Auditor's Report on Elecnor, S.A. and subsidiaries

(Together with the consolidated annual accounts and consolidated directors' report of Elecnor, S.A. and subsidiaries for the year ended 31 December 2021)

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

KPMG Auditores, S.L.
Torre Iberdrola
Plaza Euskadi, 5
Planta 17
48009 Bilbao

Independent Auditor's Report on the Consolidated Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of Elecnor, S.A.

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of Elecnor, S.A. (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated statement of financial position at 31 December 2021, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Revenue from Construction and Service Contracts

See note 3.s. to the consolidated annual accounts

Key audit matter	*How the matter was addressed in our audit*
A large portion of the Elecnor Group's revenues is generated through construction and service contracts in which revenue is recognised over time using the percentage of completion method, i.e. based on the stage of completion of the contract at the end of each accounting period, requiring the Group to make estimates of costs and forecast profits for each of the contracts, in order to determine the revenue to be recognised. The application of this method therefore entails a high level of judgement by the Directors and an exhaustive control of the estimates made and the deviations that might arise over the term of the contract. Estimates must take into account all costs and revenues related to the contracts, including any additional costs to those initially budgeted, as well any risks or claims under dispute. Revenue is only recognised when it is probable that economic benefits derived from the transaction will flow to the Group, and costs incurred and yet to be incurred, and the stage of completion of the contract at the reporting date, can be reliably measured. Due to the uncertainty associated with these estimates and the fact that changes therein could lead to material differences in the revenues recorded, they have been considered a key audit matter.	Our audit procedures included the following: – Evaluating the design and implementation of controls associated with the process of recognising and measuring revenue using the percentage of completion method and with the budget control process, and verifying the effectiveness of the key controls identified; – Checking that the methodology used by the Group to determine revenue, calculated based on the proportion of services provided compared to the total services to be rendered, is one of the methodologies accepted under the applicable financial reporting framework; – Based on certain quantitative and qualitative selection criteria, we selected a sample of construction contracts to evaluate the estimates made when preparing the forecast results of the contract and recognising revenue. In this regard, we have obtained the contracts and supporting documentation on which these estimates and judgements made by the Group are based; – Retrospective analysis comparing the margin of contracts completed during the year with the margin estimated the prior year for the contracts; – Based on certain quantitative and qualitative selection criteria, we assessed whether the provisions recognised at year end for each of the contracts reasonably reflect present obligations, whether it is probable that an outflow of economic benefits will be generated in the future, under the terms of the contracts, and we obtained documentation supporting the recognition thereof and evaluated the Group's judgement in its estimates; and – Assessing whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Other Information: Consolidated Directors' Report

Other information solely comprises the 2021 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility regarding the information contained in the consolidated directors' report is defined in the legislation regulating the audit of accounts, as follows:

a) Determine, solely, whether the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as specified in the Spanish Audit Law, have been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.

b) Assess and report on the consistency of the rest of the information included in the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned consolidated annual accounts. Also, assess and report on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2021, and that the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit Committee's Responsibility for the Consolidated Annual Accounts

The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent's Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.

- Conclude on the appropriateness of the Parent's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the Parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent's audit committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee of the Parent, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format

We have examined the digital files of Elecnor and its subsidiaries for 2021 in European Single Electronic Format (ESEF), which comprise the XHTML file that includes the consolidated annual accounts for the aforementioned year and the XBRL files tagged by the Parent will form part of the annual financial report.

The Directors of Elecnor, S.A. are responsible for the presentation of the 2021 annual financial report in accordance with the format and mark-up requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the "ESEF Regulation").

Our responsibility consists of examining the digital files prepared by the Directors of the Parent, in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we plan and perform our audit procedures to determine whether the content of the consolidated annual accounts included in the aforementioned digital files fully corresponds to the consolidated annual accounts we have audited, and whether the consolidated annual accounts and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

In our opinion, the digital files examined fully correspond to the audited consolidated annual accounts, and these are presented and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

Additional Report to the Audit Committee of the Parent

The opinion expressed in this report is consistent with our additional report to the Parent's audit committee dated 24 February 2022.

Contract Period

We were appointed as auditor of the Group by the shareholders at the ordinary general meeting on 23 June 2021 for a period of one year, from the year ended 31 December 2020.

Previously, we had been appointed for a period of three years, renewed annually, by consensus of the shareholders at their general meeting, and have been auditing the annual accounts since the year ended 31 December 2013.

KPMG Auditores, S.L.
On the Spanish Official Register of Auditors ("ROAC") with No. S0702

This report corresponds to seal no. 03/22/00219 issued by the Spanish Institute of Registered Auditors (ICJCE)

(Signed on original in Spanish)

On the Spanish Official Register of Auditors ("ROAC") with No. 18,961

Elecnor, S.A.
and Subsidiaries

Consolidated Statement of Financial Position at 31 December 2021
(Thousands of Euros)

Assets	31 December 2021	31 December 2020
Non-current assets:		
Intangible assets-		
Goodwill (Note 8)	27,361	24,853
Other intangible assets (Note 9)	16,496	16,338
	43,857	**41,191**
Right-of-use assets (Note 11)	**77,521**	**49,902**
Property, plant and equipment (Note 10)	**784,666**	**755,835**
Equity-accounted investees (Note 12)	**517,203**	**479,970**
Non-current financial assets (Note 13)		
Other financial assets	41,218	46,460
Derivative financial instruments (Note 17)	317	180
	41,535	**46,640**
Deferred tax assets (Note 20)	**89,413**	**80,555**
Total non-current assets	**1,554,195**	**1,454,093**
Current assets:		
Inventories (Note 3.n)	**11,282**	**5,892**
Customer contract assets (Note 23)	**399,621**	**338,880**
Trade and other receivables (Note 14.a)	**767,035**	**743,284**
Trade receivables from related companies (Note 28)	**22,397**	**32,317**
Public entities, receivable	**41,816**	**35,967**
Current income tax assets	**12,003**	**7,624**
Other receivables	**22,863**	**16,612**
Current investments in related companies	**323**	**141**
Other current financial investments	**11,214**	**9,594**
Derivative financial instruments (Note 17)	**6,454**	**830**
Other current assets	**11,305**	**9,463**
Cash and cash equivalents (Note 14.b)	**388,105**	**391,628**
Non-current assets held for sale (Note 7)	**37,288**	**306**
Total current assets	**1,731,706**	**1,592,538**
Total assets	**3,285,901**	**3,046,631**

The accompanying notes form an integral part of the consolidated annual accounts.

Elecnor, S.A.
and Subsidiaries

Consolidated Statement of Financial Position at 31 December 2021
(Thousands of Euros)

Equity and Liabilities	31 December 2021	31 December 2020
Equity (Note 15):		
Equity attributable to equity holders of the Parent		
Capital	8,700	8,700
Own shares (Note 15)	(22,110)	(21,899)
Other reserves	937,156	887,047
Translation differences (Note 15)	(321,856)	(345,957)
Valuation adjustments to equity (Note 15)	(73,326)	(25,126)
Profit/loss for the year attributable to the Parent	85,883	78,303
Interim dividend paid in the year (Note 5)	(5,187)	(4,987)
	609,260	**576,081**
Non-controlling interests (Note 15)	**24,405**	**23,855**
Total equity	**633,665**	**599,936**
Non-current liabilities:		
Official grants (Note 3.p)	**4,920**	**5,218**
Provisions for liabilities and charges (Note 18)	**54,105**	**53,325**
Financial liabilities for the issuance of bonds and other marketable securities (Note 16)	**56,598**	**32,331**
Financial liabilities on loans and borrowings (Note 16)	**702,901**	**766,463**
Derivative financial instruments (Notes 16 & 17)	**19,037**	**10,676**
Lease liabilities (Note 11)	**66,795**	**43,484**
Other non-current liabilities	**20,060**	**14,343**
Deferred tax liabilities (Note 20)	**27,529**	**26,381**
Total non-current liabilities	**951,945**	**952,221**
Current liabilities:		
Provisions for liabilities and charges (Note 18)	**82,103**	**76,755**
Financial liabilities for the issuance of bonds and other marketable securities (Note 16)	**77,983**	**78,018**
Financial liabilities on loans and borrowings (Note 16)	**86,697**	**41,377**
Derivative financial instruments (Notes 16 & 17)	**82,235**	**7,455**
Lease liabilities (Note 11)	**18,857**	**12,090**
Trade payables to associates and related companies (Note 28)	**5**	**2**
Trade and other payables-		
Trade payables for purchases or services	601,415	548,451
Advances from customers (Note 19)	153,532	113,618
	754,947	**662,069**
Customer contract liabilities (Note 23)	**411,529**	**430,974**
Current income tax liabilities	**40,893**	**40,373**
Other payables-		
Public entities, payable	60,808	47,495
Other current liabilities (Note 10, 19 and 23)	84,234	97,866
	145,042	**145,361**
Total current liabilities	**1,700,291**	**1,494,474**
Total liabilities and equity	**3,285,901**	**3,046,631**

The accompanying notes form an integral part of the consolidated annual accounts.

Elecnor, S.A. and Subsidiaries

Consolidated Income Statement
for the year ended
31 December 2021
(Thousands of Euros)

	2021	2020
Continuing operations:		
Net turnover (Note 23)	3,122,421	2,455,952
Changes in inventories of finished goods and work in progress	220	322
Self-constructed assets (Note 3.g)	10,768	41,909
Materials consumed (Note 23)	(1,582,619)	(1,238,235)
Other operating income (Note 3.p)	23,918	15,966
Personnel expenses (Note 23)	(868,281)	(708,571)
Other operating expenses (Note 23)	(453,272)	(341,242)
Expense for amortisation, depreciation, impairment and charges to provisions (Note 23)	(93,086)	(99,240)
Impairment and profit/loss on disposal of fixed assets (Note 10)	(4,138)	3,062
Profit/loss from equity-accounted investees (Note 12)	22,752	16,639
Negative difference in business combinations	-	6
Operating income	**178,683**	**146,568**
Finance income (Note 23)	8,860	8,315
Finance expenses (Note 23)	(50,290)	(36,186)
Translation differences	5,368	5,418
Impairment and profit/loss on disposal of financial instruments	(680)	1,614
Changes in the fair value of financial instruments	107	203
Profit/loss before taxes	**142,048**	**125,932**
Income tax (Note 21)	(48,443)	(43,150)
Profit/loss from continuing operations	**93,605**	**82,782**
Profit/loss for the year	**93,605**	**82,782**
Attributable to:		
Shareholders of the Parent	85,883	78,303
Non-controlling interests (Note 15)	7,722	4,479
Earnings per share (in Euros) (Note 30)		
Basic	1.01	0.92
Diluted	1.01	0.92

The accompanying notes form an integral part of the consolidated annual accounts.

Elecnor, S.A. and Subsidiaries

Consolidated Statement of Comprehensive Income for the year ended 31 December 2021

(Thousands of Euros)

	Notes to the Annual Accounts	2021	2020
CONSOLIDATED PROFIT/LOSS		**93,605**	**82,782**
Other comprehensive income:			
Items that will not be reclassified to profit or loss		**-**	**-**
Items to be reclassified to profit or loss			
- Cash flow hedges		(72,384)	249
- Translation differences of financial statements for businesses abroad		4,939	(66,703)
- Share of other comprehensive income of equity-accounted investees	**Note 12**	29,961	(116,434)
- Tax effect		14,477	(62)
Other comprehensive income for the year, net of tax		**(23,007)**	**(182,950)**
Total comprehensive income attributable to:		**70,598**	**(100,168)**
a) Equity holders of the Parent		**61,784**	**(99,398)**
b) Non-controlling interests		**8,814**	**(770)**

The accompanying notes form an integral part of the consolidated annual accounts.

Elecnor, S.A. and Subsidiaries

Consolidated Statement of Changes in Equity for the year ended 31 December 2021

(Thousands of Euros)

	Capital	Accumulated reserves	Own shares	Interim dividend paid in the year	Hedge accounting	Translation difference	Net profit/(loss) for the year	Non-controlling interests	Total equity
Balances at 01 January 2020	**8,700**	**790,867**	**(21,963)**	**(4,987)**	**(13,569)**	**(179,813)**	**126,377**	**31,708**	**737,320**
Total recognised income and expense for 2020	-	-	-	-	(11,557)	(166,144)	78,303	(770)	(100,168)
Distribution of profit/loss:									
Reserves	-	97,504	-	-	-	-	(97,504)	-	-
Supplementary dividend (Note 5)	-	-	-	-	-	-	(23,886)	(4,740)	(28,626)
2019 interim dividend	-	-	-	4,987	-	-	(4,987)	-	-
Acquisition of own shares (Note 15)	-	-	(1,588)	-	-	-	-	-	(1,588)
Sale of own shares (Note 15)	-	(83)	1,652	-	-	-	-	-	1,569
Interim dividend paid in the year 2020 (Note 5)	-	-	-	(4,987)	-	-	-	-	(4,987)
Changes in the consolidation scope (Note 2.f)	-	-	-	-	-	-	-	(1,737)	(1,737)
Other	-	(1,241)	-	-	-	-	-	(606)	(1,847)
Balances at 31 December 2020	**8,700**	**887,047**	**(21,899)**	**(4,987)**	**(25,126)**	**(345,957)**	**78,303**	**23,855**	**599,936**
Total recognised income and expense for 2021	-	-	-	-	(48,200)	24,101	85,883	8,814	70,598
Distribution of profit/loss:									
Reserves	-	49,430	-	-	-	-	(49,430)	-	-
Supplementary dividend (Note 5)	-	-	-	-	-	-	(23,886)	(5,595)	(29,481)
2020 interim dividend	-	-	-	4,987	-	-	(4,987)	-	-
Acquisition of own shares (Note 15)	-	-	(2,422)	-	-	-	-	-	(2,422)
Sale of own shares (Note 15)	-	223	2,211	-	-	-	-	-	2,434
Interim dividend paid in the year 2021 (Note 5)	-	-	-	(5,187)	-	-	-	-	(5,187)
Return of funds	-	-	-	-	-	-	-	(2,580)	(2,580)
Change to the consolidation scope	-	-	-	-	-	-	-	-	-
Other	-	456	-	-	-	-	-	(89)	367
Balances at 31 December 2021	**8,700**	**937,156**	**(22,110)**	**(5,187)**	**(73,326)**	**(321,856)**	**85,883**	**24,405**	**633,665**

Elecnor, S.A. and Subsidiaries

Consolidated Statement of Cash Flows for the year ended 31 December 2021

(Thousands of Euros)

	2021	2020
Cash flows from operating activities:		
Consolidated profit/(loss) for the year	93,605	82,782
Adjustments for:		
Depreciation and amortisation	89,213	72,096
Impairment and net profit/(loss) from disposals of property, plant and equipment and intangible assets	2,770	(2,867)
Changes in provisions for liabilities and charges and other provisions (Note 24)	5,214	26,949
Capital grants taken to income	(270)	(786)
Share in (profit)/loss for the year of equity-accounted investees (Note 13)	(22,752)	(16,639)
Impairment and net profit/(loss) from disposals of financial instruments and other fixed assets (Note 2.f)	680	(1,614)
Finance income and expenses (Note 24)	41,430	27,871
Translation differences	(5,368)	(5,418)
Other income and expenses	4,825	6,790
Corporate Income Tax	48,443	43,150
Funds generated from operations	**257,790**	**232,314**
Changes in working capital:		
Trade and other receivables	(76,190)	(140,628)
Inventories	(4,914)	(133)
Trade and other payables	82,507	94,764
Changes in other current assets and liabilities	(14,471)	31,062
Income tax paid	(38,532)	(23,394)
Net cash flows from (used in) operating activities (I)	**206,190**	**193,985**
Cash flows from (used in) investment activities:		
Payments for acquisition of Group companies, associates and jointly-controlled entities (Note 7)	(3,520)	-
Payments for acquisition of intangible assets (Note 10)	(8,197)	(4,051)
Payments for acquisition of financial assets	(5,655)	(10,545)
Payments for acquisition of property, plant and equipment (Note 11)	(99,519)	(225,629)
Payments for contributions to associates (Note 13)	(13,405)	(3,598)
Dividends received from associates (Note 13)	644	-
Interest received	8,860	8,315
Proceeds from disposal of Group companies, associates and jointly-controlled entities (Notes 2.f)	6,970	19,035
Proceeds from the sale of intangible assets and property, plant and equipment (Notes 10 and 11)	10,024	2,630
Proceeds from disposal of financial assets, net	3,836	4,242
Net cash flows from (used in) investment activities (II)	**(99,962)**	**(209,601)**
Cash flows from (used in) financing activities:		
Cash inflows from financial debt and other non-current borrowings (Note 17)	1,503,309	1,244,642
Interest paid	(38,575)	(32,193)
Repayment of financial debt and other non-current borrowings (Note 17)	(1,520,734)	(1,082,574)
Payments from lease liabilities (Note 12)	(16,516)	(13,897)
Dividends paid (Note 16)	(34,668)	(33,831)
Proceeds/payments from contributions/returns of funds by/to non-controlling shareholders, net (Note 16)	(2,580)	-
Cash inflows due to disposal of own shares (Note 16)	2,435	1,569
Cash outflows due to purchase of own shares (Note 16)	(2,422)	(1,588)
Net cash flows from (used in) financing activities (III)	**(109,751)**	**82,128**
Effect of changes in the consolidation scope (IV)	-	-
Net increase in cash and cash equivalents (I+II+III+IV)	**(3,523)**	**66,512**
Cash and cash equivalents at beginning of year	391,628	325,116
Cash and cash equivalents at year end	**388,105**	**391,628**

The accompanying notes form an integral part of the consolidated annual accounts.

Elecnor, S.A. and Subsidiaries

Consolidated Annual Accounts
31 December 2021

Consolidated Directors' Report
2021

(With Independent Auditor's Report Thereon)

Prepared in accordance with
International Financial Reporting Standards adopted
by the European Union

Elecnor, S.A.
and Subsidiaries

Notes to the consolidated annual accounts

1. Nature, Activities and Composition of the Group

Elecnor, S.A. (hereinafter, the Parent), was incorporated for an indefinite period in Spain on 6 June 1958 and its registered office and domicile for tax purposes is located at Calle Marqués de Mondéjar 33, Madrid.

The Parent's statutory activity, according to its bylaws, is:

- Wide-ranging commercial activity in connection with the engineering, design, construction, erection, repair, maintenance and upkeep of all manner of construction projects and installation work in the broadest sense, i.e. the entire execution thereof with or without the supply of materials, on its own account or through third parties, on an exclusive basis or through associations of any kind.

- The making, marketing, construction of the associated works and sale of reinforced concrete and pre-stressed prefabricated items and products made of compound materials, as well as any construction and industry-related products.

- The provision of public and private services in relation to the collection of all types of waste; sweeping and cleaning of streets; transfer and transport of waste to the place of end disposal; the end disposal of such waste, recycling, treatment and deposit of public, private, industrial, hospital and pathological waste; cleaning, maintenance and upkeep of sewers; and, in general, urban water treatment services and all other ancillary services related directly or indirectly to the aforementioned services in their broadest sense.

- The design, research, development, construction, operation, maintenance and marketing of waste treatment, recovery and elimination facilities, and the purchase and sale of the by-products originating from these treatments.

- The design, research, development, construction, operation, maintenance and marketing of plants and facilities for the treatment of water, wastewater and waste, the recovery and elimination of waste, and the purchase and sale of the by-products originating from these treatments.

- The use, transformation and marketing of water of all types.

The aforementioned business activities can also be fully or partially carried out indirectly by the Parent company through investments in other companies with a similar statutory activity. In this regard, the management of the business group formed by stakes held in the share capital that go to make up the said group also constitutes part of the Company corporate purpose, as does the provision of assistance and support services to investee companies, to which end it may provide them with the guarantees and bonds that are considered appropriate. The Elecnor Group may not carry out any business activity for which specific conditions or limitations are imposed by law, unless it fully meets such conditions.

