



Regulations  
of the Board  
of Directors of  
Elecnor, S.A.

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## Chapter I INTRODUCTION

### Article 1 Purpose

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The purpose of these Regulations is to lay down operating guidelines for the Board of Directors of ELEC NOR, S.A. ("Elecnor" or the "**Company**") and its Committees, to set forth the basic rules for the organisation and work of the Board, and to put in place rules for selecting, appointing, re-appointing, and removing Board members together with rules of conduct for Board members, and implement the precepts set forth in the Company's Articles of Association to achieve the highest possible level of efficiency and optimise the Board's work.

Section 42 of the Spanish Commercial Code [*Código de Comercio*] applies as regards the definition of "Group" for purposes of these Regulations.

### Article 2 Scope of application

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These Regulations will apply directly to the Board as a collective body and to the Directors as its members involved in formulating the intent of the Board and, insofar as it is congruent with their nature, to the Board's delegated bodies and Committees and to their members. Directors are required to be conversant with, to abide by, and to enforce these Regulations.

### Article 3 Interpretation

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These Regulations are to be interpreted in accordance with the Articles of Association and applicable law and with the principles and recommendations contained in the codes of corporate good governance, and the Board of Directors is vested with authority to settle any questions of interpretation that may arise in connection with implementation of these Rules.

These Regulations implement and supplement the Articles of Association and applicable law, which will prevail in the event of any discrepancies with respect to the content of these Rules.

### Article 4 Amendment and dissemination

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These Regulations may only be amended by the Board of Directors at the proposal of the Chair or of at least three Directors. Proposals are to be submitted together with a reasoned memorandum of explanation.

The text of the proposal and the corresponding memorandum of explanation will be sent out with the notice of meeting for the session of the Board of Directors held to resolve on the proposal. The meeting Agenda will contain a specific item for deliberation.

These Regulations are to be posted on the Company's website for dissemination among shareholders and investors in general, without prejudice to compliance with the requirements laid down in the applicable law at all times.

## Chapter II DUTIES OF THE BOARD OF DIRECTORS

### Article 5 General duty of supervision

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The Board of Directors will be competent to adopt decisions on all matters falling within the scope of the corporate purpose that are not reserved for the General Meeting by law or the Articles of Association.

Without prejudice to vesting the Board of Directors with the broadest powers and authority to manage and represent the Company, Board policy is to be directed at focusing its work on the general function of managing and formulating the strategic guidelines for the Company and its Group and at overseeing implementation of those guidelines and adopting decisions on matters of strategic importance at the Group level, while delegating the duties of ordinary management and effective administration of the companies making up the Group to those companies' management bodies and their executive management, ensuring alignment of Elecnor's corporate interests with those companies' interests.

The Board will entrust the Company's ordinary running and management to a Chief Executive or to Managing Directors and to the members of the Company's executive management team. It may not delegate any powers that are reserved for direct action by the Board of Directors by law or by the Articles of Association or any others that are necessary for responsibly exercising the general function of formulating and overseeing Company and Group strategy. Specifically, in addition to those duties that may not be delegated under the legislation in force, the Board of Directors will have the following functions and responsibilities:

- a) Setting and approving the general policies and strategies of the Company and its Group, namely:
  - (i) The Company's policy concerning treasury shares.
  - (ii) The strategic or business plan, management targets, annual budget, investment and financing policy, and dividend policy.
  - (iii) Corporate social responsibility and social and environmental sustainability policy.
  - (iv) Risk management and control policy, tax risks included, and supervising internal control and reporting systems.
  - (v) The Company's and its Group's corporate governance policy.
  - (vi) Decisions concerning the structure of the Group of companies with the Company at its head.
  - (vii) The Company's tax strategy.
  - (viii) Policy regarding communications, contacts, and involvement with shareholders, institutional investors, and proxy advisers, including corporate, non-financial, financial, and economic reporting.
  - (ix) The Board of Directors' diversity and Director selection policy.
- b) Supervising the effective operation of the Committees the Board has created and the work of the delegated bodies and members of the executive management team that it has appointed.
- c) Granting authorisation or discharge from obligations ensuing from the duty of loyalty in conformity with the law and these Regulations.
- d) Approving Related-Party Transactions that do not have to be approved by the General Meeting instead, without prejudice to possible delegation to the Board of Directors, in the cases and in the terms stipulated in the law and in these Regulations.
- e) Drawing up all manner of reports the Board of Directors is required by law to produce where the transaction concerned by the report may not be delegated.
- f) Adopting decisions on Director remunerations in the framework of the Articles of Association and the Director remunerations policy in conformity with the prevailing law.
- g) Appointing and removing the Company's Managing Directors and setting their terms of contract.
- h) Appointing and removing members of the executive management team, drawing up remunerations policy, overseeing and assessing their activities, and setting the basic terms of their contracts, including remunerations.

