriate measures.

The Board of Directors may only propose the removal of an Independent Director to the General Meeting before the deadline in the Articles of Association when there is just cause, as assessed by the Board of Directors following a proposal from the Appointments, Remuneration and Sustainability Committee.

When the Board of Directors takes significant or repeated decisions about which the Director has expressed serious reservations, the Director shall draw the appropriate conclusions and, if they choose to resign, shall explain their reasons in the letter referred to in the following paragraph. This obligation also extends to the Secretary of the Board of Directors, even if they are not a Director.

When a Director ceases in office before the end of their term, whether due to resignation or by resolution of the General Meeting, they must send a letter to all members of the Board of Directors adequately explaining their reasons for leaving or, if they are Non-Executive Directors, their view of the reasons why they were removed by the Meeting. All of this will be disclosed in the Annual Corporate Governance Report. In addition, to the extent that it is relevant to investors, the Company shall report the cessation in office as soon as possible, giving a sufficient explanation of the reasons or circumstances cited by the Director."

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

C.1.17. EXPLAIN TO WHAT EXTENT THE ANNUAL EVALUATION OF THE BOARD HAS GIVEN RISE TO SIGNIFICANT CHANGES IN ITS INTERNAL ORGANISATION AND IN THE PROCEDURES APPLICABLE TO ITS ACTIVITIES.

Description of amendment (s)

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

DESCRIBE THE EVALUATION PROCESS AND THE AREAS EVALUATED BY THE BOARD OF DIRECTORS WITH OR WITHOUT THE HELP OF AN EXTERNAL ADVISOR, REGARDING THE FUNCTIONING AND COMPOSITION OF THE BOARD AND ITS COMMITTEES AND ANY OTHER AREA OR ASPECT THAT HAS BEEN EVALUATED.

The Company's Board of Directors evaluates, through several questionnaires to be completed by all its members, its activity and that of all its Committees, as well as the activity and actions carried out by the Chairman, the Secretary and the Chief Executive Officer, detecting the strengths and points to improve and applying the appropriate corrective measures. The results of these evaluations are reviewed by the Board and by the Committees (each for their own results) and, in addition, the Appointments, Remuneration and Sustainability Committee reviews the results of the evaluation of the Board and the Chairman.

The questionnaires mentioned include the evaluation of areas such as the preparation, dynamics and culture of meetings, follow-up of the topics covered, composition of the Board and its Committees, training of its members, communication between governing bodies, performance of the functions of the Chairman, Secretary and Chief Executive Officer, environmental, social and governance (ESG) issues, etc.

To provide continuity to the action plan resulting from the evaluation of the Board and its Committees for the 2019 financial year and in order to continue to comply with recommendation 36 of the Code of Good Governance, in 2021, the assessment of the aforementioned 2020 evaluation was performed using the questionnaires developed by the consultancy Russell Reynolds, which, as already reported, the Company hired to carry out the evaluation of the Board for the financial year 2018 for the analysis of the evaluation and the establishment of best practices in relation to the functioning of the Board, its Committees and the performance of the Chairman, CEO and Secretary. For the evaluation of the Board for the 2020 financial year conducted in 2021, these questionnaires have been used again, although the interpretation of the responses from the Directors has been improved by making some changes to the wording of the questions.

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

C.1.18. PROVIDE DETAILS, FOR YEARS IN WHICH THE EVALUATION WAS CARRIED OUT WITH THE HELP OF AN EXTERNAL ADVISOR, OF THE BUSINESS RELATIONSHIPS THAT THE EXTERNAL ADVISOR OR COMPANY IN ITS GROUP MAINTAINS WITH THE COMPANY OR ANY COMPANY IN ITS GROUP.

Except for that mentioned in section C.1.17 above, there are no business relationships between the external consultancy Russell Reynolds and any company within the Elecnor Group.

C.1.19. INDICATE THE CASES IN WHICH DIRECTORS ARE OBLIGED TO RESIGN.

Article 21 of the Regulations of the Board of Directors establishes the following in this respect:

"Directors shall resign either voluntarily or when the period for which they were appointed has lapsed and when so decided by the General Meeting by virtue of the powers conferred upon it by law or under the Articles of Association.

Without prejudice to the foregoing, Directors who are considered proprietary shall submit their resignation when the shareholder whom they represent sells their shareholding in full.

Directors must place their position at the disposal of the Board of Directors and, if this deems it appropriate, formalise the corresponding resignation in circumstances that concern them (whether or not these relate to their actions in the Company itself) and which are detrimental to the good name and reputation of the Company or in any way adversely affect the functioning of the Board of Directors or the Company and, in particular, when they are investigated in any criminal case, when they must report on developments in such legal proceedings, or when they find themselves in any of the legally envisaged situations of incompatibility or disqualification.

On having been informed of or having otherwise found out about the circumstances mentioned in the preceding paragraph, the Board shall give consideration to the case as soon as possible and, in light of the specific circumstances, shall decide on the measures to be taken after receiving a report from the Appointments, Remuneration and Sustainability Committee. All this shall be disclosed in the Annual Corporate Governance Report, unless special circumstances exist that prevent this, which must be recorded in the minutes, without prejudice to the information that the Company must disseminate, if appropriate, at the time of taking the appropriate measures.

The Board of Directors may only propose the removal of an Independent Director to the General Meeting before the deadline in the Articles of Association when there is just cause, as assessed by the Board of Directors following a proposal from the Appointments, Remuneration and Sustainability Committee.

When the Board of Directors takes significant or repeated decisions about which the Director has expressed serious reservations, the Director shall draw the appropriate conclusions and, if they choose to resign, shall explain their reasons in the letter referred to in the following paragraph. This obligation also extends to the Secretary of the Board of Directors, even if they are not a Director.

When a Director ceases in office before the end of their term, whether due to resignation or by resolution of the General Meeting, they must send a letter to all members of the Board of Directors adequately explaining their reasons for leaving or, if they are Non-Executive Directors, their view of the reasons why they were removed by the Meeting. All of this will be disclosed in the Annual Corporate Governance Report. In addition, to the extent that it is relevant to investors, the Company shall report the cessation in office as soon as possible, giving a sufficient explanation of the reasons or circumstances cited by the Director."

Without prejudice to the above, Article 20 of the Board Regulations establishes that "Directors who have independent status may not remain as such for a continuous period of more than 12 years".

C.1.20. ARE QUALIFIED MAJORITIES OTHER THAN THOSE ESTABLISHED BY LAW REQUIRED FOR ANY PARTICULAR KIND OF DECISION?

Yes No

C.1.21. EXPLAIN WHETHER THERE ARE ANY SPECIFIC REQUIREMENTS, OTHER THAN THOSE RELATING TO DIRECTORS, FOR BEING APPOINTED AS CHAIRMAN OF THE BOARD OF DIRECTORS.

Yes No

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

Yes No

C.1.23. INDICATE WHETHER THE ARTICLES OF ASSOCIATION OR BOARD REGULATIONS ESTABLISH ANY TERM LIMITS FOR INDEPENDENT DIRECTORS OTHER THAN THOSE REQUIRED BY LAW OR ANY OTHER ADDITIONAL REQUIREMENTS THAT ARE STRICTER THAN THOSE PROVIDED BY LAW.

Yes No

Additional requirements and/or maximum number of years in office

C.1.24. INDICATE WHETHER THE ARTICLES OF ASSOCIATION OR BOARD REGULATIONS ESTABLISH SPECIFIC RULES FOR APPOINTING OTHER DIRECTORS AS PROXY TO VOTE IN BOARD MEETINGS, IF SO THE PROCEDURE FOR DOING SO AND, IN PARTICULAR, THE MAXIMUM NUMBER OF PROXIES THAT A DIRECTOR MAY HOLD, AS WELL AS WHETHER ANY LIMIT HAS BEEN ESTABLISHED REGARDING THE CATEGORIES OF DIRECTOR TO WHOM VOTES MAY BE DELEGATED BEYOND THE LIMITS IMPOSED BY LAW. IF SO, BRIEFLY DESCRIBE THESE RULES.

Within the Company's Board of Directors, there are formal processes for delegating the vote in the event that any of the Directors cannot personally attend the meetings. In this regard, Article 16 of the Regulations of the Board of Directors establishes the following:

"Article 16.-

[...]

Directors must attend the sessions of the Board of Directors in person and should only fail to attend where this cannot be avoided. However, when exceptionally they cannot attend, Directors may, for each session and in writing, delegate other Director to represent them in said session for all purposes, and the same Director can hold several delegations. The proxy representation shall contain the corresponding instructions and shall be communicated to the Chairman of the Board by any means that enables proof of receipt. Non-Executive Directors may only delegate their representation to another Non-Executive Director. [...]"

The Board of Directors has no specific limitation on the categories of Director to whom it is possible to delegate the vote other than those provided for in law.

C.1.25. INDICATE THE NUMBER OF MEETINGS HELD BY THE BOARD OF DIRECTORS DURING THE YEAR. ALSO INDICATE, IF APPLICABLE, THE NUMBER OF TIMES THE BOARD MET WITHOUT THE CHAIRMAN BEING PRESENT. MEETINGS WHERE THE CHAIRMAN GAVE SPECIFIC PROXY INSTRUCTIONS ARE TO BE COUNTED AS ATTENDED.

Number of board meetings	12
Number of board meetings held without the chairman's presence	0

Indicate the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor proxy representation of any executive director:

Number of meetings	--
--------------------	----

INDICATE THE NUMBER OF MEETINGS HELD BY EACH BOARD COMMITTEE DURING THE YEAR.

Number of meetings held by the executive committee	21
Number of meetings held by the audit committee	11
Number of meetings held by the Appointments, Remuneration and Sustainability Committee	8

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

Number of meetings at which at least 80% of the directors were present in person	12
Attendance in person as a % of total votes during the year	100%
Number of meetings with attendance in person, or proxies given with specific instructions, by all directors	12
Votes cast in person and by proxies with specific instructions, as a % of total votes during the year	100%

C.1.27. INDICATE WHETHER THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS SUBMITTED TO THE BOARD FOR ISSUE ARE CERTIFIED IN ADVANCE.

 Yes No
C.1.28. EXPLAIN THE MECHANISMS, IF ANY, ESTABLISHED BY THE BOARD OF DIRECTORS TO ENSURE THAT THE ANNUAL FINANCIAL STATEMENTS IT PRESENTS TO THE GENERAL SHAREHOLDERS' MEETING ARE PREPARED IN ACCORDANCE WITH ACCOUNTING REGULATIONS.

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

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

"[...]

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

[...]

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

b) 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.

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

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

a) To supervise the effectiveness of the internal controls of the Company and its internal audit function in charge of ensuring proper operation of the internal control and reporting system and to discuss with the external auditors any material weaknesses found during the audit and draw conclusions as to the degree of reliability and confidence of the system, all

without surrendering its independence. To these ends it may make any appropriate suggestions or recommendations to the Board of Directors and submit the relevant deadline for follow-up.

[...]

(iv) In respect of the external auditor

[...]

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

C.1.29. IS THE SECRETARY OF THE BOARD ALSO A DIRECTOR?

 Yes No

If the secretary is not a director, complete the following table:

Name or company name of the secretary	Representative
Mr Pedro Enrile Mora-Figueroa	
Remarks	
Appointed Non-Director Secretary of the Board of Directors by a resolution of 24 June 2020.	

C.1.30. INDICATE THE SPECIFIC MECHANISMS ESTABLISHED BY THE COMPANY TO SAFEGUARD THE INDEPENDENCE OF THE EXTERNAL AUDITORS, AND ANY MECHANISMS TO SAFEGUARD THE INDEPENDENCE OF FINANCIAL ANALYSTS, INVESTMENT BANKS AND RATING AGENCIES, INCLUDING HOW LEGAL PROVISIONS HAVE BEEN IMPLEMENTED IN PRACTICE.

Article 15 bis of the Articles of Association and Article 13 of the Regulations of the Board of Directors, as well as Article 5 of the Regulations of the Audit Committee, establish the powers of the Audit Committee in relation to these mechanisms.

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

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

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

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

c) Establish appropriate relations with the external auditor to receive information on any issues that may pose a threat to their independence for consideration by the Committee, and any other information relating to the process of auditing the accounts, and, where appropriate, the authorisation of services other than those prohibited under the terms of the applicable rules for the independence regime, as well as other communications set out in the accounts auditing legislation and auditing standards.

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

- d) Prior to issuance of the actual audit report on the accounts, they must issue an annual report expressing an opinion on whether the external auditor's independence has been compromised. In any event, this report must contain a reasoned assessment of each and every additional service provided (as referred to in the previous paragraph and other than the legal audit) wherein these are considered both individually and as a whole, as well as to the extent that they relate to the independence regime or the regulations governing the auditing of accounts.
- e) Preserve the independence of the external auditor in exercising their functions and, in particular:
- (i) should the external auditor resign, look into circumstances that may have led to the resignation.
 - (ii) ensure that the Company reports any change of auditor through the CNMV (the Spanish National Securities Market Commission) accompanied by a statement regarding the existence or absence of any disagreements with the outgoing auditor and, if applicable, the subject matter thereof.
 - (iii) ensure that the remuneration the external auditor receives for their work does not compromise their quality or independence.
 - (iv) establish guidelines on a limit for annual fees to be paid to the auditor for the provision of non-audit services.
 - (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 financial reporting.

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

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

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

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

C.1.31. INDICATE WHETHER THE COMPANY CHANGED ITS EXTERNAL AUDITOR DURING THE YEAR. IF SO, IDENTIFY THE INCOMING AND OUTGOING AUDITORS.

Yes No

Outgoing auditor Incoming auditor

If there were any disagreements with the outgoing auditor, explain their content:

Yes No

C.1.32. INDICATE WHETHER THE AUDIT FIRM PERFORMS ANY NON-AUDIT WORK FOR THE COMPANY AND/OR ITS GROUP AND, IF SO, STATE THE AMOUNT OF FEES IT RECEIVED FOR SUCH WORK AND EXPRESS THIS AMOUNT AS A PERCENTAGE OF THE TOTAL FEES INVOICED TO THE COMPANY AND/OR ITS GROUP FOR AUDIT WORK.

Yes No

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

C.1.33. INDICATE WHETHER THE AUDITORS' REPORT ON THE FINANCIAL STATEMENTS FOR THE PRECEDING YEAR CONTAINS A QUALIFIED OPINION OR RESERVATIONS. IF SO, INDICATE THE REASONS GIVEN TO SHAREHOLDERS AT THE GENERAL MEETING BY THE CHAIRMAN OF THE AUDIT COMMITTEE TO EXPLAIN THE CONTENT AND EXTENT OF THE QUALIFIED OPINION OR RESERVATIONS.

Yes No

C.1.34. INDICATE THE NUMBER OF CONSECUTIVE YEARS FOR WHICH THE CURRENT AUDIT FIRM HAS BEEN AUDITING THE COMPANY'S INDIVIDUAL AND/OR CONSOLIDATED FINANCIAL STATEMENTS. ALSO, INDICATE THE NUMBER OF YEARS AUDITED BY THE CURRENT AUDIT FIRM AS A PERCENTAGE OF THE TOTAL NUMBER OF YEARS IN WHICH THE FINANCIAL STATEMENTS HAVE BEEN AUDITED.

	Individual	Consolidated
Number of consecutive years	9	9
Number of years audited by the current audit firm/number of years in which the company has been audited (in %)	26,47%	26,47%

C.1.35. INDICATE WHETHER THERE IS A PROCEDURE FOR DIRECTORS TO BE SURE OF HAVING THE INFORMATION NECESSARY TO PREPARE THE MEETINGS OF THE GOVERNING BODIES WITH SUFFICIENT TIME; PROVIDE DETAILS IF APPLICABLE:

Yes No

Details of the procedure

Article 9 of the Regulations of the Board of Directors determines that one of the functions of the Chairman is to:

“Ensure that the Directors receive the necessary information in advance in order to deliberate on the items on the agenda and diligently carry out their role.”

Thus, the Directors have a digital platform in which the relevant information on the items contained in the Agenda of each meeting of the Board and its Committees is made available.

Likewise, in accordance with Article 22 of the Board Regulations, in the performance of their functions, the Directors have the duty to demand, and the right to obtain, from the Company the appropriate and necessary information that serves to fulfil their obligations. In this regard, the Directors are vested with the broadest powers to enquire about any aspect of the Company or its subsidiaries, whether national or foreign, and to examine their books, records, documents, reports or facilities. Exercising the powers of information shall be channelled, with the assistance of the Secretary, through the Chairman, who will respond to the Directors’ requests by directly providing them with the information, offering them the appropriate contact people in the appropriate stratum of the organisation or by taking measures to enable them to practise the appropriate examination and inspection procedures in situ.

The Company is committed to, and working on, ensuring continuous improvement in making available the information to be discussed at meetings of the Board and its Committees. This is one of the key points of the Action Plans that are implemented every year as a result of evaluation by the Board of Directors.

C.1.36. INDICATE WHETHER THE COMPANY HAS ESTABLISHED RULES OBLIGING DIRECTORS TO INFORM THE BOARD OF ANY CIRCUMSTANCES, WHETHER OR NOT RELATED TO THEIR ACTIONS IN THE COMPANY ITSELF, THAT MIGHT HARM THE COMPANY’S STANDING AND REPUTATION, TENDERING THEIR RESIGNATION WHERE APPROPRIATE. IF SO, PROVIDE DETAILS.

Yes No

Explain the rules

Article 21 of the Regulations of the Company’s Board of Directors specifies that:

“Directors must place their position at the disposal of the Board of Directors and, if this deems it appropriate, formalise the corresponding resignation in circumstances that concern them (whether or not these relate to their actions in the Company itself) and which are detrimental to the good name and reputation of the Company or in any way adversely affect the functioning of the Board of Directors or the Company and, in particular, when they are investigated in any criminal case, when they must report on developments in such legal proceedings, or when they find themselves in any of the legally envisaged situations of incompatibility or disqualification.

On having been informed of or having otherwise found out about the circumstances mentioned in the preceding paragraph, the Board shall give consideration to the case as soon as possible and, in light of the specific circumstances, shall decide on the measures to be taken after receiving a report from the Appointments, Remuneration and Sustainability Committee. All this shall be disclosed in the Annual Corporate Governance Report, unless special circumstances exist that prevent this, which must be recorded in the minutes, without prejudice to the information that the Company must disseminate, if appropriate, at the time of taking the appropriate measures.

[...]

When a Director ceases in office before the end of their term, whether due to resignation or by resolution of the General Meeting, they must send a letter to all members of the Board of Directors adequately explaining their reasons for leaving or, if they are Non-Executive Directors, their view of the reasons why they were removed by the Meeting. All of this will be disclosed in the Annual Corporate Governance Report. In addition, to the extent that it is relevant to investors, the Company shall report the cessation in office as soon as possible, giving a sufficient explanation of the reasons or circumstances cited by the Director.”

C.1.37. INDICATE WHETHER, APART FROM SUCH SPECIAL CIRCUMSTANCES AS MAY HAVE ARISEN AND BEEN DULY INCLUDED IN THE MINUTES, THE BOARD OF DIRECTORS HAS BEEN NOTIFIED OR HAS OTHERWISE BECOME AWARE OF ANY SITUATION AFFECTING A DIRECTOR, WHETHER OR NOT RELATED TO HIS OR HER ACTIONS IN THE COMPANY ITSELF, THAT MIGHT HARM THE COMPANY’S STANDING AND REPUTATION:

Yes No

Indicate whether the Board of Directors has examined the case. If so, explain with reasons whether, given the specific circumstances, it has adopted any measure, such as opening an internal enquiry, requesting the director’s resignation or proposing his or her dismissal.

Indicate also whether the Board decision was backed up by a report from the Appointments Committee.

Yes No

C.1.38. DETAIL ANY MATERIAL AGREEMENTS ENTERED INTO BY THE COMPANY THAT COME INTO FORCE, ARE MODIFIED OR ARE TERMINATED IN THE EVENT OF A CHANGE IN CONTROL OF THE COMPANY FOLLOWING A PUBLIC TAKEOVER BID, AND THEIR EFFECTS.

None exist.

C.1.39. IDENTIFY INDIVIDUALLY AS REGARDS DIRECTORS, AND IN AGGREGATE FORM IN OTHER CASES, AND PROVIDE DETAILS OF ANY AGREEMENTS BETWEEN THE COMPANY AND ITS DIRECTORS, EXECUTIVES OR EMPLOYEES CONTAINING INDEMNITY OR GOLDEN PARACHUTE CLAUSES IN THE EVENT OF RESIGNATION OR DISMISSAL WITHOUT DUE CAUSE OR TERMINATION OF EMPLOYMENT AS A RESULT OF A TAKEOVER BID OR ANY OTHER TYPE OF TRANSACTION.

There are no indemnities agreed upon between the Company and its Non-executive Directors, nor executives or employees.

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

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

Indicate whether, beyond the cases established by legislation, these agreements have to be communicated and/or authorised by the governing bodies of the company or its group. If so, specify the procedures, the cases concerned and the nature of the bodies responsible for their approval or communication:

	Board of Directors	General shareholders’ meeting
Body authorising the clauses	X	
	Yes	No
Are these clauses notified to the General Shareholders’ Meeting?	X	

Remarks

The clauses for the Executive Director are approved by the Board of Directors on the proposal of the Appointments, Remuneration and Sustainability Committee. In addition, they are reported to the General Meeting through the Annual Report on Directors' Remuneration.

C.2. COMMITTEES OF THE BOARD OF DIRECTORS.

C.2.1. PROVIDE DETAILS OF ALL COMMITTEES OF THE BOARD OF DIRECTORS, THEIR MEMBERS, AND THE PROPORTION OF EXECUTIVE, PROPRIETARY, INDEPENDENT AND OTHER EXTERNAL DIRECTORS FORMING THEM.

EXECUTIVE COMMITTEE

Name	Position	Category
Mr Jaime Real de Asúa Arteche	Chairman	Proprietary Director
Mr Fernando Azaola Arteche	Secretary	External Director
Mr Cristóbal González de Aguilar Alonso-Urquijo	Member	Proprietary Director
Mr Rafael Martín de Bustamante Vega	Member	Executive Director
Mr Miguel Morenés Giles	Member	Proprietary Director
Mr Ignacio Prado Rey-Baltar	Member	Proprietary Director

% of executive directors	16.67%
% of proprietary directors	66.66%
% of independent directors	0%
% of other external directors	16.67%

Explain the functions delegated or assigned to this committee, other than those that have already been described in Section C.1.9, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the Articles of Association or in other corporate resolutions.