The subsidiaries basically engage in business activities comprising the aforementioned statutory activity, and in the operation of wind energy generation facilities, the provision of aeronautical and aerospace software research, advisory and development services and the manufacture and distribution of solar panels and solar PV plants.

The General Shareholders' Meeting of 23 June 2021 approved the spin-off of the Services and Projects Business by the Parent Elecnor, S.A. to Elecnor Servicios y Proyectos, S.A.U., taking effect for accounting purposes from 1 January 2021. This transaction is described in the 2021 annual accounts of Elecnor, S.A. and has no impact on the consolidated financial statements of the Elecnor Group for 2021.

The Parent's bylaws and other related public information may be viewed on the Group's corporate website www.elecnor.com/home-en and at its registered office.

Elecnor, S.A. is the Parent of a Group comprising subsidiaries that focus on a range of activities and that, together with it, form the Elecnor Group (hereinafter, the "Group" or the "Elecnor Group"). Moreover, the Group has investments in associates and joint ventures and takes part in joint ventures with other operators.

Shares in Elecnor, S.A. are traded in the Madrid and Bilbao stock exchanges.

Appendix I includes information on equity-accounted subsidiaries and associates included in the Elecnor Group's consolidation scope.

2. Basis of presentation

a) Basis of presentation and regulatory financial reporting framework applicable to the Group-

The accompanying consolidated annual accounts have been prepared on the basis of the accounting records of Elecnor, S.A. and of the consolidated companies. The consolidated annual accounts for 2021 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and other applicable provisions in the financial reporting framework, to give a true and fair view of the consolidated equity and consolidated financial position of Elecnor, S.A. and subsidiaries at 31 December 2021 and consolidated results of operations, consolidated cash flows and changes in consolidated equity of the Group for the year then ended.

The Group adopted IFRS-EU on 1 January 2004 and applied IFRS 1, "First-time adoption of International Financial Reporting Standards".

The Directors of the Parent consider that the consolidated annual accounts for 2021, authorised for issue on 23 February 2022, will be approved with no changes by the General Shareholders' Meeting.

The Elecnor Group's consolidated annual accounts for 2020 were authorised for issue by the General Shareholders' Meeting of Elecnor, S.A. at their annual general meeting held on 23 June 2021.

These consolidated annual accounts have been prepared on a going concern basis using the historical cost principle, with the exception of derivative financial instruments, which have been recognised at fair value.

Note that the balances from the Group's Argentine and Venezuelan companies were expressed at current cost before inclusion in the consolidated annual accounts of the Elecnor Group, as per IAS 29 "Financial Reporting in Hyperinflationary Economies", as these countries' economies are considered to be hyperinflationary (see section g).

b) Adoption of International Financial Reporting Standards (IFRS)-

Standards applied for the first time

The Group applied the following interpretations for the first time to the consolidated annual accounts commencing on 1 January 2021:

- Amendments to IFRS 16 for COVID-19-related rent concessions beyond 30 June 2021. The Company must apply the standard in its first IFRS financial statements for periods beginning on or after 1 January 2021.
- IBOR reform - Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

These new standards have had no impact on the Group in 2021. The Group had not early-applied any standards.

Standards, amendments and interpretations issued but not yet in force

At the date on which these consolidated annual accounts were authorised for issue, the standards, amendments and interpretations issued but not yet in force and which the Group expects to adopt from 1 January 2022 or subsequently, are:

- Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets Provisions for onerous contracts.
- References to the IFRS Conceptual Framework in IFRS 3

The Group is in the process of reviewing these standards, however, it estimates that the effect of applying new standards, amendments or interpretations on the consolidated annual accounts when applied for the first time is not considered to be material for the Group.

Existing standards, amendments and interpretations that have not been adopted by the European Union

At the date on which these consolidated annual accounts were authorised for issue, the IASB and IFRS Interpretations Committee had published the standards, amendments and interpretations listed below, that are pending adoption by the European Union:

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures.
- Amendments to IAS 1: Classification of liabilities as current or non-current.
- Amendments to IAS 1 and the IFRS 2 practice statement: Disclosure of accounting policies.
- Amendments to IAS 8: Definition of Accounting estimate.

The Group will assess the impact of this new standard for the first year in which it becomes effective.

c) Functional currency and presentation currency-

The figures disclosed in the consolidated annual accounts are expressed in thousands of Euros, rounded to the nearest thousand, the Parent's functional and presentation currency.

d) Material accounting estimates and significant assumptions and judgements in applying accounting policies-

The information in these consolidated annual accounts is the responsibility of the Board of Directors of Elecnor.

The preparation of consolidated annual accounts in accordance with IFRS-EU requires the application of significant accounting estimates and making judgements, estimates and assumptions in the process of applying the Group's accounting policies. In this connection, there follows a detailed summary of the aspects that have involved the greatest degree of judgement, complexity or in which the assumptions and estimates are not significant for preparing the consolidated annual accounts.

Significant accounting estimates and assumptions

- The impairment analysis of receivables deriving from third party transactions includes the estimate of future receivables arising from the situation of each client, each country and the economy in general (Note 14).

- The Group performs a significant portion of its activities in construction contracts with customers. This method is based on performing estimates in relation to the stage of completion of projects. Depending on the method used to determine project progress, significant estimates correspond to costs pending incurring in each contract. Furthermore, the Group recognises provisions for negative margins when the estimate of total costs exceeds estimated income from contracts. These estimates are subject to changes based on new information regarding the stages of completion.

- The calculation of provisions for litigation and inspections is subject to considerable uncertainty. If it is likely that there will be an obligation at the end of the year that will imply an outflow of resources, a provision is recognised if the amount can be reliably estimated. Legal processes usually imply complex legal matters and are subject to considerable uncertainty. The Group relies on third-party advice to estimate the probability of the outcome of litigation and inspections.

Moreover, although the estimates performed by the Parent's Directors were calculated based on the best information available at 31 December 2021, it is possible that future events might oblige their modification in the next few years. The effect on the consolidated annual accounts of modifications that, in the event, may derive from adjustments over the next few years would be recognised prospectively.

Significant judgements in applying accounting policies

Since 17 December 2019, the Elecnor Group has, along with the investment fund APG, jointly controlled the subgroup Celeo Concesiones e Inversiones, and since that date it has held a 51% shareholding, compared with a previous shareholding of 100%.

The material judgements that have led to the Elecnor Group's conclusion regarding the loss of the controlling interest it hitherto held in Celeo Concesiones e Inversiones, S.L., and which are upheld on the date on which these consolidated annual accounts were authorised for issue, are as follows:

- The equitable composition of the Board of Directors and the General Shareholders' Meeting with homogeneous rights.
- The decisions adopted by the General Shareholders' Meeting must be approved by a reinforced majority of at least 75%, with only the following matters requiring a simple majority:
    - Modification of the Corporate Bylaws when such modification is required by law, provided such modification does not contravene the provisions of the shareholders' agreement.
    - Appropriation of profit/loss in order to build the Legal Reserve required by law.
- The control and functional dependence of the management of Celeo Concesiones e Inversiones, S.L., which handles the material aspects of the business and which ceases to depend on the Elecnor Group to instead report directly to the Board of Directors of Celeo Concesiones e Inversiones, S.L.
- The existence of a neutral arbitration system in the event of a dispute. In the event of any dispute between the two shareholders, a mediator will be called in to resolve it, and if this were not sufficient an arbitration process will take place, involving three arbitrators, with the shareholders each appointing one arbitrator and a third appointed by agreement of the other two arbitrators.

e) Comparative information-

In the consolidated annual accounts for 2021, we present, for comparative purposes, along with each item of the consolidated statements of financial position, consolidated income statement, comprehensive income, changes in equity, cash flows and notes to the consolidated annual accounts, in addition to the figures for 2021, those corresponding to the previous year, approved by the Ordinary Annual General Shareholders' Meeting of the Parent on 23 June 2021.

f) Changes to the consolidation scope-

There were no material changes in the consolidation scope in 2021.

The most significant change in the consolidation scope in 2020 was as follows:

- On 30 July 2020, the Elecnor Group signed agreements to sell the subsidiaries Sociedad Aragonesa De Aguas Residuales, S.A.U. and Sociedad Aragonesa De Estaciones Depuradoras, S.A. and the associate Sociedad Aguas Residuales Pirineos, S.A., which all focus on the construction and operation of waste water treatment plants. Asset and liabilities associated with these companies were recognised as non-current assets held for sale and liabilities associated with non-current assets held for sale based on the agreements reached in July 2019.

g) Entities located in countries with high rates of inflation-

In light of the economic situation in Venezuela and Argentina, and according to the definition of a hyperinflationary economy laid down by IAS 29, these countries have been considered as hyperinflationary since 2009 and 2018, respectively, a situation that persists at the end of 2021.

The Elecnor Group holds one investment in Venezuela and another in Argentina, with outstanding balances at 31 December 2021 and 2020, and the volume of transactions during 2021 and 2020 is non-material.

In 2021 and 2020, the Group has recognised the relevant impact considering the hyperinflationary economic situation in both countries, which has been non-material for the purposes of the Elecnor Group.

The rest of the functional currencies of the consolidated companies and associates located abroad are not those of a highly inflationary economy as defined by IFRS. Accordingly, at the end of 2021 and 2020 it was not necessary to adjust the financial statements of any consolidated entity or associate in order to correct for the effects of inflation.

h) Regulation of electricity generation activities-

The electricity generation business of the Elecnor Group's Spanish subsidiaries is regulated by Electricity Sector Law 24/2013 of 26 December 2013, which repeals Law 54/1997 of 27 November 1997, and by the subsequent implementing regulations.

On 28 December 2012, Law 15/2012 of 27 December 2012 on Tax Measures for Energy Sustainability was published, introducing a new tax on the value of electricity output applicable to activities involving the production and feeding of electricity into the Spanish electricity system. The tax base consists of the total amount receivable by the taxpayer for the power output produced and the electricity fed into the system during the tax period, which coincides with the calendar year, and this amount is subject to a 7% tax charge.

Additionally, Final Provision One of this Law amended Law 54/1997, whereby the electricity attributable to the use of fuels at a generation facility that uses any non-consumable renewable energy as a primary energy source will not qualify for the feed-in tariff system, which could affect the Group's solar thermal plants under operation.

On 2 February 2013, Royal Decree-Law 2/2013 of 1 February 2013 on Urgent Measures in the Electricity System and in the Financial Sector was published, addressing, inter alia, the following:

- Effective from 1 January 2013, all remuneration, tariffs and feed-in tariffs received by the parties to the electricity system, which were tied to the CPI prior to the entry into force of this Royal Decree-Law, will be updated using as a reference the CPI at a constant tax rate, excluding unprocessed foods and energy products.

- Additionally, Royal Decree 661/2007 of 25 May 2007 was amended. This Decree governs electricity production under the special regime, establishing a single remuneration option for facilities falling under the special regime, i.e. this remuneration will be treated as a regulated tariff except when the facilities decide to receive only the market price (no feed-in tariff). The pool plus feed-in tariff option normally used by these facilities was therefore eliminated.

Royal Decree-Law 9/2013 of 12 July 2013, adopting urgent measures to ensure the financial stability of the electricity system, was approved on 13 July 2013 and addresses, inter alia, the following:

- The government will be responsible for approving a new legal and economic regime for existing facilities that generate electricity using renewable energy sources, cogeneration and waste. To this end, article 30.4 of Electricity Industry Law 54/1997 of 27 November 1997 was amended to include the specific principles for drawing up this regime, in order to limit the government's scope of activities to the development of remuneration models for these facilities. This regime will be based on facilities receiving revenues for their participation in the market, plus additional remuneration, where necessary, to cover the investment costs that cannot be recovered by an efficient, well-managed company in the market. To this end, in accordance with EU legislation, an efficient, well-managed company is understood to be a company provided with the means necessary to carry out its activity, with costs that correspond to an efficient company engaging in this activity, taking into account the corresponding revenue and a reasonable profit for carrying out its activities.

- Calculation of the specific remuneration for a 'standard' facility will consider the revenues from energy sales at production market prices, the average operating expenses necessary to carry out the activity and the value of the initial investment for a 'standard' facility operated by an efficient, well-managed company. As such, the remuneration model will be based on fixed parameters on the basis of the different 'standard' facilities listed.

- In order to define this new model, the following pieces of legislation were repealed: article 4 of Royal Decree-Law 6/2009 of 30 April 2009, adopting certain measures in the energy sector and approving the social tariff; Royal Decree 661/2007 of 25 May 2007, which regulates the production of electricity under the special regime; and Royal Decree 1578/2008 of 26 September 2008, regulating the revenues from photovoltaic solar electricity production activities for facilities entering into service after the end date for remuneration, under Royal Decree 661/2007 of 25 May 2007, for this technology. However, with a view to maintaining the flow of remuneration to facilities as well as other procedures, rights and obligations, the repealed legislation above will continue to apply temporarily until the regulation developing this Royal Decree-Law has been enacted, except in certain extreme cases.

- To this end, where appropriate, facilities will be entitled to a settlement on account under this temporary system and, once the legislative provisions necessary to apply the new economic regime have been enacted, the pertinent adjustments will be made to the rights to receivables or payment obligations arising as a result of application of the new methodology, effective from the entry into force of this Royal Decree-Law.

- Consequently, although the effectiveness of the legislative provisions governing remuneration that will be enacted has been determined, effective from the entry into force of this Royal Decree-Law, the legislation provides agents with the necessary information as regards the amount of the remuneration mechanism established, considering participation in the market and a return on the investment, and also determines the reasonable rate of return for the ‘standard’ facility.

- Moreover, for those facilities with the right to the feed-in tariff regime upon the entry into force of the royal decree-law, a reasonable pre-tax profitability shall be determined, which may be revised after six years.

Royal Decree 403/2014 of 6 June 2014, regulating electricity generated from renewable energy sources, cogeneration and waste, was published on 10 June 2014. Subsequently, on 21 June 2014, Ministry of Industry, Energy and Tourism Order IET/1045/2014 of 16 June 2014 was published, approving the remuneration parameters for standard facilities, applicable to certain facilities that produce electricity through renewable sources, cogeneration and waste.

In line with the above, and considering that the government’s aim is to reduce feed-in tariffs for the renewables sector, the Elecnor Group has re-estimated the future cash flows of all assets subject to this legislation, as it considers that there could be indications of impairment thereon.

In this connection, sector regulations changed over the course of 2014, building on the reforms commenced in 2013. As a result, the main standards governing the sector are:

- Electricity Sector Law 24/2013, of 26 December. This Law repeals Electricity Sector Law 54/1997, of 27 November, except for additional provisions six, seven, twenty-one and twenty-three, and articles 3 and 4 of Royal Decree Law 2/2013.

- Royal Decree 413/2014 of June and the associated Order of Parameters IET/1045/2014, updated for the 2017-2019 period by Order ETU/130/2017, of 17 February, and for the 2020-2022 period by Order TED/171/2020, of 24 February, enforcing the provisions of Royal Decree Law 9/2013, and facilities start operating in the Market, some of them being subject to a specific fixed annual remuneration framework depending on their nature, age and profitability (remuneration on investment and remuneration on operation). The reform of the electricity sector regulation in 2013 and 2014 did not alter Law 15/2012, of 27 December, whereby the Spanish government passed a general tax of 7% on electric power generation, and new taxes on nuclear and large-scale hydroelectric power, as well as a new levy on coal. The tax has been applied since January 2013, except for the period between 01/10/2018 and 31/03/2019, when it was suspended by the government (Royal Decree-Law 15/2018, of 5 October).

Moreover, in 2019 Royal Decree-Law 17/2019 was approved, adopting urgent measures for the necessary adaptation of remuneration parameters affecting the electricity system. This legislation established a reasonable return of 7.09% for renewable, cogeneration and waste facilities, applicable in the second regulatory period (2020-2025). However, renewable, cogeneration and waste facilities that were remunerated when Royal Decree-Law 9/2013 came into force and in certain circumstances were allowed to maintain, during the second and third regulatory periods (2020-2031) the reasonable return established for the first regulatory period, of 7.398%. Wind farms belonging to the subgroup Enerfin maintain that reasonable return for this period.

In addition, in 2020, Order TED/668/2020, of 17 July, established the review of remunerations on investment in the years 2018 and 2019. This review emerged as a result of the aforementioned Royal Decree-Law 15/2018, exempting the payment of tax on electricity production (7%) in the final quarter of 2018 and the first quarter of 2019, since this exemption was not taken into account by the government when calculating remuneration parameters.

In the second half of 2020, the government approved new regulations for the orderly development and improvement of renewable energies, most notably:

- Royal Decree-Law 23/2020, which, along with Royal Decree 1183/2020 and Circular 1/2021, regulates the concession and duration of access and connection permits and establishes time frames for achieving certain administrative milestones the breach of which implies loss of connection and execution of guarantees. The regulation establishes a moratorium for presenting new access and connection requests that will remain in place until the grid managers publish the capacity of their supply intersections; the CNMC will determine this period in a forthcoming Resolution.

Moreover, this Royal Decree-Law 23/2020 approved the concepts of hybridisation and storage, which will foster the development of new multi-technology hybrid facilities.

The regulations for granting the economic framework for renewable energies for the 2020-2025 period (Royal Decree 960/2020 and Order TED/1161/2020), establishing the rules for the auctions allocated in said framework and the indicative calendar for holding the auctions. Specifically, in December, the Secretariat of State for Energy called the first auction to be held on 26 January 2021, which has a new design compared to previous auctions, in which the product to be auctioned is installed capacity and the variable to be offered is the energy sale price.

On 15 September 2021, Royal Decree-Law 17/2021 was published, on urgent measures to curtail the impact of the escalation of natural gas prices in the retail gas and electricity markets, including, among other matters, the following:

- From 16 September 2021 to 31 March 2022, the remuneration of the electricity production activity of non-greenhouse-gas-emitting facilities is reduced, excluding facilities in non-peninsular territories, those with an installed capacity equal to or less than 10 MW, and those that have a recognised remuneration framework of those regulated in Law 24/2013, of 26 December, on the Electricity Sector.

  The reduction is proportional to the higher revenue obtained as a result of the increased price of natural gas which, in turn, has an impact on the formation of the marginal price of electricity on the wholesale market, and is calculated in accordance with a formula included in the abovementioned Royal Decree.

- The exemption from the 7% tax on the value of electrical power for electricity production facilities is extended until 31 December 2021 (this exemption was initially planned for the Q3 2021, according to RD-Law of 24 June). In any event, in wind farms that receive specific remuneration (in accordance with RD-Law 9/2013, of 12 July), the CNMC, as the body in charge of the settlement of such remuneration, will subsequently subtract the amounts not paid as a result of the application of these Royal Decrees.

Royal Decree-Law 23/2021 on urgent energy measures to protect consumers and introduce transparency in the wholesale and retail electricity and natural gas markets was published on 27 October 2021.

It establishes that electricity produced by generation facilities that is covered by a forward instrument signed prior to the entry into force of the RD, provided that the price of said cover is fixed, is excluded from the reduction mechanism.

Similarly, it clarifies that energy covered by a forward instrument signed after the entry into force of the Royal Decree, provided that the price of said cover is fixed and the period of application of the instrument is equal to or greater than one year, is excluded from the reduction mechanism.

The reduced revenue of the Enerfín subgroup in 2021 as a result of applying this new regulation was Euros 1.6 million.

On 22 December 2022, Royal Decree-Law 29/2021 was published, adopting urgent measures in the energy sector to foster electric mobility, self-consumption and the deployment of renewable energies. It extends until 31 March 2022 the exemption from the 7% tax on generation.