- i) Calling and setting the agendas for General Shareholders Meetings and proposing resolutions.
- j) Exercising any powers the General Meeting has delegated to the Board of Directors, unless the Board is expressly authorised to delegate them in its turn.
- k) Identifying the Company's main risks, particularly risks attaching to derivative transactions, and implementing and overseeing suitable internal control and reporting systems.
- l) Approving all manner of investments and transactions which, on account of their high cost or special characteristics, are strategic in nature or entail special tax risks for which approval is not reserved for the General Meeting.
- m) Approving the creation or purchase of shares in special purpose vehicles or entities based in countries or territories classified as tax havens and any other transactions or similar operations which, due to their complexity, could be detrimental to the transparency of the Company and its Group.
- n) Arranging its structure and operation, more particularly, approving and amending these Regulations.
- o) Drawing up the Annual Report on Director Remunerations.
- p) Approving the Corporate Governance Report each year.
- q) Drawing up the annual financial statement and submitting it to the General Meeting.
- r) Supervising preparation and presentation of the financial information and the management report, and, where appropriate, the requisite non-financial information.
- s) Approving the financial information that the Company, as a publicly traded company, needs to make public regularly.
- t) Where appropriate, drawing up the non-financial information statement for submission to the General Meeting.
- u) Overseeing the various areas of the Company as a whole.
- v) Performing the duties specially stipulated in these Regulations.

Despite being assigned to the Board as a whole, where required by bona fide reasons of urgency, these functions may be performed by the Board's delegated bodies for subsequent ratification at the first full Board meeting held after the decision was taken in the terms stipulated by law.

## Article 6 Principles underlying the activities of the Board of Directors

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The Board of Directors will perform its duties independently at its discretion with singleness of purpose. It will treat all shareholders having the same status just the same and will pursue the corporate interest, understood to be achieving a profitable business sustainable in the long term, fostering the Company's continuity and maximising its economic value.

In attaining the corporate interest, the Board of Directors will obey the law and regulations and will base its conduct on good faith, ethics, and observance of custom and generally accepted best practices. It will endeavour to reconcile the corporate interest with the legitimate interests of its employees, suppliers, clients, and other stakeholders concerned, as the case may be, and with the impact of the Company's activities on society as a whole and on the environment. It will in all cases comply with the laws in force and act in conformity with generally accepted standards, values, and patterns of ethical behaviour and good governance.

### Chapter III COMPOSITION OF THE BOARD OF DIRECTORS

#### Article 7 Qualitative composition

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Directors will be classified either as executive directors or non-executive directors, the latter in turn broken down into nominee, independent, or other external directors as provided by law.

In exercising its function of proposing potential Directors and co-option to the General Meeting to fill vacancies, the Board of Directors will ensure that non-executive Directors make up an ample majority on the Board compared to executive Directors.

Furthermore, when proposing suitable candidates, the Appointments, Remunerations and Sustainability Committee will take into account not only the applicable law but also the principles and recommendations for good corporate governance. Candidates' background and experience should conform to the Company's needs.

The Board of Directors will at all events include at least two independent Directors.

The Board of Directors will ensure that the procedures used to select its members take into account the training, professional experience, and other diversity criteria stipulated by law. Furthermore, those procedures will avoid any implicit bias that could result in discrimination and in particular will expedite selection of a number of female Directors to attain a balance between women and men.

#### Article 8 Quantitative composition

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The Board of Directors will comprise no fewer than five and no more than fifteen Directors.

The Board of Directors will propose to the General Meeting the number that is most appropriate to ensure that its functioning will be properly representative, effective, and participatory having in mind the changing circumstances of the Company.

### Chapter IV STRUCTURE OF THE BOARD OF DIRECTORS

#### Article 9 Chair of the Board of Directors

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The Chair of the Board of Directors will also be the Company's President and will be elected by the Board from among its members at the proposal of the Appointments, Remunerations and Sustainability Committee.

As the chief executive responsible for leading and proper functioning of the Board and its Committees, the Chair will have the following tasks:

- a) Convening and chairing meetings of the Board of Directors, approving the meeting Agenda, and leading the discussions, calling on speakers in the order in which they have asked to speak.
- b) Chairing the General Shareholders Meeting.
- c) Ensuring that Directors receive, in advance of Board meetings, the information they need to be able to deal with the items on the agenda and perform their duties with due care.
- d) Encouraging debate and active participation by Directors at sessions and ensuring freedom of opinion and expression.

The Chair will also draw up and submit to the Board of Directors a schedule of dates and business to transact; organise and coordinate periodic assessments of the Board and also of the Company's chief executive, where appropriate; ensure that enough time is allotted for discussing strategic matters; and arrange for and review training programmes for each Director to update their knowledge as circumstances may require.

The Chair of the Board of Directors may be an executive Director of the Company. In that case, appointment to that office will require the votes in favour of two thirds of the Board members. At the proposal of the Appointments, Remunerations and Sustainability Committee and with the executive Directors abstaining, the Board of Directors will appoint one of its independent Directors to be the Coordinating Director with the powers specified by law.