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

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

- The members of the Executive Committee shall step down from their role when they do so as Director or when agreed upon by the Board of Directors.
- In the absence of the Chairman of the Executive Committee, or this position being vacant, their functions shall be exercised by the member who is elected for that purpose by a majority of the attendees at the meeting.
- The Executive Committee shall be convened by its Chairman, at their own initiative, or at the request of two of its members, by letter, telegram, e-mail or fax, addressed to each of its members at least 48 hours before the date of the meeting, but may, however, be convened for reasons of urgency, in which case the agenda shall be limited to the points which were the grounds for the meeting.
- The Executive Committee shall be quorate when at least a majority of its members are present or represented.
- Through its Chairman, the Executive Committee shall inform the Board of Directors of the matters which the Committee discusses and the resolutions it passes.

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

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

- The draft terms of the demerger of the services and projects division.
- Procedures for potential additions of partners on certain projects.
- Key investment and divestment transactions by the Elecnor Group.
- The departure of lead business subsidiaries from the Elecnor Group, namely Elecnor Servicios y Proyectos, S.A.U. and Enerfin Sociedad de Energía, S.L.U., as well as the investee company Celeo Concesiones e Inversiones, S.L., including their priority affairs and monitoring of their goals.
- Review of the fall-out and risks arising from the Covid-19 pandemic.
- Actions regarding sustainability and climate change.
- Assessment of changes to the regulatory environment.
- Study of the restructure of the Elecnor Group's long-term sources of finance with a particular focus on its sustainable and/or green rating.
- Monitoring of the multi-currency commercial paper programme on MARF (Alternative Fixed-Income Market) of up to 300 million euros.
- Proposed dividend pay-outs.
- Evaluation of the Committee itself.
- Trends in the company's market price and shareholder activity.

AUDIT COMMITTEE

Nombre	Cargo	Categoría
Ms Irene Hernández Álvarez	Chairwoman	Independent Director
Mr Miguel Morenés Giles	Secretary	Proprietary Director
Ms Isabel Dutilh Carvajal	Member	Independent Director
Mr Ignacio Prado Rey-Baltar	Member	Proprietary Director
Mr Emilio Ybarra Aznar	Member	Independent Director

% of executive directors	0%
% of proprietary directors	40%
% of independent directors	60%
% of other external directors	0%

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

The functions, procedures and rules of organisation and operation of the Audit Committee are set out and developed in (i) Article 15 bis of the Articles of Association, (ii) in Article 13 of the Regulations of the Board and in the (iii) Regulations of the Audit Committee themselves. All of these are available on the Company's corporate website.

The Audit Committee must designate a Chair from among the Independent Directors for a maximum of four years, for which they may be re-elected for the same term once a period of one year has elapsed from the date on which their role expires or the date their removal had been agreed upon, without detriment to their continuation or re-election as a Committee member.

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

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

The Audit Committee must meet at least four times per year and, in addition, as often as required in the interests of the Company, at the request of any of its members.

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

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

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

The Audit Committee may have access to any information or documentation available to the Company concerning matters within its competence and may, at the expense of the Company, arrange the collaboration or advice of external professionals when it considers it necessary or advisable for the best exercise of its functions, for which it will have appropriate resources on hand.

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

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

"Article 5. Duties of the Audit Committee

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

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

- a) In the person of its Chair, to inform the General Shareholders Meeting regarding any matters falling within its purview raised by shareholders. More particularly, to report on audit results and explain the role the Committee has played during the auditing process and how audits have helped enhance the integrity of financial information.
- b) To oversee and assess the process of drawing up and submitting the requisite financial and non-financial information on the Company and on its Group, as the case may be; to monitor compliance with legal and regulatory requirements; to ensure that the scope of consolidation has been suitably defined and accounting principles are properly followed; and especially to determine, consider, and supervise the effectiveness of the internal control of financial reporting (ICFR) system and make suggestions or recommendations for safeguarding financial integrity to the Board of Directors.
- c) To report in advance to the Board of Directors concerning the financial information, management report, and, where appropriate, any requisite non-financial information that the Company is to make public periodically.
- d) To ensure that the annual financial statements the Board of Directors submits to the General Meeting have been drawn up in accordance with accounting standards. Where the external auditor has included an observation in its audit report, the Audit Committee Chair will clearly explain the Committee's views on its significance and scope to the General Meeting and will make a summarised version of its views available to the shareholders when the notice of meeting is issued, together with the rest of the proposals and reports of the Board.

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

- a) To supervise the effectiveness of the internal controls of the Company and its internal audit function in charge of ensuring proper operation of the internal control and reporting system and to discuss with the external auditors any material weaknesses found during the audit and draw conclusions as to the degree of reliability and confidence of the system, all without surrendering its independence. To these ends it may make any appropriate suggestions or recommendations to the Board of Directors and perform the relevant follow-up.
- b) To supervise the internal audit unit overseeing proper functioning of the internal control and reporting systems, functionally subsidiary to the Committee Chair, in particular: (i) to assure the independence of the unit that performs the internal audit function; (ii) to propose the selection, appointment, and removal of the Chief Audit Executive; (iii) to propose the unit's budget; (iv) to approve the annual work plan and guidelines and ensure that the unit's activities focus mainly on relevant risks, including reputational risks; (v) to receive regular reports on the unit's activities; and (vi) to ensure that the members of the management team heed the conclusions and recommendations of its reports.

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

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

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

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

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

(iv) In respect of the external auditor:

- a) To submit proposals for selecting, appointing, re-electing, and replacing the external auditor to the Board of Directors for referral to the General Shareholders Meeting and to take charge of the selection process in conformity with the applicable laws and regulations and of the conditions of engagement, and for that purpose it must:
 1. specify the procedure for selecting the external auditor
 2. draw up a reasoned proposal.
- b) To obtain from the external auditor, on a regular basis, information on the audit plan, on performance of that plan, and on any other questions connected with the auditing process, especially discrepancies that may arise between the external auditor and Company management.
- c) To establish suitable relations with the external auditor regarding submission of information on questions that could jeopardise its independence for review by the Committee together with any other questions relating to the auditing process and any other communications prescribed by the auditing legislation and other auditing regulations and standards and, when appropriate, to authorise services not prohibited by the applicable laws and regulations concerning independence.

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

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

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

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

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

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

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

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

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

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

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

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

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

(vi) Other duties:

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

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

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

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

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

2) Each year the Audit Committee will draw up a report on its work and performance during the year as a basis for review by the Board of Directors. The report will contain information on, for instance, the make-up of the Committee, the number of meetings held during the year, the significant activities carried out during the year, work performed in association with outside experts, and any key incidents that took place. The report will be placed at the disposal of the shareholders on the Company's website sufficiently in advance of the Annual General Meeting.

3) When performing its duties, the Audit Committee will bear in mind the good governance recommendations and standards which the National Securities Market Commission (CNMV) lays down, as well as other competent authorities, even though these may be adapted to the specific circumstances of the Company and its Group.

4) Each year the Audit Committee will formulate an action plan setting out the main activities to be carried out by the Committee in the performance of its duties."

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

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

1. Review of the regular financial and non-financial information disclosed to the markets and of the objectives and forecasts at year-end.

The Committee monitors the process of preparation and the integrity of the financial and non-financial information of the Company and the consolidated group, reporting favourably to the Board, for its subsequent submission to the authorities and the market, as well as to submit it to the shareholders for approval at the General Meeting.

Prior to its submission to the Board of Directors, the Committee reviews the financial information (and where relevant the annual non-financial information) produced on a quarterly (March and September), half-yearly (June, subject to limited review by the Group's auditor) and yearly (December, subject to review by the Group's auditor) basis, to be sent to the CNMV and to be disclosed to the markets (key financials, performance versus the previous period, performance of the main businesses and geographical areas, etc.). The annual non-financial information reporting is also subject to independent verification by KPMG.

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

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

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

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

The Audit Committee also monitors the most significant judgements and estimates with an impact on the financial information, especially those relating to impairment tests of goodwill, intangible and tangible assets and deferred tax assets, as well as the recognition, control and measurement of derivative financial instruments.

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

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

On the other hand, the Audit Committee also continuously monitors the main risks to which the Group is exposed (governance, strategic and environmental, operational, reporting and compliance) by overseeing the Risk Management System and, in particular, the risks identified, their potential impact and probability of occurrence and the action plans established to improve management of them.

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

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

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

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

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

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

- Planning and strategy of the annual audit of the individual accounts of the Company and the consolidated ones for the Group (materiality, scope, main audit risks identified, schedule, etc.).
- Results of the annual audit of the individual and consolidated annual financial statements and the limited review of the Group's half-year condensed financial statements.
- Any internal control weaknesses identified and suggested improvement where appropriate.
- Written statement and confirmation by the external auditors of their independence and detailed information on any non-audit services.

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

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

to it. These are broken down into separate items, both for auditing services and non-audit services throughout the financial year in question, both by the auditor itself and other firms in its same organisational framework.

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

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

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

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

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

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

In line with the Group's overall commitment to this issue, this is one of the activities where it makes a particularly concerted effort. Six of the meetings in 2021 were attended by the Group's Chief Compliance Officer, who reported on the Committee's activity and on the initiatives, actions and/or incidents arising in the field of Compliance, obtaining the Committee's approval and authorisation when necessary.

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

- Review and approval of the 2020 Annual Compliance Report
- Monitoring of the main risks to which the Group is exposed
- Approval and follow-up of compliance targets for 2021.
- Approval and follow-up of the 2021 Compliance Training Plan.
- Review of the Elecnor Group's Code of Ethics and Conduct, as well as its Compliance Policy, which were revised and updated in 2021, and the new policies developed to prevent corruption and anti-competitive practices, which were submitted to the Board of Directors for approval.
- Monitoring of the processes of adapting the Group's Compliance System to the special circumstances and requirements of the different countries in which it operates (organisations and subsidiaries)
- Follow-up of complaints and/or concerns submitted through the Code of Ethics Channel, analysis of findings and decision on action to be taken.

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

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

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

The Group's Chief Information and Technology Officer, along with the Head of the Finance Sub-Division and the Chief Audit Executive, has reported on the degree of progress of the important digitisation and process re-engineering project under way since 2016. The project aims to achieve operational excellence, understood as the capacity of the organisation, processes and systems to contribute to efficiency, information control, quality of service and regulatory compliance.

The Audit Committee has also been kept informed about key progress and projects with respect to IT Systems security, with notable headway made in the area of cybersecurity, both nationally and internationally, and the achievement of ISO 27001 – Information security Management Systems (ISMS) certification in March 2021.

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

7. Reporting to the General Shareholders' Meeting.

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

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

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

The work of the Audit Committee in reviewing, updating and amending various policies and regulations on the functioning of the Company to adapt them to the recommendations of the Code of Good Governance of listed companies and other regulations should also be noted. In particular, during this financial year the Committee has reviewed the Regulations of the Audit Committee, reporting on the proposed amendments favourably for their final approval by the Board of Directors.

Identify the directors who are members of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date on which the Chairperson of this committee was appointed.

Names of directors with experience

Ms Irene Hernández Álvarez

Mr Miguel Morenés Giles

Ms Isabel Dutilh Carvajal

Mr Ignacio Prado Rey-Baltar

Mr Emilio Ybarra Aznar

Date of appointment of the chairperson

22/05/2019

APPOINTMENTS, REMUNERATION AND SUSTAINABILITY COMMITTEE

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

% of executive directors	0%
% of proprietary directors	50%
% of independent directors	50%
% of other external directors	0%

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the Articles of Association or in other corporate resolutions.

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

The Appointments, Remuneration and Sustainability Committee shall appoint the Chairman thereof from among the Independent Directors. The Secretary of the Board of Directors may be appointed as the Secretary of the Appointments, Remuneration and Sustainability Committee, provided they are not an Executive Director.

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

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

Attendance at meetings of the Appointments, Remuneration and Sustainability Committee should be preceded by sufficient dedication by its members to analysing and evaluating the information received, and encouraging constructive dialogue between its members and the freedom to offer opinions.

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

The Appointments, Remuneration and Sustainability Committee may have access to any information or documentation available to the Company concerning matters within its competence and may, at the expense of the Company, arrange the collaboration or advice of external professionals when it considers it necessary or convenient for the best exercise of its functions, paying particular attention to any conflicts of interest that could affect the external advisers, for which it will have the necessary resources at its disposal.

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

The Appointments, Remuneration and Sustainability Committee shall consult with the Chairman of the Board of Directors and the CEO of the Company, especially in matters relating to the appointment of the Executive Directors and the remuneration of members of the management team and the Executive Directors. Any Director may request that the Committee take into consideration potential candidates to fill vacancies for Directors, if they are found to be suitable.

Article 15 ter of the Articles of Association essentially covers the minimum duties assigned to the Appointments, Remuneration and Sustainability Committee under the Corporate Enterprises Act. These are expanded upon in Article 14 of the Regulations of the

Board of Directors, and this is in turn developed by Article 5 of the Regulations of the Appointments, Remuneration and Sustainability Committee, which provides a detailed description of the duties which the Board of Directors allocates to the Committee and is now transcribed below:

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

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

(i) Regarding the composition of the Board:

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

To this end, the Committee shall periodically prepare and update a matrix with the competencies needed by the Board, which defines the skills and knowledge of the candidates to become Directors, especially those of the executive and independent candidates.

b) Establishing a target representation number for the less represented gender on the Board of Directors and drawing up guidelines for achieving that target, and proposing the diversity policy for Directors to the Board of Directors.

c) Proposing policy to the Board of Directors for diversity thereof and selection of directors, and verifying adherence to this annually.

d) Verifying the category of Directors on an annual basis.

(ii) En relación con la selección de Consejeros y miembros del equipo directivo:

a) Submitting to the Board of Directors proposals for the appointment of Independent Directors for appointment by co-optation or for submission to the decision of the General Shareholders' Meeting, as well as proposals for the re-election or removal of said Directors by the General Shareholders' Meeting.

b) Reporting the appointment proposals of the remaining Directors for their designation by co-optation or for submission to the decision of the General Shareholders' Meeting, as well as proposals for their re-election or removal by the General Shareholders' Meeting.

c) Reporting proposals for the appointment and removal members of the management team.

(iii) Regarding the roles of the Board:

a) Announcing the appointment of the Chairman and Deputy Chairmen of the Board.

b) Announcing the appointment and removal of the Secretary and Deputy Secretary of the Board.

c) Proposing, where appropriate, the appointment of the Coordinating Director.

d) Examining and organising the succession of the Chairman of the Board of Directors and the CEO of the Company and, where appropriate, making proposals to the Board of Directors so that such succession takes place in an orderly and planned manner, and preparing a succession plan for such purpose.

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

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

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

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

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

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

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

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

(v) Regarding review of corporate governance and sustainability:

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

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

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

(vi) Other functions:

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

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

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

2) The Appointments, Remuneration and Sustainability Committee shall prepare an annual report on its functioning and performance during the financial year, which shall serve as the basis for the evaluation to be carried out by the Board of Directors. The report shall include, inter alia, information on the composition of the Committee, the number of meetings held during the financial year, significant activities carried out during the period, noting those carried out with the co-operation of external experts, and where appropriate, the main incidents that have arisen. The report shall be made available to shareholders through the Company's website well in advance of the Annual General Meeting.

- 3) In carrying out and exercising its functions, the Appointments, Remuneration and Sustainability Committee shall take into account the recommendations and criteria for good corporate governance established by the CNMV (the Spanish National Securities Market Commission) and other competent bodies, without prejudice to their adaptation to the particular circumstances and characteristics of the Company and its Group.
- 4) The Appointments, Remuneration and Sustainability Committee shall annually establish an action plan covering its main activities in the performance of its duties during the financial year."

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

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

1. Composition of the Board of Directors and its Committees

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

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

2. Selection of Directors and members of the management team

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

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

3. Positions on the Board

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

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

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

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

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

5. Reviewing corporate governance and sustainability

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

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

6. Other functions

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

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

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

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

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

C.2.2. COMPLETE THE FOLLOWING TABLE WITH INFORMATION REGARDING THE NUMBER OF FEMALE DIRECTORS WHO WERE MEMBERS OF BOARD COMMITTEES AT THE CLOSE OF THE PAST FOUR YEARS.

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

C.2.3. INDICATE, WHERE APPLICABLE, THE EXISTENCE OF ANY REGULATIONS GOVERNING BOARD COMMITTEES, WHERE THESE REGULATIONS ARE TO BE FOUND, AND ANY AMENDMENTS MADE TO THEM DURING THE YEAR. ALSO INDICATE WHETHER ANY ANNUAL REPORTS ON THE ACTIVITIES OF EACH COMMITTEE HAVE BEEN VOLUNTARILY PREPARED .

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

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

On 24 November 2021 the Board of Directors approved amendment of the Regulations of the Board of Directors (including Articles 13 and 14), as well as those of the Audit Committee and the Appointments, Remuneration and Sustainability Committee, to adapt them to the amendments brought in by Law 5/2021 of 12 April on encouraging long-term shareholder engagement in listed companies, which transposes Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 into the Spanish legal system, ("Law 5/2021"), and which has altered (among other rules) the revised text of the Corporate Enterprises Act, endorsed by Royal Legislative Decree 1/2010 of 2 July (the "LSC" for the Spanish), in addition to adding to this certain technical or wording-related clarifications.

On the same date the Board of Directors also unanimously decided to change the name of the Appointments and Remuneration Committee to the "Appointments, Remuneration and Sustainability Committee".

On the other hand, the existence and functions of the Executive Committee are regulated in Article 15 of the Articles of Association, Article 12 of the Regulations of the Board of Directors and their own charter.

During the 2021 financial year, reports on the activities of the Appointments, Remuneration and Sustainability, and Audit Committees have been prepared on a voluntary basis. They serve as the basis for the evaluation carried out by the Board of Directors and were made available to shareholders through the Company's website sufficiently in advance of the Annual General Meeting, all in accordance with recommendations 6 and 36 of the Code of Good Governance.

D) RELATED PARTY AND INTRAGROUP TRANSACTIONS

D.1. EXPLAIN, WHERE APPROPRIATE, THE PROCEDURE AND COMPETENT BODIES RELATING TO THE APPROVAL OF TRANSACTIONS WITH RELATED AND INTRAGROUP PARTIES, INDICATING THE CRITERIA AND GENERAL INTERNAL RULES OF THE ENTITY THAT REGULATE THE ABSTENTION OBLIGATIONS OF ANY AFFECTED DIRECTOR OR SHAREHOLDERS. DETAIL THE INTERNAL INFORMATION AND PERIODIC CONTROL PROCEDURES ESTABLISHED BY THE COMPANY IN RELATION TO THOSE RELATED-PARTY TRANSACTIONS WHOSE APPROVAL HAS BEEN DELEGATED BY THE BOARD OF DIRECTORS.

Procedure and Bodies for reporting approval for related-party transactions

Article 33 of the Regulations of the Board of Directors offers a summarised description of the legal system applying to related-party transactions in Articles 529 vicies to 529 tervicies of the Corporate Enterprises Act:

"The Board of Directors will be responsible for reviewing and approving, after hearing the Audit Committee, transactions by the Company or by companies in its Group with Directors, with shareholders that hold ten per cent (10%) of the voting rights or more or are represented on the Company's Board of Directors, or with any other persons who are related parties as defined by law ("**Related-Party Transactions**"), unless that decision lies with the General Meeting.

For purposes of the preceding paragraph, the following will not be Related-Party Transactions: (i) transactions between the Company and companies that the Company wholly owns, directly or indirectly; (ii) approval by the Board of Directors of the terms and conditions of contracts to be signed with Directors who will be performing executive duties, including the CEO or Managing Directors or members of their executive management team, and setting the specific amounts or specific remuneration to be paid under those contracts.

Transactions carried out by the Company with its subsidiary or investee companies will also not be Related-Party Transactions where no other party related to the Company has an interest in those subsidiary or investee companies.

Related-Party Transactions valued at amounts greater than or equal to ten per cent (10%) of the total assets on the latest balance sheet approved by the Company will need to be approved by the General Shareholders Meeting. All other Related-Party Transactions are to be approved by the Board of Directors, which may not delegate its authority in this area except for (i) Related-Party Transactions with companies belonging to the Group that are carried out as part of ordinary operating procedures at market terms and (ii) Related-Party Transactions that are concluded under contracts based on standard terms and generally employed for large numbers of customers, are performed at the usual prices or rates set by the vendor of the goods or services in question, or are for sums of not more than 0.5% of the Company's net turnover.

The Audit Committee is to issue a report on each Related-Party Transaction before it is approved by the General Meeting or the Board of Directors. In its report the Committee will assess whether the transaction is fair and reasonable from the standpoint of the Company and if appropriate of the shareholders other than the related party and will explain the standards on which the assessment has been based and the methods that have been used.

Members of the Audit Committee involved in the Related-Party Transaction may not take part in drawing up the report.

No report will be needed for Related-Party Transactions for which approval has been delegated by the Board of Directors in the cases permitted by law and as provided in these Regulations.

The Board of Directors itself will set up a routine internal control and reporting procedure for the cases in which it delegates approval of Related-Party Transactions to make sure that these transactions are fair and transparent and are compliant with the applicable legal requirements, as appropriate.

The Board of Directors will arrange for Related-Party Transactions carried out by the Company or other companies in its Group for sums greater than or equal to five per cent (5%) of total book assets or 2.5% of the Company's annual turnover to be made public.

It will post an announcement containing the information required by law in a readily accessible spot on the Company's website for that purpose and will report this to the National Securities Market Commission. The announcement is to be posted and released together with the report by the Audit Committee, if any, no later than at the time the Related-Party Transaction is concluded.

All the transactions concluded with the same counterparty in the previous twelve months will be taken into account when calculating the amount of a Related-Party Transaction."

Similarly, Article 5 (vi) a) of the Regulations of the Audit Committee states that its duties include "To report on Related-Party Transactions that need approval by the General Meeting or Board of Directors and oversee the Company's internal procedure for transactions for which the Board of Directors has delegated approval pursuant to the applicable rules". This function is also set out in Articles 15 bis.7) of the Articles of Association and 13 r) of the Regulations of the Board of Directors.

Moreover, on 15 December 2021 and pursuant to Articles 529 vicies to 529 tervicies of the Corporate Enterprises Act, The Company's Board of Directors unanimously approved a Protocol for Related-Party Transactions aimed at expanding on the criteria for applying the system for approving transactions of this kind which affect the Company, as well as for the purposes of publishing information on them and also establishing the internal procedure for identifying, analysing, approving, monitoring, reporting and exercising control over Related-Party Transactions.

Assessing Related-Party Transactions before approval for them shall be the duty of the relevant Task Force (comprising one member of the General Financial and Economic Sub-division, one from Internal audit and Compliance and one from the General Secretariat), who shall also issue a six-monthly report summarising Related-Party Transactions for which the Board of Directors has delegated approval and which have been approved during the corresponding period. These reports shall be submitted to the Audit Committee.

The Manager of the Unit or Area within the Company to whom performing a Related-Party Transaction is proposed on account of the subject-matter concerned will have to refer the proposal to the Task Force to be studied so that a decision on the transaction can be taken as soon as possible.