With regard to facilities located abroad, the wind farms in Brazil have long-term electricity sale-purchase agreements (20 years) with various buyers (Eletrobras, Câmara de Comercialização de Energia Elétrica, Cemig and distributors), these agreements having been signed within the framework implemented by the Federal Government and through private auction. In addition, the first 100% 'de-contracted' project was launched in Brazil (24.2 MW), which means that energy will be sell in the free market. With regard to the Canada farm, it has a 20-year sale-purchase agreement with Hydro-Québec.

The Directors do not consider that any other renewable energy-related regulation has been enacted that could significantly affect the consolidated annual accounts at 31 December 2021.

3. Accounting principles

a) *Subsidiaries-*

Subsidiaries are entities over which the Company exercises control, either directly or indirectly through subsidiaries. The Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The Company has power over a subsidiary when it has existing substantive rights that give it the ability to direct the relevant activities. The Company is exposed, or has rights, to variable returns from its involvement with the subsidiary when its returns from its involvement have the potential to vary as a result of the subsidiary's performance.

The income, expenses and cash flows of subsidiaries are included in the consolidated annual accounts from their acquisition date, which is the date control commences. Subsidiaries are excluded from the consolidated Group from the date on which this control is lost.

Transactions and balances with Group companies and unrealised profit or loss were eliminated in the consolidation process. However, unrealised losses were considered to be an indicator of the impairment of the assets transferred.

The accounting policies of subsidiaries were adapted to the Group's accounting policies, for transactions and other events that are similar and took place in comparable circumstances.

The annual accounts or financial statements of subsidiaries used in the consolidation process refer to the same presentation date and the same period as those of the Parent.

Non-controlling interests in the net assets of subsidiaries are recognised in equity separately from the Parent's equity. Non-controlling interests' share in consolidated profit or loss for the year (and in consolidated total comprehensive income for the year) is disclosed separately in the consolidated income statement.

Changes in the ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, i.e. any difference is recognised directly in equity.

In the reduction of the shareholding in a subsidiary that implies a loss of control thereof, the Group recognises profit/loss due to the difference between the consideration received plus the fair value of any investment retained in the company plus the carrying amount of the non-controlling interests and the value of the consolidated net assets. Other comprehensive income relating to the subsidiary is reclassified to profit or loss or reserves depending on its nature. Consolidated net assets include goodwill inasmuch as the divested entity constitutes a business. If the divested entity constitutes a business which belonged to a cash-generating unit or a group of cash-generating units to which goodwill had been assigned, then the goodwill is assigned to the part divested and the part maintained in accordance with the fair value and recoverable amount, respectively.

The fair value of the investment maintained constitutes the acquisition cost for the purposes of subsequent measurement in accordance with its classification.

b) Associates-

Associates are entities over which the Company, either directly or indirectly through subsidiaries, exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The existence of potential voting rights that are exercisable or convertible at the end of each reporting period, including potential voting rights held by the Group or other entities, are considered when assessing whether an entity has significant influence.

Investments in associates are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases. However, if on the acquisition date all or part of the investment fulfils the conditions to be classified as non-current assets or disposal groups of items held for sale, it is recognised at fair value, less the costs of divestment or disposal by another means.

Investments in associates are initially recognised at acquisition cost, also including any cost directly attributable to the acquisition and any contingent asset or liability consideration that depends on future events or the failure to fulfil certain conditions.

The excess between the cost of the investment and the percentage corresponding to the Group in fair values of identifiable net assets is registered as goodwill and included in the carrying amount of the investment. Any shortfall, having measured the amounts of the cost of the investment and the identification and measurement of the net assets of the associate, is recognised as income when determining the investors interest in the associate’s profit and loss in the year in which it is acquired.

If the investment is the result of a loss of control of a subsidiary that did not constitute a business, the cost of the investment is the fair value, net of the derecognitions deriving from the loss of control.

The accounting policies of associates were harmonised in time and valuation terms in line with those used at subsidiaries.

The Group’s share of the profit or loss of an associate from the date of acquisition is recognised as an increase or decrease in the value of the investments, with a credit or debit to “Profit/loss from equity-accounted investees” in the consolidated income statement. The Group’s share of other comprehensive income of associates from the date of acquisition is recognised as an increase or decrease in the value of the investments in associates with a balancing entry, based on the nature of the investment, in other comprehensive income in the consolidated statement of comprehensive income. The distribution of dividends is recognised as a decrease in the value of the investment. The Group’s share of profit or loss, including impairment losses recognised by the associates, is calculated based on income and expenses arising from application of the acquisition method.

The Group’s share in the profit and loss of associates and in changes to net equity is determined based on the ownership interest at the end of each year, not taking into account the potential exercise or conversion of potential voting rights. Nevertheless, the Group’s interest is determined considering the eventual exercise of potential voting rights and other derivative financial instruments which substantially provide current access to the economic benefits associated with the ownership interests, in other words, the right to participate in future dividends and changes in the value of associates.

Losses of an associate attributable to the Group are limited to the extent of its net investment, except where the Group has legal or constructive obligations or when payments have been made on behalf of the associate. For the purpose of recognising impairment losses in associates, net investments are considered as the carrying amount of the investment after applying the equity method plus any other item which in substance forms part of the investment in the associate. The excess of the losses over the equity instrument investment is applied to the remaining items in reverse order of settlement. Subsequent profits obtained by associates for which impairment losses are limited to the value of the investment are recognised to the extent that they exceed previously unrecognised losses.

If the Group's share of losses in an associate equals or exceeds its investment in the associate, it does not recognise its share of any further losses. The investment in the associate is the carrying amount of the investment determined using the equity method, plus any other non-current portion that, in substance, forms part of the Group’s net investment in the associate.

Profit and loss not realised in transactions between the Group and associates are only recognised insofar as they correspond to the holdings of other unrelated investors. The exception in the application of this criterion is the recognition of unrealised losses that constitute evidence of the impairment of the transferred asset. Nevertheless, profit and loss deriving from transactions between the Group and associates involving net assets that constitute a business are recognised in their entirety.

In the reduction of a shareholding in an associate that does not imply a significant loss of influence or when the Group loses the joint control of a joint venture and maintains a significant influence, the Group recognises the result as the difference between the consideration received and the proportionate part of the carrying amount of the divested shareholding. Other comprehensive income corresponding to the proportionate part of the divested associate is reclassified to profit/loss or reserves as though the associate had directly sold the assets and liabilities linked to it. If the transaction implies a loss, the Group tests the impairment in the residual value maintained.

Impairment

Once the equity method has been applied, the Group assesses whether or not there is objective evidence of an impairment in the net investment in the associate.

Calculation of impairment is determined as a result of the comparison between the carrying amount linked to the net investment in the associate and its recoverable amount, understood as the higher between value in use and fair value less the costs to sell or otherwise dispose of the item. In this connection, value in use is calculated as a function of the Group’s interest in the current value of estimated cash flows in ordinary activities and the amounts potentially resulting from the final disposal of the associate.

The recoverable amount of the investment in an associate is assessed in relation to each associate, unless it does not constitute a cash-generating unit (CGU).

c) Joint arrangements-

Joint arrangements are those in which there is a contractual agreement to share the control over an economic activity, in such a way that decisions about the relevant activities require the unanimous consent of the Group and the remaining venturers or operators. The existence of joint control is assessed considering the definition of control over subsidiaries.

- Joint ventures: investments in joint ventures are accounted for using the equity method described in the letter above.

- Joint operations: for joint operations, the Group recognises the assets, including its share of any assets held jointly, the liabilities, including its share of any liabilities incurred jointly with the other operators, the revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and the expenses, including its share of any expenses incurred jointly, in the consolidated annual accounts.

  The Group has joint control in various Temporary Business Associations since it has contractual agreements that require the consent of both shareholders to make decisions on important activities. The Group has classified the investments as joint operations since the shareholders have rights on the assets and obligations on the liabilities. Said right are principal and not subsidiary. In addition, the Group includes in this category certain foreign entities considered to be a similar vehicle to a UTE (various kinds of joint ventures), through which it carries out part of its business activities.

d) Foreign currency transactions and balances-

Foreign currency transactions, balances and cash flows

Transactions in foreign currency are translated into the functional currency at the spot exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies have been translated into Euros at the closing rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rate prevailing at the transaction date. Non-monetary assets measured at fair value have been translated into Euros at the exchange rate at the date that the fair value was determined.

Translation of foreign operations

The Group has applied the exemption permitted by IFRS 1, First-time Adoption of International Financial Reporting Standards, relating to accumulated translation differences. Consequently, translation differences recognised in the consolidated annual accounts generated prior to 1 January 2004 are recognised in retained earnings. As of that date, foreign operations whose functional currency is not the currency of a hyperinflationary economy have been translated into Euros as follows:

- Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, including comparative amounts, are translated at the closing rate at the reporting date.

- Income and expenses, including comparative amounts, are translated at the exchange rates prevailing at each transaction date.

- All resulting translation differences are recognised as translation differences in other comprehensive income.

These criteria are also applicable to the translation of the financial statements of equity-accounted companies, with translation differences attributable to the Group recognised in other comprehensive income.

The translation differences recognised in other comprehensive income are recognised as an adjustment in profit/loss on the sale, based on the criteria set forth in the sections on subsidiaries and associates.

Foreign operations in hyperinflationary economies

The financial statements of Group companies whose functional currency is the currency of a hyperinflationary economy are restated in terms of the measuring unit at the reporting date.

The results and financial position of the Group’s foreign operations whose functional currency is the currency of a hyperinflationary economy are translated into Euros as follows:

- Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, equity items, income and expenses, and cash flows are translated at the closing rate at the most recent reporting date.

- Comparative amounts are those that were included in the prior year consolidated annual accounts and are not adjusted for subsequent changes in the price level or in exchange rates. The effect of the adjustment on the prior year’s balances is recognised in reserves in consolidated net equity.

None of the functional currencies of the consolidated companies and associates located abroad are those of a hyperinflationary economy as defined by IFRS, except in the cases of Venezuela and Argentina (see section g of Note 2).

e) Non-current assets held for sale-

Non-current assets or disposal groups whose carrying amount will be recovered primarily through a sale transaction, rather than through continuing use, are classified as non-current assets held for sale. To classify non-current assets or disposal groups as held for sale, they must be available in their current state for disposal, subject only to the usual and widely accepted terms of sale transactions, and the transaction must also be considered to be highly probable.

Non-current assets or disposal groups classified as held for sale are measured at the lower of the carrying amount and fair value less the costs of disposal and are not amortised or depreciated.

The Group classifies on the acquisition date a non-current asset or disposal group of items, including subsidiaries, and all or part of the investment in associates or joint ventures acquired solely for the purpose of their subsequent disposal or exchange, as held for sale, if the planned transaction is expected to take place in the following year and the sale fulfils the requirements to be considered highly probable within a short period after the acquisition. At the time of the initial recognition of this kind of assets, their initial measurement is determined by the value that would have been recognised if they had not been classified as available for sale and their fair value less costs to sell or otherwise dispose of the assets.

f) Intangible assets-

Goodwill

Goodwill is not amortised, but its impairment is tested annually or sooner if there are signs of a potential impairment in the asset's value. In this connection, the goodwill resulting from a business combination is allocated to each cash-generating unit (CGU) or group of CGUs in the Group that are expected to benefit from the synergies of the combination and the criteria to which section h) impairment refers are applied. After initial recognition, goodwill is measured at cost less cumulative impairment losses.

An impairment loss recognised for goodwill may not be reversed in a subsequent period.

Internally generated goodwill is not recognised as an asset.

Other intangible assets

Intangible assets are presented in the consolidated statement of financial position at cost less amortisation and cumulative impairment losses.

Intangible assets are amortised on a straight-line basis over their useful lives.

Impairment

The Group measures and determines the intangible asset's impairment losses and reversals in accordance with the criteria set forth in section h).

g) Property, plant and equipment-

Initial recognition

Property, plant and equipment is measured at cost, less cumulative depreciation and, in the event, cumulative impairment losses. However, prior to 1 January 2004, the Elecnor Group revalued certain items of property, plant and equipment as permitted by applicable legislation. In accordance with IFRS, the Elecnor Group treated the amount of these revaluations as part of the cost of these assets because it considered that the revaluations reflected the effect of inflation.

As regards the wind projects in which the Group has executed long-term contracts for the sale of electricity (see Note 4), the Group recognises the assets as property, plant and equipment as it retains all the risks and rewards of ownership of these assets and the duration of the sale contracts does not cover the whole economic life of the assets.

The cost of property, plant and equipment includes the estimated decommissioning or removal costs, as well as the cost of restoring the location, provided these are obligations incurred as a consequence of its use and for purposes other than the production of inventories.

Capitalised costs include finance expenses on external financing accrued during the construction period on construction work exceeding one year.

Self-constructed property, plant and equipment is recognised at accumulated cost; i.e. external costs plus in-house costs, determined on the basis of warehouse materials consumed, and manufacturing costs calculated using hourly absorption rates similar to those used for the measurement of inventories. In 2021, Euros 5,567 thousand was recognised for this item (Euros 37,381 thousand in 2020), booked under “Self-constructed assets” in the consolidated income statement, mainly relating to wind farms located in Brazil for both years.

Subsequent costs

Subsequent to the initial recognition of the asset, only those costs that will generate future economic benefits that may reasonably be described as probable, and whose amount can be measured reliably, are capitalised. In this connection, the costs deriving from the daily upkeep of property, plant and equipment are recognised as they are incurred.

The replacement of items of property, plant and equipment that may potentially be capitalised implies reducing the carrying amount of the items replaced. In those cases in which the cost of the replaced items has not been independently depreciated and it is not feasible to determine their carrying amount, the replacement cost is used to indicate the cost of the items at the time of their acquisition or construction.

Depreciation

Property, plant and equipment is depreciated by distributing the depreciable amount using the straight-line method over its useful life.

Depreciation of property, plant and equipment is determined by applying the following criteria:

	Years of useful life	
	2021	2020
Buildings	33-50	33-50
Technical installations and machinery (*)	20-30	20-30
Hand and machine tools	3-10	3-10
Furniture and fixtures	3-10	3-10
Information technology equipment	3-5	3-5
Motor vehicles	2-10	2-10
Other property, plant and equipment	3-10	3-10

(*) Includes machinery and facilities used in wind projects, basically wind turbines.

The Group reviews the residual value, useful life and depreciation method of property, plant and equipment at the end of each financial year. Any changes to the initially established criteria are recognised as a change in estimate.

Impairment

The Group measures and determines the property, plant and equipment's impairment losses and reversals in accordance with the criteria set forth in section h).

h) Impairment of non-financial assets carried at amortised or depreciated cost-

The Group evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount.

Likewise, regardless of the existence of any indication of impairment, the Group reviews, at least once a year, the potential impairment that might affect goodwill and intangible assets with an indefinite useful life.

The recoverable amount of the assets is the higher amount between fair value less costs to sell and value in use.

The asset's value in use is calculated as a function of the estimated future cash flows deriving from the use of the asset, the expectation about possible changes in timing of those cash flows, the time value of money, the price for bearing the uncertainty inherent in the asset and other factors that market participants would reflect in pricing the future cash flows expected to derive from the asset.

Where the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised for the difference with a charge to "Amortisation and depreciation, impairment and charges to provisions" in the accompanying consolidated income statement.

At each closing date, the Group tests for any signs that the impairment loss recognised in previous years no longer exists or may have diminished. Impairment losses corresponding to goodwill are not reversible. Impairment losses from the rest of assets are only reversed if there has been a change in the estimates used to determine the asset's recoverable amount.

i) Leases

Identification of a lease

At inception of a contract, the Group assesses whether the contract contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The period in which a Group uses an asset includes consecutive and non-consecutive periods. The Group only reassesses the conditions when there is a modification to the contract.

Lessee accounting

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group considers all components as a single lease component.

The Group has opted not to apply the accounting policies shown below for short-term leases and those whose underlying asset has a value of less than Euros 5 thousand, which correspond primarily to machinery leases for use in construction works, since the estimated duration of the leases is less than or around one year, as such machinery tends to be leased for the duration of the project for which it has been leased. On 31 December 2021 and 2020, the heading “Right-of-use assets” corresponds mainly to leases of premises and of plots of land on which wind farms are located.

The Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

At the lease commencement date the Group recognises a right-of-use asset and a lease liability. The right-of-use asset comprises the amount of the lease liability, any lease payment made at or before the commencement date, less any lease incentives received, any initial direct costs incurred and an estimate of the decommissioning or restoration costs to be incurred, as indicated in the accounting policy on provisions.

The Group measures the lease liability at the current value of the lease payments that are pending payment at the commencement date. The Group discounts lease payments at the appropriate incremental borrowing rate, unless it can readily determine the lessor’s implicit interest rate. In this regard, for the initial measurement of the lease liability the incremental borrowing rate was used, representing the interest rate that a lessee would have to pay for borrowing over a similar period, with a similar guarantee, the necessary funds to obtain an asset of a value similar to that of the right-of-use asset in a similar economic context. The Group uses different discount rates for each country and depending upon the remaining lease terms, the applied discount rates being between 2.95% and 4.95% for leases in Spain, in accordance with the duration of the contracts, as this is where most of the leases subject to this standard are located.

The Group measures right-of-use assets at cost, less any accumulated depreciation and impairment, adjusted for any re-measurement of the lease liability.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the Group depreciates the right-of-use asset as indicated in the property, plant and equipment section from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group measures lease liabilities by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any lease modifications or to reflect revised in-substance lease payments.

The Group recognises the amount of remeasurement of the liability, where applicable, as an adjustment to the right-of-use asset until this is reduced to zero and subsequently in profit or loss.

The Group remeasures lease liabilities by discounting the lease payments using a revised discount rate, if there is a change in the lease term or a change in assessment of a purchase option of the underlying asset.

The Group remeasures lease liabilities if there is a change in the estimated amounts payable of a residual value guarantee or a change in the index or rate used to determine the payments, including a change to reflect variations in market rental rates once there has been a review thereof.

j) Financial instruments-

Recognition and classification of financial instruments

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument in IAS 32 “Financial Instruments: Presentation”.

The Group recognises financial instruments when it becomes a party to the contract or legal transaction, in accordance with the terms set out therein.

For measurement purposes, the Group classifies financial instruments in the categories of financial assets and liabilities at fair value through profit or loss, separating those initially designated from those held for trading or that measured at fair value through profit or loss, financial assets and liabilities at amortised cost and financial assets at fair value through other comprehensive income, separating equity instruments designated as such from the rest of financial assets. The Group classifies financial assets designated at fair value through profit or loss and equity instruments designated at fair value through other comprehensive income in accordance with the business model and nature of the contractual flows. The Group classifies financial liabilities as measured at amortised cost, except those designated at fair value through profit or loss and those held for trading.

The Group classifies a financial asset at amortised cost if it is held within the framework of a business model aimed at holding financial assets in order to obtain contractual cash flows and the contractual conditions of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the unpaid principal.

The Group classifies a financial asset at fair value through other comprehensive income if it is held within the framework of a business model aimed at obtaining contractual cash flows and selling financial assets and the contractual conditions of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the unpaid principal.

The business model is determined by key staff at the Group at a level reflecting the manner in which groups of assets are managed jointly to achieve the aim of a specific business. The Group’s business model represents the manner in which it manages its financial assets to generate cash flows.

The financial assets within the framework of a business model aimed at holding assets to receive contractual cash flows are managed to generate cash flows in the form of contractual receipts during the life of the instruments. The Group manages the assets held on the portfolio so as to receive these specific contractual cash flows. To determine whether the cash flows are obtained by receiving contractual cash flows from the financial assets, the Group considers the frequency, value and calendar of sales in previous years, the reasons for those sales and the expectations in relation to the future sales activity. Nevertheless, sales do not, of themselves, determine the business model and, accordingly, cannot be considered on their own. Instead, it is information on past sales and expectations of future sales that offers an indication of the way to achieve the Group’s stated goal with regard to the management of financial assets and, more specifically, how the cash flows are obtained. The Group considers information on past sales in the context of the reasons for those sales and the conditions at that time as compared to current conditions. To this end, the Group considers that trade and other receivables that will be assigned to third parties and will not be derecognised are maintained in this business model.