#### Article 10 Deputy Chairs

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At the proposal of the Appointments, Remunerations and Sustainability Committee, the Board will elect from among its members one or more executive or non-executive Deputy Chairs to stand in for the Chair by delegation and in cases of vacancy, absence, or illness of the Chair, in all cases taking on the duties and functions the Board or the Chair deems appropriate.

Substitution for the Chair by one of the Deputy Chairs will be by order of the Deputy Chairships. Where more than one Deputy Chair has been elected without there being any order among the Deputy Chairships, order will be based on the ages of the persons elected in descending order. Should the foregoing not be feasible, the Director designated by the Board of Directors will stand in for the Chair.

#### Article 11 Secretary of the Board of Directors

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The Secretary will be appointed and removed by the full Board after hearing the Appointments, Remunerations and Sustainability Committee. The Secretary is not required to be a Director. Where not a Director, the Secretary will have the right to speak but not to vote.

The Secretary will assist the Chair in its work and is to see to proper operation of the Board, in particular working to assist the Chair to see that Directors receive the relevant prior advice and information in a suitable format to enable them to perform their duties, to keep the Board's documents, to report accurately on the work of the sessions in the minutes book, and to certify the resolutions adopted and the content of the minutes.

The Secretary will ensure that the Board's work is in conformity with the applicable laws and regulations and in accordance with the Articles of Association and other internal rules and that governance rules are observed and reviewed on a regular basis.

The Secretary will also see that the Board's actions and decisions are mindful of the good governance recommendations applicable to the Company and that the Company is compliant with laws and regulations on corporate governance and considers recommendations on that subject for possible inclusion in the Company's internal rules.

#### **Article 11 bis Deputy Secretary of the Board**

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The Board may appoint a Deputy Secretary of the Board of Directors at the proposal of the Appointments, Remunerations and Sustainability Committee. The Deputy Secretary will perform the duties of the Secretary in case of vacancy or the latter's absence or infirmity and where the Deputy Secretary is unavailable, the Director designated by the Board of Directors will stand in for the Secretary.

The person serving as Deputy Secretary may but need not be a Director. Where not a Director, the Deputy Secretary will have the right to speak but not to vote.

#### **Article 12 Delegated Bodies and Committees of the Board of Directors**

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Without prejudice to delegating powers to any individual Director (Managing Directors) and its authority to create an Executive Committee and other Delegated Committees by area of activity, the Board of Directors may establish as many internal Committees without executive functions as it sees fit and may assign them duties of reporting, advising, and making proposals to the Board of Directors itself, to its Chair, or to the CEO or Managing Directors.

The Board of Directors will create at least an Audit Committee and an Appointments, Remunerations and Sustainability Committee with authority to report, advise, and make proposals on the matters specified by the applicable law, the Articles of Association, and the Rules that follow below.

Except as stipulated in Article 13 below with respect to the Audit Committee Chair, Committee member appointments will be for the same terms to which those individuals have been appointed as Company Directors. A Director will cease to be a member of the Committees he or she belongs to on ceasing to be a Company Director.

Committees will be quorate when a majority of their members are present or represented. Resolutions will be adopted by an absolute majority of votes cast by the members present or represented at the meetings.

The resolutions adopted by the Committees will be recorded in a minute book kept for that purpose stating the date of the session, the participants, and the resolutions adopted. Committee minutes will be at the disposal of all the members of the Board of Directors.

The Audit Committee and the Appointments, Remunerations and Sustainability Committee will each draw up a yearly report on its work and performance during the year as a basis for review by the Board of Directors.

The Board of Directors will approve Regulations for the Audit Committee and the Appointments, Remunerations and Sustainability Committee elaborating on the regulations regarding the composition, duties, and functioning of each of those Committees envisaged in these Regulations.

#### **Article 13 Audit Committee**

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

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

Without prejudice to endeavouring to meet gender diversity and other diversity criteria, the Committee members overall are to possess the technical knowledge relevant to the Company's area of business.

The Audit Committee will appoint one of its independent Director members to be its Chair for a term of four years. The Chair may be re-appointed to another four-year term as Chair one year after his or her term has ended or he or she has ceased to serve as Chair. The Secretary of the Board of Directors may be appointed Secretary of the Audit Committee, on condition that he or she is not an executive Director.

The Audit Committee will at all events have the following duties and any other tasks it may be assigned by the Board:

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 make suggestions or recommendations for safeguarding financial integrity to the Board of Directors.
- c) To report in advance to the Board of Directors concerning the financial information, management report, and, where appropriate, any requisite non-financial information that the Company is to make public periodically.
- d) To ensure that the annual financial statement the Board of Directors submits to the General Meeting has been drawn up in accordance with accounting standards. Where the external auditor has included an observation in its audit report, the Audit Committee Chair will clearly explain the Committee's views on its significance and scope to the General Meeting and will make a summarised version of its views available to the shareholders when the notice of meeting is issued, together with the rest of the proposals and reports of the Board.

In respect of supervising **internal control of financial reporting**:

- e) To supervise the effectiveness of the internal controls of the Company and its internal audit function 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.
- f) 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.