If it is concluded that this is a Related-Party Transaction which the Board of Directors or the General Meeting of Shareholders must approve, the Task Force submits it to the Audit Committee to be studied and the mandatory report issued prior to approval of the transaction. When drafting this report, the Committee must assess whether the transaction is fair and reasonable from the point of view of the Company and shareholders other than the related party, and also explain the standards on which evaluation is based as well as the methods used. After this, the Audit Committee will refer the proposed Related-Party Transaction to the Board of Directors along with the Committee's report to be processed in accordance with the rules provided for in the Articles of Association and in the respective Regulations of the of the General Shareholders' Meeting and the Board of Directors.

If it is concluded that this is a Related-Party Transaction where the Board of Directors has delegated approval for it, the proposal will be passed on to the competent body or person in accordance with the resolution to delegate which the Board of Directors has passed for these purposes. The competent party must then decide on whether to approve the Related-Party Transaction and immediately notify the Task Force and the Secretary of the Board of Directors of their decision.

With respect to the rules on abstention, the Company's internal regulations echo those legally provided for. In connection with this:

- With regard to Related-Party Transactions where approval falls to the General Shareholders' Meeting, the shareholder concerned shall not be entitled to vote, except in those cases where the motion has been approved by the Board of Directors without voting against it by the majority of Independent Directors, without detriment to the fact that, where appropriate, the rule on reversal of the burden of proof in Article 190.3 of the Corporate Enterprises Act shall apply.
- For Related-Party Transactions where approval falls to the Board of Directors, the Director concerned, or the one which represents or is related to the shareholder concerned, must abstain from participating in deliberating and voting on the relevant resolution pursuant to Article 228 c) of the Corporate Enterprises Act. Nonetheless, those Directors on the Board of the Company who represent or are related to the parent company must not abstain, without detriment to the fact that, in such cases, if their vote has been decisive in passing the resolution, the rule on reversal of the burden of proof shall apply on terms similar to those which Article 190.3 of the Corporate enterprises act provides for.

When the Audit Committee has to draw up a mandatory report, in doing so Directors who are members of this Committee and affected by the Related-Party Transaction may not participate.

D.2. GIVE INDIVIDUAL DETAILS OF TRANSACTIONS THAT ARE SIGNIFICANT DUE TO THEIR AMOUNT OR OF IMPORTANCE DUE TO THEIR SUBJECT MATTER CARRIED OUT BETWEEN THE COMPANY OR ITS SUBSIDIARIES AND SHAREHOLDERS HOLDING 10% OR MORE OF THE VOTING RIGHTS OR WHO ARE REPRESENTED ON THE BOARD OF DIRECTORS OF THE COMPANY, INDICATING WHICH HAS BEEN THE COMPETENT BODY FOR ITS APPROVAL AND IF ANY AFFECTED SHAREHOLDER OR DIRECTOR HAS ABSTAINED. IF THE BOARD OF DIRECTORS HAS RESPONSIBILITY, INDICATE IF THE PROPOSED RESOLUTION HAS BEEN APPROVED BY THE BOARD WITHOUT THE MAJORITY OF THE INDEPENDENTS VOTING AGAINST IT.

Name or corporate name of the shareholder or any of its subsidiaries	% Holding	Name or corporate name of the company or subsidiary	Nature of the relationship	Type of operation and other information required for its evaluation	Amount (thousand euros)	Approving body	Identity of the significant shareholder or director who has abstained	The proposal to the board, if applicable, has been approved by the board without the majority of independents voting against it
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

D.3. GIVE INDIVIDUAL DETAILS OF THE TRANSACTIONS THAT ARE SIGNIFICANT DUE TO THEIR AMOUNT OR RELEVANT DUE TO THEIR SUBJECT MATTER CARRIED OUT BY THE COMPANY OR ITS SUBSIDIARIES WITH THE ADMINISTRATORS OR MANAGERS OF THE COMPANY, INCLUDING THOSE TRANSACTIONS CARRIED OUT WITH ENTITIES THAT THE ADMINISTRATOR OR MANAGER CONTROLS OR CONTROLS JOINTLY, INDICATING THE COMPETENT BODY FOR ITS APPROVAL AND IF ANY AFFECTED SHAREHOLDER OR DIRECTOR HAS ABSTAINED. IN THE EVENT THAT THE BOARD OF DIRECTORS HAS RESPONSIBILITY, INDICATE IF THE PROPOSED RESOLUTION HAS BEEN APPROVED BY THE BOARD WITHOUT THE MAJORITY OF THE INDEPENDENTS VOTING AGAINST IT.

Name or company name of the administrators or managers or their controlled or jointly controlled entities	Name or company name of the company or subsidiary	Relationship	Nature of the transaction and other information necessary for its evaluation	Amount (thousands of euros)	Approving body	Identity of the shareholder who or director has abstained	The proposal to the board, if applicable, has been approved by the board without the majority of independents voting against it
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

D.4. REPORT INDIVIDUALLY ON INTRA-GROUP TRANSACTIONS THAT ARE SIGNIFICANT DUE TO THEIR AMOUNT OR RELEVANT DUE TO THEIR SUBJECT MATTER THAT HAVE BEEN UNDERTAKEN BY THE COMPANY WITH ITS PARENT COMPANY OR WITH OTHER ENTITIES BELONGING TO THE PARENT'S GROUP, INCLUDING SUBSIDIARIES OF THE LISTED COMPANY, EXCEPT WHERE NO OTHER RELATED PARTY OF THE LISTED COMPANY HAS INTERESTS IN THESE SUBSIDIARIES OR THESE ARE FULLY OWNED, DIRECTLY OR INDIRECTLY, BY THE LISTED COMPANY.

Not applicable.

IN ANY CASE, REPORT ANY INTRAGROUP TRANSACTION CONDUCTED WITH ENTITIES ESTABLISHED IN COUNTRIES OR TERRITORIES CONSIDERED AS TAX HAVENS:

Company name of the entity within the group	Brief description of the transaction and other information necessary for its evaluation	Amount (thousands of euros)
N/A	N/A	N/A

D.5. GIVE INDIVIDUAL DETAILS OF THE TRANSACTIONS THAT ARE SIGNIFICANT DUE TO THEIR AMOUNT OR RELEVANT DUE TO THEIR SUBJECT MATTER CARRIED OUT BY THE COMPANY OR ITS SUBSIDIARIES WITH OTHER RELATED PARTIES PURSUANT TO THE INTERNATIONAL ACCOUNTING STANDARDS ADOPTED BY THE EU, WHICH HAVE NOT BEEN REPORTED IN PREVIOUS SECTIONS.

Company name of the related party	Brief description of the transaction and other information necessary for its evaluation	Amount (thousands of euros)
N/A	N/A	N/A

D.6. GIVE DETAILS OF THE MECHANISMS IN PLACE TO DETECT, DETERMINE AND RESOLVE POTENTIAL CONFLICTS OF INTEREST BETWEEN THE COMPANY AND/OR ITS GROUP AND ITS DIRECTORS, SENIOR MANAGEMENT, SIGNIFICANT SHAREHOLDERS OR OTHER RELATED PARTIES.

Article 26 of the Regulations of the Board of Directors establishes an obligation on Directors of "taking whatever steps are needed to avoid situations in which their interests, whether their own or on behalf of third parties, may conflict with the corporate interests and with their duties to the Company."

This Article also refers to the obligation on Directors of "opposing resolutions contrary to law, to the Articles of Association, to these Regulations, and to any other internal regulations of the Company or to the corporate interest and asking to have their

views recorded in the minutes whenever they consider this to be appropriate to safeguard corporate interests. In particular, the Independent Directors and other Directors who do not have a potential conflict of interest are to clearly voice their opposition to decisions that may be detrimental to shareholders not represented on the Board of Directors”.

Moreover, in the context of avoiding situations where there is a conflict of interest Article 28 of the Regulations of the Board of Directors establishes the following obligations for Directors:

“Directors will report any direct or indirect conflict of interest they may have with respect to the Company’s interests to the Board of Directors and will abstain from participating in the deliberations and voting on resolutions concerning matters in which they have a personal interest.

A personal interest will also be considered to exist on the part of a Director where a matter concerns persons related to the Director. Related persons will be as defined by law.

Directors will not be required to abstain from participating in the deliberations and voting on decisions affecting their status as Director, such as appointment to or removal from positions on the Board of Directors and like decisions.

Directors will also refrain from:

- a) Directly or indirectly engaging in transactions with the Company unless the transaction is exempted by law or has been approved in accordance with the law and these Regulations in respect of Related-Party Transactions.
- b) Using the Company’s name or relying on their position as director to exert an improper influence on the performance of private transactions.
- c) Accepting benefits or remuneration associated with the performance of their duties from third parties unrelated to the Company and its Group except for hospitality offered merely as a courtesy.
- d) Engaging in activities on their own behalf or on behalf of others where those activities entail actual or potential competition with the Company or might represent an ongoing conflict with the Company’s interests for Directors.

The Company may waive the bars set forth in items b) and d) above by decision by the competent body as provided by law.

The preceding provisions will also apply to cases in which the beneficiary is a person related to a Director.

In any event, conflicts of interest that affect the Company’s directors will be reported in the Annual Report.”

On the other hand, Elecnor’s Code of Ethics lays down the following among the principles in the performance of their activities by employees:

“Independence in exercising one’s professional activity is the cornerstone for a performance driven by freedom of judgement, fairness and loyalty to the company.

As a general principle of action, all Elecnor Group employees who find themselves in a potential or actual conflict of interest, considering their private or family interests and business interests, must refrain from carrying out the activity giving rise to such conflict, informing their immediate supervisor of the characteristics and circumstances at hand. Only with the express written authorisation of their supervisor may the employee continue to maintain this situation or carry out the specific activity within his or her professional remit that causes the conflict.

Elecnor Group employees will refrain from taking advantage for their own benefit or for the benefit of persons related to them of opportunities for personal gain related to investments, contracts or corporate transactions being considered or executed by the company or any of its subsidiaries or investees, or to any other information to which they have had access in the course of their professional duties. Those Elecnor Group employees who participate in supplier, contractor or external collaborator selection

processes are obliged to act at all times with impartiality and objectivity, adopting the criteria that guide the organisation in those processes. Under no circumstances will Elecnor Group employees request or accept, either directly or indirectly, any payment or advantage from current or future suppliers that could undermine this impartiality.”

D.7. INDICATE WHETHER THE COMPANY IS CONTROLLED BY ANOTHER ENTITY IN THE MEANING OF ARTICLE 42 OF THE COMMERCIAL CODE, WHETHER LISTED OR NOT, AND WHETHER IT HAS, DIRECTLY OR THROUGH ANY OF ITS SUBSIDIARIES, BUSINESS RELATIONSHIPS WITH SAID ENTITY OR ANY OF ITS SUBSIDIARIES (OTHER THAN THE LISTED COMPANY) OR CARRIES OUT ACTIVITIES RELATED TO THOSE OF ANY OF THEM.

Yes No

Indicate whether the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries have been defined publicly and precisely :

Yes No

Report on the respective areas of activity and any business relationships between, on the one hand, the listed company or its subsidiaries and, on the other hand, the parent company or its subsidiaries, and identify where these aspects have been publicly reported

None exist

Identify the mechanisms in place to resolve potential conflicts of interest between the parent of the listed company and the other group companies:

Mechanisms for resolving potential conflicts of interests

E) RISK MANAGEMENT AND CONTROL SYSTEMS

E.1. EXPLAIN THE SCOPE OF THE COMPANY’S FINANCIAL AND NON-FINANCIAL RISK MANAGEMENT AND CONTROL SYSTEM, INCLUDING TAX RISK.

BOARD OF DIRECTORS, CHIEF EXECUTIVE OFFICER

In its monthly meetings, the Board of Directors reviews the Company’s key economic indicators, the general market situation, and the position and business strategy of the Company and its Group, to identify any risks in the economic and business environment, adjusting the Company’s strategic approach where necessary; all within its general supervisory remit.

In this regard, the Group performs continuous and preventive management of these risks, so that the probability of them occurring and their potential impact, as the case may be, on turnover, profitability and efficiency, reputation and sustainability is reduced to acceptable levels.

To this end, the Group has a structured and dynamic risk management system whose main pillars are as follows:

- Continuous risk identification and assessment and prioritisation in terms of impact and probability of occurrence.
- Identification of the mechanisms and tools in place to manage and control the main risks, and evaluation of their effectiveness.

- Continuous improvement of risk management through the development and implementation of initiatives and projects aimed at improving management mechanisms and tools.
- Ongoing monitoring and oversight of the system.

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

- Governance risks.
- Strategy, planning and environment risks.
- Operational risks.
- Reporting risks.
- Compliance risks.

On the other hand, the Chief Executive Officer takes decisions following the guidelines established by the Board of Directors in its meetings.

As to the powers granted to the Board of Directors, these are conferred taking into account the specific functions and needs of the Company's general divisions and sub-divisions and the different business areas.

Decisions on the Company's overall strategy or on the use of its resources, as well as those involving a risk due to the Company becoming indebted (such as the arrangement of credit facilities, loans, guarantees, sureties, asset disposals, etc.) are adopted in resolutions of the entire Board of Directors by an absolute majority of its members.

Management (General Manager, Deputy General Managers and Business Directors) are responsible for the Company's operational and management decisions, such as the signing of contracts, management of human resources, etc., always pursuant to the instructions of the Chief Executive Officer and the strategic guidelines of the Board of Directors.

MANAGEMENT OF RISKS DERIVING FROM THE COMPANY'S PARTICIPATION IN TEMPORARY JOINT OPERATIONS, CONSORTIA AND JOINT VENTURES OR ECONOMIC INTEREST GROUPS

The risks that the Company may face for its participation in temporary joint operations, consortia, joint ventures, economic interest groups or any other form of business grouping, whether domestic or foreign, for the execution of any particular work or project are controlled through strict compliance by the Business Areas and the General Energy and Major Networks Subdivisions with the internal protocol established by the Company for any requests, processing and authorisation. This protocol includes the review of the economic and financial risk of any potential partners, as well as their alignment with the compliance principles established by the Elecnor Group. In addition, all requests for participation in tenders or projects made through any of these forms of business partnership are centralised and reviewed by the Legal Department, which is responsible for verifying that all the requirements established by the internal protocol have been met, before they are authorised by the General Manager of Infrastructure and by the Chief Executive Officer.

MANAGEMENT OF RISKS DERIVING FROM THE COMPANY'S CORPORATE PURPOSE IN THE DOMESTIC MARKET

In relation to the specific risks arising from the activity carried out by the Company (construction, operation and maintenance of all kinds of facilities), all branches of the company's activity are adequately insured by taking out the appropriate insurance policies with the necessary coverages. (Public liability insurance, assembly insurance, construction insurance, etc.).

MANAGEMENT OF RISKS DERIVING FROM THE COMPANY'S CORPORATE PURPOSE IN THE INTERNATIONAL MARKET

A significant part of Elecnor's business is conducted outside Spain, so special mechanisms have been put in place to control the potential risks stemming from this activity:

All powers conferred on Company representatives to sign contracts outside Spain or manage such contracts are granted by the Company's CEO on a case-by-case basis for each operation and subject to prior analysis of all the risks that could affect the Company. Monthly meetings of the Board of Directors are held to report on these activities when they involve significant operations for the Company.

Likewise, all the Company's international business arms deriving from its corporate purpose are also adequately insured through arranging the appropriate insurance policies offering the necessary cover. (Public liability insurance, assembly insurance, construction insurance, etc.).

ENVIRONMENTAL RISK MANAGEMENT

Elecnor strives to make an active and unwavering contribution to building a sustainable, low-carbon future by generating renewable energy, implementing energy-efficient measures, reducing its carbon footprint and practicing appropriate environmental management.

The environmental control mechanisms currently in place at the Company are based on AENOR-certified Environmental Management and Energy Management systems that are ISO 14001 and ISO 50001 compliant. These systems offer excellent benefits, including the analysis and mitigation of environmental risks. Environmental liability insurance has also been taken out covering all the activities of Elecnor and its subsidiaries to underpin this aspect.

Climate change is a long-standing challenge for Elecnor. Thus, it has calculated its carbon footprint since 2013 according to internationally recognised standards, and has rolled out greenhouse gas (GHG) emission reduction measures across its business. It has also included scope 3 emissions since 2019 and a selection of critical suppliers and subcontractors is performed. Scope 3 refers to processes associated with the Elecnor value chain but occurring in sources that do not belong to it and that it does not control. As a result, suppliers and subcontractors play an important role as part of their activity is included within this scope. The calculation of Scope 3 not only implies a greater degree of involvement in climate change, improving Elecnor's positioning in the market, but also prepares us for adaptation to the new version of the ISO 14064 standard which will make this mandatory in 2022.

In 2021, for the seventh consecutive year AENOR verified the inventory of greenhouse gas emissions in accordance with the UNE ISO 14064-1 standard for direct and indirect emissions from all the Company's activities. The Company has been awarded the "Calculate and Reduce" seal from the Spanish Office of Climate Change (the OECC for its Spanish acronym), as part of the process to register its carbon footprint and the carbon offset and CO₂ absorption projects established by the Ministry for Ecological Transition (MITECO by its Spanish acronym).

As part of its staunch battle against climate change, Elecnor has implemented a Climate Change Strategy since 2018 to reduce its impact, increase Elecnor's resilience and unlock the potential opportunities arising from climate change, thereby growing as a group in a sustainable manner. Likewise, for the third consecutive year, Elecnor has participated in the international sustainability CDP (Carbon Disclosure Project) ranking and submitted its voluntary report on climate change. In 2020 Elecnor managed to improve on its rating for the previous year, moving up to A- (B in 2019). This places the Group among the highest levels for sustainability, adaptation and mitigation in the face of climate change. Elecnor's inclusion in this international ranking, which is recognised by customers, investors and shareholders alike, is framed within our Climate Change Strategy.

COMPLIANCE RISK MANAGEMENT

To prevent and manage risks relating to the area of Compliance properly, the Elecnor Group keeps a Compliance System fully operational which is designed and functions in accordance with best domestic and international practices. The Compliance System applies to all of the Elecnor Group's subsidiaries and employees and we also expect all of our business partners to behave in a manner consistent with our principles and values, which are chiefly set out in the Elecnor Group's Code of Ethics and Conduct and Compliance Policy documents. The Elecnor Group applies the principle of zero tolerance to bad practices as regards ethics and integrity.

The Elecnor Group's Compliance System is conceived on the basis of adequately identifying and prioritising the main Compliance risks to which the organisation might be exposed, as well as those situations and activities where such risks could reveal themselves, which enables the necessary controls to be designed, implemented and supervised effectively and efficiently so as to ensure appropriate prevention and management of these risks. In identifying these risks the Group mainly guides itself using the crimes and offences which might entail criminal liability for legal persons under Spain's prevailing Criminal Code as well as equivalent local legislation

The Compliance Committee subjects both the risks that emerge and assessment of them to ongoing monitoring and updating, where appropriate. This body is entrusted with the tasks of overseeing, safeguarding and controlling the Compliance System and reports to the Audit Committee on an operational level.

The Compliance Officer and the Compliance Committee (delegated by the Audit Committee and the Board of Directors) shoulder responsibility for continuous improvement and reliable functioning of the Compliance System. Listed below are the core activities for achieving this goal:

- Annually laying down specific objectives for Compliance, which the Audit Committee reports and approves.
- Continuous monitoring of annual objectives for Compliance and reporting the extent to which they have been achieved to the Audit Committee at yearend.
- Regularly reporting any aspect or issue that relates to Compliance (projects underway, initiatives...) to the Audit Committee.
- Designing, developing and rolling out the annual training programme on Compliance and awareness.
- Operating the complaints channel and regularly reporting to the Audit Committee on intelligence conveyed, as well as any investigations in progress and the conclusions arrived at.
- Ongoing review and auditing of the main controls identified in relation to Compliance risks.
- Issuing an annual report to the Audit Committee and the Management Committee (description of the key elements of the Compliance System, major changes in the business, organisational and Compliance environment, and most significant actions performed over the year regarding prevention, follow-up and response...).
- Two annual external audits of the Compliance System by two separate auditing/consultancy firms.

The Compliance Committee conducts ongoing supervision of the Compliance System and regularly checks that the controls relating to identified Compliance risks are working effectively via various different audit tests.

Elecnor's Compliance System is aligned with the highest domestic and international standards in this field, having received certification from January 2018 pursuant to the international ISO 37001 "Anti-bribery Management Systems" standard and since February 2019 in connection with the domestic UNE 19601 "Criminal Compliance Management Systems" standard.

TAX RISK MANAGEMENT

The Elecnor Group has established a Corporate Tax Policy setting out its Tax Strategy, as well as the principles and core aspects of tax risk management.

As part of this, it has a tax oversight, control and management procedure containing guidelines for identifying, assessing, managing as well as monitoring risks.

Obligations and responsibilities within the organisation are regulated through this strategy, including a description of the measures that must be in place to mitigate any tax risks identified.

INTERNAL AUDIT AND CONTROL SYSTEMS

Internal control in the Elecnor Group rests on two pillars that are considered fundamental to ensuring decisions are made based on accurate information:

The System: a raft of computer applications and procedures.

Internal Audits: continuous auditing and monitoring of the business areas covering the most relevant components of working capital, such as work in progress, receivables, inventories, etc. and the recognition of margins, among others. In addition, the Internal Audit area periodically reviews the main procedures and controls in place.

These internal audits are supplemented by the review of other documentation carried out by Central Administration and, above all, by controls over banking transactions involving sharing data with banks (importing of bank entries, expense settlement payments through files, etc.), centralisation of the payment process, and monthly reconciliations of bank balances, among other control mechanisms.

As part of the Digital Transformation project, financial 2021 has seen the completion of the project to develop and roll out a renowned software application for financial reporting and consolidation (SAP – Business Planning and Consolidation – "BPC").

The System

The procedures and manuals that make up the System are designed to ensure there is a general control environment that is fit for purpose and that good governance principles in the field of administration are adhered to.

All tasks are set out in procedures based on **audit criteria**. There is an **operating manual** for each task (explaining the objective pursued, applicable criteria, etc.), along with a **user manual** (which includes the steps to be taken when inputting data into the appropriate computer application).

The **software** used is based on the **FICOS-38** application purchased from Arthur Andersen in 1984, which has been heavily developed to tailor it to the Company's requirements at any point in time (need for more information, changes in accounting standards, etc.).

The IT system works in **real time** and is **end-to-end**. Very powerful interfaces are used to integrate all systems so as to minimise data entry errors.

The initial version of the **FICOS-38** system offers a **General Accounting** system and an **Analytical Accounting** system, serving Elecnor's specific needs and requirements.