Although the goal of the Group’s business model is to hold financial assets in order to receive contractual cash flows, this does not mean that the Group holds all the instruments to maturity. Consequently, the Group’s business model is to hold financial assets to receive contractual cash flows even when there have been or there are expected to be sales of these assets. The Group understands that this requirement is fulfilled provided the sales take place due to an increase in the credit risk of the financial assets. In the rest of cases, in individual and aggregate terms, sales may not be significant even if they are frequent or must be infrequent where they are significant.

The contractual cash flows that are solely payments of principal and interest on the unpaid principal are consistent with a basic loan agreement. In a basic loan agreement, the main items of interest are generally the consideration for the time value of money (TVM) and credit risk. Nevertheless, in an agreement of this kind, interest also includes consideration for other risks, such as liquidity and costs, like the administrative risks of a basic loan associated with maintaining the financial asset for a certain period. Moreover, interest may include a profit margin consistent with a basic loan agreement.

The Group designates a financial liability initially at fair value through profit or loss, if by doing so it eliminates or significantly reduces any inconsistency in the measurement or recognition that would otherwise emerge, if the measurement of the assets or liabilities or recognition of the profit/loss thereof were performed on different bases or a group of financial liabilities or of financial assets and financial liabilities is managed, and its performance assessed, on a fair value basis, in accordance with a documented investment strategy or risk management strategy, and information is provided internally concerning said group on the same basis to key staff from the Group's management.

The Group classifies the rest of financial liabilities, except financial guarantee contracts, commitments to grant a loan at a lower-than-market rate and financial liabilities resulting from a transfer of assets not fulfilling the requirements for derecognition from accounts or accounted for using the ongoing involvement approach, as financial liabilities at amortised cost.

Financial assets at fair value

An analysis of financial instruments measured at fair value at 31 December 2021 and 2020 subsequent to their initial recognition, classified into levels 1 to 3 based on the fair value measurement method, is as follows:

- Level 1: their fair value is obtained from directly observable quoted prices in active markets for an identical asset or liability.
- Level 2: their fair value is determined using market inputs, other than the quoted prices included in level 1, that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: their fair value is determined using measurement techniques that include inputs for the assets and liabilities that are not directly observable market data.

	Fair value at 31 December 2021			
	Thousands of Euros			
	Level 1	Level 2	Level 3	Total
Non-current financial assets				
Derivative financial instruments (Note 17)	-	317	-	317
Current financial assets				
Derivative financial instruments (Note 17)	-	6,454	-	6,454
Non-current liabilities				
Derivative financial instruments (Note 17)	-	(19,037)	-	(23,419)
Current liabilities				
Derivative financial instruments (Note 17)	-	(82,235)	-	(77,853)
	-	**(94,501)**	-	**(94,501)**

	Fair value at 31 December 2020			
	Thousands of Euros			
	Level 1	Level 2	Level 3	Total
Non-current financial assets				
Derivative financial instruments (Note 17)	-	180	-	180
Current financial assets				
Derivative financial instruments (Note 17)	-	830	-	830
Non-current liabilities				
Derivative financial instruments (Note 17)	-	(10,676)	-	(10,676)
Current liabilities				
Derivative financial instruments (Note 17)	-	(7,455)	-	(7,455)
	-	**(17,121)**	-	**(17,121)**

Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, plus or minus transaction costs incurred, and are subsequently measured at amortised cost using the effective interest rate method.

Impairment

The management of Elecnor Group conducts an individualised analysis of the credit loss on all its financial assets at risk (trade receivables and customer contract assets) from the source of the asset, irrespective of their maturity, and assesses whether there is a significant increase in credit risk.

When assessing whether there is a significant increase in credit risk, the Group considers all the reasonable and supportable prospective information, specifically:

- Internal and external credit risk ratings;
- Current or expected adverse changes in the business, financial or economic conditions that might trigger a significant change in the borrower's ability to meet its obligations;
- Current or expected significant changes in the borrower's operating income;
- Significant increases in credit risk in other financial instruments of the same borrower;
- Significant changes in the value of the guarantee securing the obligation or as third-party guarantees or credit enhancements;

Similarly, to estimate the expected credit loss on these financial assets, the impairment percentage recorded in the income statement for the last five years of sales for each financial year is taken into account.

Interest and dividends

Interest is recognised by the Group using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of a financial instrument to the net carrying amount of that financial instrument based on the contractual terms of the instrument and not considering expected credit losses, except for financial assets acquired or originated with losses incurred.

Dividends from investments in equity instruments are recognised in profit or loss when the Group is entitled to receive them, it is likely to receive the economic benefits and the amount can be reliably estimated.

Derecognitions and modifications of financial liabilities

The Group derecognises a financial liability or a portion thereof when it has fulfilled the obligation contained in the liability or when it is legally released from the principal responsibility contained in the liability either pursuant to judicial proceedings or by the creditor.

The exchange of debt instruments between the Group and the counterparty or substantial modifications to initially recognised liabilities are recognised as an extinguishment of the original financial liability and recognition of a new financial liability, provided the instruments have substantially different terms.

The Group considers that the terms are substantially different if the current value of the cash flow discounted under the new terms, including any fees paid net of any fees received, and using for the purpose of the discount the original effective interest rate, differs by at least 10 per cent from the current discounted value of the remaining cash flows of the original financial liability. Furthermore, the Group conducts a qualitative analysis in order to assess whether the conditions are substantially different.

If the exchange is recognised as the extinguishment of the original financial liability, the costs or fees are recognised in profit and loss. Otherwise, the modified flows are discounted at the original effective interest rate, recognising any difference with the previous carrying amount in profit and loss. Moreover, the costs or fees adjust the financial liability's carrying amount and are amortised using the amortised cost method during the remaining life of the modified liability.

The Group recognises the difference of the carrying amount of the financial liability or a part thereof cancelled or assigned to a third party and the consideration paid, including any assigned asset other than the cash or liability assumed in profit or loss.

The Group has arranged confirming lines with various financial institutions to manage supplier payments. Since this transaction does not involve any type of financing for the Group, which pays on the date established with the supplier, liabilities whose settlement is managed by financial institutions are considered to be of a commercial nature and are therefore shown under the heading “trade and other payables” in the consolidated balance sheet until they are settled, cancelled or expire.

At 31 December 2021 and 2020, the amount of outstanding reverse factoring transactions that have been fully recognised as trade payables amounts to Euros 219,169 thousand and Euros 206,951 thousand, respectively, and there are no reverse factoring transactions within the consolidated group.

k) Hedge accounting-

Derivative financial instruments are initially recognised based on the criteria set forth above for financial assets and liabilities. Derivative financial instruments that do not meet the hedge accounting criteria below are classified and measured as financial assets or liabilities at fair value through profit or loss. Derivative financial instruments that meet the criteria for hedge accounting are initially recognised at fair value, plus, in the event, the transaction costs that are directly attributable to their contracting, or less, in the event, the transaction costs that are directly attributable to their issuance. Notwithstanding transaction costs, they are subsequently recognised in profit or loss, to the extent that they do not form a part of the effective change in hedging.

At the inception of the hedge the Group formally designates and documents the hedging relationships and the objective and strategy for undertaking the hedges. The documentation includes the identification of the hedging instrument, the item hedged, the nature of the hedged risk and the manner in which the Group measures the effectiveness of the hedge.

Accounting for hedge operations is only applicable when there is an economic relationship between the hedged item and the hedging instrument, credit risk does not exert a dominant effect on the value adjustments resulting from this economic relationship and the coverage ratio of the hedge relation is the same as the one resulting from the amount of the hedged item the Group actually uses to cover said amount of the hedged item. Nevertheless, that designation must not reflect an imbalance between the weightings of the hedged item and the hedging instrument such that a hedging ineffectiveness is generated, regardless of whether or not it is recognised, that might give rise to an accounting result contrary to the purpose of hedge accounting.

For cash flow hedges of forecast transactions or a component thereof, the Group assesses whether these transactions are highly probable and if they present an exposure to variations in cash flows that could ultimately affect profit/loss.

At the start of the hedge relation and continuously the Group assesses whether the relationship prospectively fulfils the effectiveness requirements. The Group assesses effectiveness at each balance sheet date or when there are significant changes that affect effectiveness requirements.

The Group performs a qualitative assessment of effectiveness, provided the fundamental conditions of the instrument and the hedged item coincide. When the fundamental conditions do not coincide fully, the Group uses a hypothetical derivative with fundamental conditions equivalent to the hedged item to assess and measure ineffectiveness.

The Group only designates as hedged items assets, liabilities, firm commitments and highly probable planned transactions. The hedged item may be an individual item or a group of items.

The Group designates derivative financial instruments, essentially foreign currency forward contracts and options and interest rate swaps to hedge against the various risks.

Cash flow hedges

The Group recognises in other comprehensive income the gains or losses from fair value measurement of the hedge instrument corresponding to the part identified as effective hedge. The part of the hedge considered to be ineffective, and the part of the gain or loss or cash flow relating to the hedge instrument excluded from the assessment of hedge effectiveness are recognised as a charge or credit to finance expense or income.

In hedges of planned transactions that give rise to the recognition of a financial asset or liability, the associated gains or losses that were recognised in other comprehensive income are reclassified to profit and loss in the same year or years during which the asset acquired or liability assumed affects profit and loss and under the same heading of the consolidated income statement.

Discontinuation of hedge accounting

If the hedge relation ceases to fulfil the effectiveness requirements linked to the coverage ratio, but the risk management goal remains the same for said relationship, the Group adjusts the coverage ratio so as to continue to fulfil the hedge relation criteria (rebalancing). Rebalancing refers to the adjustments made to the amounts designated of the hedged item or the hedging instrument of an existing relationship in order to maintain the coverage ratio that fulfils the hedge effectiveness requirements. The Group accounts for rebalancing as a continuation of the hedge relation. On the rebalancing date, the Group determines the ineffectiveness of the relation and recognises any ineffectiveness in profit and loss.

The Group discontinues the hedge relation prospectively only when all or part of the hedge relation ceases to fulfil the eligibility requirements. This includes situations in which the hedge instrument expires or is sold, finalised or exercised. In this connection, the replacement or renewal of a hedge instrument is not an expiry or finalisation, provided that the operation is consistent with the Group's documented risk management goal.

In cash flow hedges, the cumulative amount in other comprehensive income is not taken to profit and loss until the planned transaction takes place. Notwithstanding the foregoing, the cumulative amounts in other comprehensive income are classified as finance income or expense as soon as the Group no longer expects the planned transaction to take place.

l) Issuance and acquisition of equity instruments and recognition of dividends-

The acquisition by the Group of equity instruments of the Parent is presented at acquisition cost separately as a reduction in equity in the consolidated statement of financial position, regardless of the reason for the acquisition. No profit or loss was recognised in transactions with own equity instruments.

The subsequent amortisation of the Parent's instruments leads to a capital reduction in the nominal amount of said shares and the positive or negative difference between the acquisition price and the nominal share price is charged or credited to reserves.

Dividends, whether in cash or in kind, are recognised as a reduction in net equity when they are approved by the General Shareholders' Meeting.

m) Earnings per share-

Basic earnings per share are calculated by dividing the net profit for the year attributable to Elecnor, S.A. by the weighted average number of ordinary shares outstanding in the year, excluding the average number of Elecnor, S.A. shares held.

Diluted earnings per share are calculated by dividing the net profit or loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding in the year, adjusted by the weighted average number of ordinary shares that would be issued on the conversion of all of the potential ordinary shares into ordinary shares of the company.

At 31 December 2021 and 2020, basic earnings per share are the same as diluted earnings per share, since there were no potential shares outstanding during the years then ended.

n) Inventories-

This item of the consolidated statement of financial position reflects the assets that the Elecnor Group:

- Has under production, construction or development for this purpose, except for construction in progress for which revenue is recognised as indicated in section s.1); or

- Expects to consume in the production process or in the rendering of services.

Inventories are measured at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Details of the Elecnor Group’s inventories for 2021 and 2020 are as follows:

	Thousands of Euros	
	31/12/2021	31/12/2020
Raw materials and other materials consumed	6,674	3,294
Goods for resale	2,413	957
Semi-finished and finished goods	2,195	1,641
	11,282	**5,892**

o) Cash and cash equivalents-

Cash and cash equivalents include cash on hand and sight bank deposits placed with credit institutions. This heading also includes other highly liquid short-term investments which can be readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Accordingly, this heading includes investments that are due within less than three months from their acquisition date.

The Group classifies cash flows corresponding to interest received and paid and dividends received and paid as financing and investment activities.

p) Official grants from Public Entities-

Official grants from Public Entities are recognised when there is reasonable certainty of compliance with the conditions associated with their being awarded and received.

<u>Capital grants</u>

Capital grants awarded in the form of monetary assets are recognised as a credit entry under “Non-current liabilities – Official grants”, in the consolidated statement of financial position and are allocated to other income as the related financial assets are amortised.

At 31 December 2021, the Elecnor Group had received capital grants amounting to Euros 4,920 thousand (Euros 5,218 thousand in 2020), which had not yet been recognised as income. Government capital grants recognised in 2021 amount to approximately Euros 270 thousand (Euros 786 thousand in 2020) and are recognised as other operating income in the accompanying consolidated income statement.

Operating grants

Operating grants are allocated to income in the year in which the related expenses are incurred, with a credit to the heading “Other operating income”.

Other operating income in the consolidated income statements for 2021 and 2020 includes approximately Euros 3,147 thousand and Euros 3,774 thousand, respectively. Most operating grants received by the Elecnor Group in 2021 and 2020 related to the costs borne by Deimos Space, S.L.U. and its subsidiaries in carrying out their activities.

q) Provisions-

The Group recognises provisions for the estimated amount required to settle its liabilities, whether legal or constructive, probable or certain, associated with contingencies, ongoing litigation or obligations, when such liabilities arise as a result of past events, and when it is probable that an outflow of resources will be required and a reliable estimate can be made of the amount of the obligation. Provisions are recognised when the liability or obligation arises (Note 18), with a charge to the relevant heading of the income statement based on the nature of the obligation, and for the present value thereof, when the effect of discounting the obligation is material.

The amounts recognised in the consolidated statement of financial position correspond to the best estimate at year-end of the disbursements necessary to extinguish the present obligation, having taken into account the risks and uncertainties linked to the provision.

Provisions are reversed against profit and loss when it is not likely to be an outflow of resources to extinguish the obligation. The reversal is performed against the item of profit and loss in which the relevant expense was recognised, and the excess, where applicable, is recognised under other income.

Contingent liabilities relating to possible obligations (dependent on the occurrence or non-occurrence of uncertain future events) or to present obligations that do not qualify for the recognition of a provision (because they are not probable or they cannot be measured reliably) are not recognised (see Notes 18 and 22).

Decommissioning provisions

The provisions to which this section refers are recognised based on the general criteria for recognising provisions and are booked as higher cost value of the items of property, plant and equipment to which they relate (see section g).

r) Termination benefits-

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring that involves the payment of termination benefits.

For termination benefits payable as a result of an employee’s decision to accept an offer, the time when the Group can no longer withdraw the offer of termination benefits is the earlier of when the employee accepts the offer and when a restriction on the Group’s ability to withdraw the offer takes effect.

In the case of involuntary termination benefits, the Group can no longer withdraw the offer when it has communicated to the affected employees or trade union representatives the plan; the actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made; the plan identifies the number of employees whose employment is to be terminated, their job classifications or functions and their locations and the expected completion date; the plan establishes the termination benefits that employees will receive in sufficient detail that employees can determine the type and amount of benefits they will receive when their employment is terminated.

s) Revenue from contracts with customers-

s.1 Revenue from the sale of construction contracts and Rendering of services

The Group carries out various construction projects for customers. The projects are considered to be a single execution obligation satisfied over time. This is because projects are tailored specifically for customers and they tend to be highly integrated. Revenue from projects is recognised over time because the Group's execution produces an asset controlled by customers and with no alternative use for the Group, which is entitled to proceeds from execution completed until year end.

The Group recognises the revenue from contracts using the percentage of completion method based on costs incurred over total estimated costs.

The Group adjusts progress towards completion as the circumstances change and books the impact prospectively as a change in estimate.

Revenue recognised by the percentage of completion method is recognised as a contractual asset, to the extent that the amount is not due and as a receivable if there is an unconditional right to payment. If the payment received by the customer exceeds the recognised revenue, a contractual liability is recognised. If the time elapsed between accrual of the revenue and the estimated payment date exceeds twelve months, the Group recognises the revenue at the current estimated value of the amount receivable discounted at an interest rate that reflects the customer's credit risk. The Group subsequently recognises finance income. If the time elapsed between receiving the payment from the customer and booking the revenue using the percentage of completion exceeds twelve months, the Group recognises a finance expense charged to liabilities from the date on which the advance is received to the date on which the revenue is booked. The interest rate used to recognise the finance expense is determined by the Group's incremental borrowing rate.

s.2 Energy sales

Revenue is measured at the fair value of the consideration received or receivable for goods delivered and/or services rendered, less discounts, VAT and other sales-related tax.

Income and expenses are recognised on an accruals basis, in other words, at the time of the actual flow of the goods and services they represent and irrespective of when the resulting monetary or financial flow arises.

s.3 Contractual modifications

The Group recognises contractual modifications when they have been approved by the parties.

The Group recognises a contractual modification as a separate contract when:

a) The scope of the contract is increased due to the addition of different goods or services, and

b) The contract price increases by an amount reflecting the individual price of the additional goods or services, plus any adjustment to reflect the specific circumstances of the contract.

If there is no separate contract, then the original contract is completed to the extent that the residual goods or services are different from those previously delivered. In this case, the Group recognises the residual consideration and the new consideration, prospectively with the different obligations or goods or services within an obligation, pending delivery.

Otherwise, the amount of themodification is assigned to all obligations, including those that may already have been delivered, recognising an adjustment in the income accrued to date.

The Group assigns changes in the transaction price to the contractual obligations in the same way as at the start of the contract, so the Group does not reassign the transaction price to reflect changes in independent sale prices after the contract has commenced. The amounts assigned to fulfilled obligations are recognised as income or a reduction in income when the modification takes place. The Group recognises a change in the transaction price, applying the aforementioned criteria concerning contractual modifications.

However, in the event of a change in the transaction price subsequent to a contractual modification, the Group assigns the effect of the change to the obligations identified prior to the modification, to the extent that the price change is attributable to a variable consideration pledged prior to the modification and the modification is not accounted for as a separate contract, but as a completion of the original contract. On other occasions when modifications are not recognised as a separate contract, the Group assigns the change in the transaction price to the obligations of the modified contract, in other words, the obligations pending execution or partially pending execution following the modification.

In contractual modifications accepted by the parties, but in which approval of the transaction price is pending, the Group recognises the modification in the amount it is considered highly probable will not produce a significant reversal of the income. The Group adjusts estimated transaction prices at each balance sheet date.

t) Income tax-

Income tax expenses or income include both current and deferred taxes.

Current tax is the amount payable or recoverable for income taxes on consolidated fiscal profit or loss in the year. Current income tax assets or liabilities are measured by the amounts expected to be paid to or recovered from the taxation authority, based on the tax rules and rates that have been approved or are about to be approved as of the end of the year.

Deferred tax liabilities are Corporate Income Tax amounts payable in the future relating to temporary differences, while deferred tax assets are Corporate Income Tax amounts recoverable due to the existence of deductible temporary differences, tax loss carryforwards or deductions pending application. In this connection, a temporary difference is understood to mean the difference between the carrying amount of assets and liabilities and their tax base.