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

In respect of supervising **risk management and control**:

- i) 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.
- j) To supervise the risk management and control unit.

In respect of **the external auditor**:

- k) To submit proposals for selecting, appointing, re-appointing, and replacing the external auditor to the Board of Directors for referral to the General Shareholders Meeting; to take charge of the selection process in conformity with the applicable laws and regulations and of the conditions of engagement; and to obtain from the external auditor, on a regular basis, information on the audit plan and on performance of that plan.
- l) 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 an annual 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.

- m) To issue an annual report in advance of the external auditor's report setting out its opinion as to whether the auditor's independence has been compromised. This report will necessarily include a reasoned assessment of each of the additional services apart from auditing referred to in the preceding item, both individually and in aggregate, from the perspective of independence and the statutory framework regulating auditing practice.
- n) To defend the external auditor's independence in the performance of its duties, in particular:

- (i) should the auditor resign, to examine the circumstances surrounding and the reasons for resignation;
  - (ii) to supervise announcement by the Company of a change in auditor through the Spanish National Securities Market Commission [Comisión Nacional del Mercado de Valores] and to submit a statement regarding the existence of any disagreements with the outgoing auditor and what they might be;
  - (iii) to ensure that the external auditor's remuneration for its work does not compromise the quality of the work or the auditor's independence; and
  - (iv) to ensure that the Company and the external auditor obey the law in force concerning providing services other than auditing services and limits on economic dependence by auditors and all other laws and regulations connected with auditor independence generally.
- o) To ensure that the external auditor meets yearly with the full Board of Directors to report on the work done and the status of the Company's accounting situation and risks.

In respect of supervising **compliance with the Company's corporate governance rules and internal rules of conduct:**

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

**Other duties:**

- r) 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.
- s) 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:
  - (i) the creation or purchase of shares in special purpose vehicles or entities based in countries or territories classified as tax havens and
  - (ii) the financial terms and accounting implications and where appropriate the proposed swap terms of transactions that entail corporate and structural modifications planned by the Company.

The Audit Committee will meet at least four times a year and whenever it is in the Company's interest to do so in the judgement of the Committee Chair or at the request of the Board of Directors, the Chair of the Board of Directors, or any Committee member.

## Article 14 Appointments, Remunerations and Sustainability Committee

The Board of Directors will establish an Appointments, Remunerations and Sustainability Committee composed of no fewer than three and no more than five non-executive Directors appointed by the Board of Directors. At least two Committee members will be independent Directors.

Without prejudice to endeavouring to meet gender diversity and other diversity criteria for its members, Appointments, Remunerations and Sustainability Committee members are to possess suitable knowledge, skills, and experience for duties they will be called upon to perform.

The Appointments, Remunerations and Sustainability Committee will appoint one of its independent Directors to be its Chair. The Secretary of the Board of Directors may be appointed Secretary of the Appointments, Remunerations and Sustainability Committee, on condition that he or she is not an executive Director.

The Appointments, Remunerations and Sustainability Committee will at all events have the following duties and any other tasks it may be assigned by the Board:

In respect of **composition of the Board:**

- a) To assess the competencies, knowledge, and experience needed on the Board of Directors. With this in mind, to specify the skills and abilities the candidates for each vacancy should have and to weigh the time and commitment that will be required for them to be able to perform their duties effectively and ensure that non-executive Directors will have sufficient time to perform their duties properly.
- b) To set a target for representation by the sex with fewer members on the Board of Directors and to draw up guidelines on how to achieve that goal.
- c) To propose the Board of Directors diversity and Director selection policy to the Board of Directors and to review fulfilment yearly.
- d) To review Director categories yearly.

In respect of **selection of Directors and the executive management team:**

- e) To submit to the Board of Directors proposals for the appointment of independent Directors by co-option or for submission to the General Shareholders Meeting and proposals for the reappointment or removal of those Directors by the General Shareholders Meeting.
- f) To submit proposals for the appointment of the remaining Directors by co-option or for submission to the General Shareholders Meeting and proposals for the reappointment or removal of those Directors by the General Shareholders Meeting.
- g) To report on proposals for the appointment and removal of members of the executive management team.

In respect of the **officers of the Board:**

- h) To report on the appointment of the Chair and Deputy Chair of the Board.
- i) To report on the appointment and removal of the Secretary and Deputy Secretary of the Board.
- j) To review and arrange for succession of the Chair of the Board of Directors and the Company's Chief Executive Officer and, where appropriate, to submit proposals to the Board of Directors to enable succession to take place in an orderly and planned manner.