Compared to the General Accounting system (covering the Company's assets and liabilities and outward-facing aspects), the Analytical Accounting system can be used to carry out budget controls of overheads or expenses, fixed or structural, through income and expense accounts at various levels (corporation, business area, production centre, work centre), as well as detailed bottom-line analysis (value added at factor cost, Tajo margin, net margin) to meet internal management needs and forecast future scenarios using standards

The Analytical Accounting system includes a specific module on the perpetual inventory account: the **project costs** system. This system can be used to generate cost reports for different items (labour, materials, sub-contractors, equipment, etc.) for each project in progress and calculate their value at sales price, while also controlling costs and income compared to the estimates made at the start of each project.

This system is used to **recognise results using the Tajo margin**.

The criterion for recognising results is based on the accounting standards in force, as disclosed in the notes to Elecnor's separate and consolidated annual financial statements.

In addition, there is a set of **peripheral systems** created around the primary system. These are designed to manage the various work areas (Treasury, Procurements, Invoicing, Fixed Assets, etc.) and capture data and report back to the primary system in an **integrated** and **real-time**.

Data reliability

The Central Administration departments adhere to permanent audit criteria with respect to transactions reported to the system by the various local offices.

An Ordering System based on segregation of duties (expenses are approved, invoices logged, administrative approvals given and payments ordered by different people in the organisation) and a Collections and Payments Registration System involving the computerised importing of bank statement entries into the system form the basis of controls over the Company's procurements and payments.

Inputting of transactions can be decentralised because all transactions are registered using **standard documentation** and **transaction keys**. In other words, local offices do not need to have knowledge of accounting. Each document used to input data into the system has mandatory fields (customer code, work centre, project, VAT rate, etc.) which, as systems are integrated, prevents any information mismatches.

On the other hand, the system limits which sources are authorised to make changes to the accounting records (for example: transactions from the fixed assets system cannot be added to the receivables accounts). These restrictions ensure that potential errors are reduced.

Once the “daily close” (validation of transactions) has been performed, all entries are verified by Central Administration and any erroneous entries corrected.

All supporting documentation for the registered transactions is archived at Central Administration and reviewed according to the criteria established in the procedures, in full or randomly depending on the channel through which it has been inputted. A high percentage of transactions are reviewed.

Exceptions to the procedure are registered by inputting “**manual**” entries, solely processed by the corporate departments reporting to the General Internal Audit and Finance Sub-Division and by authorised persons.

As the Group’s primary external auditor, **KPMG AUDITORS** through personnel specialised in annual auditing verify that the IT environment ensures data reliability and that no significant risks are detected.

Controlled access

Each local office can only report on the areas of activity within its jurisdiction, while each user only accesses the tasks assigned to them through their **user profile**.

Tasks are organised based on the **segregation of duties** principle.

For security reasons, passwords for local offices to log in to the Central System are automatically changed every two months by the system itself.

The system detects any access made from a different place than usual, even if authorised, by generating a daily list of incidents.

Access security

All access to the system is protected with **firewalls** and **antivirus software** both on **web servers** and local workstations.

Digitisation

In late 2015, Elecnor launched a process to assess the suitability of its systems and the need to evolve to fulfil business demands today and in the future.

While it was concluded as a result of this analysis that the current systems were robust and adequately met the information and operational needs of the organisation, findings of this assessment included the recommendation to develop existing processes, the organisation (people) and systems. This resulted in the design and roll-out of a Digital Transformation process.

The Group’s Digital Transformation process continued throughout 2021, which is involving the re-engineering and digitisation of a significant part of the organisation’s processes.

Domestic and foreign subsidiaries

As in the case of the parent company, all or at least the most significant subsidiaries are subject to continuous internal audit and review.

Taking account of the differences in size of the subsidiaries relative to Elecnor, the different set of standards to which some of these are subject and the varying management needs, it was thought unreasonable to apply the IT management system of Elecnor (the holding company) and the company Elecnor Servicios y Proyectos to all of the Group companies in blanket fashion.

Two IT solutions were therefore adopted in order to maintain a certain level of standardisation between the systems to be rolled out

Domestic subsidiaries

The **general accounting system** adopted as a common solution was **SAGE 200**.

An **analytical accounting system** was developed and bolted on to this general accounting system. This secondary system is similar to that used by Elecnor, S.A., which was developed by **IPARTEK** and generates information similar to that produced in Elecnor, S.A. as per the same criteria.

The Business Consolidation Department is responsible for the monitoring and control of all domestic subsidiaries, and ultimately the Group’s Financial Reporting and Consolidation Department and Internal Audit team, both in turn finally reporting to the General Internal Audit and Finance Sub-Division.

Foreign subsidiaries

In general, the **SCALA** General Accounting System (**ERP**) was rolled out in the foreign subsidiaries, as it allows tax reporting to be tailored to the requirements in each country.

As with the domestic subsidiaries, an analytical accounting module similar to that used in Elecnor – also developed by **IPARTEK** – was also bolted on to the **SCALA** system.

The Business Consolidation Department is responsible for the monitoring and control of all foreign subsidiaries, and ultimately the Group’s Financial Reporting and Consolidation Department and Internal Audit team, both in turn finally reporting to the General Internal Audit and Finance Sub-Division.

Elecnor’s Board of Directors monitors each and every subsidiary of the Group.

Internal Audit

The Internal Audit area, which lies within the General Internal Audit and Finance Sub-Division, identifies and continuously monitors the main risks to which the organisation is exposed and is responsible, among other things, for contributing to the continuous improvement of established control procedures and mechanisms.

On a regular basis, it informs the Audit Committee of the outcome of its work, making it easier for the Audit Committee to fulfil its own supervisory duties.

External Audit

A professional relationship is maintained, at all levels, with the members of the **KPMG Auditors** team.

All the team’s work revolves around analysing the organisation’s degree of “**internal control**”, which is evaluated annually through a **software audit** and a **financial audit** (substantive testing and procedures).

Regarding the financial audit, both the individual annual financial statements and consolidated statements are subject to external audit at the close of each financial year. In addition, the consolidated interim financial statements (first half) are also subject to (limited) review by the external auditor.

All testing of procedures is random, which means they must be kept permanently up-to-date.

In all its work, Elecnor’s administration adopts the same criteria as those applied by the external auditors, remaining in close contact with them to discuss any matters that could give rise to different interpretations. The criterion to be adopted is agreed in advance.

RISK MANAGEMENT FOR FINANCIAL AND NON-FINANCIAL INFORMATION

Among the duties of the Audit Committee established in its regulations is supervising financial and non-financial information.

With regard to supervising financial information, section F, "INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATING TO THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (ICFR)" of this document includes an exhaustive description of the Audit Committee's supervisory role and the procedures and controls in place to manage the risk of errors in preparing financial information.

With respect to non-financial information, the Co-ordinator of the Group's Sustainability Committee directs and organises the drafting of the relevant Non-Financial Information Statement (henceforward, NFIS), while she is supported in this task by a specialist firm with over 15 years of experience in advising on Corporate Social Responsibility and Sustainability.

This process commences with identifying the required content for the NFIS in accordance with both the regulatory framework applying at any time and the key sustainability standards and the materiality assessment carried out, as well as determining the areas in the organisation that have to provide the necessary information. The instructions, templates and forms to report the corresponding information is sent out to the managers of these.

After the Coordinator of the Sustainability Committee has received the appropriate information, both she and her group analyse it thoroughly to draw up various NFIS drafts, which are handed out to the members of the Audit Committee and the Board of Directors, as well as the managers of the different areas taking part and the Group Chief Audit Executive, for review. All comments received are suitably addressed and added to the NFIS.

On the other hand, over the course of the year Internal audit examines both the chief aspects that affect the preparation of the NFIS as well as the procedures and controls in place in the various areas to capture, review and report the necessary information to complete the NFIS. This reviewing process mainly consists of:

- Considering the standards that apply to the NFIS and identifying the information to add to it.
- Attending to and checking on the procedures for capturing, aggregating, processing and reporting the non-financial information from the different areas and confirming the facts.
- Taking charge of the procedure for preparing the NFIS and follow-up of it.
- Reviewing the drafts and final version of the NFIS.
- Providing support for the process of external verification of the NFIS and testing the final indicators.

Without detriment to continuous monitoring of financial and non-financial information the Audit Committee meets at least once a year with the Coordinator of the Sustainability Committee and the Group's Chief Audit Executive to consider and oversee both the drafting and revision of the NFIS and the financial reporting (ICFR). The members of the Audit Committee also meet in January and February (prior to preparation of the annual financial statements, the Annual Corporate Governance Report and the NFIS) with members of the General Internal Audit and Finance Sub-Division, the Coordinator of the Sustainability Committee and the General Secretary to look over the various different versions of the annual financial statements, the Annual Corporate Governance Report and the NFIS and put forward their comments on these items.

The NFIS and the information included in the Annual Corporate Governance Report on the ICFR are reviewed by the external auditor or a firm from the same organisational network, who issue reports on them.

FINANCIAL RISK MANAGEMENT POLICY

Elecnor is exposed to certain financial risks, which it manages through the grouping of identification, measurement, concentration limitation and supervision systems. The management and mitigation of financial risks is carried out in a coordinated manner by the Corporate Area and the different business units and subsidiaries of the Group. Measures to manage financial risk are approved at the highest decision-making level and in accordance with the established rules, policies and procedures.

Exchange rate risks

Variations in interest rates change the fair value of assets and liabilities that accrue a fixed interest rate, as well as the future flows of assets and liabilities benchmarked against a variable interest rate. Elecnor has external financing to carry out its operations, mainly in relation to the promotion, construction and operation of wind farms, solar projects and electricity infrastructure concessions, which are carried out through project financing. This type of arrangement often requires that some of the interest rate risk be contractually covered using interest rate hedging instruments.

Both project financing and corporate financing are mostly arranged at floating (variable) interest rates, using, where appropriate, hedging instruments so as to minimise the interest rate risk of the financing. The hedging instruments, which are specifically assigned to financial debt, have at most the same nominal value and the same maturity dates as the hedged items, and are basically interest rate swaps (IRSs) whose purpose is to have a fixed interest cost for financing originally arranged at floating interest rates. In any event, interest rate hedges are contracted subject to accounting efficiency criteria.

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Liquidity risk

Liquidity risk is mitigated by a policy of holding cash and near-cash items, and highly liquid, non-speculative short-term instruments, such as the temporary acquisition of treasury bills in non-optional reverse repurchase agreements and very short-term US dollar deposits through leading banks to ensure we can meet future associated obligations. We also contract credit facilities for a sufficient sum to meet projected needs.

As of 31 December 2021, the Elecnor Group has a solid liquidity position with cash and available lines sufficient to comfortably meet liquidity requirements even in the event of further market contraction.

Credit risk

Our main credit risk relates to counter parties or customers not meeting their contractual obligations with regard to trade receivables. To minimise this risk, we work with customers with an appropriate credit history; moreover, given the activity and the sectors in which we operate, Elecnor has highly creditworthy customers. Even so, we use mechanisms such as advances, irrevocable letters of credit and taking out credit insurance policies for international sales to non-repeat customers. We also analyse the financial solvency of the customer, stipulating specific contract conditions to ensure collection of monies due.

Under the current regulatory framework for electricity, that generated by our domestic wind farms is sold into the Iberian Electricity Market (MIBEL by its Spanish acronym) and we collect revenues from the market operator, OMIE, subject to a payment guarantees system, as well as the National Markets and Competition Commission (CNMC), the Spanish energy-market regulator, which reports to the Ministry of Industry. On 1 June, the long-term energy sales contract which P.E. Cofrentes signed with CEPESA came into force. Ventos do Sul Energia, S.A., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A., Ventos do Litoral Energia, S.A. and Ventos dos Índios Energia S.A. (Rio Grande do Sul, Brazil) have signed 20-year electricity sales contracts for their output with the corresponding Brazilian electricity distribution companies. In addition, the wind farms in the São Fernando complex recently built in the north-east of Brazil are going to sell part of the energy generated in the short-term market (MCP by its Spanish

acronym) and through a small number of short-term bilateral contracts with retailers until the entry into force of the long-term power sales contracts (most of them for 20 years) from 2022. Eóliennes de L'Érable has also signed a 20-year contract with the Canadian electricity company Hydro-Québec for the sale of the electricity it generates.

With regard to transmission lines that provide their services in Brazil under concession arrangements, the National Electricity System Operator (ONS) is responsible for the system's collections and payments and informs the concessionaire on a monthly basis of the companies that must pay it: generators, large-scale consumers and distributors connected to the system. Prior to their connection to the system, these companies deposited a guarantee which will be enforced in the event of non-payment, resulting in immediate disconnection from the system and distribution of the payment liability among other users of the system. In this way, the concessionaire is guaranteed to be paid by the national electricity system, there having been no default on the part of its users.

In relation to the transmission lines in Chile, the assets currently in operation belong to both the National and Zonal Transmission System, where the National Electricity Coordinator (CEN) is responsible for coordinating the flow of payments to the transmitters. Until December 2018, a scheme was in place whereby generators were responsible for making payments to transmission companies. From 2019 onwards, distributors were incorporated into those responsible for making payments and, therefore, from that date onwards, there is a more robust portfolio of payers. The payment guarantee of the national transmission system is underpinned by a CEN procedure that establishes that in the event of possible non-payment by a coordinator (company subject to coordination by the CEN), the defaulting generator is disconnected from the system, the payment obligation being shared among the rest of the coordinated companies.

Furthermore, in Chile we also have an interest in dedicated transmission lines allocated to counterparties of proven creditworthiness that in most cases have an Investment Grade rating. In such cases the remuneration that we receive is regulated under one of the long-term contracts which we have entered into with these companies that use our infrastructure, either to evacuate the power generated or to ensure their energy supply.

Elecnor always strives to take the most extreme of measures to mitigate this risk and periodically analyses its exposure to credit risk, making the corresponding adjustments for impairment loss.

Market risk

The Group has exposure to the risk of its cash-flows and profits are impacted by factors including movements in energy prices and the oil price. To manage such risk and keep it to a minimum the Group employs hedging strategies.

The Group has a policy of assuring the price of energy with respect to estimated electricity output, the intention being to diminish profit exposure to electricity price fluctuations in Spain via derivative contracts.

Elecnor pays close attention to regulatory risk, especially as this concerns renewable energy, so as to monitor potential effects of this on the consolidated income statement.

In 2020, Order TED/668/2020 of 17 July was published, reviewing the return on investment for the years 2018 and 2019. This revision came about as a result of RD-Law 15/2018, which waived the tax on the value of production on electricity (7%) during the last quarter of 2018 and the first quarter of 2019, since this exemption was not previously taken into account by the Government in calculating the remuneration parameters.

As for wind farms located overseas, Brazil's wind farms have signed long-term (20-year) power contracts of sale with different buyers (Eletrobras, Cámara de Comercialización de Energía Eléctrica, Cemig and distributors), these contracts having been signed within the framework developed by the Federal Government and through private auction. In addition, the first 100% contract-free project in Brazil (24.2MW) that sells its power on the free market has been launched. With respect to the Canadian wind farm, it has signed a 20-year contract of sale with Hydroquebec.

Risk management system

The Elecnor Group has exposure to several risk factors associated with both the sectors in which it operates and the broad range of countries where it is active, either on a stable basis or through one-off projects.

The Group carries out continuous and preventive management of these risks, so as to reduce the likelihood of their occurrence and their potential impact, if any, in terms of turnover, profitability and efficiency, reputation and sustainability, to acceptable levels.

To this end the Group has a dynamic and structured Risk Management System built on these pillars:

- Continuous identification, evaluation and prioritisation of risks.
- Identification of the management and supervisory mechanisms and tools in place with respect to key risks and evaluating their effectiveness.
- Continuous improvement of risk management through developing and implementing initiatives and projects aimed at enhancing management mechanisms and tools.
- Permanent supervision and monitoring of the system.

These management and supervisory mechanisms and tools are built into the various organisational procedures so that they function continuously in the daily course of operations, without detriment to other occasional initiatives or actions that might be established on a case by case basis.

To ensure improved identification and management of core risks, these are grouped into five broad categories:

- Governance risk.
- Strategy, planning and environmental risk.
- Operational risk.
- Reporting risk.
- Compliance risk.

In the context of continuous review and improvement of the Risk Management System in 2021 the Group conducted internal evaluation and planned a set of actions intended to make the system more functional and efficient, chiefly by increasing its focus on business risk and enhancing certain arrangements of systems to monitor the major risks, pinpoint and review key associated management and supervisory procedures and tools, and follow up the relevant improvement-related projects.

OCCUPATIONAL HEALTH AND SAFETY (OHS) MANAGEMENT

Work has continued on the commitment contained in our Integrated Environmental Management, Quality and Occupational Health and Safety Policy, approved and implemented in our Group, to continuously improve working conditions so as to raise the level of health and safety protection of everyone involved in our works and projects.

With the outbreak of the Covid-19 pandemic worldwide in 2020, the Elecnor Group tackled this threat with the aim of limiting the spread of the disease as much as possible among its employees and subcontracted workers in the workplace.

Following all the efforts undertaken over 2020, the Action Plan continued to serve as the cornerstone for the whole of our response:

- Holding meetings of the Pandemic Monitoring Committee, which comprises the Group's Senior Management Team, Risk Prevention Service and Corporate Development. Chaired by our Chief Executive Officer, it carried out exhaustive monitoring of the situation, with regular meetings based on how the pandemic was developing.
- Specific protocols for both Sites and for Fixed Work Centres (warehouses, offices, factories, etc.) were produced consistent with the course of the pandemic towards the new normal.
- There was steady provision of protective equipment (masks, gloves, disposable suits, goggles, hand sanitiser, temperature measurement systems when accessing work centres, partitioning for workstations, disposable tissues, paper bins, specific disinfectants, etc.).

- The protocol for the protection of workers especially vulnerable due to their particular physical conditions continued to be observed.
- Testing (serological, PCR, antigens, etc.) to detect possible infections or to shorten the time required to determine whether our workers were sick.
- Management of confirmed cases and the close and accidental contact with confirmed cases.

All of this has enabled us to manage the pandemic effectively within the in-house scope of our Group. The number of infections seen in the workplace has been low and many of these were in situations related to the work environment and not in the performance of the work itself (catching it at breakfast or lunch, when sharing vehicles to travel to or from sites and outside the working hours when workers living away from home to work on projects spend time with their colleagues).

To highlight the effort made within the Group, we can point to the fact that in Spain alone we have invested over 1,338,800 euros on measures to prevent or limit the spread of COVID-19 within ElecNOR.

It should be emphasised that at peak points of the waves that have been seen, our productive activity and some of the support actions that we carry out for this, such as training, meetings, safety inspections, etc. have been affected by the restrictions/limitations on mobility or direct lockdowns caused by the pandemic throughout our Group.

Throughout the whole pandemic, special emphasis has been placed on performing work to promote information and awareness for our workers and their families, for example by releasing discussion of specific topics every Monday from our "Good morning" Intranet under the heading "Take care of yourself, take care of me" to send clear and practical messages.

In addition to the above description of the actions taken against the Covid-19 pandemic, the following notable activities were carried out during 2021:

- Over 2021 some 20 internal audits were performed pursuant to the ISO 45001 standard throughout 51 days in all. During these several Non-Conformity Observations were made in relation to various points in the standard, mostly on account of one-off errors/failures to comply.

With respect to external ISO 45001 audits, those for ELECNOR and the subsidiaries ADHORNA, ATERSA, DEIMOS SPACE, DEIMOS ENGINEERING, EHISA, ELECNOR INFRASTRUTTURA and JOMAR SEGURIDAD multisite certification (37 days) yielded satisfactory findings. On top of this, the audits for AUDECA (3 days of auditing) and ENERFIN (3 days), which have independent certification, also gave a satisfactory result.

In the International Market 15 internal audits were carried out pursuant to the ISO 45001 standard over a total of 61 days.

Regarding external Health and Safety audits, 9 were conducted in different countries in the International Market which took 58 days overall. These also yielded satisfactory findings which allowed existing certification to be retained, despite one or two minor non-conformities.

Over 2021 the system was adapted to the requirements of the ISO 45001:2018 standard, given that in the year the previous standard based on OHSAS 18001 ceased to be valid and it became necessary to use the new standard for certification.

The auditing for certification in Spain was carried out over May to July, a satisfactory result being attained and certification according to ISO 45001:2018 achieved.

Likewise, all the subsidiaries/branch offices that had their system certified in line with OHSAS 18001 also performed the tasks to adapt and obtain certification with respect to the ISO 45001 standard.

- A total of 1,192 internal site audits were carried out, as a control measure by a central, independent OHS Department, which enables an in-depth analysis of the on-site safety situation.

- More than 85,590 safety inspections have been carried out in the Group to monitor the current conditions in which work is performed. As a result, the necessary corrective measures were taken to improve safety conditions.

- Mindful of the importance of training, and in this area in particular, scheduled activities in this aspect have continued.

Activities were conducted in Spain for an overall group of 28,280 attendees who, for the most part, attended more than one training activity. The total number of training hours in the area of Occupational Health and Safety amounted to 159,338, an increase 42.1% compared to the 112,141 hours given in 2020. There are also other technological and management training areas that also have a significant impact on Occupational Health and Safety, yet which are not included in this total (electrical qualifications/authorisations, work equipment operators, etc.). This increase has been largely due to the smaller impact of the Covid-19 pandemic, but above all on account of the surge in activity.

Split by gender, in Spain 27,319 males and 961 females attended, with males receiving 150,936 hours of training, the figure for females being 8,402 hours.

In the International Market, training actions have been organised for an overall group of more than 226,620 people, most of whom attended more than one training event (this figure includes induction training on embarking on major projects). The total number of training hours in the area of Occupational Health and Safety amounted to more than 452,339, a substantial increase on 2020, when 140,140 hours were given, due to the smaller impact of Covid-19, but above all on account of the surge in activity, which featured larger projects with induction training on arrival for workers.

Divided by gender, in the International Market there were a total of 226,620 attendees, of which 223,493 were males and 3,127 females, with 437,483 hours of training given to males and 14,856 hours to females.

- In addition to the day-to-day activities determined by the Management System, which enables us to comply with the legislation in force with the numerous tasks that are carried out, we are working on two major lines of action that will enable us to continue to make progress towards our goal of zero accidents:

- Over the course of the year work has continued on the second phase of the "Excellence in Safety" Project ("PES" for the Spanish), although performance of the tasks has been slowed down by the Covid-19 pandemic.

In addition, the Working Groups in those countries where work was taking place in 2020 (Angola, Argentina, Chile and Uruguay) have also carried out part of their work-load, adapting and implementing many of the actions defined in the Excellence in Safety Project in Spain, after adapting to the characteristics of each country, with implementation having been virtually completed in all four.