Current or deferred income tax is recognised in profit and loss unless there is a transaction or economic event that has been recognised in the same financial year or another year, against net equity or from a business combination.

Recognition of deferred tax liabilities

The Group recognises deferred tax liabilities in all cases except:

- those arising from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affect neither accounting profit/loss nor taxable income;

- those corresponding to differences relating to investments in subsidiaries, associates and joint ventures on which the Group has a capacity to control when they are reversed and when they are unlikely to be reversed in the foreseeable future.

Recognition of deferred tax assets

The Group recognises deferred tax assets provided that:

- it is likely that sufficient future taxable profits will be obtained to offset those items, or when tax legislation allows for the future conversion of deferred tax assets into an enforceable credit in respect of Public Entities. However, assets arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit/loss nor taxable income, are not recognised;

- they correspond to temporary differences relating to investments in subsidiaries, associates and joint ventures insofar as the temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary difference can be utilised.

It is considered likely that the Group will obtain sufficient taxable profits in the future to offset deferred tax assets, provided there are sufficient deductible temporary differences, relating to the same taxation authority and referring to the same taxpayer, the reversal of which is expected in the same tax year as the deductible temporary differences are expected to be reversed or in years in which a tax loss emanating from a deductible temporary difference may be offset against prior or subsequent profit.

In determining future taxable profit, the Group takes into account tax planning opportunities, provided it intends to adopt them or is likely to adopt them.

Measurement of deferred tax assets and liabilities

Deferred tax assets and liabilities are measured by the applicable tax rates in the years in which the assets are expected to be realised or the liabilities paid, based on rules and rates that are approved or about to be approved and having considered the fiscal consequences deriving from the manner in which the Group expects to recover the assets or settle the liabilities. In this connection, the Group has considered the deduction due to the reversal of temporary measures pursuant to transitory provision thirty-seven of Corporate Income Tax Law 27/2014, dated 27 November, as an adjustment in the tax rate applicable to the deductible temporary difference associated with the non-deductibility of amortisations performed in 2013 and 2014 and the updating of balances under Law 16/2012, of 27 December.

At the end of each year, the Group reviews the carrying amount of deferred tax assets with a view to reducing that value to the extent that it is not likely that there will be sufficient future tax credit carryforwards to offset them.

Deferred tax assets that do not meet the aforementioned criteria are not recognised in the consolidated statement of financial position. At the end of each year, the Group reviews whether or not the conditions have been fulfilled to recognise deferred tax assets that have not previously been recognised.

Tax uncertainties

An uncertain income tax treatment is any treatment applied by an entity where there is uncertainty as to whether said approach will be accepted by the tax authority. The interpretation takes into account:

- How to determine the appropriate accounting unit, and whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments, depending on which approach better predicts the resolution of the uncertainty.

- That the entity must assume that a taxation authority will examine the uncertain tax treatments and will have full knowledge of all related information when making those examinations; in other words, risk of detection must be ignored.

- That the entity must reflect the effect of uncertainty on its accounting for income tax when the taxation authority is unlikely to accept the treatment.

- That the impact of uncertainty must be measured using the most likely amount method or the expected value method, depending on which method better predicts the resolution of the uncertainty, and that the judgements and estimates used must be reassessed if the facts and circumstances change or new information becomes available.

If the Group determines that it is unlikely that the taxation authority will accept an uncertain tax treatment or group of uncertain tax treatments, it considers said uncertainty when determining the taxable income, tax bases, tax loss carryforwards, deductions or tax rates. The Group determines the effect of uncertainty on the Corporate Income Tax filing using the expected value method, when the range of potential outcomes is very broad, or the most likely amount method, when the outcome is binary or concentrated on one value. In those cases in which the tax asset or liability calculated based on these criteria exceeds the amount presented in self-assessments, it is presented as current or non-current in the consolidated statement of financial position based on the estimated recovery or payment date, considering, where appropriate, the amount of related late-payment interest on the liability as accrued in the income statement. The Group recognises changes in events and circumstances relating to tax uncertainties as a change of estimate.

The Group recognises and presents fines in accordance with the stated accounting policy for provisions.

Classification

Deferred tax assets and liabilities are recognised in the consolidated statement of financial position as non-current assets or liabilities, irrespective of the expected date of realisation or settlement.

u) Statement of cash flows-

The Group presents the statement of cash flow using the indirect method, using the following expressions with the following meanings:

- Cash flows. Inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

- Operating activities. The principal revenue-producing activities of the Elecnor Group companies and other activities that are not investment or financing activities. The Group presents reverse factoring (“confirming”) of trade payables as an operating activity.

- Investment activities. The acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents. The Group classifies interest and dividends received as an investment activity.

- Financing activities. Activities that result in changes in the size and composition of the equity and liabilities that are not operating activities.

The cash flows from operating activities of 2021 and 2020 relate to the Group’s routine operations and remain in line with the previous year. Moreover, in relation to the same heading, the Parent did not have any drawn down amount in its factoring lines at year end of either 2021 or 2020.

Net cash flows from investing activities in 2021 and 2020 were mainly from new investments in property, plant and equipment (see Note 10).

Lastly, the main movements in cash flows from financing activities in 2021 relate to new issues and redemptions of promissory notes issued in the Alternative Fixed Income Market, the early repayment of Euros 150 million of the loan tranche of the Parent’s syndicated debt, new debt amounting to Euros 50 million linked to the assignment of future credit claims (see Note 16) and two new loans arranged in 2021 by the Parent amounting to a total of Euros 70 million as described in Note 16.

The main movements in cash flows from financing activities 2020 correspond to new issues and redemptions of promissory notes issued in the Alternative Fixed Income Market, the financing obtained for new wind projects in Spain and Brazil, and the increased draw-down of the credit tranche of syndicated debt from the Parent company.

v) Segment reporting-

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating income is regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

w) Environment-

The Group takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

Expenses derived from environmental activities are recognised as Other operating expenses in the year in which they are incurred.

Items of property, plant and equipment acquired by the Group for consistent use in its activity and whose main purpose is to minimise the environmental impact of its activity and protect and improve the environment, including the reduction and elimination of future pollution from the Group's activities, are recognised as assets, applying the measurement, presentation and disclosure criteria described in section g).

4. Financial risk management policy

The Elecnor Group is exposed to certain financial risks, which it manages by grouping together its systems for identifying, measuring and supervising risks and limiting the concentration thereof. Financial risk management and containment is performed on a coordinated basis by Corporate Management and the various Business Units and Subsidiaries that comprise the Group. Financial risk management activities are approved at the highest executive level, in accordance with the rules, policies and procedures in place.

Foreign currency risk-

Market risk due to foreign currency risk arises from transactions that the Group performs on the international markets in the course of its business. Certain income and costs of materials consumed are denominated in currencies other than the functional currency. For this reason, the risk of fluctuating exchange rates of these currencies against the functional currency could have an impact on the Group's profit/loss.

In order to manage and minimise this risk, Elecnor uses hedging strategies, since its objective is to generate profits only through its ordinary business, and not by speculating in relation to exchange rate fluctuations.

The instruments used to achieve this hedge are essentially borrowings tied to the contract's collection currency, foreign currency hedges and swaps, whereby Elecnor and the bank exchange the cash flows arising from a loan denominated in Euros for the flows of another loan denominated in the currency in question, as well as the use of "currency baskets" in order to hedge mixed financing tied to various currencies.

The Group is exposed primarily to foreign currency risk from operations involving the US dollar, the Omani rial and the Angolan kwanza. Set out below is a sensitivity analysis of the impact on the Group's consolidated profit before tax of changes in these currencies, chiefly resulting from the translation of trade receivables and payables:

		Thousands of Euros			
		2021		2020	
Functional currency	Currency	10%	-10%	10%	-10%
EUR	USD	(1,413)	1,726	(2,321)	2,836
EUR	OMR	(2,321)	2,836	(747)	611
EUR	AOA	(2,475)	3,025	(3,342)	4,085

The Group's main exposures to foreign currency risk at 31 December 2021 and 2020 are detailed below. The attached tables reflect the carrying amounts of the Group's financial instruments or classes of financial instruments denominated in foreign currencies:

2021

	Thousands of Euros			
	Long-term credits to Group companies	Trade and other receivables	Cash and cash equivalents	Trade and payables
EUR	-	550	4,062	(5,908)
USD	-	26,227	24,083	(10,689)
DZD	-	9,933	76	(7,592)
GBP	-	249	33	(28)
HTG	-	11,581	-	(10,539)
JOD	-	2,866	37	(873)
OMR	-	43,301	1,748	(17,775)
AOA	-	31,195	576	(3,970)
NOK	-	15,709	1,418	(8,077)
DOP	-	6,158	44	(4,877)
XAF	-	13,494	2,953	(2,521)
MAD	-	306	2,323	(91)
MRO	-	3,591	102	(745)
GHS	-	3,980	383	(324)
HNL	-	1,572	1,058	(363)
XOF	-	1,645	-	(1,387)
GNF	-	5,256	273	(2,328)
COP	-	4,361	382	(987)
Other	-	5,472	552	(3,615)
Total	**-**	**187,446**	**40,103**	**(82,689)**

_2020_

Thousands of Euros				
	Long-term credits to Group companies	Trade and other receivables	Cash and cash equivalents	Trade and payables
MXN	-	322	333	1
EUR	-	3,116	2,524	(11,076)
USD	7,994	86,362	63,584	(33,612)
DZD	-	16,132	107	(10,339)
GBP	-	96	38	(28)
HTG	-	12,744	-	(2,897)
JOD	-	5,226	86	(2,986)
OMR	-	28,607	3,789	(21,885)
AOA	-	39,807	529	(3,046)
NOK	-	9,719	3,308	(5,302)
DOP	-	11,223	4,719	(9,865)
XAF	-	11,087	857	488
MAD	-	297	3,898	(93)
MRO	-	5,649	178	(925)
VES	-	1	1	(341)
GHS	-	7,203	242	(1,013)
HNL	-	2,344	856	(597)
XOF	-	1,125	-	(1056)
GNF	-	2,742	80	(816)
COP	-	505	2,564	(114)
Other	-	5,124	754	(2,536)
Total	**7,994**	**249,431**	**88,447**	**(108,038)**

Interest rate risk-

Interest rate fluctuations change the fair value of assets and liabilities that accrue interest at fixed rates and the future cash flows from assets and liabilities indexed to floating interest rates. Elecnor has arranged external financing to enable it to carry on its operations, mainly in connection with the development, construction and operation of wind farms, solar projects and electricity infrastructure concessions. The financing is secured by these projects. This kind of arrangement usually requires under contract that interest rate risk be partly covered using hedging instruments.

In the case of both financing secured by the investment projects and corporate financing, borrowings are arranged mainly at floating interest rates and, where appropriate, hedging instruments are used to minimise the related interest rate risk. The hedging instruments, which are specifically assigned to financial debt, are limited to the same nominal value as the latter and the same maturity dates as the hedged items, and are essentially IRSs, the aim of which is to convert loans originally arranged at floating rates to fixed rates. In any case, the interest rate hedges arranged are all effective for accounting purposes.

If interest rates at 31 December 2021 had been 50 basis points higher or lower and the rest of variables unchanged (except for the debt pegged to the HICP), consolidated profit before tax would have amounted to Euros 2,100 thousand and Euros 2,100 thousand higher/lower, respectively, due to a higher/lower finance expense on borrowings at floating rates (Euros 1,771 thousand and Euros 1,771 thousand higher/lower, respectively, in 2020).

Furthermore, in the event of 500-basis-point changes in Brazilian inflation (HICP) to which certain debts whose guarantees are secured by the projects of certain companies located in Brazil (see Note 16) are pegged, consolidated profit before tax would have amounted to Euros 8,000 thousand and Euros 8,000 thousand higher/lower, respectively, due to a higher/lower finance expense on borrowings pegged to Brazilian inflation (Euros 7,700 thousand and Euros 7,700 thousand higher/lower, respectively, in 2020). As regards the evolution of the HICP in Brazil, sales prices are also updated based on changes in this indicator.

Liquidity risk-

Liquidity risk is mitigated through Elecnor's policy of holding cash and highly liquid non-speculative short-term instruments, such as the acquisition of treasury bills under non-optional repurchase agreements and very short-term US Dollar deposits, through leading credit institutions in order to be able to meet its future commitments and the arrangement of committed credit facilities of sufficient amount to cover its projected needs.

At 31 December 2021, the Elecnor Group has a solid liquidity position, with sufficient cash and available credit facilities to comfortably meet liquidity requirements even if markets contract.

Credit risk-

The main credit risk arises from trade receivables, when the counterparty or customer does not meet their contractual obligations. To mitigate this risk, the Group operates with customers that have adequate credit records. In view of its activities and the sectors in which it operates, Elecnor has customers with very high credit ratings. However, in the case of non-recurring international sales to customers, mechanisms such as advances, irrevocable letters of credit and insurance policies are used to ensure collection. Furthermore, the financial solvency of customers is analysed and specific terms and conditions are included in contracts, aimed at guaranteeing customer payments of the stipulated price.

In the case of the national wind farms, the power produced - in accordance with the legislative framework in force for the electricity industry - is sold in the Iberian Electricity Market (MIBEL) and income is collected from the operator of the Spanish Electricity Market (OMIE) through a payment-guarantee system and from the Spanish National Commission on Markets and Competition (CNMC), which regulates energy markets in Spain and reports to the Ministry of Industry. Moreover, on 1 June the long-term energy sales agreement between the Cofrentes wind farm and CEPSA entered into force. In addition, Ventos do Sul Energía, S.A., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A., Ventos do Litoral Energía, S.A. and Ventos dos Índios Energía, S.A. (Río Grande do Sul, Brazil) entered into long-term agreements with the corresponding Brazilian electricity distribution companies to sell the electric power that they will generate over a period of 20 years. Furthermore, the newly built farms in the São Fernando complex in North-East Brazil sell part of the power generated in the Short-Term Market and a low volume of short-term bilateral agreements with suppliers until the long-term electricity sales agreements (most exceeding 20 years) enter into force from 2022. Furthermore, Eóliennes de L'Érable has signed a 20-year contract to sell the electricity it generates to Canadian electric utility Hydro-Québec.

With regard to transmission lines operated as concessions in Brazil through the subgroup Celeo CI, Operador Nacional do Sistema Elétrico (ONS) is responsible for coordinating collections and payments within the country's electricity system and notifies the concession holder of the companies from which collections must be made: generators, major consumers and transmission entities. Prior to connecting to the system these companies deposit a guarantee. In the event of non-payment this guarantee will be executed, they will be immediately disconnected from the system and the payment obligation will be shared among the remaining users of the system. Accordingly, the concession holder has the guaranteed payment from the national power grid system, there having been no payment default by its users.

As regards the transmission lines currently in operation in Chile and owned by the subgroup Celeo CI, the assets belong to that country's national grid (National Transmission System), in which Coordinador Eléctrico Nacional (CEN) coordinates the flow of payments to transmission companies. The current system remained until December 2018, whereby those responsible for paying the transmission companies were the generating companies. Since 2019, distributors have also been liable for payments, so the portfolio of payers became more diversified from that date on. The payment guarantee of the national transmission grid is based on a CEN Procedure that establishes that, in the event of non-payments by a coordinated company (company coordinated by CEN), the defaulting party is disconnected from the grid, and the payment obligation is spread among the remaining coordinated companies.

Furthermore, in Chile we also participate in dedicated transmission lines, committed to counterparties with proven creditworthiness, most of which are deemed investment grade. In such cases, the remuneration we receive is regulated in each of the long-term contracts we have signed with these companies that use our infrastructure, either to evacuate the energy generated or to ensure their electricity supply.

Elecnor always seeks to implement the strictest measures to mitigate this risk and conducts periodic analyses of its exposure to credit risk, making the relevant impairment adjustments where necessary. Note 14.a) includes a breakdown of the amount of trade and other receivables past due and the amount impaired at 31 December 2021 and 2020.

Market risk-

The Group is also exposed to the risk that cash flows and profit/loss may be affected by changes in energy prices and by oil prices, among other issues. In order to manage and minimise these risks the Group uses hedging strategies.

The Group upholds a policy of ensuring the price of energy on estimated electricity production, which seeks to minimise the exposure of the result to changes in electricity prices in Spain, by procuring derivatives.

Elecnor closely monitors regulatory risk, particularly that affecting renewable energy, to adequately reflect its impact on the consolidated income statement.

Order TED/668/2020, of 17 July, was published in 2020, reviewing remuneration on investments of 2018 and 2019. This review emerged as a result of Royal Decree-Law 15/2018, exempting the payment of tax on electricity production (7%) in the final quarter of 2018 and the first quarter of 2019, since this exemption was not taken into account by the government when calculating remuneration parameters.

With regard to facilities located abroad, the wind farms in Brazil have long-term electricity sale-purchase agreements (20 years) with various buyers (Eletrobras, Câmara de Comercialização de Energia Elétrica, Cemig and distributors), these agreements having been signed within the framework implemented by the Federal Government and through private auction. In addition, the first 100% 'de-contracted' project was launched in Brazil (24.2 MW), which sells energy in the free market. With regard to the Canada farm, it has a 20-year sale-purchase agreement with Hydro-Québec.

Risk Management System-

Elecnor Group is exposed to various risk factors linked to the sectors in which it operates and the long list of countries in which it is present, either consistently or by means of one-off projects.

The Group continually manages and prevents these risks, reducing to acceptable levels the probability of their materialising and mitigating their potential impact, where applicable, on business volume, profitability and efficiency, reputation and sustainability.

For this purpose, the Group has a structured and dynamic Risk Management System the main pillars of which are as follows:

- Continuous risk identification and evaluation and prioritisation.
- Identification of the management and control mechanisms and tools in place in connection with the main risks and assessment of their efficacy.
- Continuous improvement of risk management by means of the development and implementation of initiatives and projects aimed at enhancing management mechanisms and tools.
- Permanent supervision and monitoring of the System.

These management and control mechanisms and tools are integrated in the organisation's various processes so as to operate continuously in the daily course of business, without prejudice to other standalone initiatives and actions that may be determined for each individual case.

With a view to ensuring better identification and management of the core risks, they are grouped into five main categories:

- Governance risks.
- Strategic, planning and economic environment-related risks.
- Operating risks.
- Reporting risks.
- Compliance risks.

As part of the process of review and ongoing improvement of the Risk Management System, in 2021 the Group has conducted an internal reflection and scheduled a series of actions geared towards making the aforementioned system more operational and effective, chiefly with a greater focus on business risks and improving certain systematics for monitoring the main risks, identifying and reviewing the main associated management and control procedures and tools, and monitoring the related improvement projects.

5. Distribution of profit/loss

The proposed distribution of the Parent company's profit/loss and reserves for 2021 to be presented to the General Shareholders' Meeting, is as follows:

	Euros
Basis of distribution	
Profit for the year	9,196,247.53
Voluntary reserves	21,554,208.76
Total	**30,750,456.29**
Distribution	
Interim dividend	5,186,747.90
Supplementary dividend	25,563,708.39
Total	**30,750,456.29**

The appropriation of the Parent company's profit and reserves for the year ended on 31 December 2020, approved by shareholders at their General Meeting of 23 June 2021, was as follows:

	Euros
Basis of distribution	
Profit for the year	31,632,749.89
Voluntary reserves	1,249,867.75
Total	**32,882,617.64**
Distribution	
Voluntary reserves	2,759,499.61
Capitalisation reserves Law 27/2014	1,249,867.75
Interim dividend	4,986,840.00
Supplementary dividend	23,886,410.28
Total	**32,882,617.64**

At the General Shareholders' Meeting held on 23 June 2021 a supplementary dividend of Euros 23,886 thousand (Euros 0.33 per share) was approved, taking into account the interim dividend of Euros 4,987 thousand out of profit for 2020 paid in December 2020.