In respect of **remunerations of Directors and members of the executive management team:**

- k) To propose to the Board of Directors remunerations policies for Directors and for members of the executive management team and to review compliance.
- l) To propose to the Board of Directors individual remuneration and other contractual terms for the executive Directors and to propose the basic contractual terms for the members of the executive management team in accordance with the Articles of Association and the Director remunerations policy in effect at all times.
- m) To report to the Board of Directors in advance of setting the remuneration of each individual Director for performing their non-executive duties in the framework of the Articles of Association and the remunerations policy and of setting the remuneration of each individual Director for performing their assigned executive duties in the framework of the remunerations policy and in accordance with the terms of their contracts.
- n) Regularly to review remunerations policy for the Directors and members of the executive management team, including share-based remuneration schemes and application of those schemes, and to ensure that individual remuneration is proportional to what the other Directors and members of the Company's executive management team are paid.
- o) To verify the information on the remunerations of Directors and members of the executive management team set out in the various corporate documents, including the Annual Director Remunerations Report.

In respect of reviewing **corporate governance and sustainability:**

- p) Regularly to evaluate and review the Company's system of corporate governance and its corporate social responsibility and social and environmental sustainability policy to ensure that they fulfil their mission of promoting corporate interests while taking into account the legitimate interests of other stakeholders as appropriate.
- q) To see that the Company's social and environmental practices comply with approved policy and strategy.
- r) To supervise and assess relationships with the various stakeholders.

**Other duties:**

- s) To take part in the Board's yearly assessment of the work and composition of the Board, its Committees, and the Company's Directors.
- t) To ensure that potential conflicts of interest do not compromise the independence of the external advice furnished to the Committee.

The Appointments, Remunerations and Sustainability Committee will meet at least three times a year and whenever it is in the Company's interest to do so in the judgement of the Committee Chair or at the request of the Board of Directors, the Chair of the Board of Directors, or any Committee member.

## Chapter V OPERATION OF THE BOARD OF DIRECTORS

### Article 15 Meetings of the Board of Directors

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The Board of Directors will ordinarily meet monthly and in any case at least quarterly. The Board of Directors will also meet whenever necessary for the proper functioning of the Company in the judgement of the Chair or whenever a meeting is requested by three Board members, in which case the Chair will include the business to be transacted on the Agenda. If the Chair, on being requested to call a meeting, has not done so within one month without due cause, a meeting may be convened at the venue where the company's registered office is located by at least one-third of the Board members, who will announce the meeting Agenda.

Without prejudice to the preceding paragraph, where the Chair is an executive Director of the Company, each independent Director will be severally authorised to request a Board meeting or to include additional items on the Agenda to coordinate and raise concerns of the External Directors.

Ordinary and extraordinary sessions will be called by email or by any other means that leave a record of receipt. The notice of meeting will be authorised by the Chair or by whoever is delegated by the Chair to do so. The notice of meeting will be sent at least fifteen days in advance. Directors will in all cases be entitled to raise whatever matters they see fit during Board meetings, whether or not those matters are on the Agenda for the session.

Any Director may ask the Chair of the Board of Directors to include matters on Agenda.

Directors are to have been provided with the information they need to be able to discuss and adopt resolutions on the matters to be addressed sufficiently in advance, unless an extraordinary meeting of the Board has been called for reasons of urgency.

Extraordinary sessions of the Board will not have to comply with the minimum advance notice and other requirements referred to in the preceding paragraphs when in the judgement of the Chair this is warranted by circumstances.

### Article 16 Conduct of sessions

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Meetings of the Board of Directors will be quorate to transact all business when attended by a majority of Board members, present or by proxy. Meetings will be quorate without a prior notice of meeting when all the Directors are present or represented and unanimously agree to hold the meeting and accept the Agenda to be discussed at the meeting.

It is the Directors' duty to attend sessions of the Board of Directors personally; Director absences should be limited to cases that are unavoidable. Nevertheless, when in exceptional cases a Director is unable to attend, they may appoint any other Director to act as their proxy, appointments to be made in writing for each session. Each appointee holds full authority to act for their principals in all matters, and a single Director may hold multiple proxies. Proxy appointments should contain the corresponding instructions, and the Chair of the Board is to be notified by means that allow confirmation of receipt of the notice. Non-executive Directors may only appoint another non-executive Director as their proxy.

Board meetings will be held at the registered office or at the venue stated on the notice of meeting.

To aid the Board in its supervisory duties, the Company's Chief Executive Officer or Managing Directors will inform the Board of all circumstances considered relevant to the running of the Company.

The Chair may invite all those who are able to help better inform the Directors to attend sessions of the Board of Directors, though they are not to be present when decisions are adopted. The minutes will record the entrance and exit of guests to each session.

Barring other statutory requirements, resolutions will be adopted by an absolute majority of the Directors attending the meeting.

Voting may be carried out in writing without a meeting as long as no Director objects to that procedure.

Meetings of the Board of Directors may be held at several different locations linked by systems that enable the participants attending to be recognised and identified, to be permanently interconnected, and to speak and vote, all in real time. The Directors in attendance at any of the linked locations will have the status of participants at a single session of the Board of Directors. The session will be deemed to have met at the venue attended by the Chair or whoever is acting as Chair.

The deliberations and resolutions of the Board of Directors will be recorded in a minute book signed by the Chair and the Secretary.

#### **Article 17**      **Use of remote means**

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To enhance and facilitate internal communications, the Board of Directors will promote the use of remote means in its internal relations with Directors to the extent permitted by the state of the art and by law.