On the other hand, the elements of the PES still outstanding in Italy have all been implemented, since a great deal of the activities had already been carried out there (SegurT, Notific@, meetings to raise awareness, etc.)

Implementation of the PES commenced in Brazil and Mexico, countries where this is more recent, making headway in a large portion of the lines of action and completion expected in the opening four months of 2022.

- In 2021 initiatives that had been planned have been launched or consolidated within the "Digital Transformation" project, several of which are worth noting:

The tool for completing MRPs ("Main Risk Permits") has been fully implemented throughout Spain. In 2021 MRPs executed totalled 316,000 in Spain.

Over 2021 several of the modules of the new CORE tool have been developed, which will enable it to contain all the processes developed in our Integrated Management System (planning, objectives, risks and action plans, improvement management, internal audits, follow-up of corrective measures, etc.). Many of these have also been implemented in the Domestic Market (improvement management, meetings, internal audits and follow-up of corrective measures).

Development of the new Segurplan has also been finalised, which will enable swifter risk assessments, and OHS Studies and Plans.

Work on improving SegurT and MRPs has continued, for them to be used across the entire International Market, as well as several enhancements that have helped to make them two applications that are more user-friendly and carry out monitoring more easily.

In this regard, various upgrades have been developed to facilitate integration of the databases of personnel at subsidiaries and offices in the International Market, meaning that the user data handled to make payrolls in each country can be used without having to make manual adjustments.

There have also been less far-reaching initiatives which have helped perform activities: re-structuring and alteration of the intranet, unifying of documentation and criteria in e-coordina as regards access and payment requirements, roll-out of the new e-pocket app, which facilitates on-site querying of the data of our sub-contractors to be in a position to improve monitoring, etc.

On the other hand, in 2021 we continued the process of implementing the various computer Health and Safety tools (SegurT, Notific@, MRPs, e-coordina) in different countries in the International Market (Australia, Brazil, Mexico, etc.), adapting them to the existing legislation and their specific features, a process that will culminate in future years throughout the International Market.

- Measures to monitor subcontractors have continued, with many of the inspections carried out being directed at work performed by them, with coordination and information meetings being held with them.

Within the activities we perform at Elecnor to promote continuous improvement of Health and Safety in our subcontracted work, on 28 October we held the ceremony for the first Aliado Awards, which are intended to incentivise and reward the good practices which our sub-contractors develop. This is to raise the bar for their standard of OHS and for them to collaborate in achieving our ultimate goal of zero accidents. The awards were presented against the backdrop of the European Week for Safety and Health at Work to make a bigger splash in this area.

These awards originate from our Excellence in Safety Project within the line of activity that aims to improve the performance of our subcontractors in Health and Safety and in the Working Group for High Level Risk Mapping.

We invited candidates for the awards in two categories, "Self-employed people and firms of less than 50 workers" and "Companies with over 50 workers". We sent invitations to take part to over 7,500 active sub-contractors in e-coordina. We received a total of 30 candidatures, which were shortlisted to 19 across the two categories after review.

A jury of outside and in-house judges studied the 19 candidatures and chose a winner and two finalists for either category. They invited these to the event to reveal who had won and present the awards and other accolades.

- In the International Market, in addition to continuing with the preparation of indices with the data on subsidiaries and branches and coming closer to mirroring the activities developed in the Domestic Market, and the actions forming part of the PES Project in its internationalisation phase mentioned above (and after pandemic travel restrictions were eased), the OHS Coordinator for the International Area commenced control and coordination visits in that market, going to Panama, Mexico, the Dominican Republic, Brazil, Uruguay and Angola in 2021.

- In the course of the year we began to send out emails every Monday which covered issues such as eating healthily, managing stress etc. with a view to improving the health and welfare of our workers and their families.

All of these activities have been reflected in the injury frequency index for the Domestic Market closing at 3.4 (the figure for the year is the best within the historic series) and the severity index came in at 0.16, compared to 0.15 in 2020.

In the International Market the injury frequency index closed at 1.9 for the year, having marked 1.6 in 2020 (this year's reading is the second lowest for the historic series), whereas the severity index reached 0.07 in 2021, against 0.04 in 2020.

With regard to the ELECNOR Group total, the injury frequency index reached a value of 2.7 this year, equalling the figure in 2020, while the severity index ended at 0.11 this year compared to 0.10 for 2020.

The injury frequency index has repeated its best reading since 1967 when our indices began, whereas the severity index is the second best ever achieved, bettered only in 2020.

E.2. IDENTIFY THE BODIES WITHIN THE COMPANY RESPONSIBLE FOR PREPARING AND EXECUTING THE FINANCIAL AND NON-FINANCIAL RISK MANAGEMENT AND CONTROL SYSTEM, INCLUDING TAX RISK.

The Audit Committee has among its responsibilities the supervision of the effectiveness of the Company's internal control, internal audit and the risk management and control systems, both financial and non-financial, as well as the process of preparing and presenting the mandatory financial information, reviewing compliance with regulatory requirements, proper delimitation of the consolidation scope, and proper application of the accounting criteria. In addition, the Audit Committee is responsible for establishing the opportune relationships with the external auditor to receive information on those issues relating to the process of performing the audit of accounts as well as to discuss with them any significant weaknesses in the internal control system that may have been identified through this audit process.

The Audit Committee regularly supervises the Group Risk Management System (see the reference to this in point E.1) and reviews the main risks identified and assessment of them, the key management and control procedures and tools rolled out in connection with these, and the chief projects to improve these procedures to continue to make headway in the process of ongoing improvement to Group management. To fulfil its duties in relation to overseeing the Risk Management System, the Audit Committee relies on the Group's internal audit department. Specifically this is the area charged with coordinating analysis of particular risks according to the needs established in each case (priority risks), keeping the Group's risk mapping up-to-date, identifying and reviewing the appropriate design and operational capability of the management procedures and tools in place to deal with the various risks, following up the improvement projects defined by the areas in charge of managing each of the risks; designing, presenting and executing its own internal audit action plan in relation to the various risks, and capturing and calculating certain indicators specified for the various risks, as well as reviewing the indicators calculated by the relevant areas managing this. Without detriment to the continuous monitoring of the organisation's main risks and the principal control methods associated with them which the Audit Committee carries out, the audit team regularly reports to it and the Management Committee on the development of the different plans defined within the framework of the organisation's Risk Management System.

E.3. INDICATE THE MAIN FINANCIAL AND NON-FINANCIAL RISKS, INCLUDING TAX RISKS, AS WELL AS THOSE DERIVING FROM CORRUPTION (WITH THE SCOPE OF THESE RISKS AS SET OUT IN ROYAL DECREE LAW 18/2017), TO THE EXTENT THAT THESE ARE SIGNIFICANT AND MAY AFFECT THE ACHIEVEMENT OF BUSINESS OBJECTIVES .

The Elecnor Group's main risks are grouped into five broad categories:

Governance risk: Relative to the structure and form of the organisation's governance (structure and composition of the administrative body, risk management, social responsibility and sustainability strategy and identification and management of stakeholder expectations).

Strategy, planning and environmental risk: That associated with the key variables and decisions of a strategic nature, the way in which strategy is implemented and environmental shifts or changes that could have a significant bearing on the organisation's activities and achievement of its objectives. Most notable among such risks are those relating to:

- The business model
- Managing and addressing changing customer needs
- Growth
- Subcontracting strategy
- Business concentration

- Changes to the market, industry and competition
- Climate change
- Public health
- Laws and regulations
- The social or political situation
- Trends in exchange and interest rates

Operational risk: Concerns the way in which the organisation pursues its activities and manages its resources according to established processes and procedures. They comprise risks associated with project management, asset management and maintenance, the supply chain, business management, financing, credit, liquidity, financial planning and budgeting, legal risk, human resources and information systems, among others.

Reporting risk: Risk relating to information management, both internally and externally, including risks ranging from data capture and processing to drafting reports and handing them out to intended recipients, whether these are management reports or those that are mandatory (annual financial statements, tax returns and reporting etc....).

Compliance risk: Relating to mechanisms in place to ensure compliance with laws and regulation and the organisations policies and procedures, notable among these items being areas such as promoting and consolidating a compliance culture, actual management of risks of this kind and the reporting or management of incidents.

Moreover, notable among the major risks managed within the Compliance System are those concerning corruption, money laundering and the financing of terrorism, the spheres of competition law, and those relating to tax matters, the environment or human rights, among others.

E.4. INDICATE WHETHER THE ENTITY HAS RISK TOLERANCE LEVELS, INCLUDING FOR TAX RISK.

The company has mechanisms that enable it to gauge the level of exposure and scale of certain risks that affect it in the course of its activities.

Specifically, the company has a methodology in place to assess both the potential impact and the probability of occurrence of the risks pinpointed within its Risk Management System. This measures the impact discussed in terms of its effect on turnover, profitability and efficiency; on reputation, and on the sustainability of the business model itself. Having obtained a measurement for inherent risk (impact plus probability) for each of the risks mentioned, we examine to what extent these are better or worse managed and controlled using the procedures, controls, resources and tools for management currently in place and arrive at the residual risk.

The bodies in charge of overseeing the risk management and control systems (the Board of Directors, Audit Committee and Senior Management, backed up by the internal audit department – see points E.1 and E.2 above) take into consideration both the inherent risk assessment and the residual risk when they prioritise the risks for which they plan and assign resources to enhance management, control or supervision and continuous follow-up of them.

E.5. INDICATE WHICH FINANCIAL AND NON-FINANCIAL RISKS, INCLUDING TAX RISKS, HAVE MATERIALISED DURING THE YEAR.

The following are the risks which we consider the most significant:

1.- Legal

The Company has a Legal Department and legal services in its main Business Areas and Subsidiaries, which provide a multidisciplinary advisory service (corporate, powers of attorney, industrial property, review of contracts, joint ventures/ consortia, proceedings, claims, arbitration, subcontracting, etc.), both for domestic and international business. Nevertheless, despite this advisory service, the Group is currently involved in several proceedings whose resolution is not expected to affect its profit and loss account.

On 31 May 2017, the CNMC (National Commission on Markets and Competition) notified the Parent Company of the initiation, together with 15 other companies, of a sanctioning procedure for a possible infringement in the field of construction and maintenance of electrification systems and electromechanical equipment on railway lines. On 14 March 2019, the Council of the CNMC issued a decision reducing the penalty with respect to the draft resolution dated 31 August 2018 to EUR 20.4 million. In May 2019, the Company filed an appeal which was accepted for processing and on 16 July 2019 the Spanish National Court of Justice announced the suspension of the execution of the CNMC's decision of 14 March 2019, subject to the provision of collateral in the form of a bank guarantee

On 26 September 2019, the Parent Company received a Case Management Order from the Spanish National Court of Justice summoning it to file a lawsuit, which it submitted on 11 November 2019 in a timely and proper manner.

In view of these facts and, based on the assessments of the Parent Company's legal advisers, despite considering that there are still solid arguments to challenge the CNMC's inspection activities, due to recent events in the framework of other appeals against the resolution, as well as developments in other proceedings in the Spanish National Court of Justice in the last 12 months, where the arguments presented by the parties have been rejected, thus confirming the CNMC's decision, the Group recognised a provision to cover this risk in 2019 for an amount of EUR 20.4 million, on estimating that the probability of the appeal being upheld is less than 50%. At 31 December 2021 this provision is being maintained under the "Others" category, given that the situation has remained unchanged over this financial year.

On 17 January 2020, the Central Court of Investigation No. 5 issued an order for the opening of oral proceedings with respect to a former employee of the Group and with respect to the company Deimos Space, S.L., due to its alleged criminal liability as a legal person for possible corruption offences in international commercial transactions and money laundering, and the institution is required to provide bonds amounting to EUR 1,460,000 for civil liability, as well as additional bonds amounting to EUR 10,240,000 and EUR 2,625,000, the latter in order to respond to possible and future pecuniary and commissary liability.

The Group has submitted its shares in the Deimos Group to cover the above bond.

The Group is in complete disagreement with the aforementioned court decision and is exercising its rights in the proceedings, appealing against the bond order issued and requesting its full acquittal, as is the former Group employee with their own legal defence, and deems that there is no evidence in these proceedings to support the conviction of Deimos Space, S.L. to a sufficient degree of certainty beyond all reasonable doubt, nor of its former employee, and, therefore, the Directors of the Parent Company, in accordance with the terms of the defence brief presented, consider that the probable result of the oral proceedings will be acquittal, which, consequently, will not entail criminal or civil liability.

On this basis, the Company's Directors do not believe that this will have any impact on the recoverable value of the net assets contributed by the Deimos Group in the amount of approximately EUR 12 million.

In any event, within the framework of the continuous improvement of its risk management and internal control systems, in 2019 the Group initiated a process of reviewing and improving its compliance system in the field of competition regulations, integrated within its compliance system, to adapt it to the current environment, to the expectations and demands of the regulators and to best practices. Deloitte's expert advice has been received for this process. Within the framework of this project there has been a thorough review of the main risks to which Elecnor is exposed in the field of competition law and of the procedures, protocols and controls currently in place. A number of improvements to these have been identified, as well as potential new controls to be developed, which Elecnor is implementing. Notable within these measures is revision of the Elecnor Group's Code of Ethics and Conduct which, among other alterations, has reinforced messaging in the field of competition law, and most particularly approval and publication of specific policy on competition regulations (Competition Policy of the Elecnor Group) as well as a supplementary quick-start guide to help the Group's professionals gain a better understanding of current legislation and associated risks in this area. In addition, in order to strengthen the awareness and knowledge of competition law among its employees, a specific training programme for management (almost 250 people) has been designed and delivered over the course of 2021 with the support of Deloitte.

2.- Tax

In 2018, the inspections carried out by the Central Office of High-Income Taxpayers at the Spanish Tax Agency were concluded, with the signing of disputed assessments, where corresponding settlement agreements entailed an obligation to pay a total amount of EUR 14,208,000.

Contrary to settlement agreements arising from the signed disputed assessments, the Company filed economic-administrative claims with the Central Economic-Administrative Tribunal on 28 December 2018. In the currently reviewed financial year this Tribunal decided to dismiss the claims filed except for the one concerning the deductibility of interest on arrears. In December 2021 an administrative appeal was filed with the Spanish National Court of Justice as well as a petition for suspension of enforceability of the decision including the offer of a bank guarantee as collateral, which was lodged with the Tax Office (AEAT) under administrative procedure.

On the other hand, in 2021 the inspection procedure begun in 2019 finalised with the signing of undisputed assessments which entailed the payment of EUR 5,600,000 as well as a disputed assessment for the total sum of EUR 2,900,000.

In December 2021, in connection with the settlement agreement arising from the disputed assessment the Company filed an economic-administrative claim with the Central Economic-Administrative Tribunal.

Given this state of affairs, in conjunction with their tax advisers and in keeping with a policy of prudence in 2019, the Company's Directors decided to provision the amounts claimed in the settlement agreements that were appealed against and concerned discrepancies in the interpretation of related-party transactions, given the greater probability of the review bodies confirming the proposal of the tax authorities rather than not doing so.

Additionally, in 2019 and 2020, as well as in the year presently under review, a provision was recognised to cover the potential impact of non statute-barred financial years in regard to the disputed assessments signed owing to discrepancies in the interpretation of related-party transactions given that the same policies were followed with respect to transfer pricing as in previous years.

3.- Financial

In September 2021 the Elecnor Group signed a novation of the Syndicated Loan Agreement formalised in 2014. The novation extends the due date by a little over two years, up to September 2026. It includes a voluntary early repayment of EUR 150 million of the Loan Tranche and an increase of EUR 100 million for the Credit Tranche. The loan facility therefore comes to have a limit of EUR 350 million divided into a Loan Tranche of EUR 50 million and a Credit Tranche of EUR 300 million. This lending arrangement complies with the requirements which the "Sustainability Linked Loan Principles" establish, meaning it can be rated as sustainable.

In financial 2021 the Elecnor Group executed three long-term private placements totalling EUR 100 million:

- EUR 50 million over 10 years in sustained loan form, placed by Banca March.
- EUR 20 million over 10 years, which moreover is compliant with "Green Loan Principles" since the funds are to be used on projects rated as green, placed by B. Sabadell.
- EUR 30 million over 14 years in sustainable bonds, also placed by B. Sabadell, which went onto MARF, the Alternative Fixed-Income Market. They have an Elecnor Group BBB- (investment grade) rating given by Axesor.

With this re-structuring Elecnor Group has managed to extend the terms for its funding at the long end to average lives of around 10 years while keeping cost levels low.

4.- Economic

Certain risks of an economic and financial nature have emerged, most notably those relating to the management, negotiation and collection of claims submitted in the context of project execution, delays in the collection and/or non-payment of commercial debts, the correction of margins expected at the end of the work, the management of discrepancies and disputes at project

closure and exchange rate movements. Within the framework of its Risk Management System, the company identifies and continuously monitors these risks, evaluating the impact that they may have on its economic and financial performance, taking the measures that are deemed appropriate, in each case, based on these analyses. In this regard, and by virtue of this ongoing analysis and monitoring, the Company records the appropriate entries and breakdowns in its annual financial statements so that they accurately reflect the impact of these risks, and both adjusts its cash forecasts and plans its financial needs, while also identifying the causes that have led to the occurrence of these risks, implementing measures that reinforce its risk monitoring and control activities in a process of continuous improvement.

5.- Occupational Health and Safety (OHS)

During the 2021 financial year, the biggest issue that has been observed in the Group, apart from those arising from the COVID-19 pandemic, is the serious occupational accidents of construction workers, both the Group's own workers and those of subcontractors, in the performance of their tasks, many of which are the result of non-compliance or errors on the part of the workers themselves.

To reduce this accident rate, the development of the "Excellence in Safety" Project has continued to progress in 2021. The fundamental objective of this project is to achieve a behavioural change in all our workers in order to raise the level of risk perception and reduce the number of accidents. Work has been carried out on the second phase of this project in Spain, and this has been largely undertaken in the International Market in those countries where such efforts were already taking place in 2020 (Angola, Argentina, Chile, and Uruguay), while roll-out has already begun in two other new countries (Brazil and Mexico). The health and safety initiatives developed as part of the "Digital Transformation" Project have also contributed to raising the level of health and safety standards in our works and projects, with efforts being likewise directed at implementation in the International Market in 2021.

In any case, when a significant accident occurs, regardless of the result of the injuries, action plans continue to be implemented in the event of these accidents, with the implementation of additional training measures, work supervision and the organisation of the necessary human and material resources, improvements to work equipment or PPE, etc.

6.- Labour relations

It should be noted that during 2021 regulatory changes which were initiated in the previous year have been implemented. These relate to "equality", "time cards/tracking", etc., for which reason various Labour and Social Security Inspectorate (I.T.S.S. for the Spanish) campaigns in these areas have been envisaged which, though they began in 2021, are still only confirmatory and token, and have not yet led to punitive action by the Labour and Social Security Inspectorate.

Though these campaigns are expected to entail an increase in the number of inspections, they do not jeopardise the viability of the company, there being no risk of any significant fine or settlement.

The change to the modus operandi of the I.T.S.S. does appear significant however – with so-called "anti-fraud bots" coming into play, which means that they require irregular situations to be rectified prior to deploying a traditional inspection.

2021 has seen these being used to monitor temporary employment, requiring that temporary contracts are converted into permanent ones. This form of conduct has not represented any economic detriment, although it has marked a change of trend and invited reconsideration of the actual temporary nature of the workforce.

We must not forget the exceptional situation during this year caused by the global Covid 19 pandemic. Even though we did not find ourselves facing the same set of problems as in 2020, this has affected normal Labour Relations, both internally due to the protocols to follow and externally on account of the shift in relations with the public authorities. The most relevant fact in 2021 was that the 14 Temporary Workforce Restructurings in 2020 as a direct or indirect consequence of the pandemic have been ruled to be definitive and accorded merit, with only one of them subjected to judicial review.

It should be noted that on the last working day of the year the Official State Gazette (the BOE for the Spanish) published Royal Decree Law 32/2021, which will lead to an overhaul of the labour market in 2022 which mainly affects types of contracts (limiting those temporary in nature), collective bargaining, outsourcing or subcontracting and Temporary Workforce Restructurings.

7.- Other Compliance risk

In 2021 there were no compliance risks that had a significant impact on the Group's results, image and/or reputation.

E.6. EXPLAIN THE RESPONSE AND OVERSIGHT PLANS FOR THE COMPANY'S MAIN RISKS, INCLUDING TAX RISKS, AS WELL AS THE PROCEDURES FOLLOWED BY THE COMPANY TO ENSURE THAT THE BOARD OF DIRECTORS RESPONDS TO ANY NEW CHALLENGES THAT ARISE

Oversight of the Risk Management and Control System mentioned in point E.1 is performed at the very top of the Company, namely by the Chairman, the CEO, the Audit Committee, the Board of Directors and the Management Committee.

Notwithstanding this and to mitigate or redirect the risks described in sections E.3 and E.5, the Company has the necessary Corporate Organisations, resources and working methods, which analyse, supervise and propose specific actions so that any risks detected affect the Company as little as possible, reporting their conclusions and suggestions to the affected Areas and fully briefing the persons and bodies mentioned in the previous paragraph.

F) INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATING TO THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (ICFR)

Describe the mechanisms forming your company's risk management and control systems within Internal Control over Financial Reporting (ICFR).

F.1. THE ENTITY'S CONTROL ENVIRONMENT

Report on at least the following, describing their principal features:

F.1.1. THE BODIES AND/OR DEPARTMENTS THAT ARE RESPONSIBLE FOR: (I) THE EXISTENCE AND MAINTENANCE OF AN ADEQUATE AND EFFECTIVE ICFR SYSTEM; (II) ITS IMPLEMENTATION; AND (III) ITS SUPERVISION.

The responsibility for the existence and maintenance of an adequate and effective Internal Control System in relation to the Financial Reporting process (ICFR), as well as its supervision, is assumed by the Audit Committee, a body which has delegated the tasks of designing and verifying the effective implementation and operating capacity of the ICFR to Elecnor's General Internal Audit and Finance Sub-Division.

To this end, the Regulations of the Elecnor Board of Directors expressly establish that one of its own functions is to identify the main risks of the Company and to implement and monitor the appropriate internal control and information systems, specifically to supervise the process for the preparation and submission of financial information. In addition, these Regulations, the Company's own Articles of Association and the Regulations of the Audit Committee itself establish that the Audit Committee's responsibilities include the supervision of the effectiveness of the Company's internal control, internal audit and systems for managing risk, both financial and non-financial, as well as the process of preparing and submitting the mandatory financial information, reviewing compliance with regulatory requirements, proper delimitation of the consolidation scope and proper application of the accounting criteria.