At the meeting held on 15 December 2021, the Board of Directors of the Parent company agreed to distribute an interim dividend for 2021 of Euros 5,187 thousand (Euros 4,987 thousand for 2020), which was recognised as a reduction in equity under "Interim dividend" on the liability side of the accompanying balance sheet, which was paid in December 2021.

These distribution amounts did not exceed the profit obtained in the last year by the Company, having deducted the estimated Corporate Income Tax payable on said profit, in accordance with the provisions of article 277 of the Revised Spanish Companies Act.

The provisional accounting statement prepared in accordance with legal requirements evidencing the existence of sufficient liquidity for the distribution of the dividend was as follows:

WORKING CAPITAL POSITION AT 30 September 2021

	Thousands of Euros
PREVISION OF DISTRIBUTABLE PROFIT OF ELECNOR, S.A. 2021	
Projected profit net of tax up to 31/12/2021	7,596
Less, required provision to legal reserve	-
Less, prior years' losses	-
Estimated interim dividend to be distributed	5,187
FORECAST OF CASH FLOW FOR ELECNOR, S.A. FOR THE PERIOD FROM OCTOBER 2021 TO DECEMBER 2021	
Cash balance at 30/09/2021	8,866
Net of projected collections and payments up to 31/12/21	21,149
Projected cash balances at 31/12/21	30,015

6. Segment reporting

IFRS 8 requires operating segments to be identified based on the information that the entity's management uses to make decisions about operating matters. The Parent's directors consider that the segments that must be reported, since they form the basis on which the Group makes its decisions for allocating resources and whose operating profits are reviewed regularly at the highest executive level to assess their performance, are Services and Projects (named Infrastructure in 2020) and Concessions.

The Elecnor Group's chief operating decision-maker is the CEO, to whom the CEO of the Services and Projects segment reports, as well as the CEO of the Enerfin Subgroup and the CEO of the Celeo Group, both belonging to the concession segment. Both subgroups are included in the concession segment, as the performance and monitoring of the results generated by both are measured and managed jointly, as both the nature of their activity and the strategy for allocating resources are the same.

In each of these markets, the Group obtains revenue from the various business activities carried on by it (see Note 23).

a) Information on operating segments-

Assets and liabilities for general use and profit and loss arising therefrom were not allocated to the other segments. Similarly, the reconciling items arising from the comparison of the result of integrating the financial statements of the various operating segments (prepared on the basis of management criteria) with the consolidated financial statements of the Elecnor Group, were not allocated. These items are included under the heading "Group Management and Other Adjustments" in the information shown below.

In 2021, and as a result of the spin-off of the Services and Projects Business by the Parent to the subsidiary Elecnor Servicios y Proyectos, S.A.U., an in-depth analysis was conducted on the assets and liabilities associated with the "Group Management and Other Adjustments" segment, which are the non-separated assets and liabilities held at the Parent Elecnor, S.A. These are assets and liabilities that provide a service to the Group, such as syndicated financing (which in the previous year was also included in this segment), rights of use arising from office leases for Elecnor, S.A. employees and the IT applications that the Corporation uses to provide services to the Group. All these assets and liabilities, less syndicated debt, were classified in 2020 under the Services and Projects segment.

Information on these operating segments is presented below:

a) Details of the consolidated income statement items by segment at 31 December 2021 and 2020 are as follows:

2021

	Thousands of Euros				
	Services and Projects	Concessions	Group Management and Other Adjustments	Intersegment	Total at 31/12/2021
Income statement					
Net turnover	2,958,160	166,593	-	(2,332)	3,122,421
Operating income	112,248	92,172	(26,320)	583	178,683
Finance income	7,330	1,530	-	-	8,860
Finance expenses	(9,601)	(38,908)	(1,781)	-	(50,290)
Change in fair value of financial instruments	107	-	-	-	107
Translation differences	5,958	(590)	-	-	5,368
Impairment and profit/loss on disposal of financial fixed assets	(1,087)	261	146	-	(680)
Income tax	(37,853)	(11,852)	1,421	(159)	(48,443)
Attributable to non-controlling interests	15	(7,737)	-	-	(7,722)
Consolidated profit/loss attributable to the Parent	77,119	34,876	(26,533)	421	85,883
EBITDA	165,838	131,301	(25,109)	(261)	271,769

The expenses of the "Group Management and Other Adjustments" segment included under the Operating income heading, chiefly correspond to expenses of the personnel assigned to the Corporation, as well as expenses associated with their activity, such as travel, offices, software, etc. (Euros 15.5 million), directors' expenses (Euros 4.6 million), expenses of the Group's advisors and auditors and contribution to the Elecnor Foundation.

2020

	Thousands of Euros				
	Services and Projects	Concessions	Group Management and Other Adjustments	Intersegment	Total at 31/12/2020
Income statement					
Net turnover	2,352,471	145,232	-	(41,751)	2,455,952
Operating income	110,800	65,842	(23,485)	(6,589)	146,568
Finance income	7,720	595	-	-	8,315
Finance expenses	(11,206)	(24,410)	(570)	-	(36,186)
Change in fair value of financial instruments	203	-	-	-	203
Translation differences	3,171	2,247	-	-	5,418
Impairment and profit/loss on disposal of financial fixed assets	1,623	(9)	-	-	1,614
Income tax	(40,815)	(8,795)	4,240	2,220	(43,150)
Attributable to non-controlling interests	21	(4,500)	-	-	(4,479)
Consolidated profit/loss attributable to the Parent	71,517	30,970	(19,815)	(4,369)	78,303
EBITDA	161,708	112,791	(21,394)	(7,303)	245,802

The expenses of the "Group Management and Other Adjustments" segment included under the Operating profit heading for 2020 relate chiefly correspond to expenses of personnel assigned to the Corporation, as well as expenses associated with their activity, such as travel, offices, software, etc. (Euros 15 million), directors' expenses (Euros 4.5 million) and contribution to the Elecnor Foundation (Euros 0.6 million).

b) Details of assets and liabilities by segment at 31 December 2021 and 2020 are as follows:

2021

	Thousands of Euros				
	Services and Projects	Concessions	Group Management and Other Adjustments	Intersegment	Total at 31/12/2021
Assets-					
Property, plant and equipment	172,845	612,840	10,105	(11,124)	784,666
Intangible assets	24,088	12,477	7,292	-	43,857
Right-of-use assets	47,985	23,516	6,020	-	77,521
Deferred tax assets	40,375	43,075	13,640	(7,677)	89,413
Inventories	11,062	220	-	-	11,282
Receivables and Public entities	842,566	13,823	7,814	1,911	866,114
Customer contract assets	399,621	-	-	-	399,621
Equity-accounted investees	257	516,946	-	-	517,203
Non-current financial assets	13,138	28,084	313	-	41,535
Non-current assets held for sale	37,288	-	-	-	37,288
Other assets (*)	340,457	66,499	10,445	-	417,401
Total assets	**1,929,682**	**1,317,480**	**55,629**	**(16,890)**	**3,285,901**
Liabilities-					
Non-current financial liabilities	74,321	390,153	318,444	-	782,918
Provisions for liabilities and charges	32,917	21,188	-	-	54,105
Deferred income and grants	3,265	1,655	-	-	4,920
Non-current lease liabilities	36,514	24,456	5,825	-	66,795
Other non-current liabilities	8,362	11,698	-	-	20,060
Deferred tax liabilities	11,445	15,756	328	-	27,529
Short-term provisions	68,638	7,833	5,632	-	82,103
Current financial debt	54,566	111,268	76,699	-	242,533
Current lease liabilities	13,782	4,334	741	-	18,857
Current non-financial debt	1,277,620	47,866	36,282	(9,352)	1,352,416
Total liabilities	**1,581,430**	**636,207**	**443,951**	**(9,352)**	**2,652,236**

2020

	Thousands of Euros				
	Services and Projects	Concessions	Group Management and Other Adjustments	Intersegment	Total at 31/12/2020
Assets-					
Property, plant and equipment	152,889	614,652	-	(11,706)	755,835
Intangible assets	28,667	12,524	-	-	41,191
Right-of-use assets	35,054	14,848	-	-	49,902
Deferred tax assets	61,014	15,792	-	3,749	80,555
Inventories	5,654	238	-	-	5,892
Receivables and Public entities	796,042	20,221	134	28,870	845,267
Customer contract assets	338,880	-	-	-	338,880
Equity-accounted investees	19,690	460,280	-	-	479,970
Non-current financial assets	15,205	26,068	5,367	-	46,640
Non-current assets held for sale	306	-	-	-	306
Other assets (*)	357,000	45,052	141	-	402,193
Total assets	**1,810,401**	**1,209,675**	**5,642**	**20,913**	**3,046,631**
Liabilities-					
Non-current financial liabilities	61,777	386,560	361,133	-	809,470
Provisions for liabilities and charges	9,803	21,187	22,335	-	53,325
Deferred income and grants	3,654	1,564	-	-	5,218
Non-current lease liabilities	27,170	16,314	-	-	43,484
Other non-current liabilities	4,399	9,944	-	-	14,343
Deferred tax liabilities	9,174	16,731	476	-	26,381
Short-term provisions	62,982	13,773	-	-	76,755
Current financial debt	82,922	42,400	1,528	-	126,850
Current lease liabilities	9,831	2,259	-	-	12,090
Current non-financial debt	1,230,422	20,530	27,825	-	1,278,777
Total liabilities	**1,502,134**	**531,262**	**413,297**	**-**	**2,446,693**

(*) Includes mainly “Cash and cash equivalents”.

b) Information on products and services-

The main areas of activity of The Elecnor Group correspond to the construction and service rendering activity, which is presented under the Services and Projects segment, and to the energy generation activity, which is presented under the Concession segment.

The construction and service rendering activity in which the Elecnor Group operates is split into the following sub-activities, on which each General Sub-Directorate reports to the CEO of the Services and Projects segment, who in turn reports to the CEO of the Elecnor Group, who is the highest chief operating decision-maker. In any case, these activities are not conducted exclusively by any of the General Sub-Directorates:

- Electricity
- Power generation
- Telecommunications and space
- Facilities
- Construction, environment and water
- Maintenance
- Oil & Gas
- Railways

The generation of electricity using mainly wind farms and solar thermal power plants is one of the lines of business of the Elecnor Group that is carried out through the Enerfín subgroup in the case of wind farms, and by Celeo Termosolar, S.L. (Group Celeo Concesiones e Inversiones), in the case of solar thermal plants.

The breakdown of sales by activity at 31 December 2021 and 2020 are presented in Note 23.

c) Geographical information-

Following are details of revenues from external customers and non-current assets that are not financial instruments for the most significant countries at 31 December 2021 and 2020:

Revenue

Country	Thousands of Euros	
	2021	2020
Spain	1,422,918	1,238,600
Brazil	435,100	262,041
Angola	96,627	77,623
USA	257,508	226,946
Australia	196,100	22,065
Chile	109,191	67,313
Mexico	35,551	51,391
Panama	34,826	34,057
Dominican Republic	21,766	63,747
Italy	77,519	50,322
Ghana	10,076	41,696
Oman	48,945	39,898
UK	32,526	38,095
Other	343,768	242,158
	3,122,421	**2,455,952**

Non-current assets

Country	2021 Thousands of Euros			
	Intangible assets	Goodwill	Property, plant and equipment	Right-of-use assets
Canada	-	-	152,087	3,000
Brazil	45	-	340,418	2,859
Cameroon	-	-	3,362	-
Chile	-	-	3,449	-
UK	-	5,690	688	2,298
Ecuador	34	1,377	31,592	24
USA	187	288	14,675	14,101
Oman	-	-	8,211	-
Spain	16,125	18,313	204,022	54,538
Lithuania	-	-	10,772	-
Angola	-	-	4,058	-
Australia	-	-	4,092	-
Italy	-	-	4,180	-
Other	105	1,693	3,060	701
	16,496	**27,361**	**784,666**	**77,521**

Non-current assets

	2020			
	Thousands of Euros			
Country	Intangible assets	Goodwill	Property, plant and equipment	Right-of-use assets
Canada	-	-	152,941	2,964
Brazil	64	-	335,076	2,388
Chile	-	-	2,183	-
UK	-	5,690	447	1,707
Ecuador	84	1,377	28,094	93
USA	434	288	12,497	14,010
Oman	-	-	3,506	-
Spain	15,676	17,498	213,387	28,448
Other	80	-	7,704	292
	16,338	**24,853**	**755,835**	**49,902**

7. Non-current assets held for sale

At 31 December 2021 this heading mainly contains the investment and loan granted to the associate Gasoducto de Morelos S.A.P.I. de C.V. located in Mexico for a total value Euros 32,444 thousand, which has been transferred on the basis of the sale agreement entered into on 17 December 2021. This transaction is subject to the fulfilment of the conditions precedent inherent to this type of transaction, and control will not be transferred until the conditions are fulfilled. The Group estimates that the transaction will be completed in 2022. No impairment resulted from these transactions since the fair value less costs to sell is higher than the carrying amount.

8. Goodwill

Details, by company, of "Intangible assets - Goodwill" in the consolidated statements of financial position at 31 December 2021 and 2020 and of the changes therein in those years are as follows:

2021

	Thousands of Euros			
	Balance at 31/12/2020	Translation differences	Change to the consolidation scope (Note 2.f)	Balance at 31/12/2021
Fully consolidated companies (CGUs)				
Wind farms:				
- Galicia Vento, S.L.	8,702	-	-	8,702
- Aerogeneradores del Sur, S.A.	3,630	-	-	3,630
Other businesses:				
- Deimos Space, S.L.U.	158	-	-	158
- Ehisa Construcciones y Obras, S.A.	1,932	-	-	1,932
- Hidroambiente, S.A.U.	388	-	-	388
- Instalaciones y Proyectos de Gas, S.A.U. – merged with Elecnor, S.A.	1,031	-	-	1,031
- Jomar Seguridad, S.L.U.	1,647	-	-	1,647
- Belco Elecnor Electric, Inc.	288	-	-	288
- IQA Operations Group Limited	5,690	-	-	5,690
- Wayraenergy, S.A.	1,377	-	-	1,377
- Parque Eólico Montañes, S.L.	10	-	-	10
- Timco Transmission Lines PTY LTD	-	-	1,693	1,693
- Montajes Eléctricos Arranz, S.L.	-	-	815	815
	24,853	**-**	**2,508**	**27,361**

2020

	Thousands of Euros			
	Balance at 31/12/2019	Translation differences	Change to the consolidation scope (Note 2.f)	Balance at 31/12/2020
Fully consolidated companies (CGUs)				
Wind farms:				
- Galicia Vento, S.L.	8,702	-	-	8,702
- Aerogeneradores del Sur, S.A.	3,630	-	-	3,630
Other businesses:				
- Deimos Space, S.L.U.	158	-	-	158
- Ehisa Construcciones y Obras, S.A.	1,932	-	-	1,932
- Hidroambiente, S.A.U.	388	-	-	388
- Instalaciones y Proyectos de Gas, S.A.U. – merged with Elecnor, S.A.	1,031	-	-	- 1,031
- Jomar Seguridad, S.L.U.	1,647	-	-	1,647
- Belco Elecnor Electric, Inc.	313	(25)	-	288
- IQA Operations Group Limited	5,690	-	-	5,690
- Wayraenergy, S.A.	1,377	-	-	1,377
- Parque Eólico Montañes, S.L.	10	-	-	10
	24,878	**(25)**	**-**	**24,853**

As indicated in Note 3.h, at each reporting date the Group reviews goodwill for impairment.

The cash-generating units considered for the purpose of the impairment tests on goodwill, included in the table above, are the companies to which the goodwill was allocated, since these companies are generally set up as single-project entities.

Recoverable amount is the higher of fair value less costs to sell and value in use, which is deemed to be the current value of the estimated future cash flows approved by management and considered reasonable. In assessing value in use, the assumptions used include discount rates, growth rates and expected changes in selling prices and costs. The Directors of the Parent estimate discount rates that reflect the time value of money and the risks specific to the cash-generating unit.

In particular, with respect to the impairment tests on the goodwill allocated to wind farms and wind power projects in Spain, performed taking into account the value of the farms and projects together with the value of the related fixed assets, which amounts to Euros 38 million (Euros 45 million in 2020), turnover is estimated in accordance with sector forecasts relating to the pool price and applicable legislation (see Note 6.b), which considers annual increases based on a prudent estimate of the changes in the price index and the average production levels obtained in prior years or those estimated as a result of studies. The main assumptions used by the Parent's Directors when testing for impairment in 2021 are as follows:

- Revenue: the market price —as per external sources— of Euros 180/MWh (Euros 42.90/MWh applied in 2020 for estimated revenue in 2021) has been considered for the immediately following year and the stable price curve has been applied for the years that follow.

  The prices applied in the impairment tests conducted in 2021 are set out below:

2,022	**2,023**	**2,024**	**2,025**	**2,026**	**2,027**	**2,028**	**2,029**	**2,030**
180.00	*49.60*	*49.00*	*49.10*	*49.80*	*49.90*	*49.10*	*48.60*	*46.80*

- Discount rate: 5.54% in both periods (*).
- Projection period: depending on the remaining useful life of the asset (Note 3.g.).

(*) The discount rate after the tax effect, as in this type of projects the tax component is very high and a fundamental variable when deciding whether to invest. Furthermore, net tax flows are used in the impairment tests conducted by management.

The results of these tests and of the sensitivity analyses performed by management using 50-basis-point changes in the main assumptions did not evidence any indications of impairment.

Additionally, with respect to the impairment tests on the remaining goodwill, the discount rates applied were between 7% and 9%, and in estimating perpetual return, growth rates of between 0.5% and 1% were considered, no impairment having been evidenced.

9. Other intangible assets

Movement under this heading of the consolidated statement of financial position in 2021 and 2020 was as follows:

	Thousands of Euros					
	Development expenses	Industrial property	Computer software	Administrative concessions	Other intangible assets	Total
Balance at 1 January 2020	**1,967**	**3,158**	**17,665**	**430**	**27,501**	**50,721**
Additions	101	-	3,951	-	-	4,052
Disposals	(2)	(140)	(121)	-	-	(263)
Transfer to non-current assets held for sale (Note 8)	(1,441)	-	1,441	-	-	-
Translation differences	-	(71)	(233)	(6)	-	(310)
Balance at 31 December 2020	**625**	**2,947**	**22,703**	**424**	**27,501**	**54,200**
Additions	-	97	4,992	82	5	5,176
Disposals	(200)	-	(432)	(9)	-	(641)
Change in the scope	(15)	-	(6)	-	-	(21)
Transfers	-	-	-	1,309	-	1,309
Translation differences	(3)	58	108	-	-	163
Balance at 31 December 2021	**407**	**3,102**	**27,365**	**1,806**	**27,506**	**60,186**
Accumulated amortisation						
Balance at 1 January 2020	**1,242**	**2,802**	**12,420**	**148**	**16,667**	**33,279**
Charge (Note 23)	46	88	2,928	30	1,972	5,064
Disposals	-	(140)	(141)	-	-	(281)
Transfer to non-current assets held for sale (Note 8)	(1,140)	-	1,140	-	-	-
Translation differences	-	(48)	(152)	-	-	(200)
Balance at 31 December 2020	**148**	**2,702**	**16,195**	**178**	**18,639**	**37,862**
Charge (Note 23)	32	88	3,392	671	1,972	6,155
Disposals	(45)	-	(432)	-	-	(477)
Changes in the consolidation scope	-	-	4	-	-	4
Transfers	-	-	-	-	-	-
Translation differences	(2)	44	103	1	-	146
Balance at 31 December 2021	**133**	**2,834**	**19,262**	**850**	**20,611**	**43,690**
Net cost at 31 December 2021	**274**	**268**	**8,103**	**956**	**6,895**	**16,496**

"Other intangible assets" in the above table for a gross amount of Euros 27,501 thousand wholly reflect the estimated fair value of the contracts with public entities for road maintenance and upkeep relating to the subsidiary Audeca, S.L.U. at the date on which this company was acquired by the Elecnor Group in 2010. The Group amortises this asset over a period of 15 years which, based on past experience, is the estimated average term of the aforementioned contracts including the related renewals. The amortisation of this item in 2021 and 2020 amounted to approximately Euros 1,972 thousand, respectively.