The Company will make available to Directors a special computer application (a webpage for Directors) to help them in their duties and in information gathering, together with access to Director training materials. The Directors' webpage may also be used to convene meetings and by Directors to grant proxy.

The Board will ensure that suitable security measures are taken.

### **Chapter VI**      **APPOINTMENT AND REMOVAL OF DIRECTORS**

#### **Article 18**      **Appointment of Directors**

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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.

To be eligible, Directors must own at least 5% of the Company's voting shares held for at least five years before their appointment. These conditions will not be required for the appointment, re-appointment, or ratification of independent Directors or for the appointment, re-appointment, or ratification of non-independent Directors by the General Meeting with 25% of the subscribed share capital in attendance on first call and no minimum on second call, in either case with the votes in favour of a simple majority of the share capital present or represented.

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-appointment of members of the Board of Directors will be proposed by the Appointments, Remunerations 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, Remunerations and Sustainability Committee.

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

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

Company Directors may not belong to more than three Boards of Directors of publicly traded Companies in addition to Elecnor's Board.

#### **Article 19**      **Re-appointment of Directors**

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Directors will be re-appointed in the terms provided by law and in the Articles of Association.

Proposals or reports by the Appointments, Remunerations and Sustainability Committee will include an assessment of the quality of the work and job dedication of the candidate Directors during their previous terms and of their integrity, competence, availability, and engagement in their work.

#### **Article 20**      **Term of office**

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Directors will be appointed to terms of four years and may be re-appointed to one or more terms of equal length.

Without prejudice to the previous paragraph, independent Directors may not serve in that capacity for a continuous period longer than 12 years.

Directors' appointments will lapse where, upon expiry of the term, the next General Meeting has been held or the statutory time limit for holding the General Meeting to decide on approval of the financial statement for the preceding financial year has elapsed.

If vacancies occur during Directors' terms of office, the Board may appoint persons to fill those vacancies until the next General Meeting subsequent to appointment is held. If a vacancy occurs when a General Meeting has been convened but before it is held, the Board of Directors may appoint a Director to serve until the General Meeting following the General Meeting that has already been convened.

#### **Article 21**      **Resignation and Removal of Directors**

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Appointments of Directors will end when the terms to which they have been appointed have expired or when removed by the General Meeting in the exercise of the authority conferred on the General Meeting by law or by the Articles of Association.

Without prejudice to the preceding paragraph, nominee Directors will resign when the shareholder they represent has sold its entire shareholding.

Directors will offer to resign, and if the Board of Directors considers it appropriate will resign, when they are affected by circumstances that may be detrimental to the good name and reputation of the Company or may adversely affect the work of the Company or the Board of Directors, whether or not those circumstances are related to their activities in the Company. In particular, this obligation will apply when they have been named as being under investigation in any criminal matter, in which case they will report on the course of the proceedings. This obligation will also apply when because of supervening circumstances they become disqualified or ineligible by law.

On being informed of any of the situations referred to in the preceding paragraph, or on learning

of them by other means, the Board of Directors will examine the matter without delay, and after hearing the report of the Appointments, Remunerations and Sustainability Committee and reviewing the circumstances will decide what measures should be taken. Without prejudice to the information the Company should release, if appropriate, when the corresponding measures are taken, this is to be reported on in full in the Annual Corporate Governance Report, unless there are special circumstances that make it advisable to do otherwise, which should be recorded in the minutes.

The Board of Directors may only submit a proposal to the General Meeting to remove an independent Director before the end of the term stipulated in the Articles of Association at the proposal of the Appointments, Remunerations and Sustainability Committee where the Board of Directors finds there is due cause.

When the Board of Directors adopts repeated or material decisions about which a Director has expressed serious reservations, the Director will draw the relevant conclusions, and, if he or she elects to resign, will set out the reasons in the letter referred to in the following paragraph. This obligation also applies to the Secretary of the Board of Directors, even if not a Director.

Directors who leave office before the end of their term, by resignation or by decision of the General Meeting, will send a letter to all the members of the Board of Directors explaining the reasons for their resignation or, in the case of non-executive Directors, their opinion on the General Meeting's grounds for removal. A full report on this will be made in the Annual Corporate Governance Report. Insofar as it is relevant to investors, the Company will announce the resignation or removal as soon as possible and will include a sufficient exposition of the reasons or circumstances submitted by the Director.

## Chapter VII INFORMATION FOR DIRECTORS

### Article 22 Right to information and right of inspection

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In the performance of their tasks, Directors have the duty to demand and the right to receive from the Company the information that is necessary and suitable to enable them to fulfil their obligations.

Directors accordingly are vested with the broadest possible authority to gather information on any topic concerning the Company or its subordinate companies, both national and foreign, and to examine their books, records, documents, reports, or facilities.

Exercising this right to information is to be routed through the Chair with the assistance of the Secretary. The Chair will handle the Director's requests and furnish the information to the Director directly. It will provide the Director with access to appropriate contacts within the organisation or will take measures to enable the Director to carry out the relevant inspections and examinations in situ.