The Audit Committee is also responsible for establishing appropriate relations with the account auditors to receive information on any matters that may jeopardise their independence and any other matters relating to the account auditing process. In the

specific area of auditor independence and through the internal procedure established in this respect, the Audit Committee is responsible for pre-approving, directly or indirectly through Internal audit and from an independent perspective, any proposal for non-audit services submitted by the Group's external auditor. It also annually obtains written confirmation from the auditors of their independence and information on the additional services which they provide, and issues the required report in this respect prior to issuing the audit report.

F.1.2. INDICATE WHETHER THE FOLLOWING EXIST, ESPECIALLY IN RELATION TO THE DRAWING UP OF FINANCIAL INFORMATION:

- Departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) clear definition of lines of responsibility and authority with an appropriate distribution of tasks and functions; and (iii) ensuring that adequate procedures exist for their proper dissemination throughout the entity.

The General Internal Audit and Finance Sub-Division, together with the relevant heads of each related department, are responsible for designing the organisational structure and the lines of responsibility and authority with regard to functions concerning the process of preparing financial information. Any changes to the organisational structure made during the financial year are reported to the Communications Area, which periodically updates the organisational charts, which are then incorporated into the common computer directory to which all employees have access (intranet).

Persons responsible for the administration and recording of transactions with a direct impact on the process of preparing financial information (corporation, local offices and subsidiaries) are functionally under the General Internal Audit and Finance Sub-Division.

- Code of conduct, the body approving this, degree of dissemination and instruction, principles and values covered (stating whether there is specific mention of record keeping and preparation of financial information), body charged with analysing breaches and proposing corrective actions and sanction.

The Elecnor Group's Code of Ethics and Conduct, and the documents that implement it, apply to all of the companies within the Group and all of the business and activities which it pursues in all of those countries where it operates. Their essential mission is to disseminate the Group's business philosophy among all of its employees and all of the people and companies who collaborate with it in its operational activity (such as suppliers, subcontractors, consultants or advisers, business partners and co-workers in general). They also lay down the guidelines that should inform their personal and professional conduct in carrying out their activities. Among those documents that develop the Code of Ethics and Conduct is that on Compliance Policy, which expands on the behaviour expected of Elecnor employees and the natural and legal persons that have regular dealings with Elecnor to ensure compliance with what is lawful. The Board of Directors of Elecnor approves these documents and they are available to all employees and interested third parties on Elecnor's website within the "Sustainability" section, as well as on the corporate intranet.

The Elecnor Group enforces a zero tolerance policy for malpractice in contravention of any provision as regards ethics and integrity and expects its professionals and third parties with whom it deals to keep their conduct and actions permanently aligned with the principles and values which the Code of Ethics and Conduct establishes, as well as with the regulations or legislation on which it is based and/or the policies or procedures that implement it.

With respect to the sphere of information which the Elecnor Group shares with third persons and publishes, the Code of Ethics and Conduct stipulates that "Our related parties... must be able to trust in the truthfulness and integrity" of it. It also states that "Our books and records must faithfully and clearly reflect our transactions to a reasonable level of detail and in harmony with generally accepted accounting principles and policy" and we stress that, to a greater or lesser extent, we all contribute to the process of recording transactions properly and keeping records of information, without detriment to the fact that certain employees have more specific duties in this field.

The Elecnor Group keeps a Compliance System fully operational, which is designed and operates in accordance with best domestic and international practices, to prevent and manage risks appropriately that relate to the potential violation of the principles, values and guidelines for behaviour set out in the Code of Ethics and Conduct and other associated regulations, policies and procedures. The Chief Compliance Officer and the Compliance Committee (which the Audit Committee and the Board of Directors delegate) are in charge of continuous improvement and proper functioning of the Elecnor Group's Compliance System. More specifically

the Compliance Committee is tasked with supervising, monitoring and controlling the Compliance System and ensuring constant review and upgrading of it, as well as that it operates effectively. Moreover, among its other responsibilities it is the body entrusted with looking into potential contravention of the above-mentioned principles on how to act and lawfulness, and reports its conclusions to the Audit Committee so that it can decide to take any corrective action and disciplinary measures. The Compliance Committee currently comprises nine people from assorted corporate areas and the legal department in the various different business activities. The body structurally and functionally operates under the Audit Committee, to whom it regularly reports on its work.

The Compliance Committee is in charge of organising recurring training cycles, which are intended for as many of the organisation's employees as possible, covering the organisation's values and undesirable risk behaviour. Training cycles are carried out through classroom sessions, on-line training or handing out outreach brochures. This training plan is part of the organisation's training programme. When new employees are hired, including temporary ones, the Elecnor Group provides them with a copy of the Code of Ethics and Conduct, and the Compliance Policy in the welcome pack. All the new structural employees joining the organisation in Spain also receive an online induction course which includes a specific and very highly-evolved unit on our principles and values, and the Elecnor Group's Compliance System.

- Whistle-blower channel allowing notifications to the Audit Committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, indicating whether this channel is confidential and whether anonymous notifications can be made, protecting the rights of the whistle-blower and the person reported.

All Elecnor Group professionals have an obligation to report any irregular practices and unlawful or unethical behaviour which they may become aware of or witnesses to immediately. To this end and at no detriment to other, less formal channels, the Elecnor Group provides its professionals and/or third parties having a legitimate interest with a confidential channel through which to (i) express any doubts about how to interpret the Code of Ethics and Conduct or its implementing regulations, (ii) put forward suggested improvements to existing internal control systems, or (iii) report in good faith with regard to conduct that is irregular or runs contrary to the provisions set out in the Code, regulations upon which it is based, policies and/or procedures that build on it, or legislation in force. Access to this channel is via an email address (codigoetico@elecnor.com) and/or traditional post (to "apartado de correos nº 266-48080"). These channels are fully up and running and are clearly set out in the Code of Ethics and Conduct, Compliance Policy and other related policies, on the corporate website or intranet, and in other public communications or publications, such as the Integrated Report.

Such reporting should preferably be specifically addressed by name and will all be reviewed and treated confidentially and in observance of the regulatory framework on personal data protection as well as the procedure laid down for this. Notwithstanding this, and if anonymous reports are received, these are studied alike by those in charge of the Ethics Channel and, where the argumentation in these appears sound, they are processed and investigated in line with the procedure discussed. The Elecnor Group does not tolerate reprisals against anybody using the established channels for reporting potentially irregular conduct in good faith.

Those supervising the Ethics Channel (who are appointed for such purpose among the members of the Compliance Committee) are in charge of taking receipt of and processing incoming reports and then identifying their nature and assessing how important they are, as well as deciding which department or unit at the Elecnor Group is best suited to resolving them. The Ethics Channel supervisors report directly to the Audit Committee on notifications received, the enquiries carried out and the conclusions reached. The final decision on disciplinary action to take falls to the Audit Committee.

The actual Regulations of the Audit Committee of Elecnor stipulate that the Committee's functions include setting up and supervising a mechanism to allow employees and people associated with the Company, such as Directors, shareholders, vendors, contractors or sub-contractors, to report potentially important irregularities, including those of a financial, accounting-related or any other nature in connection with the Company and which they notice within it or its Group. This mechanism must guarantee confidentiality and, in any event, provide for cases where the reporting can be made anonymously, protecting the rights of the whistle-blower and the person reported, while they regularly receive information on its functioning and can propose any appropriate action to improve the mechanism and lessen the risk of irregularities going forward.

- Training and periodic refresher programmes for personnel involved in the preparation and revision of financial information, as well as in the assessment of the ICFR system, covering at least accounting standards, auditing, internal control and risk management.

The training and development policy is integrated into the Human Resources Integrated Management System.

The Department of Performance Management, Training and Development is responsible for designing and configuring training itineraries for Elecnor's structural personnel, depending on the position held and the training needs identified by the different areas. In particular, for staff with responsibilities in the financial field or who need to improve their skills in this area, there is a specific financial training programme. Thus over 2021 several courses have been delivered as part of this programme, such as finance for non-financial staff, financial statement analysis, financial project management and project valuation, and investment analysis.

Elecnor also provides its employees with regular training in the field of Compliance, which, among other issues, provides them with a better understanding of the main risks of this nature and the internal control elements established for their adequate prevention and management.

In addition, the heads of the departments most directly involved in the preparation and review of the financial information as well as in the evaluation of the ICFR maintain ongoing close communication with the external auditors and other accounting experts, who inform them promptly of new developments in accounting matters and risk management and internal control of financial information, and provide them with material and assistance for updating of it. If necessary, depending on the extent and importance of the new developments, as well as the group concerned, specific courses are designed on the subject.

F.2. ASSESSMENT OF RISKS IN FINANCIAL REPORTING

Report on at least the following:

F.2.1. THE MAIN CHARACTERISTICS OF THE RISK IDENTIFICATION PROCESS, INCLUDING RISKS OF ERROR AND FRAUD, AS REGARDS:

- Whether the process exists and is documented.
- Whether the process covers all the objectives of financial reporting, (existence and occurrence; completeness; valuation; presentation; disclosure and comparability; and rights and obligations), whether it is updated and if so, how often.
- The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex corporate structures, holding companies or special purpose vehicles.
- Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.
- The governing body within the company that supervises the process.

The process of identifying risks in relation to the process of generating and issuing financial information falls within the remit allocated to the General Internal Audit and Finance Sub-Division by the Audit Committee.

To summarise, this risk identification process has the following characteristics:

- Analysis of the consolidated annual financial statements for the year to identify the relevant headings in the financial statements and breakdowns.
- On the basis of this information, those processes from which transactions are processed are identified and finally reflected in the aforementioned relevant headings and breakdowns.

- Lastly, the relevant risks that may lead to errors in the process of generating and issuing financial information are identified and prioritised for each of the afore-mentioned processes. Accordingly, each risk identified relates to one or more of the potential errors in the process of generating and issuing financial information, such as integrity, accuracy, occurrence, cut-off, valuation and allocation, and classification and comprehensibility mainly.

The operation of the ICFR oversight system is structured around the Elecnor Group's Annual Internal Audit Work Plan. The Annual Plan is prepared by the General Internal Audit and Finance Sub-Division and presented to the Elecnor Audit Committee for approval. Among the tasks included within the Annual Plan is reviewing both the risks and main controls that relate to preparing financial information and the significant risks with a potential impact on the financial statements.

The review of the scope of consolidation is carried out twice a year to coincide with the consolidation process. Corporate transactions are approved by the Board of Directors and reported to the General Internal Audit and Finance Sub-Division for the updating of the Group's scope of consolidation.

In performing its tasks, the General Internal Audit and Finance Sub-Division continuously monitors the Group's activity, which enables it to identify any significant risk in the different areas of business and activity that could have a significant impact on the financial statements. The General Internal Audit and Finance Sub-division reports these risks, as well as their potential impact on the financial statements, to the Audit Committee at the various meetings which the Committee holds.

F. 3. CONTROL ACTIVITIES

Report on whether the company has at least the following, describing their main characteristics:

F.3.1. REVIEW AND AUTHORISATION PROCEDURES FOR FINANCIAL INFORMATION AND A DESCRIPTION OF THE ICFR, TO BE DISCLOSED TO THE SECURITIES MARKETS, INDICATING THOSE RESPONSIBLE, AS WELL AS DOCUMENTATION DESCRIBING THE FLOW OF ACTIVITY AND CONTROLS (INCLUDING THOSE RELATING TO THE RISK OF FRAUD) OF THE VARIOUS TYPES OF TRANSACTIONS WHICH MAY MATERIALLY AFFECT THE FINANCIAL STATEMENTS, INCLUDING ACCOUNTING CLOSING PROCEDURES AND THE SPECIFIC REVIEW OF SIGNIFICANT JUDGEMENTS, ESTIMATES, VALUATIONS AND PROJECTIONS.

With respect to the accounting closing procedure, in conjunction with the General Accounting Department, the Management Control Department annually prepares the closing calendar which includes the closing dates, rules and instructions. This calendar is made available to all staff involved through email and the computerised directory. In addition, the Elecnor General Accounting and Management Control departments underpin the accounts closing process, both monthly and yearly, through closing checklists.

With respect to subsidiaries, the Management Control, Consolidation and Internal Audit Departments permanently monitor the subsidiaries that make up the Elecnor Group, assigning the monitoring of the various investees to the Subsidiary Controllers. On a monthly basis, these controllers send the Consolidation and Internal Audit areas the integration files, which include all relevant information from the subsidiaries. If deemed necessary, subsidiary follow-up meetings are also held.

The Management Control and Consolidation departments prepare all the documentation relating to analysis of the Group's performance on a monthly basis for presentation to the Board of Directors, which is previously reviewed by the General Internal Audit and Finance Sub-Division.

With regard to the procedures for reviewing and authorising financial information to be published on the securities markets, a distinction is made between these levels of relevant information:

- Annual and interim financial statements

The head of Elecnor's General Accounting Department is responsible for preparing the individual annual financial statements. The Head of Consolidation is also responsible for preparing the consolidated annual financial statements and the consolidated interim financial statements.

Subsequently, the individual and consolidated annual financial statements are reviewed by the heads of the various corporate areas of Elecnor, the General Internal Audit and Finance Sub-Division, the Audit Committee and the Board of Directors. The Audit Committee receives the annual financial statements sufficiently in advance to ensure adequate review of them and meets with the external auditors prior to the meetings of the Board of Directors where the annual and interim financial statements are prepared.

- Description of the ICFR

The General Internal Audit and Finance Sub-Division is responsible for preparing the description of the ICFR. This process culminates in a review of it by the Audit Committee and approval for it as part of the Annual Corporate Governance Report by the Board of Directors.

- Notifications to the CNMV

The department or subsidiary from which the information to be reported originates prepares a note that is reviewed by the General Secretary and the Communications Area. The relevant information is also reviewed by the General Internal Audit and Finance Sub-Division if it includes financial or accounting information.

- Uploading of information to CNMV applications

The annual financial statements and the consolidated annual financial statements, as well as their associated management reports (including the Annual Corporate Governance Report, or ACGR, and the Annual Directors' Remuneration Report, or ADRR), are presented in the European Single Electronic Format in accordance with the formatting and labelling requirements established in Commission Delegated Regulation (EU) 2018/815 in the case of the consolidated annual financial statements, which the Company's Board of Directors prepares in this format. The formatting is sent to the CNMV, along with the letter from the secretary confirming authorisation from the Board for publication, via the applications which it has enabled for these purposes. The Board of the Company is responsible for validating and delivering this information and has exclusive access to the smart card for sending it.

Elecnor has documented accounting and administrative procedures for "Purchases and Payments", "Contracting, Invoicing and Collection", "Control of Fixed Assets", "Treasury Control" and "Cash Control", among others. These procedures include the type of transactions for each process, the procedures for recording and accounting for them and the corresponding controls as established by Elecnor. These procedures are reviewed annually by Elecnor's General Accounting Department, which updates them if necessary.

In addition, the General Internal Audit and Finance Sub-Division has a matrix of risks and controls of financial information, which includes controls related to fraud risks. The risks and controls are reviewed within the Annual Internal Audit Plan, and the matrix is updated annually.

With regard to the procedures and controls established in relation to the relevant judgements, estimates and projections, the Group has identified the main risks relating to these aspects. In particular, the main areas exposed to judgements and estimates have been identified as those associated with:

- Recognition of income from construction contracts under the percentage-of-completion method.
- Registration of provisions of any nature.

All significant estimates are reviewed by the General Internal Audit and Finance Sub-Division and, where appropriate, are submitted to the Audit Committee and the Board of Directors for analysis and approval.

Elecnor's Board of Directors meets on a monthly basis. Beforehand, the Group's financial information is analysed by the General Internal Audit and Finance Sub-Division and the Chief Executive Officer.

F.3.2. INTERNAL IT CONTROL POLICIES AND PROCEDURES (ACCESS SECURITY, CONTROL OF CHANGES, SYSTEM OPERATION, OPERATIONAL CONTINUITY AND SEGREGATION OF DUTIES, AMONG OTHERS) WHICH SUPPORT SIGNIFICANT PROCESSES WITHIN THE COMPANY RELATING TO THE PREPARATION AND PUBLICATION OF FINANCIAL INFORMATION.

Elecnor currently has a series of controls that mitigate the main risks relating to the integrity, availability, validity and confidentiality of accounting and financial information. In addition, Elecnor has procedures on Information Security and System Operation.

The management of access to the systems is carried out in accordance with procedures established for this purpose.

Elecnor has a documented Contingency Plan in the event of a Disaster, as well as a Backup Policy and Procedures for the organisation's critical systems.

F.3.3. INTERNAL CONTROL POLICIES AND PROCEDURES FOR OVERSEEING THE MANAGEMENT OF ACTIVITIES SUBCONTRACTED TO THIRD PARTIES, AS WELL AS OF THOSE ASPECTS OF ASSESSMENT, CALCULATION OR VALUATION ENTRUSTED TO INDEPENDENT EXPERTS, WHICH MAY MATERIALLY AFFECT FINANCIAL STATEMENTS.

As regards subcontracting to third parties of valuations or calculations in connection with certain items in the financial statements, the Group entrusts valuation of interest rate and exchange rate hedging derivatives traded to top-tier financial institutions.

The Treasury Area receives monthly valuations of the derivatives from financial institutions and evaluates their reasonableness. In the event of a discrepancy, the financial institutions are contacted for clarification and, if necessary, to obtain new valuations.

In addition, the Elecnor Group evaluates in each case the desirability of engaging the services of independent experts to support certain valuations of assets or businesses, depending on the importance they may have on the balance sheet and income statement. The reports received from these experts, and the consequences that arise from them, if any, for financial information, are reviewed by the areas responsible for the preparation of the information (generally, and ultimately, by the General Internal Audit and Finance Sub-Division if they have a significant impact on the preparation of the financial statements and the annual accounts) for the purposes of their validation, paying particular attention to the methodology and main assumptions used.

F.4. INFORMATION AND COMMUNICATION

Report on whether the company has at least the following, describing their main characteristics:

F.4.1. A SPECIFICALLY ASSIGNED FUNCTION FOR DEFINING AND UPDATING ACCOUNTING POLICIES (ACCOUNTING POLICY AREA OR DEPARTMENT) AND RESOLVING DOUBTS OR CONFLICTS ARISING FROM THEIR INTERPRETATION, MAINTAINING A FREE FLOW OF INFORMATION TO THOSE RESPONSIBLE FOR OPERATIONS IN THE ORGANISATION, AS WELL AS AN UP-TO-DATE ACCOUNTING POLICY MANUAL DISTRIBUTED TO THE BUSINESS UNITS THROUGH WHICH THE COMPANY OPERATES.

The responsibility for defining and keeping the Group's accounting policies up to date is attributed to Elecnor's General Internal Audit and Finance Sub-Division. In this regard, a smooth and continuous relationship is maintained with the external auditors and other accounting experts so as to be permanently informed, and in due time, of the main accounting developments, and if relevant and considered appropriate, the opportune mechanisms are established to transfer them to areas of the organisation with responsibilities in the preparation of the financial information.

The Management Control and Consolidation departments carry out permanent monitoring of the subsidiaries and delegations. The resolution of doubts and queries regarding accounting policies is primarily the responsibility of the Corporate Controllers of each of the subsidiaries. In the event that the query is not resolved or there is a conflict of interpretation, these are raised with the Head of Consolidation and/or Internal Audit, both of which are part of the General Internal Audit and Finance Sub-Division.

If necessary, the Head of Consolidation of the General Internal Audit and Finance Sub-Division submits queries to the external auditor.

F.4.2. MECHANISMS FOR CAPTURING AND PREPARING FINANCIAL INFORMATION IN STANDARDISED FORMATS FOR APPLICATION AND USE BY ALL UNITS OF THE ENTITY OR GROUP, AND SUPPORT ITS MAIN FINANCIAL STATEMENTS AND NOTES, AS WELL AS DISCLOSURES CONCERNING ICFR.

All transactions are recorded at Elecnor on a documentary basis and using an operation key format. Each document used to report data to the system has some mandatory data (customer code, centre, work, VAT rate, etc.). After the "end of day" (transaction validation) is complete, the system reports any erroneous entries, which are verified by the corresponding corporate departments, correcting them if necessary.

As for the reporting tool, a standardised "Consolidation Report Package" is used for all subsidiaries. This "Consolidation Report Package" is reviewed on an annual basis by the external auditor to validate that it includes all the required information and breakdowns. Subsidiaries generally report under IFRS. The consolidation process takes place in the Consolidation Department.

The Consolidation Department prepares a schedule and reporting instructions on an annual basis. Each of the subsidiaries, once the closing has been prepared and supervised by each of the heads of the corresponding Accounting and Financial Departments, sends the required information to the Consolidation Department. The reporting instructions establish the obligation for the information included in the report package to be the same as that obtained from the subsidiary's accounting records, as well as a ban on including subsequent entries in the accounts after the report package has been sent to Elecnor. If a significant subsequent entry is detected, the Management Control and Consolidation departments are notified and the corresponding report package is modified.

This reporting and consolidation process is supported on a well-respected IT application (SAP - Business Planning and Consolidation, or "BPC").

F.5. SUPERVISION OF THE FUNCTIONING OF THE SYSTEM

Report on at least the following, describing their principal features:

F.5.1. THE ACTIVITIES OF THE AUDIT COMMITTEE IN OVERSEEING ICFR AS WELL AS WHETHER THERE IS AN INTERNAL AUDIT FUNCTION ONE OF THE RESPONSIBILITIES OF WHICH IS TO PROVIDE SUPPORT TO THE COMMITTEE IN ITS TASK OF SUPERVISING THE INTERNAL CONTROL SYSTEM, INCLUDING ICFR. ADDITIONALLY, DESCRIBE THE SCOPE OF ICFR ASSESSMENT MADE DURING THE YEAR AND THE PROCEDURE THROUGH WHICH THE PERSON RESPONSIBLE FOR PERFORMING THE ASSESSMENT COMMUNICATES ITS RESULTS, WHETHER THE COMPANY HAS AN ACTION PLAN DETAILING POSSIBLE CORRECTIVE MEASURES, AND WHETHER THEIR IMPACT ON FINANCIAL REPORTING HAS BEEN CONSIDERED.

As described earlier, among the functions which the Audit Committee assumes is that of supervising and assessing the effectiveness of both the financial and the non-financial risk management and control systems. The Audit Committee is also in charge of supervising and assessing the preparation and presentation of the financial and non-financial information of the Company and its Group, checking on compliance with the regulatory requirements, suitable definition of the consolidation scope and proper implementation of accounting standards, as well as, especially ascertaining, understanding and overseeing the effectiveness of the Internal Control over Financial Reporting system.