The cost of intangible assets in use, fully amortised at 31 December 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Development expenses	-	26
Industrial property	2,125	2,125
Computer software	11,360	11,792
	13,485	**13,943**

10. Property, plant and equipment

Movement under this heading of the consolidated statement of financial position in 2021 and 2020 was as follows:

	Thousands of Euros								
	Land	Buildings, technical installations and machinery	Hand and machine tools	Furniture and fixtures	Information technology equipment	Motor vehicles	Other fixed assets	Fixed assets under construction	Total
COST:									
Balance at 1 January 2020	**27,579**	**1,121,849**	**17,754**	**9,309**	**16,289**	**30,078**	**19,162**	**94,098**	**1,336,118**
Additions	-	8,128	5,697	718	2,345	5,985	14,957	170,040	207,870
Disposals	-	(6,568)	(3,600)	(119)	(3,118)	(454)	(1,572)	(263)	(15,694)
Transfers	-	183,995	-	(11)	31	647	19	(178,880)	5,801
Translation differences	(53)	(131,395)	(294)	(489)	(483)	(2,336)	(1,072)	(16,953)	(153,075)
Balance at 31 December 2020	**27,526**	**1,176,009**	**19,557**	**9,408**	**15,064**	**33,920**	**31,494**	**68,042**	**1,381,020**
Incorporations to the consolidation scope	-	222	17	28	18	404	29	-	718
Additions	-	62,468	6,936	1,231	2,114	10,007	3,451	13,856	100,063
Disposals	(9,867)	(22,265)	(4,383)	(180)	(776)	(996)	(2,664)	(6)	(41,137)
Transfers	3	75,144	1,306	176	75	(250)	(14,273)	(67,388)	(5,207)
Translation differences	71	23,787	331	94	115	1,383	82	(6)	25,857
Balance at 31 December 2021	**17,733**	**1,315,365**	**23,764**	**10,757**	**16,610**	**44,468**	**18,119**	**14,498**	**1,461,314**
ACCUMULATED DEPRECIATION:									
Balance at 1 January 2020	-	**562,646**	**5,592**	**6,669**	**12,126**	**17,033**	**9,457**	-	**613,523**
Changes in the consolidation scope (Note 2.f)	-	-	-	-	-	3.24	-	-	-
Charge (Note 23)	-	42,828	1,615	475	1,953	3,632	5,409	-	55,912
Disposals	-	(6,299)	(12)	(116)	(2,626)	(757)	(1,546)	-	(11,356)
Transfers	-	7,034	2	(63)	(21)	(25)	(1132)	-	5,795
Translation differences	-	(43,535)	(210)	(267)	(250)	(1,194)	(101)	-	(45,557)
Balance at 31 December 2020	-	**562,674**	**6,987**	**6,698**	**11,182**	**18,689**	**12,087**	-	**618,317**
Incorporation to the consolidation scope	-	44	14	19	12	126	22	-	237
Charge (Note 23)	-	57,733	879	865	1,807	5,170	733	-	67,187
Disposals	-	(12,222)	(238)	(178)	(626)	(883)	(1,047)	-	(15,194)
Transfers	-	1,462	(151)	116	45	(907)	(5,823)	-	(5,258)
Translation differences	-	7,623	297	73	90	775	9	-	8,867
Balance at 31 December 2021	-	**617,314**	**7,788**	**7,593**	**12,510**	**22,970**	**5,981**	-	**674,156**
IMPAIRMENT									
Balance at 1 January 2020	**4,939**	**1,921**	-	-	-	-	-	-	**6,860**
Impairment losses	8	-	-	-	-	-	-	-	**8**
Irreversible impairment losses	-	-	-	-	-	-	-	-	-
Balance at 31 December 2020	**4,947**	**1,921**	-	-	-	-	-	-	**6,868**
Charges	-	571	-	-	-	-	-	-	571
Disposals	(4,947)	-	-	-	-	-	-	-	(4,947)
Balance at 31 December 2021	-	**2,492**	-	-	-	-	-	-	**2,492**
Net cost at 31 December 2021	**17,733**	**695,559**	**15,976**	**3,164**	**4,100**	**21,498**	**12,138**	**14,498**	**784,666**

The heading “Buildings, technical installations and machinery” at 31 December 2021 includes mainly assets at wind farms operated by the Group in Brazil, Spain and Canada for a net carrying amount of Euros 594,674 thousand (Euros 545,154 thousand at 31 December 2020).

At 31 December 2021, the heading "Assets under construction" in the above table corresponds mainly to an advance payment for the supply of wind turbines for a new wind farm to be built in Spain in 2022 amounting to Euros 12,500 thousand (Euros 63,314 thousand in investments in wind farms at 31 December 2020). The heading “Other current liabilities” at 31 December 2021 includes an amount of Euros 16,031 thousand of which Euros 11,596 thousand correspond to suppliers of fixed assets in relation to investments performed in 2019 in oil wells (Euros 10,118 thousand at 31 December 2020 in relation to investments performed in 2019 in oil wells).

The main additions to property, plant and equipment in 2021 correspond to machinery required to conduct the Group's Services and Projects business (in 2020 these mainly corresponded to investments in wind farms in Brazil and Spain, which will be commissioned at the end of 2020 and the start of 2021).

Disposals in 2021 mainly corresponding to the sale of assets of the subsidiary Aplicaciones Técnicas de la Energía S.L.U. for a net carrying amount of Euros 7,510 thousand, which did not have a material impact on the Group's profits, the regularisation of tooling amounting to Euros 4,098 thousand and irreversible losses on investments in oil wells amounting to Euros 4,388 thousand.

Practically all the tangible assets of the wind projects in Brazil undertaken by the Group are pledged as security to meet the obligations arising from certain bank loans linked to these projects, the net carrying amount of which at 31 December 2021 and 2020 amounts to Euros 332,160 thousand and Euros 312,536 thousand, respectively.

The offices used by the Group to carry on its business activities, except for those leased in 2007 under the finance lease, are mostly rented.

The cost of the Group’s property, plant and equipment which, at 31 December 2021 and 2020, is fully depreciated and in use is as follows:

	Thousands of Euros	
	2021	2020
Buildings, technical installations and machinery	65,815	71,125
Furniture and fixtures	3,809	3,648
Information technology equipment	7,396	6,183
Motor vehicles	10,631	11,745
	87,651	**92,701**

The Group takes out insurance policies to cover the possible risks to which its property, plant and equipment are exposed and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.

11. Right-of-use assets and lease liabilities

The details and movements by class of right-of-use assets in 2021 and 2020 were as follows:

a) Nature of lease agreements-

2021

	Thousands of Euros					
	Land	Buildings	Facilities	Motor vehicles	Other	Total
Balance at 1 January 2021	**24,967**	**31,630**	**1,232**	**20,419**	**2,241**	**80,489**
Additions	10,706	26,450	1,795	3,691	-	42,642
Disposals	-	(5,120)	-	(2,595)	(9)	(7,724)
Value adjustments	-	-	-	-	-	-
Translation differences	202	197	5	793	4	1,201
Balance at 31 December 2021	**35,875**	**53,157**	**3,032**	**22,308**	**2,236**	**116,608**
Accumulated amortisation at 1 January 2021	**11,253**	**12,174**	**624**	**5,163**	**1,373**	**30,587**
Charge (Note 23)	1,610	7,394	932	5,278	657	15,871
Disposals	-	(5,109)	-	(2,262)	-	(7,371)
Accumulated amortisation at 31 December 2021	**12,863**	**14,459**	**1,556**	**8,179**	**2,030**	**39,087**
Net cost at 31 December 2021	**23,012**	**38,698**	**1,476**	**14,129**	**206**	**77,521**

2020

	Thousands of Euros					
	Land	Buildings	Facilities	Motor vehicles	Other	Total
Balance at 1 January 2020	**26,880**	**26,860**	**-**	**1,858**	**2,074**	**57,672**
Additions	793	4,825	1,213	19,195	167	26,193
Disposals	(6)	(2,383)	-	(860)	-	(3,249)
Value adjustments	-	258	-	2	-	260
Transfers	(2,165)	2,165	-	-	-	-
Translation differences	(535)	(95)	19	224	-	(387)
Balance at 31 December 2020	**24,967**	**31,630**	**1,232**	**20,419**	**2,241**	**80,489**
Accumulated amortisation at 1 January 2020	**10,321**	**10,537**	**-**	**815**	**833**	**22,506**
Charge (Note 23)	1,138	3,784	624	5,034	540	11,120
Transfers	(206)	206	-	-	-	-
Disposals	-	(2,353)	-	(686)	-	(3,039)
Accumulated amortisation 31 December 2020	**11,253**	**12,174**	**624**	**5,163**	**1,373**	**30,587**
Net cost at 31 December 2020	**13,714**	**19,456**	**608**	**15,256**	**868**	**49,902**

Additions in 2021 mainly correspond to land leases for new wind farms that have entered operation in 2021 and office leases in Spain.

There are assets leased under contracts outside the scope of IFRS 16 since they are short-term lease or contracts that are renewed annually. Each lease contract is analysed and assessed as to whether or not it is reasonably safe to extend the lease agreement. At 31 December 2021, charges accrued for these contracts amounting to Euros 100,926 thousand (Euros 68,790 thousand at 31 December 2020) for the aforementioned assets were recognised as an expense under the heading “Other operating expenses”.

b) Details of lease payments and liabilities-

Movement of lease liabilities in 2021 and 2020 is as follows:

2021	Thousands of Euros
Balance at 1 January	55,574
Additions	42,642
Derecognitions	(353)
Finance expenses	4,305
Payments	(16,516)
Balance at 31 December	**85,652**

2020	Thousands of Euros
Balance at 1 January	40,120
Additions	26,453
Derecognitions	(171)
Finance expenses	3,069
Payments	(13,897)
Balance at 31 December	**55,574**

The analysis of the contractual maturity of lease liabilities, including future interest payable, as at 31 December 2021 and 2020, is as follows:

2021	Thousands of Euros
Up to six months	10,059
Six months to one year	8,798
From one to two years	10,276
From two to three years	8,467
From three to four years	7,814
More than four years	40,238
	85,652

2020	Thousands of Euros
Up to six months	6,045
Six months to one year	6,045
From one to two years	4,904
From two to three years	4,499
From three to four years	4,235
More than four years	29,846
	55,574

12. Equity-accounted investees

Details of the Elecnor Group's investments in associates and joint ventures at 31 December 2021 and 2020, which are accounted for using the equity method (see note 3.b), are as follows:

Company	Thousands of Euros	
	2021	2020
Woolsthorpe Holding TRUST	(14)	(35)
Cosemel Ingeniería, A.I.E	1	1
Parque Eólico Gaviota, S.A.	-	54
Gestión de Evacuación la Serna, S.L.	1,988	-
Gasoducto de Morelos, S.A.P.I. de C.V. (Note 7)	-	19,364
Morelos O&M, SAPI de C.V.	199	291
Morelos EPC, SAPI de C.V.	59	77
Celeo Concesiones e Inversiones subgroup (Note 2.e)	514,970	460,260
Other	-	(42)
	517,203	**479,970**

Details of the key figures of main equity-accounted investees are provided in Appendix III. Considering the importance of the subgroup Celeo Concesiones e Inversiones, information is also presented in this Appendix III showing some of the figures for this subgroup that are not presented either in the consolidated balance sheet or the consolidated income statement of the Elecnor Group, since they are accounted for using the equity method.

On 17 December 2019, the Elecnor Group took joint control with APG of the subgroup Celeo Concesiones e Inversiones. As a result, the Elecnor Group derecognised the equity-accounted investments in the subgroup Celeo Redes in the amount of Euros 266,733 thousand (along with the rest of the assets and liabilities of the aforementioned subgroup Celeo Concesiones e Inversiones) and the shareholding maintained in the aforementioned subgroup Celeo Concesiones e Inversiones was recognised at its fair value, which was Euros 560,624 thousand.

In 2020, the Elecnor Group completed the purchase price allocation (PPA) relating to the shareholding maintained in the subgroup Celeo Concesiones e Inversiones, in line with the principles of IFRS 3. This analysis was performed internally by the Group's management and the main impacts were in the allocation to intangible assets in relation to permits and licenses, financial assets corresponding to the electricity transmission lines in Brazil, and listed financial debt, net of the tax effect. The fair value of the main assets and liabilities, established at the accounting date 1 January 2020, is shown below:

	Thousands of Euros
Assets	
Other intangible assets	588,356
Right-of-use assets	25,406
Property, plant and equipment	1,121,666
Equity-accounted shareholding	227,158
Non-current financial assets	890,367
Deferred tax assets	102,606
Current assets	304,938
Liabilities	
Non-controlling interests	104,440
Provisions for liabilities and charges	381
Financial liabilities from issuing bonds and other marketable securities	749,944
Loans and borrowings – non-current and current	820,537
Derivative financial instruments – non-current and current	99,101
Lease liabilities – non-current and current	28,884
Other non-current liabilities	12,613
Other current liabilities	80,854
Deferred tax liabilities	264,480
Total net assets	1,099,263
Fair value of the shareholding maintained (51%)	560,624

The criterion for calculating the fair values of main assets and liabilities on the valuation date is outlined below:

- Intangible assets (permits and licences): valued using the multi-period excess earnings method (MPEEM), which calculates the value of the asset as the sum of excess future earnings discounted at their current value having deducted contributory asset charges. The key parameters used to measure these intangible assets were EBITDA and a discount rate of 7.04% for assets located in Chile, 12.82% for assets located in Brazil and 7.36% for assets located in Spain.

- Property, plant and equipment: PPE was measured using the depreciated replacement cost (DRC) method, incremented in accordance with US CPI since the date of entry into operation.

- Non-current financial assets: The financial asset relating to electricity transmission line concessions in Brazil was measured as the sum of the flows of the consideration received for construction services updated to present value using a given market rate and, for electricity transmission line concessions under construction, discounting the construction costs yet to be incurred. The discount rates applied range from 11.06% to 11.89%.

- Financial liabilities from issuing bonds and other marketable securities: measured for both the USD and Chilean UF tranches as the sum of the flows for servicing the debt discounted at its present value. The discount rate used was the bond yield at 2019 year end, which was 4.437% for the USD tranche and 1.35% for the UF tranche.

- Deferred tax assets: were measured based on the applicable accounting standard in accordance with the best estimate of future taxable profit.

- Deferred tax liabilities: Measured in accordance with adjustments to PPA and applicable tax rates in each country (Brazil, Chile and Spain).

Movement in this heading of the consolidated statement of financial position in 2021 and 2020 is as follows:

	Thousands of Euros	
	2021	2020
Opening balance	**479,970**	**580,567**
Capital increase/Contributions	13,595	2,192
Transfers to assets held for sale (Note 7)	(28,286)	(250)
Departures from the consolidation scope	(560)	-
Share in profits/(losses)	22,752	16,639
Translation differences	20,241	(104,729)
Dividends received	(644)	-
Share in other comprehensive income	9,720	(11,705)
Other movements	416	(2,744)
Closing balance	**517,203**	**479,970**

Translation differences in 2021 mainly corresponds to the USD's appreciation against the Euro in the current year, while the BRL has remained stable compared to 2020.

Translation differences in 2020 mainly corresponded to the negative performance of the Brazilian real against the Euro, depreciating from BRL4.6/€ on 31 December 2019 to BRL6.4/€ on 31 December 2020.

13. Non-current financial assets

The classification of non-current financial assets by categories and classes is as follows:

	Thousands of Euros	
	2021	2020
Financial assets at fair value		
Hedge derivatives (Note 17)	317	180
Total financial assets at fair value	**317**	**180**
Financial assets at amortised cost		
Non-current loans (Note 28)	-	7,994
Trade and other receivables	21,982	20,783
Other non-current assets	41,218	38,466
Impairment of financial assets	(21,982)	(20,783)
Total financial assets at amortised cost	**41,218**	**46,460**
Total non-current financial assets	**41,535**	**46,640**

a) Non-current loans-

"Non-current loans" in the above table at 31 December 2020 corresponded to various loans granted to the associate Gasoducto de Morelos S.A.P.I. de C.V.

In 2012, the Group made various contributions to associate Gasoducto de Morelos S.A.P.I. de C.V. for future capital increases amounting to a total of approximately USD 33,483 thousand, some of which were instrumented through various loans whose balance at 31 December 2020 amounted to Euros 7,994 thousand (UDS 8,963 thousand), and which accrue interest at an annual rate of 7.5%. In 2021, the Group has collected approximately Euros 3,836 thousand (Euros 1.7 million in 2020) in relation to these receivables, and the outstanding balance of Euros 4,158 thousand at 31 December 2021 has been reclassified to non-current assets held for sale (see Note 7).

b) Trade and other receivables-

On 31 January 2017, Consorcio Constructor Ductos del Sur, a customer of the subsidiary Elecnor Perú, S.A.C., notified the latter of the termination of the construction contract as a consequence of the completion of the Gasoducto Sur Peruano (Southern Peruvian Gas Pipeline) contract between the customer and the Peruvian government. The subsidiary immediately commenced proceedings to collect all outstanding amounts owed. In this connection, the subsidiary filed an arbitration request against Consorcio Constructor Ductos del Sur and, in mid-2018, the two parties reached an agreement whereby Consorcio Constructor Ductos del Sur recognised the debt payable to Elecnor Perú, S.A.C. and a payment schedule was established. This debt accrues annual interest at a rate of 30-day Libor + 1.5%. In the wake of the aforementioned agreement of 2018, the year 2021 was established as the date of main maturity, which is payable by Odebrecht (the partner in the aforementioned consortium).

In 2019, due to Odebrecht's financial difficulties, the Group's management did not consider that this amount was likely to be recovered, and booked an impairment in relation to this balance. It has not collected any nominal or interest in 2021 and 2020.

c) Other non-current assets-

Details of "Other non-current assets" in the above table are as follows:

	Thousands of Euros	
	2021	2020
Debt service reserve account	17,681	16,161
Guarantees	6,613	4,445
Other	16,924	17,860
	41,218	**38,466**

The heading "Debt service reserve account" at 31 December 2021 and 2020 corresponds entirely to the amounts which Spanish and Brazilian subsidiaries focusing on wind farm operation must maintain in bank deposit accounts pursuant to the financing agreements they have entered into (Note 16).

The deposits accrue interest at market rates.

14. Current financial assets

a) Trade and other receivables-

"Trade and other receivables" on the current assets side of the consolidated statement of financial position is as follows:

	Thousands of Euros	
	2021	2020
Trade and other receivables		
Customers, sales and services rendered	810,467	809,777
Less impairment losses	(92,761)	(96,359)
Advances to suppliers	49,329	29,866
Total	**767,035**	**743,284**

The ageing analysis of the unimpaired balance of "Trade and other receivables" is as follows:

	Thousands of Euros	
	2021	2020
Unmatured balances	559,534	530,742
Up to 6 months	101,619	108,472
Between 6 and 12 months	28,753	27,781
Over 12 months	27,800	46,423
Total	**717,706**	**713,418**

The Group makes provision to cover debts classed as non-performing due to late payment, suspension of payments, insolvency or other reasons, following a case-by-case study of their collectability.