### Article 23 Expert advice

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Directors may ask the Company to engage, at its expense, legal, accounting, financial, or other experts to provide advice so that they can perform their duties.

The tasks assigned to those experts must deal with specific problems of a certain importance and complexity that arise in the course of performance of their duties.

The request to engage experts will be submitted to the Chair of the Board of Directors, and the decision is to be adopted by the Board of Directors, which may refuse the request if in its view:

- a) it is not needed for proper performance of the duties of the Directors;
- b) its cost is not reasonable in relation to the import of the problem and the Company's assets or revenues;
- c) the technical assistance sought can be suitably provided by the Company's own experts and technicians.

## Chapter VIII      DIRECTOR REMUNERATIONS

### Article 24      Director Remunerations

The General Meeting will set and approve the maximum remunerations to be paid to Directors as total remuneration for all the duties they perform, whether executive or non-executive duties. The maximum amount set by the General Meeting will have effect until a change is approved.

#### A. Director remunerations for non-executive duties.

For non-executive duties, all Directors will receive as remuneration:

- (i) the maximum amount of 7% of profits for the year earned by the consolidated Group after provision has been made for payment of taxes and all requirements in that respect provided by law have been fulfilled, plus
- (ii) a fixed cash allotment to be set by the General Meeting, and
- (iii) per diems for attending meetings that may be assigned as reimbursement for the expenses incurred in attending meetings and other expenses borne in the performance of their tasks and duties.

The Board of Directors will set the annual amount of remunerations on the basis set out above and will set the individual remuneration of each Director for the non-executive duties performed in the framework of the Articles of Association and remunerations policy at the proposal of the Appointments, Remunerations and Sustainability Committee.

#### B. Director remunerations for executive duties.

In addition to the remunerations they receive for the performance of non-executive duties, Directors who perform executive duties in the Company will be paid the remuneration set in their respective contracts, as follows:

- (i) A fixed cash remuneration.
- (ii) Variable remuneration calculated on the basis of quantitative or qualitative benchmark indicators or values linked to the extent of attainment of their targets (set by the Board of Directors at the proposal of the Appointments, Remunerations and Sustainability Committee).
- (iii) Remuneration based on the allotment of Company shares or share options.
- (iv) The following company perquisites or remuneration in kind: (i) inclusion in the civil liability policy for executives and Directors taken out by the Company; (ii) the right to participate in corporate benefit schemes (survivorship, health, accident, etc. coverage) in terms similar to those in effect for Company executives generally; and (iii) the Executive President will continue to enjoy all the benefits the Company makes available to its executives as a whole.
- (v) Possible severance pay-outs, on condition that severance is not due to breach of duties as director.

Director contracts must have the prior approval of the Board of Directors at the proposal of the Appointments, Remunerations and Sustainability Committee in conformity with the requirements laid down in the applicable law.

The Board of Directors will set the remuneration of each individual Director for performing their assigned executive duties in the framework of the remunerations policy and in accordance with the terms of their contracts after hearing the Appointments, Remunerations and Sustainability Committee.

The total of all the sums to be paid to all the Directors for all forms of remuneration each year will in no case exceed the maximum amount approved by the General Meeting.

#### **Article 25**      **Remunerations transparency**

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The Board of Directors and the Appointments, Remunerations and Sustainability Committee will take the steps required to ensure that the Company's Annual Report sets out all remunerations paid to Directors, including remuneration paid to Directors as members of the executive management team.

The Annual Corporate Governance Report will also refer to the remunerations paid to the Board of Directors.

The Board of Directors will draw up the Director remunerations policy in accordance with the applicable legislation.

The Board of Directors will also draw up an annual Director Remunerations Report in accordance with the applicable laws and regulations.

### **Chapter IX**      **DIRECTORS' DUTIES**

#### **Article 26**      **General Obligations of Directors**

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In performing their functions Directors will discharge the duties of their office in compliance with the law and with the Articles of Association with the diligence of a prudent businessperson, subordinating their own personal interests to the interests of the Company, and with the loyalty of a faithful representative, acting in good faith and in the Company's best interest. They will report diligently on the Company's progress, and their specific duties will include:

- a) Devoting sufficient effort and taking the measures needed for proper guidance and control of the Company.
- b) Keeping informed and suitably preparing for meetings of the Board and the bodies of which they are members.
- c) Attending meetings of the bodies of which they are members and taking an active part in their deliberations, so that their views contribute effectively to decision-making.
- d) Carrying out all tasks assigned by the Board of Directors that are reasonably congruent with their commitments to the Company.
- e) Looking into any irregularities in corporate management that may have come to their attention and monitoring all risks.
- f) Asking the individuals with authority to convene meeting to call an extraordinary session of the Board or to include whatever items they consider appropriate on the Agenda of the next meeting to be convened.