In carrying out these functions, the Audit Committee relies on the internal audit function. The Elecnor Group's internal audit function is structured around six major control areas: General Accounting, Management Control, Consolidation, the Financial Area, Internal Audit and Tax Advice. These departments act, in their respective areas of competence and under audit criteria, as internal corporate control/audit bodies, carrying on their activities with complete independence from both Elecnor's production

departments (business) and the domestic and foreign subsidiaries that comprise the Elecnor Group. Internal Audit is integrated within the General Internal Audit and Finance Sub-Division. The Elecnor Group has an Internal Audit Plan, which the Chief Audit Executive presents to the Audit Committee, which approves it. At its various meetings the Audit Committee follows up on execution of the plan using the information which the General Internal Audit and Finance Sub-Division provides.

The Management Control area continuously monitors the different Elecnor organisations, paying particular attention to the most significant sections of the balance sheet and the income statement, such as work in progress (old production), advance invoicing, customer balances, and recognition of margins and provisions, among others. In addition, as part of this ongoing review process, audits are carried out in consultation with the various organisations, which are focussed on the same subject-matter. These internal audits are on-site and at least once a year for each organisation. They are scheduled to be carried out on a phased basis and always before the end of the financial year. For this programming, an audit schedule is made at the beginning of the year and there is a checklist of tests to be performed.

As with the parent company, all domestic subsidiaries are subject to an internal audit each financial year before its close.

In any event, in both this financial year and that previous to it, as a result of the policies implemented against the backdrop of the health emergency (Covid-19), these on-site audits have not been carried out, although this has not affected the control and monitoring of the operations of the different organisations constantly carried out by the Management Control and Consolidation areas.

With respect to ICFR, the Elecnor Group's Audit Committee is informed of the internal control structure existing in the organisation and, as previously mentioned, approves and supervises the annual internal audit plan, meets at least twice a year with the external auditors and is informed monthly about developments within businesses and activities at the meetings of the Board of Directors. Furthermore, where relevant, it is informed of certain judgements or estimates included in the financial information and, without detriment to this regular monitoring work, the Audit Committee devotes one of its meetings specifically to reviewing key aspects of the ICFR system. The Audit Committee reports on all its relevant activities carried out during the year in its annual Activity Report.

F.5.2. WHETHER THERE IS A DISCUSSION PROCEDURE WHEREBY THE AUDITOR (AS DEFINED IN THE SPANISH TECHNICAL AUDIT STANDARDS), THE INTERNAL AUDITOR AND OTHER EXPERTS CAN REPORT TO SENIOR MANAGEMENT AND THE AUDIT COMMITTEE OR DIRECTORS OF THE COMPANY ANY SIGNIFICANT WEAKNESSES IN INTERNAL CONTROL IDENTIFIED DURING THE REVIEW OF THE ANNUAL FINANCIAL STATEMENTS OR ANY OTHERS THEY HAVE BEEN ASSIGNED. ADDITIONALLY, STATE WHETHER AN ACTION PLAN IS AVAILABLE FOR CORRECTING OR MITIGATING ANY WEAKNESSES DETECTED. ALSO STATE WHETHER THE COMPANY HAS AN ACTION PLAN TO TRY TO CORRECT OR MITIGATE ANY WEAKNESSES OBSERVED.

The Elecnor Audit Committee meets at least four times a year, in accordance with the provisions of the Regulations of the Board of Directors of the Company, and as many times as required according to the interests of the Company. During the 2021 financial year, the Audit Committee held 11 meetings, three of which have been attended by external auditors. These meetings were to:

- Review the planning and scope of audit work.
- Review the annual financial statements and analyse, if they exist, the monitoring weaknesses detected by the external auditor in its review of the main business processes and general controls that are implemented in the Group, as well as the suggested corrective actions. Prior to this meeting, the external auditors meet with the Chairman, the Chief Executive Officer and members of the General Internal Audit and Finance Sub-Division.
- Review the interim financial statements.

F.6. OTHER RELEVANT INFORMATION

There is no additional relevant information to consider that has not been covered by the previous points.

F.7. EXTERNAL AUDITOR'S REPORT.

Report:

F.7.1. WHETHER THE ICFR INFORMATION SENT TO THE MARKETS HAS BEEN SUBJECTED TO REVIEW BY THE EXTERNAL AUDITOR, IN WHICH CASE THE ENTITY SHOULD INCLUDE THE CORRESPONDING REPORT AS AN ATTACHMENT. IF NOT, REASONS WHY SHOULD BE GIVEN.

This information in relation to ICFR has been submitted for review by the external auditor, whose review is attached as an Annex.

G) DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

Specify the company's degree of compliance with recommendations of the Good Governance Code for listed companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation of the reasons must be included so that shareholders, investors and the market in general have enough information to assess the company's conduct. General explanations are not acceptable.

1. That the Articles of Association of listed companies should not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of its shares on the market.

Complies Explain

2. That when the listed company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them it should make accurate public disclosures on:
 - a) The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries.
 - b) The mechanisms in place to resolve any conflicts of interest that may arise.

Complies Complies partially Explain Not applicable

3. That, during the Annual General Shareholders' Meeting, as a complement to the distribution of the written annual corporate governance report, the chairman of the Board of Directors should inform shareholders orally, in sufficient detail, of the most significant aspects of the company's corporate governance, and in particular:
 - a) Changes that have occurred since the last Annual General Shareholders' Meeting.
 - b) Specific reasons why the company has not followed one or more of the recommendations of the Code of Corporate Governance and the alternative rules applied, if any.

Complies Complies partially Explain

4. That the company should define and promote a policy on communication and contact with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors that complies in all aspects with rules against market abuse and gives equal treatment to similarly situated shareholders. And that the company should publish this policy on its website, including information on how it has been put into practice and identifying the contact persons or those responsible for implementing it.

And that, without prejudice to the legal obligations regarding dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through such channels as it may consider appropriate (the media, social networks or other channels) that helps to maximise the dissemination and quality of information available to the market, investors and other stakeholders.

Complies Complies partially Explain

5. That the Board of Directors should not submit to the General Shareholders' Meeting any proposal for delegation of powers allowing the issue of shares or convertible securities with the exclusion of pre-emptive rights in an amount exceeding 20% of the capital at the time of delegation.

And that whenever the Board of Directors approves any issue of shares or convertible securities with the exclusion of pre-emptive rights, the company should immediately publish the reports about such exclusion that are referred to by company law on its website.

Complies Complies partially Explain

6. That listed companies that prepare the reports listed below, whether under a legal obligation or voluntarily, should publish them on their website with sufficient time before the General Shareholders' Meeting, even if their publication is not mandatory:

a) Report on the auditor's independence.

b) Reports on the workings of the audit, and appointments and remuneration committees.

c) Report by the audit committee on related-party transactions.

Complies Complies partially Explain

On the occasion of the publishing of the call to attend the Annual General Meeting, the Company has, on its corporate website and under the "General Meeting of Shareholders" heading of its "Corporate Governance" section, posted the following reports pursuant to Recommendation 6: the Functioning Report of the Audit Committee, the Functioning Report of the Appointments, Remuneration and Sustainability Committee (formerly known as the Appointments and Remuneration Committee) and the letter of independence of the external auditor.

The company nonetheless did not post the Report of the Audit Committee on the Independence of the External Auditor through error. Neither did it post the Report of the Audit Committee on related-party transactions, since the Company is of the view that the information published in the Annual Corporate Governance Report and the notes to the annual financial statements already offers a detailed and ample explanation of the most relevant aspects of the related-party transactions performed in the previous financial year, meaning that it would consequently be more straightforward and clearer for shareholders not to feature this information in a third document, all the more so given the new regulation on related-party transactions that is provided for in the Corporate Enterprises Act following revision of it under Law 5/2021 which requires more extensive information on related-party transactions.

7. That the company should transmit in real time, through its website, the proceedings of the General Shareholders' Meetings.

And that the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by such remote means.

Complies Complies partially Explain

8. That the audit committee should ensure that the financial statements submitted to the General Shareholders' Meeting are prepared in accordance with accounting regulations. And that in cases in which the auditor has included a qualification or reservation in its audit report, the chairman of the audit committee should clearly explain to the general meeting the opinion of the audit committee on its content and scope, making a summary of this opinion available to shareholders at the time when the meeting is called, alongside the other Board proposals and reports.

Complies Complies partially Explain

9. That the company should permanently publish on its website the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.

And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

Complies Complies partially Explain

10. That when a duly authenticated shareholder has exercised his or her right to complete the agenda or to make new proposals for resolutions in advance of the General Shareholders' Meeting, the company:

a) Should immediately distribute such complementary points and new proposals for resolutions.

b) Should publish the attendance, proxy and remote voting card specimen with the necessary changes such that the new agenda items and alternative proposals can be voted on in the same terms as those proposed by the Board of Directors.

c) Should submit all these points or alternative proposals to a vote and apply the same voting rules to them as to those formulated by the Board of Directors including, in particular, assumptions or default positions regarding votes for or against.

d) That after the General Shareholders' Meeting, a breakdown of the voting on said additions or alternative proposals be communicated.

Complies Complies partially Explain No applicable

11. That if the company intends to pay premiums for attending the General Shareholders' Meeting, it should establish in advance a general policy on such premiums and this policy should be stable.

Complies Complies partially Explain Not applicable

12. That the Board of Directors should perform its functions with a unity of purpose and independence of criterion, treating all similarly situated shareholders equally and being guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, promoting its continuity and maximising the economic value of the business.

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and conducting itself on the basis of good faith, ethics, and a respect for commonly accepted customs and best practices, it should seek to

reconcile its own company interests, when appropriate, with the legitimate interests of its employees, suppliers, clients and other stakeholders that may be affected, as well as the impact of its corporate activities on the community at large and on the environment.

Complies Complies partially Explain

13. That the Board of Directors should be of an appropriate size to perform its duties effectively and in a collegial manner, which makes it advisable for it to have between five and 15 members.

Complies Explain

14. That the Board of Directors should approve a policy aimed at favouring an appropriate composition of the Board and that:

a) Is concrete and verifiable.

b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors.

c) Favours diversity of knowledge, experience, age and gender. For these purposes, it is considered that the measures that encourage the company to have a significant number of female senior executives favour gender diversity.

That the result of the prior analysis of the skills required by the Board of Directors be contained in the supporting report from the appointments committee published upon calling the General Shareholders' Meeting to which the ratification, appointment or re-election of each director is submitted.

The appointments committee will annually verify compliance with this policy and explain its findings in the annual corporate governance report.

Complies Complies partially Explain

15. That proprietary and independent directors should constitute a substantial majority of the Board of Directors and that the number of executive directors be kept to a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.

And that the number of female directors should represent at least 40% of the members of the Board of Directors before the end of 2022 and thereafter, and no less 30% prior to that date.

Complies Complies partially Explain

The first paragraph of this Recommendation is fully complied with, since the Board of Directors of the Company is composed of a large majority of proprietary and independent directors, with only one executive director.

With regard to the second paragraph, and although the current number of female directors is less than 30%, the Company intends to continue to promote an increase in the presence of female directors on the Board of Directors to be able to comply with the Recommendation without affecting the normal functioning of the Board and the overall suitability of its members for the performance of their functions.

In this regard, on 16 December 2020, the Board of Directors approved the updating of the "Policy for Diversity of the Board of Directors and the Selection of Directors", which establishes the commitment of the Board, with the participation of the Appointments, Remuneration and Sustainability Committee (the erstwhile Appointments and Remuneration Committee) within the framework of its powers, among other aspects, to its role in ensuring that the procedures for selecting directors do not involve any discrimination and, in particular, in facilitating the selection of female directors in a number that will enable a balanced presence of women and men to be achieved, and in general to promoting diversity in the composition of the Board and its Committees in terms of knowledge, experience, age and gender, among other issues. The Policy also expressly establishes that, to promote gender diversity, the Company will seek to establish measures that encourage the Company to have a significant number of female members of the management team, without prejudice to the essential criteria of merit and capacity that must govern all the personnel selection processes of the Company and its Group.

In addition, the Company's procedures for the selection of directors, which is the particular responsibility of the Appointments, Remuneration and Sustainability Committee (formerly referred to as the Appointments and Remuneration Committee) within the framework of its powers, are based on objective criteria that allow for the most appropriate composition of the Board taking into account the specific features of the Company and its Group, and choosing the best profiles available for it, without any discrimination on the basis of gender or any other factor.

16. That the number of proprietary directors as a percentage of the total number of non-executive directors should not be greater than the proportion of the company's share capital represented by those directors to the rest of the capital.

This criterion may be relaxed:

a) In large-cap companies where very few shareholdings are legally considered significant.

b) In the case of companies where a plurality of shareholders is represented on the Board of Directors without ties among them.

Complies Explain

Elecnor is a company with a long tradition in its sector, and since its inception it has been managed by a variety of family groups - the founders of the company. Through the significant shareholder CANTILES XXI, S.L., and the Directors who represent it in the Company, the Family Groups which it comprises are represented in the broadest and most diverse manner possible, with a profile that is suitable for the exercise of their obligations and always with the aim of producing shareholder value.

Elecnor's Proprietary Directors perform a supervisory task similar to that attributed to Independent Directors. The composition of Elecnor's Board of Directors corresponds with its shareholder structure

17. That the number of independent directors should represent at least half of the total number of directors.

That, however, when the company does not have a high level of market capitalisation or in the event that it is a large-cap company with one shareholder or a group of shareholders acting in concert who together control more than 30% of the company's share capital, the number of independent directors should represent at least one third of the total number of directors.

Complies Explain

Elecnor is a company with a long tradition in its sector, and since its inception it has been managed by a variety of family groups - the founders of the company. Through the significant shareholder CANTILES XXI, S.L., and the Directors who represent it in the Company, the Family Groups that it comprises are represented in the broadest and most diverse manner possible, with a profile that is suitable for the exercise of their obligations and always with the aim of producing shareholder value.

Elecnor's Proprietary Directors perform a supervisory task similar to that attributed to Independent Directors. The composition of Elecnor's Board of Directors corresponds with its shareholder structure.

18. That companies should publish the following information on its directors on their website, and keep it up to date:

a) Professional profile and biography.

b) Any other Boards to which the directors belong, regardless of whether or not the companies are listed, as well as any other remunerated activities engaged in, regardless of type.

c) Category of directorship, indicating, in the case of proprietary directors, the significant shareholder that they represent or to whom they are connected.

d) Date of their first appointment as a director of the company's Board of Directors, and any subsequent re-elections.

e) Company shares and share options that they own.

Complies Complies partially Explain

19. That the annual corporate governance report, after verification by the appointments committee, should explain the reasons for the appointment of any proprietary directors at the proposal of shareholders whose equity interest is less than 3%. It should also explain, if applicable, why formal requests from shareholders for presence on the Board were not honoured, when their shareholding was equal to or exceeded that of other shareholders whose proposal for proprietary directors was honoured.

Complies Complies partially Explain Not applicable

20. That proprietary directors representing significant shareholders should resign from the Board when the shareholder they represent disposes of its entire shareholding. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of its proprietary directors.

Complies Complies partially Explain Not applicable

21. That the Board of Directors should not propose the dismissal of any independent director before the completion of the director's term provided for in the Articles of Association unless the Board of Directors finds just cause and a prior report has been prepared by the appointments committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties inherent to his or her post as a director, fails to complete the tasks inherent to his or her post, or is affected by any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public takeover bid, merger or other similar corporate transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of application of the proportionate representation criterion provided in Recommendation 16.

Complies Explain

22. That companies should establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which affect them, whether or not related to their actions in the company itself, and which may harm the company's standing and reputation, and in particular requiring them to inform the Board of any criminal proceedings in which they appear as suspects or defendants, as well as of how the legal proceedings subsequently unfold.

And that, if the Board is informed or becomes aware in any other manner of any of the circumstances mentioned above, it must investigate the case as quickly as possible and, depending on the specific circumstances, decide, based on a report from the appointments, remuneration and sustainability committee, whether or not any measure must be adopted, such as the opening of an internal investigation, asking the director to resign or proposing that he or she be dismissed. And that these events must be reported in the annual corporate governance report, unless there are any special reasons not to do so, which must also be noted in the minutes. This without prejudice to the information that the company must disseminate, if appropriate, at the time when the corresponding measures are implemented.

Complies Complies partially Explain

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies to the secretary of the Board of Directors, even if he or she is not a director.

Complies Complies partially Explain No applicable

24. That whenever, due to resignation or resolution of the General Shareholders' Meeting, a director leaves before the completion of his or her term of office, the director should sufficiently explain the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for cessation, in a letter addressed to all members of the Board of Directors.

And that, without prejudice to all this being reported in the annual corporate governance report, insofar as it is relevant to investors, the company must publish the cessation as quickly as possible, adequately referring to the reasons or circumstances adduced by the director.

Complies Complies partially Explain No applicable

25. That the appointments committee should make sure that non-executive directors have sufficient time available to perform their duties properly.

And that the Board regulations establish the maximum number of company Boards on which directors may sit.

Complies Complies partially Explain

26. That the Board of Directors meet frequently enough to be able to effectively perform its duties, and at least eight times per year, following a schedule of dates and agendas established at the beginning of the year and allowing each director individually to propose other items that do not originally appear on the agenda.

Complies Complies partially Explain

27. That director absences occur only when absolutely necessary and be quantified in the annual corporate governance report. And when absences do occur, that the director appoint a proxy with instructions.

Complies Complies partially Explain

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes at the request of the director expressing them.

Complies Complies partially Explain No applicable

29. That the company should establish adequate means for directors to obtain appropriate advice to fulfil their duties properly including, should circumstances warrant, external advice at the company's expense.

Complies Complies partially Explain

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances make this advisable.

Complies Explain No applicable

31. That the agenda for meetings should clearly indicate those matters on which the Board of Directors is to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

When, in exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors present shall be necessary, and said consent shall be duly recorded in the minutes.

Complies Complies partially Explain

32. That directors be periodically informed of changes in shareholding and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies Complies partially Explain

33. That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out the duties assigned by law and under the Articles of Association, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company; should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances make this advisable.

Complies Complies partially Explain

34. That when there is a coordinating director, the Articles of Association or Board regulations should confer upon him or her the following powers in addition to those conferred by law: to chair the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; to reflect the concerns of non-executive directors; to liaise with investors and shareholders to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and to coordinate a succession plan for the chairman.

Complies Complies partially Explain Not applicable

35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account such recommendations regarding good governance contained in this Good Governance Code as may be applicable to the company.

Complies Explain

36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:

a) The quality and efficiency of the Board of Directors' work.

b) The workings and composition of its committees.

c) Diversity in the composition and skills of the Board of Directors.

d) Performance of the chairman of the Board of Directors and of the chief executive officer of the company.

e) Performance and input of each director, paying special attention to those in charge of the various Board committees.

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the appointments committee.

Every three years, the Board of Directors will rely for its evaluation upon the assistance of an external advisor, whose independence shall be verified by the appointments committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group must be specified in the annual corporate governance report.

The process and the areas evaluated must be described in the annual corporate governance report.

Complies Complies partially Explain

37. That if there is an executive committee, it must contain at least two non-executive directors, at least one of whom must be independent, and its secretary must be the secretary of the Board.

Complies Complies partially Explain Not applicable

The Executive Committee consists of an Executive Director, another External Director and four Proprietary Directors, all of whom have extensive knowledge of the business and the sector in which the Company operates, this being the essential reason for their appointment as members of the Executive Committee, given the nature of the business subject-matter discussed in it.

With respect to the Secretary of the Committee, Mr Fernando Azaola Arteché currently holds this position. He has the category of "Other External Director", having previously been Executive Director of the Company, and he has the necessary experience and knowledge of the Company required for adequate performance of this role. In this regard, the Company believes that, given the topics discussed on the Executive Committee (often of a commercial or business nature) and for the sake of the better functioning of the Committee it is advisable for the secretary to be somebody who has the knowledge and experience gained from their former position as Executive Director of the Company, which endows them with considerable ability to grasp what is required for the Executive Committee to function and for there to be adequate and efficient coordination with the present Executive Director of the Company, who is a member of the Committee. This is all without detriment to the necessary coordination that exists between the Secretary of the Executive Committee and the Secretary of the Board of Directors and its supervisory and control Committees to ensure that the Board and all of its Committees function effectively.

Notwithstanding this, the Company is weighing up whether the Secretary of this Committee should be the Secretary of the Board of Directors and in this respect, it is studying whether such a change would be advisable for the Board and its Committees to function better, given the particular characteristics of the Company. To date, the Company has still not taken any decision on the matter.

38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.

Complies Explain No applicable

39. That the members of the audit committee, in particular its chairman, be appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, both financial and non-financial.

Complies Complies partially Explain

40. That under the supervision of the audit committee, there should be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.

Complies Complies partially Explain

41. That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, for approval by that committee or by the Board, reporting directly on its execution, including any incidents

or limitations of scope, the results and monitoring of its recommendations, and present an activity report at the end of each year.

Complies Complies partially Explain No applicable

42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:

1. With regard to information systems and internal control:

a) Supervising and evaluating the process of preparation and the completeness of the financial and non-financial information, as well as the control and management systems for financial and non-financial risk relating to the company and, if applicable, the group - including operational, technological, legal, social, environmental, political and reputational risk, or risk related to corruption - reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.

b) Ensuring the independence of the unit charged with the internal audit function; proposing the selection, appointment and dismissal of the head of internal audit; proposing the budget for this service; approving or proposing its orientation and annual work plans for approval by the Board, making sure that its activity is focused primarily on material risks (including reputational risk); receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.

c) Establishing and supervising a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any potentially serious irregularities, including those of a financial or accounting, or any other nature, that they observe in relation to or within the company or its group. This mechanism must guarantee confidentiality and, in any case, provide for cases in which the communications can be made anonymously, respecting the rights of the whistle-blower and the person reported.

d) Generally ensuring that internal control policies and systems are effectively applied in practice.

2. With regard to the external auditor:

a) In the event that the external auditor resigns, examining the circumstances leading to such resignation.

b) Ensuring that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.

c) Making sure that the company informs of the change of auditor through the CNMV, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.

d) Ensuring that the external auditor holds an annual meeting with the Board of Directors in plenary session to report on the tasks performed and the developments in the company's accounting situation and risks.

e) Ensuring that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, limits on the concentration of the auditor's business, and, in general, all other rules regarding auditors' independence.

Complies Complies partially Explain

43. That the audit committee be able to require the presence of any employee or manager of the company, even stipulating that he or she appear without the presence of any other member of management.

Complies Complies partially Explain

44. That the audit committee be kept abreast of any corporate and structural changes planned by the company to perform an analysis and draw up a prior report to the Board of Directors on the economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies Complies partially Explain No applicable

45. That the risk management and control policy identify or determine, as a minimum:

a) The various types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks and risks relating to corruption) which the company faces, including among the financial or economic risks contingent liabilities and other off-balance sheet risks.

b) A risk control and management model based on different levels, which will include a specialised risk committee when sector regulations so require or the company considers it to be appropriate.

c) The level of risk that the company considers to be acceptable.

d) Measures in place to mitigate the impact of the risks identified in the event that they should materialise.

e) Internal control and information systems to be used to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

Complies Complies partially Explain

46. That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal risk control and management function should exist, performed by an internal unit or department of the company which is expressly charged with the following responsibilities:

a) Ensuring the proper functioning of the risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks affecting the company.

b) Actively participating in drawing up the risk strategy and in important decisions regarding risk management.

c) Ensuring that the risk management and control systems adequately mitigate risks as defined by the policy laid down by the Board of Directors.

Complies Complies partially Explain

47. That in designating the members of the appointments and remuneration committee - or of the appointments committee and the remuneration committee if they are separate - care be taken to ensure that they have the knowledge, aptitudes and experience appropriate to the functions that they are called upon to perform and that the majority of said members are independent directors.

Complies Complies partially Explain

The members of the Appointments, Remuneration and Sustainability Committee are appointed while exercising care to ensure that they have the knowledge, aptitudes and experience appropriate to the functions that they are called upon to perform.

In regard to its composition, the Company fully complies with what is stipulated in the Corporate Enterprises Act, Article 529 quincecies, paragraph 1 of which establishes that "The appointments and remuneration committee shall comprise entirely of non-executive directors, appointed by the board of directors; at least two of whom must be independent directors". The Appointments, Remuneration and Sustainability Committee comprises two Independent Directors and two Proprietary Directors.

48. That large-cap companies have separate appointments and remuneration committees.

Complies Explain Not applicable

49. That the appointments committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director be able to ask the appointments committee to consider potential candidates that he or she considers suitable to fill a vacancy on the Board of Directors.

Complies Complies partially Explain

50. That the remuneration committee exercise its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

- a) Proposing the basic contract terms and conditions for senior management to the Board of Directors.
- b) Verifying compliance with the company's remuneration policy.
- c) Periodically reviewing the remuneration policy applied to directors and senior managers, including share-based remuneration systems and their application, as well as ensuring that their individual remuneration is proportional to that received by the company's other directors and senior managers.
- d) Making sure that potential conflicts of interest do not undermine the independence of external advice given to the committee.
- e) Verifying the information on remuneration of directors and senior managers contained in the various corporate documents, including the annual report on director remuneration.

Complies Complies partially Explain

51. That the remuneration committee should consult with the chairman and the chief executive of the company, especially on matters relating to executive directors and senior management.

Complies Complies partially Explain

52. That the rules regarding the composition and workings of the supervision and control committees should appear in the regulations of the Board of Directors and that they should be consistent with those applying to legally mandatory committees in accordance with the foregoing recommendations, including:

- a) That they be composed exclusively of non-executive directors, with a majority of independent directors.
- b) That their chairpersons be independent directors.
- c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and require them to render account of their activities and of the work performed in the first plenary session of the Board of Directors held after each committee meeting.
- d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.
- e) That their meetings be written up and the minutes be made available to all directors.

Complies Complies partially Explain Not applicable

53. That verification of compliance with the company's policies and rules on environmental, social and corporate governance matters, and with the internal codes of conduct be assigned to one or divided among more than one committee of the Board of Directors, which may be the audit committee, the appointments committee, a specialised committee on sustainability or corporate social responsibility or such other specialised committee as the Board of Directors, in the exercise of its powers of self-organisation, may have decided to create. And that such committee be composed exclusively of non-executive directors, with a majority of these being independent directors, and that the minimum functions indicated in the next recommendation be specifically assigned to it.

Complies Complies partially Explain

54. The minimum functions referred to in the foregoing recommendation are the following:

- a) Monitoring of compliance with the company's internal codes of conduct and corporate governance rules, also ensuring that the corporate culture is aligned with its purpose and values.
- b) Monitoring the application of the general policy on communication of economic and financial information, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The manner in which the entity communicates and handles relations with small and medium-sized shareholders must also be monitored.
- c) The periodic evaluation and review of the company's corporate governance system, and environmental and social policy, with a view to ensuring that they fulfil their purposes of promoting the interests of society and take account, as appropriate, of the legitimate interests of other stakeholders.
- d) Supervision of the company's environmental and social practices to ensure that they are in alignment with the established strategy and policy.
- e) Supervision and evaluation of the way in which relations with the various stakeholders are handled.

Complies Complies partially Explain

55. That environmental and social sustainability policies identify and include at least the following:

- a) The principles, commitments, objectives and strategy relating to shareholders, employees, clients, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights, and the prevention of corruption and other unlawful conduct.
- b) Means or systems for monitoring compliance with these policies, their associated risks, and management.
- c) Mechanisms for supervising non-financial risk, including that relating to ethical aspects and aspects of business conduct.
- d) Channels of communication, participation and dialogue with stakeholders.
- e) Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Complies Complies partially Explain

56. That director remuneration be sufficient to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgement of non-executive directors.

Complies Explain

57. That only executive directors should receive variable remuneration linked to corporate results and personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments referenced to the share price and long-term savings plans such as pension plans, retirement schemes or other provident schemes.

Consideration may be given to delivering shares to non-executive directors as remuneration providing this is conditional upon their holding them until they cease to be directors. The foregoing shall not apply to shares that the director may need to sell to meet the costs related to their acquisition.

Complies Complies partially Explain

58. That as regards variable remuneration, remuneration policies should incorporate the necessary limits and technical safeguards to ensure that such remuneration is in line with the professional performance of its beneficiaries and not based solely on general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

- a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk incurred to achieve a given result.
- b) Promote the sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with the company's rules and internal operating procedures and with its risk management and control policies.
- c) Are based on balancing the attainment of short-, medium- and long-term objectives, so as to allow remuneration of continuous performance over a period long enough to be able to assess its contribution to the sustainable creation of value, such that the elements used to measure performance are not associated only with one-off, occasional or extraordinary events.

Complies Complies partially Explain No aplicable

59. That the payment of variable remuneration components be subject to sufficient verification that previously established performance or other conditions have effectively been met. Entities must include in their annual report on director remuneration the criteria for the time required and methods used for this verification depending on the nature and characteristics of each variable component.

That, additionally, companies consider the inclusion of a reduction ('malus') clause for the deferral for a sufficient time of the payment of a portion of variable remuneration components that would imply their total or partial loss if an event were to occur prior to the payment date that would make this advisable.

Complies Complies partially Explain No aplicable

60. That remuneration related to company results should take into account any reservations that might appear in the external auditor's report and that would diminish said results

Complies Complies partially Explain No aplicable

61. That a material portion of executive directors' variable remuneration be linked to the delivery of shares or financial instruments referenced to the share price.

Complies Complies partially Explain No aplicable

Although Article 12 of the Articles of Association provides for the possibility of the Directors being paid by means of remuneration based on the provision of shares or option rights on shares of the Company itself, at the moment the Company has not considered it necessary to establish remuneration for its Executive Director through the provision of shares or financial instruments linked to their value since it considers that the current variable remuneration systems for the Chief Executive Officer are the most appropriate to encourage their motivation and professional performance, as well as their commitment and linking to the interests of the Company and the Group. In particular, the Chief Executive Officer's variable remuneration is linked to predetermined and measurable performance criteria that allow them to be paid for their continuous performance over a period of time sufficient to appreciate their contribution to the creation of sustainable value.

In addition, the length of time in which the current Chief Executive Officer has been linked to the Company allows us to conclude that their long-term interests are sufficiently aligned with those of the Company.

Likewise, the Company has chosen to maintain the same policy for all the Directors, no distinction being made among the various categories of them, for which reason no percentage of the Executive Director's variable remuneration has been linked to the handover of shares even though this possibility is included within the current Directors' Remuneration Policy. This is all without prejudice to the fact that the Appointments, Remuneration and Sustainability Committee will at all times give consideration to the advisability or otherwise of changing policy, in which case it will submit the idea of handing shares to the Executive Director to the General Meeting of Shareholders for approval pursuant to Article 219 of the Corporate Enterprises Act.

62. That once shares or options or financial instruments have been allocated under remuneration schemes, executive directors be prohibited from transferring ownership or exercising options or rights until a term of at least three years has elapsed.

An exception is made in cases where the director has, at the time of the transfer or exercise of options or rights, a net economic exposure to changes in the share price for a market value equivalent to at least twice the amount of his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The foregoing shall not apply to shares that the director may need to sell so as to meet the costs related to their acquisition or, following a favourable assessment by the appointments and remuneration committee, to deal with such extraordinary situations as may arise and so require.

Complies Complies partially Explain Not applicable

63. That contractual arrangements should include a clause allowing the company to demand reimbursement of the variable remuneration components in the event that payment was not in accordance with the performance conditions or when payment was made based on data subsequently shown to have been inaccurate.

Complies Complies partially Explain No aplicable

64. That payments for contract termination should not exceed an amount equivalent to two years of total annual remuneration and should not be paid until the company has been able to verify that the director has fulfilled all previously established criteria or conditions for payment.

For the purposes of this recommendation, payments for contractual termination will be considered to include any payments where accrual of them or the obligation to pay them arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of post-contractual non-compete agreements.

Complies Complies partially Explain No aplicable

The amount of the Executive Director's compensation comes to the equivalent of two (2) years of total remuneration, from which long term variable remuneration is excluded. Even so, exceptionally, if cessation and termination of the contract with the Executive Director is due to a change of control of the Company in the sense which Article 42 of the Commercial Code provides for, or the assignment or transfer of all or part of its activities or its assets or liabilities to a third party or merger into another business group, as well as a change of the current shareholders who own over 50% of the share capital or the Company's key shareholder, the Executive Director would be entitled to receive an additional sum equal to one (1) year of their total remuneration.

H) FURTHER INFORMATION OF INTEREST

- 1 If there is any significant aspect regarding corporate governance in the company or other companies in the group that has not been included in other sections of this report, but which it is necessary to include to provide a more comprehensive and reasoned picture of the structure and governance practices in the company or its group, describe them briefly below.
- 2 This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not repetitive.

Specifically, indicate whether the company is subject to any corporate governance legislation other than that of Spain and, if so, include any information required under this legislation that differs from the data required in this report.

- 3 The company may also indicate whether it has voluntarily subscribed to other ethical or best practice codes, whether international, sector-based, or other. In such case, name the code in question and the date on which the company subscribed to it. Specific mention must be made as to whether the company adheres to the Code of Good Tax Practices of 20 July 2010.

In accordance with the provisions of Article 2 of Law 11/2018 of 28 December, which amends the Commercial Code, the revised text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010 of 2 July and Law 22/2015 of 20 July on the Auditing of Accounts, in the area of non-financial information and diversity and with the amendment made by this Law in sub-section 6 of Article 540.4.c of the Corporate Enterprises Act, it is expressly stated that the provisions of points C.1.5 and C.1.6. of this report precisely apply to the Committees of the Board of Directors of the Company and to the Management of the Company. Shareholders were also provided with the appropriate information on diversity criteria and objectives when re-electing members of the Board of Directors.

In 2021 those at the General Meetings of Shareholders of Elecnor, S.A. (the “Demerger Parent Company”) and of Elecnor Servicios y Proyectos, S.A.U. (the “Beneficiary Company”) approved the common draft terms of demerger formulated by the governing bodies pursuant to Law 3/2009 of 3 April on structural changes to commercial companies (the “LME” for the Spanish).

The partial unbundling entails the spin-off of the portion of the demerger parent’s assets which focuses on the business activities of services and projects. This handles the execution of all types of engineering, renewable energy, construction and services projects, which it performs both directly and via subsidiaries and companies established in Spain and abroad in the sectors of: electricity, power generation, gas, telecommunications and systems, railways, energy maintenance and efficiency, plants and facilities, construction, water, the environment and space.

Elecnor, S.A. remains the Group’s listed parent company, to which report the subsidiaries Elecnor Servicios y Proyectos, S.A.U. and Enerfin Sociedad de Energía, S.L.U., as well as the company Celeo Concesiones e Inversiones, S.L. in which it has an equity interest.

The demerger is intended to fit the Group’s organisational structure to the actual organisational pattern which the firm has been working on for some years now, as well as to enable satisfactory splitting out of the risks, assets employed or profits of the activities which each of them pursue and consequently enable the proper separating out of the added value from each of the Elecnor Group’s activities.

On the other hand, at its meeting of 24 November 2021 the Board of Directors unanimously passed a resolution to approve the Company’s Equity Story to inform the market transparently by offering, on the one hand, a picture of the company’s profile, philosophy and business model as well as a review of its results performance, and, on the other hand, discussion of the company’s future strategy.

Moreover, at its meeting on 15 December 2021 the Board of Directors unanimously gave its approval to developing two new corporate policies, namely Policy on defining the structure of the Elecnor Group and Corporate Governance Policy.

This Annual Corporate Governance Report was approved by the Board of Directors of the company at its meeting held on **23 February 2022**.

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

Yes No



ELECNOR, S.A.

Informe de auditor referido a la “Información relativa al Sistema de Control Interno sobre la Información Financiera (SCIIF)” de ELECNOR, S.A. correspondiente al ejercicio 2021



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



Informe de auditor referido a la “Información relativa al Sistema de Control Interno sobre la Información Financiera (SCIIF)” de ELEC NOR, S.A. correspondiente al ejercicio 2021

A los administradores de ELEC NOR, S.A.

De acuerdo con la solicitud del Consejo de Administración de ELEC NOR, S.A. (la “Sociedad”) y con nuestra carta propuesta de fecha 27 de enero de 2022, hemos aplicado determinados procedimientos sobre la “Información relativa al SCIIF” adjunta en el apartado F del Informe Anual de Gobierno Corporativo de ELEC NOR, S.A. correspondiente al ejercicio 2021, en el que se resumen los procedimientos de control interno de la Sociedad en relación a la información financiera anual.

El Consejo de Administración es responsable de adoptar las medidas oportunas para garantizar razonablemente la implantación, mantenimiento y supervisión de un adecuado sistema de control interno así como del desarrollo de mejoras de dicho sistema y de la preparación y establecimiento del contenido de la Información relativa al SCIIF adjunta.

En este sentido, hay que tener en cuenta que, con independencia de la calidad del diseño y operatividad del sistema de control interno adoptado por la Entidad en relación a la información financiera anual, éste sólo puede permitir una seguridad razonable, pero no absoluta, en relación con los objetivos que persigue, debido a las limitaciones inherentes a todo sistema de control interno.

En el curso de nuestro trabajo de auditoría de las cuentas anuales y conforme a las Normas Técnicas de Auditoría, nuestra evaluación del control interno de la Entidad ha tenido como único propósito el permitirnos establecer el alcance, la naturaleza y el momento de realización de los procedimientos de auditoría de las cuentas anuales de la Entidad. Por consiguiente, nuestra evaluación del control interno, realizada a efectos de dicha auditoría de cuentas, no ha tenido la extensión suficiente para permitirnos emitir una opinión específica sobre la eficacia de dicho control interno sobre la información financiera anual regulada.

A los efectos de la emisión de este informe, hemos aplicado exclusivamente los procedimientos específicos descritos a continuación e indicados en la *Guía de Actuación sobre el Informe del auditor referido a la Información relativa al Sistema de Control Interno sobre la Información Financiera de las entidades cotizadas*, publicada por la Comisión Nacional del Mercado de Valores en su página web, que establece el trabajo a realizar, el alcance mínimo del mismo, así como el contenido de este informe. Como el trabajo resultante de dichos procedimientos tiene, en cualquier caso, un alcance reducido y sustancialmente menor que el de una auditoría o una revisión sobre el sistema de control interno, no expresamos una opinión sobre la efectividad del mismo, ni sobre su diseño y su eficacia operativa, en relación a la información financiera anual de la Entidad correspondiente al ejercicio 2021 que se describe en la Información relativa al SCIIF adjunta. En consecuencia, si hubiéramos aplicado procedimientos adicionales a los determinados por la citada Guía o realizado una auditoría o una revisión sobre el sistema de control interno en relación a la información financiera anual regulada, se podrían haber puesto de manifiesto otros hechos o aspectos sobre los que les habríamos informado.

Asimismo, dado que este trabajo especial no constituye una auditoría de cuentas ni se encuentra sometido a la normativa vigente en materia de auditoría de cuentas en España, no expresamos una opinión de auditoría en los términos previstos en la citada normativa.

Se relacionan a continuación los procedimientos aplicados:

1. Lectura y entendimiento de la información preparada por la entidad en relación con el SCIIF – información de desglose incluida en el Informe de Gestión – y evaluación de si dicha información aborda la totalidad de la información requerida en el contenido mínimo descrito en el apartado F, relativo a la descripción del SCIIF, del modelo de IAGC según se establece en la Circular 5/2013 de 12 de junio de la Comisión Nacional del Mercado de Valores (CNMV) y modificaciones posteriores, siendo la más reciente la Circular 3/2021, de 28 de septiembre de la CNMV (en adelante, las Circulares de la CNMV).
2. Preguntas al personal encargado de la elaboración de la información detallada en el punto 1 anterior con el fin de: (i) obtener un entendimiento del proceso seguido en su elaboración; (ii) obtener información que permita evaluar si la terminología utilizada se ajusta a las definiciones del marco de referencia; (iii) obtener información sobre si los procedimientos de control descritos están implantados y en funcionamiento en la entidad.
3. Revisión de la documentación explicativa soporte de la información detallada en el punto 1 anterior, y que comprende, principalmente, aquella directamente puesta a disposición de los responsables de formular la información descriptiva del SCIIF. En este sentido, dicha documentación incluye informes preparados por la función de auditoría interna, alta dirección y otros especialistas internos o externos en sus funciones de soporte a la Comisión de Auditoría y Control.
4. Comparación de la información detallada en el punto 1 anterior con el conocimiento del SCIIF de la entidad obtenido como resultado de la aplicación de los procedimientos realizados en el marco de los trabajos de la auditoría de cuentas anuales.
5. Lectura de actas de reuniones del consejo de administración, la Comisión de Auditoría y Control y otras comisiones de la entidad a los efectos de evaluar la consistencia entre los asuntos en ellas abordados en relación al SCIIF y la información detallada en el punto 1 anterior.
6. Obtención de la carta de manifestaciones relativa al trabajo realizado adecuadamente firmada por los responsables de la preparación y formulación de la información detallada en el punto 1 anterior.

Como resultado de los procedimientos aplicados sobre la Información relativa al SCIIF no se han puesto de manifiesto inconsistencias o incidencias que puedan afectar a la misma.

Este informe ha sido preparado exclusivamente en el contexto de los requerimientos establecidos por el artículo 540 del Texto Refundido de la Ley de Sociedades de Capital y por las Circulares de la CNMV a los efectos de la descripción del SCIIF en los Informes Anuales de Gobierno Corporativo.

KPMG Auditores, S.L.

ELECNOR, S.A.

Auditor's Report on the "Information concerning the System of Internal Control over Financial Reporting (ICFR)" of ELECNOR, S.A. for 2021
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the directors of ELECNOR, S.A.

As requested by the Board of Directors of ELECNOR, S.A. (the "Company") and in accordance with our proposal letter dated 27th January 2022, we have applied certain procedures to the "Information concerning the ICFR" attached in section F of the Annual Corporate Governance Report of ELECNOR, S.A. for 2021, which summarises the Company's internal control procedures for annual financial reporting.

The Board of Directors is responsible for adopting appropriate measures to reasonably ensure the implementation, maintenance and oversight of an adequate system of internal control, the development of improvements to that system and the preparation and definition of the content of the information concerning the ICFR attached.

In this respect, it should be borne in mind that irrespective of the quality of the design and operation of the internal control system adopted by the Company in relation to annual financial reporting, the system may only provide reasonable, but not absolute assurance in relation to the objectives pursued, due to the limitations inherent in any internal control system.

In the course of our audit work on the annual accounts and in accordance with Technical Auditing Standards, our evaluation of the Company's internal control was solely aimed at enabling us to establish the scope, nature and timing of the audit procedures on the Company's annual accounts. Consequently, the scope of our evaluation of the internal control, performed for the purposes of the audit of accounts, was not sufficient to enable us to issue a specific opinion on the efficiency of this internal control over regulated annual financial reporting.

For the purposes of issuing this report, we have applied only the specific procedures described below and set out in the Guidelines for preparing the auditor's report on the information on the system of internal control over financial reporting of listed entities, published on the website of the Spanish National Securities Market Commission (CNMV), which defines the work to be performed, the minimum scope of the work and the content of this report. As the scope of the work resulting from these procedures is in any event limited and substantially less than that of an audit or review of the internal control system, we do not express an opinion on its effectiveness or design or operational efficiency, with respect to the Company's annual financial reporting for 2021 described in the attached Information concerning the ICFR. Consequently, had additional procedures other than those defined in the aforementioned Guidelines been applied, or an audit or review been performed of the internal control system in relation to regulated annual financial reporting, other events or matters could have been identified, which would have been reported to you.

Moreover, as this special engagement does not constitute an audit of accounts nor is it subject to prevailing legislation regulating the audit of accounts in Spain, we do not express an audit opinion in the terms envisaged in such legislation.

The procedures applied were as follows:

1. Reading and understanding of the information prepared by the Company in relation to the ICFR – disclosures included in the directors' report – and evaluation of whether it covers all the information required, taking into account the minimum content described in Section F, concerning the description of the ICFR, the Annual Corporate Governance Report model set out in Spanish National Securities Market Commission (CNMV) Circular 5/2013 of 12 June 2013 and subsequent amendments, the most recent being Circular 3/2021 of 28 September 2021 (hereinafter, the CNMV Circulars).
2. Inquiries of personnel responsible for preparing the information detailed in point 1 above in order to: (i) gain an understanding of the preparation process; (ii) obtain information that allows us to assess whether the terminology used conforms to the definitions contained in the reference framework; (iii) obtain information on whether the control procedures described are in place and operational in the Company.
3. Review of explanatory documentation supporting the information detailed in point 1 above, and which will mainly include that made directly available to those responsible for preparing the descriptive information on the ICFR. This documentation includes reports prepared by internal audit, senior management and other internal or external specialists supporting the audit and compliance committee.

4. Comparison of the information detailed in point 1 above with the understanding of the Company's ICFR gained as a result of the procedures performed within the framework of the audit work on the annual accounts.

5. Reading of the minutes of the meetings of the Board of Directors, audit and compliance committee and other committees of the Company for the purposes of assessing the consistency of the matters discussed at these meetings in relation to the ICFR with the information detailed in point 1 above.

6. Procurement of a representation letter concerning the work performed, duly signed by those responsible for preparing and drawing up the information detailed in point 1 above.

As a result of the procedures applied to the Information concerning the ICFR, no inconsistencies or incidents have come to light that could affect it

This report has been prepared exclusively in the context of the requirements established in article 540 of the Revised Spanish Companies Act and the CNMV Circulars for the purposes of the description of the ICFR in Annual Corporate Governance Reports.

KPMG Auditores, S.L.

(Signed on original in Spanish)

Cosme Carral

24 February 2022