- g) 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.
- h) Refraining from exercising their powers for purposes other than the purposes for which they have been conferred.
- i) Carrying out their duties in accordance with the principle of personal accountability at their own discretion, true to their own views, and independently of instructions from and ties to third parties.
- j) 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.

#### **Article 27**      **Duty of confidentiality**

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Directors will keep all confidential information secret even when they are no longer Directors and will keep all information, data, reports, and facts that come to their knowledge by dint of their position confidential. Directors will not make public or disclose to third parties the information, data, reports, and facts except where permitted or required by law.

Directors will also keep the deliberations of the Board of Directors and the delegated bodies and Committee of which they are members secret.

The duty referred to in the preceding paragraphs will not apply to cases in which communication to the public or disclosure to third parties is required by law or where reporting or submission to the respective supervisory authorities is required, in which case disclosure of the information will be as stipulated by law.

#### **Article 28**      **Conflicts of interest**

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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 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.

#### **Article 29**      **Use of corporate assets**

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Directors will not make any use of the Company's assets, including the confidential information, or their position in the Company to derive any personal financial gain.

The Company may waive this requirement by decision by the competent body in accordance with current law.

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

#### **Article 30**      **Non-public information**

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Directors may be authorised to make use of the Company's non-public information for private purposes if the following conditions are met:

- a) the information is not connected with the purchase or sale of corporate securities;
- b) use will not be detrimental to the Company, and
- c) the Company does not hold any exclusive right or similar legal entitlement in respect of the information a Director intends to use.

In addition to the condition set forth in item a) above, Directors will comply with the standards of conduct laid down in the legislation dealing with securities markets and more specifically with those laid down in the Company's Internal Regulations of Conduct relating to Securities Markets.

The condition set forth in item c) above may be obviated by observing the rules laid down in the following article.

#### **Article 31**      **Business opportunities**

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Directors may not make use of the Company's business opportunities for their own benefit or for the benefit of any related person. Related persons will be as defined by law.

The Company may waive this requirement by decision by the competent body in accordance with current law.

For purposes of the preceding paragraph, business opportunity will be understood to be any opportunity to make an investment or carry out a business transaction that has come into being or been disclosed in connection with Directors' performance of their duties or by using means and information available to the Company in circumstances in which an offer made by a third party may reasonably be taken to have been directed at the Company.

#### Article 32      **Indirect transactions**

Directors will be in breach of their duty of loyalty to the Company where they are complicit in or do not disclose transactions carried out by their family members or by companies in which they hold an executive position or have a significant stakeholding where those transactions have not been subject to the conditions and controls stipulated in the preceding Rules.

### **Chapter X**      **RELATED-PARTY TRANSACTIONS**

#### Article 33      **Related-party transactions**

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 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 of 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.

## Chapter XI DEALINGS OF THE BOARD OF DIRECTORS

### Article 34 Relations with shareholders

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The Board of Directors will set up suitable channels to enable shareholders to make proposals concerning Company management.

The Board of Directors may arrange meetings attended by some Directors and the members of the executive management team it deems appropriate to inform shareholders who reside in the main financial centres in Spain and in other countries concerning the progress of the Company and its Group. In no case is this to entail disclosing privileged information or to result in unequal treatment of shareholders.

The Board of Directors will promote informed participation by shareholders at General Meetings and will take all appropriate measures to ensure that General Shareholders Meetings can effectively carry out their duties under the law and the Articles of Association.

In particular, the Board of Directors will take the following measures:

- a) It will make all legally required information available to the shareholders in advance of General Meetings, together with any other information that is not legally required but might be of particular interest and can reasonably be supplied.
- b) It will respond expeditiously to requests for information from shareholders before General Meetings.
- c) It will respond conscientiously to questions raised by shareholders at General Meetings.
- d) It will put in place and foster a policy for communication, contact, and involvement with shareholders, institutional investors, and proxy advisers wholly in compliance with the laws and regulations for preventing market abuse and providing for equal treatment of all shareholders in the same position.

#### **Article 35**      **Market relations**

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The Board of Directors will announce publicly through its website, without delay, concerning:

- a) privileged information reported to the National Securities Market Commission that could have an appreciable effect on stock market prices;
- b) changes in the Company's ownership structure, such as changes in major shareholdings, syndication agreements, and other coalition arrangements that may have come to its attention; and
- c) substantial changes to the Company's system of governance.

The Board of Directors will take the requisite measures to ensure that half-yearly financial and related non-financial reporting and all other information to be made available to the market by law is prepared using the same principles, standards, and professional practices and with the same reliability as the annual financial statements.

The Board of Directors will also approve a general policy for corporate, non-financial, and economic and financial reporting that will maximise dissemination and the quality of the information available to the market, investors, and other stakeholders.

#### **Article 36**      **Relations with Auditors**

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Relations of the Board of Directors with the Company's external Auditors will be channelled through the Audit Committee.

The Board of Directors will engage the services only of leading national and/or international auditing firms.

The Board of Directors will make public the total fees the Company has paid to the auditing firm for services other than auditing.

Approved by the Board of Directors of Elecnor, S.A.  
24 November 2021