Details of impairment losses on accounts receivable at 31 December 2021 and 2020 and movement in 2021 and 2020 are as follows:

	Thousands of Euros						
	31/12/2020	Charge (Note 23)	Application	Reversal (Note 23)	Reclassifications	Translation differences	31/12/2021
Impairment	96,359	5,701	(2,699)	(3,808)	(2,982)	190	92,761

	Thousands of Euros						
	31 December 2019	Charge (Note 23)	Application	Reversal (Note 23)	Reclassifications	Translation differences	31/12/2020
Impairment	90,432	17,149	(6,401)	(4,774)	145	(192)	96,359

At 31 December 2021 and 2020, all of the Group's financial assets correspond to financial assets at amortised cost, except hedge derivatives which are measured at fair value.

b) Cash and cash equivalents

Details of cash and cash equivalents in the accompanying consolidated statement of financial position are as follows:

	Thousands of Euros	
	2021	2020
Cash equivalents	66,752	73,877
Cash	321,352	317,751
	388,105	**391,628**

"Cash equivalents" at 31 December 2021 mainly include fixed income securities and fixed-term deposits that mature in under three months contracted by Elecnor Chile, S.A., Elecnor do Brasil, S.A., and Elecnor Hawkeye, LLC, which earn interest at market rates (of Elecnor Chile, S.A., Elecnor do Brasil, S.A.in 2020).

At 31 December 2021, this heading includes Euros 55,164 thousand contributed mainly by wind farms (Euros 33,755 thousand at 31 December 2020 from wind farms) (see note 16).

At 31 December 2021 and 2020, the Group did not have cash and cash equivalents that were unavailable for use.

15. Equity

a) Share capital-

At 31 December 2021 and 2020, the share capital of Elecnor, S.A. was represented by 87,000,000 book entry shares, each with a par value of Euros 0.10, fully subscribed and paid in.

The shares of Elecnor, S.A. are listed on the Spanish electronic trading system.

At 31 December 2021 and 2020, the Parent's shares were held as follows:

	Interest %	
	2021	2020
Cantiles XXI, S.L.	52.76%	52.76%
Santander Asset Management, S.A., SGIIC	3.09%	3.09%
Other (*)	44.15%	44.15%
	100.00%	**100.00%**

(*) All with an interest % of less than 3%.

b) Valuation adjustments to equity-

Movement in 2021 and 2020 was as follows:

	Thousands of Euros								
	31 December 2019	Change in market value	Settlement of derivatives	Removals from the consolidation scope (Note 2.f)	31 December 2020	Change in market value	Settlement of derivatives	Removals from the consolidation scope (Note 2.f)	31 December 2021
Fully consolidated companies - Cash flow hedges:									
Interest rate swaps (Note 17)	(11,403)	(5,180)	2,216	1,935	(12,432)	4,806	1,578	-	(6,048)
Exchange rate insurance (Note 17)	(10,792)	7,097	76	-	(3,619)	(4,982)	3,374	-	(5,227)
Energy price (Note 17)	3,489	(2,370)	(3,489)	-	(2,370)	(125,310)	43,070		(84,610)
Other	1,560	-	-	-	1,560	-	-	-	1,560
	(17,146)	(453)	(1,197)	1,935	(16,861)	(125,486)	48,022	-	(94,325)
Deferred taxes arising on valuation adjustments to equity (Note 20)	5,523	26	241	(484)	5,306	31,582	(12,006)	-	24,882
Total adjustments in equity due to accounting by full consolidation method	**(11,623)**	**(427)**	**(956)**	**1,451**	**(11,555)**	**(93,904)**	**36,016**	**-**	**(69,443)**
Equity-accounted investees (Note 12)	**(2,049)**	**(12,024)**	**662**	**-**	**(13,411)**	**8,613**	**993**	**-**	**(3,805)**
Non-controlling interests	**103**	**(263)**	**-**	**-**	**(160)**	**82**	**-**	**-**	**(78)**
Total adjustments in equity adjustments	**(13,569)**	**(12,714)**	**(294)**	**1,451**	**(25,126)**	**(85,209)**	**37,009**	**-**	**(73,326)**

c) Other reserves-

At 31 December, the amounts of reserves of the Parent not available for distribution are as follows:

	Thousands of Euros	
	2021	2020
Legal reserve	1,743	1,743
Goodwill reserve	-	516
Reserve for own shares	22,110	21,899
Capitalisation reserve	7,809	6,559
Reserves from translation to Euros	15	15
Total	**31,677**	**30,732**

Legal reserve-

Under article 274 of the Revised Spanish Companies Act, an amount equivalent to 10% of profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of share capital. The legal reserve has reached the stipulated level.

The legal reserve can be used to increase capital provided that the balance left on the reserve is at least equal to 10% of the nominal amount of the total capital after the increase. Except for the aforementioned purpose, unless the legal reserve exceeds 20% of the share capital it may only be used to offset losses if no other reserves are available.

At 31 December 2021 and 2020, the Parent has appropriated to this reserve the minimum amount required by the Revised Spanish Companies Act.

Reserves for own shares

The reserve for own shares has been allocated in accordance with article 149 of the Spanish Companies Act. This reserve may be freely available provided that the Parent has sufficient freely available reserves to cover the balance of own shares without reducing equity below the amount of share capital plus legal or statutory restricted reserves.

Goodwill reserve-

The goodwill reserve was appropriated in compliance with article 273.4 of the Revised Spanish Companies Act, which requires companies to transfer profits equivalent to 5% of goodwill to a non-distributable reserve until this reserve reaches an amount equal to goodwill recognised in the balance sheet. In the absence of profit, or if profit was insufficient, freely available reserves were to be used. This reserve had been freely available since 1 January 2016, for the amount exceeding the net carrying amount of the goodwill recorded in the Parent's balance sheet. As a result of the spin-off of the Services and Projects business by the Parent, the value of this goodwill has been transferred to Elecnor Servicios y Proyectos, S.A.U. and, therefore, this reserve has become freely available to the Parent (see Note 1).

Capitalisation reserve-

The capitalisation reserve has been appropriated in accordance with article 25 of the Corporate Income Tax Law, which requires that an amount equal to the reduction in taxable income for the year be appropriated to the reserve. The amount by which taxable income may be reduced is equal to 10% of the increase in equity, as defined in the aforementioned article. In no case may the amount of the reduction exceed 10% of the taxable income for the tax period prior to the reduction, before the integration referred to in article 11.12 of the Law and before offsetting tax loss carryforwards. However, if the reduction cannot be applied due to insufficient taxable income, the outstanding amounts may be applied in the tax periods ending in the two years immediately after the end of the tax period in which the reduction entitlement was generated, together with any reduction applicable in that period, subject to the limit indicated. The reserve is non-distributable and the increase in equity must be maintained for a five-year period from the end of the tax period in which the reduction is generated, unless accounting losses are incurred.

d) Own shares-

According to the minutes of the General Shareholders' Meeting of 16 May 2017, the Board of Directors is authorised to acquire own shares in the Parent Company on behalf of the latter or of subsidiaries, up to a maximum established by law and in mandatory legal provisions at each given time and which, at present, in combination with those already held by the Parent Company, may not exceed 10% of its share capital, with a minimum acquisition price of the nominal value of the shares and a maximum price that may not exceed 30% of its share price, over a period of five years, superseding and leaving without effect the authorisation granted in the General Shareholders' Meeting of 23 May 2012.

At 31 December 2021 and 2020, the Parent company held own shares amounting to Euros 22,110 thousand and Euros 21,899 thousand, respectively, which are booked under "Own shares and equity" in equity in the consolidated balance sheet.

Details of own shares and movement in 2021 and 2020 are as follows:

	No. of Shares
Own shares at 31 December 2019	**2,320,809**
Acquisition of own shares	175,097
Sale of own shares	(174,964)
Own shares at 31 December 2020	**2,320,942**
Acquisition of own shares	232,769
Sale of own shares	(232,962)
Own shares at 31 December 2021	**2,320,749**

The purchase and sale of own shares at 31 December 2021 amounted to approximately Euros 2,422 thousand and Euros 2,434 thousand (Euros 1,588 thousand and Euros 1,569 thousand, respectively, at 31 December 2020), giving rise to a capital gain of Euros 223 thousand, recognised directly in reserves (loss of Euros 83 thousand in 2020).

All the own shares held by the Parent company at 31 December 2021 and 2020 represented 2.67% of the total share capital of Elecnor, S.A. at those dates.

e) Non-controlling interests-

Details of “Equity - Non-controlling interests” under liabilities in the consolidated statement of financial position in 2021 and 2020 are as follows:

	Thousands of Euros	
	2021	2020
Ventos Do Sul Energia, S.A.	1,952	2,101
Parque Eólico Malpica, S.A.	490	450
Galicia Vento, S.L.	749	675
Páramo de Poza, S.A.	3,419	1,778
Parques Eólicos Palmares, S.A.	4,371	4,208
Ventos do Litoral Energía, S.A.	3,992	3,964
Ventos da Lagoa, S.A.	3,992	3,948
Éoliennes de L’Érable, SEC.	2,501	4,264
Ventos dos Índios Energía, S.A.	2,559	2,515
Other	36	(50)
	24,405	**23,855**

Given that none of the above non-controlling interests are material to the Group, no summarised financial information on the subsidiaries’ assets, liabilities, profit for the year and cash flows is disclosed.

Movement in non-controlling interests in 2021 and 2020 is as follows:

	Thousands of Euros
Balance at 31 December 2019	**31,708**
- Share in profits/(losses)	4,479
- Change in market value of hedging instruments	39
- Change in the consolidation scope	(1,737)
- Dividends paid	(4,740)
- Translation differences	(5,288)
- Capital reduction	(56)
- Other	(550)
Balance at 31 December 2020	**23,855**
- Share in profits/(losses)	7,722
- Change in market value of hedging instruments	13
- Change in the consolidation scope	-
- Dividends paid	(5,618)
- Translation differences	1,076
- Capital reduction	(2,571)
- Other	(72)
Balance at 31 December 2021	**24,405**

f) Translation differences-

The cumulative translation differences recognised in equity at 31 December 2021 and 2020 for each of the main currencies are as follows:

Translation differences	Thousands of Euros	
	2021	2020
Brazil	(250,655)	(260,115)
Canada	(8,741)	(8,043)
Chile	(13,473)	(24,181)
USA	1,018	(1,720)
Argentina	(5,695)	(5,401)
Venezuela	(42,655)	(42,748)
Other	(1,655)	(3,749)
Total	**(321,856)**	**(345,957)**

As stated in Note 6, the Group maintains significant investments in businesses denominated in Brazilian Reals, thus, any fluctuations in the exchange rate of this currency against the Euro have a material impact on the heading Translation differences. Due to the nature of these assets, the recoverability of these investments, and the revenue from the related businesses are also shaped by the local inflation rates, which in the long term will likely offset the impact of the aforementioned exchange rate fluctuations.

16. Financial liabilities

Key to the Group's strategy is its policy of maximum financial prudence. The target capital structure is defined by this commitment to solvency and the aim of maximising shareholder returns.

Nevertheless, certain projects, essentially the construction and operation of wind farms, are financed primarily using syndicated loans, the financing of which is secured by the investment projects. Under these loans the subsidiaries that operate these projects accept certain restrictions on the distribution of dividends, conditional upon certain requirements being met, such as the creation of a debt service reserve account. These subsidiaries must also maintain a specified debt/equity ratio and a specified equity structure.

Although the Elecnor Group analyses and monitors the evolution of Total Net Financial Debt, it pays special attention to Net Financial Debt with recourse, given that the remaining Debt is secured by the investment projects to which this financing is dedicated.

The target capital structure, excluding the effect of the projects financed with non-recourse financing, is quantified at the following ratio of net financing to equity:

$$\frac{\text{Net financial debt}}{\text{Net financial debt + Equity}}$$

Net financial debt with recourse includes the following line items in the consolidated statement of financial position (having eliminated the effect of net financial debt relating to the projects financed with non-recourse financing):

	Thousands of Euros	
	2021	2020
Non-current liabilities – Corporate Financial debt	350,157	413,551
Current liabilities – Corporate financial debt	112,121	83,225
Current financial assets – Other financial investments	(9,945)	(8,963)
Cash and cash equivalents	(332,941)	(357,873)
Net financial debt with recourse	**119,392**	**129,940**

At 31 December 2021, Cash and Cash Equivalents comprise all cash and cash equivalents in the accompanying consolidated statement of financial position, excluding cash for projects funded through non-recourse financing amounting to Euros 55,164 thousand (Euros 33,755 thousand at 31 December 2020) (see Note 14.b).

At 31 December 2021, Current financial assets – Other financial investments corresponds to the total current investments in related companies, other current financial investments and current derivative financial instruments in the accompanying consolidated statement of financial position, excluding the amount of other current financial investments and financial instruments arising from projects funded through non-recourse financing amounting to Euros 1,923 thousand and Euros 6,123 thousand, respectively.

A reconciliation between the Elecnor Group's financial debt and corporate financial debt based on the information provided in the following table is set out below:

	Thousands of Euros			
	2021		2020	
	Non-current	Current	Non-current	Current
Total financial debt and Derivatives	**778,536**	**246,915**	**809,470**	**126,850**
Syndicated loans – wind farms	(343,861)	(32,731)	(350,937)	(29,064)
Financial liabilities from issuing bonds and other marketable securities wind farms	(26,598)	(8,009)	(32,331)	(8,049)
Accrued interest payable wind - wind farms	-	(4,540)	-	(2,245)
Derivative hedging instruments - wind farms	(8,070)	(11,624)	(3,293)	(1)
Derivative hedging instruments - Energy prices and rate insurance (Note 17)	(7,241)	(69,470)	(446)	(3,775)
Other liabilities - Securitisation	(33,700)	(8,000)	-	-
Other liabilities - Forfaiting Efficiency Solutions	(5,711)	(1,258)	(6,969)	(1,200)
Other liabilities - European Energy Efficiency Fund, S.A.	(6,566)	(416)	(7,185)	(400)
Other	3,368	1,254	5,242	1,109
Non-current and current liabilities - Financial debt with recourse	**350,157**	**112,121**	**413,551**	**83,225**

"Other" in the above table corresponds to loans granted by public entities that accrue interest and are recorded under the heading Other non-current and current liabilities in the accompanying consolidated statement of financial position.

Changes in this ratio are analysed on an ongoing basis and prospective estimates are also made as a key restrictive factor to be taken into account in the Group's investment strategy and dividends policy.

Details of "Financial liabilities from issuing bonds and other marketable securities, Financial liabilities on loans and borrowings and Derivative financial instruments", under non-current and current liabilities in the accompanying consolidated statement of financial position at 31 December 2021 and 2020, are as follows:

	Thousands of Euros			
	2021		2020	
	Non-current	Current	Non-current	Current
Financial liabilities from issuing bonds and other marketable securities – promissory notes	30,000	69,974	-	69,969
Financial liabilities from issuing bonds and other marketable securities – wind farms	26,598	8,009	32,331	8,049
Financial liabilities from issuing bonds and other marketable securities	***56,598***	***77,983***	***32,331***	***78,018***
Syndicated loans and credit facilities	235,034	-	358,346	-
Syndicated loans – wind farms	343,861	32,731	350,937	24,152
Loans secured with personal guarantee	560	44	746	2,491
Mortgage loans	-	-	4,435	707
Other payables	114,319	9,674	13,303	1,600
Credit facilities	-	35,139	29,328	1,101
Unmatured bills and notes	-	-	-	30
Accrued interest payable				
Wind farms	-	4,540	-	7,157
Other	-	1,319	-	1,097
Finance lease payables (Note 10)	9,117	3,250	9,368	3,042
Finance liabilities on loans and borrowings	***702,901***	***86,697***	***766,463***	***41,377***
Derivative hedging instruments (Note 17)				
Wind farms	8,070	11,620	3,293	1
Other	10,967	70,615	7,383	7,454
Derivative financial instruments	***19,037***	***82,235***	***10,676***	***7,455***
Total financial debt and Derivatives	**778,536**	**246,915**	**809,470**	**126,850**

At 31 December 2021 and 2020, all of the Group's financial liabilities correspond to financial liabilities at amortised cost, except hedge derivatives which are measured at fair value.

The main characteristics of the most significant financial liabilities from issuing bonds and other marketable securities and financial liabilities on loans and borrowings at 31 December 2021 and 2020 are as follows (in thousands of Euros):

Type	Company	2021					
		Currency	Interest rate	Due date	Nominal amount	Current	Non-current
Financial liabilities from issuing bonds and other marketable securities							
	Elecnor, S.A.	EUR	-	2022	270,000	69,974	-
	Elecnor, S.A.	EUR	3.16%	30 September 2035	30,000	-	30,000
	Ventos Do Sul, S.A.	BRL	70% pegged to the CDI + 0.75% 30% pegged to the HICP + 3.25%	31 December 2025	50,000	8,009	26,598
						77,983	**56,598**
Finance liabilities on loans and borrowings							
Syndicated loans and credit facilities							
	Elecnor, S.A. (*)	EUR	Euribor + spread	19 July 2026	285,000	-	198,954
	Elecnor, S.A. (*)	USD	Libor + spread	19 July 2026	75,000	-	13,232
	Electrificaciones del Ecuador, S.A. (*)	USD	Libor + spread	19 July 2026	75,000	-	22,848
Syndicated loans – wind farms							
	Parque Eólico Malpica, S.A.	EUR	Euribor + 2%	24 June 2024	11,950	689	6,165
	Ventos Do Litoral Energia, S.A.	BRL	TJLP + 2.34%	15 July 2029	16,704	1,688	10,220
	Ventos Do Índios Energia, S.A.	BRL	TJLP + 2.45%	15 February 2032	20,132	3,171	10,641
	Parque Eólico Palmares, S.A.	BRL	TJLP + 2.34%	31 July 2029	17,790	1,706	9,638
	Ventos Do Lagoa, S.A.	BRL	TJLP + 2.34%	15 February 2029	17,095	3,370	8,627
	Parque Éoliennes de L'Érable, SEC	CAD	5.015%	31 March 2033	172,604	8,555	103,384
	Parque Éoliennes de L'Érable, SEC	CAD	7.123%	18 April 2033	24,165	801	19,244
	Galicia Vento, S.L.	EUR	1.75% + Euribor	31 December 2024	38,500	5,693	11,368
	Aerogeneradores del Sur, S.A.	EUR	1.75% + Euribor	31 December 2024	16,500	2,445	4,867
	Parque Eólico Cofrentes, S.L.U.	EUR	Euribor + 2.25%	30 June 2038	35,775	1,936	31,449
	Ventos de São Fernando I Energía	BRL	HICP + 2.18%	31 December 2039	42,452	879	41,066
	Ventos de São Fernando II Energía	BRL	HICP + 1.94%	15 July 2043	35,256	776	35,190
	Ventos de São Fernando III Energía	BRL	HICP + 1.24%	15 July 2043	10,873	47	12,520
	Ventos de São Fernando IV Energía	BRL	HICP + 0.79%	31 December 2040	29,858	979	39,482
Other payables							
	European Energy Efficiency Fund, S.A.	EUR	3.93%	31 May 2035	9,200	416	6,566
	Efficiency Solutions Fund	EUR	4%	30 July 2027	11,500	1,258	5,711
	ICO loan	EUR	2.54%	30 September 2031	20,000	-	19,884
	Banca March loan	EUR	2.54%	30 September 2031	50,000	-	49,636
	Elecnor Eficiencia Energética 2020, Fondo de Titulización	EUR	2.81%	31 December 2027	50,000	8,000	32,905
Other						44,288	9,304
						86,697	**702,901**

Type	Company	2020 Currency	Interest rate	Due date	Nominal amount	Current	Non-current
Financial liabilities from issuing bonds and other marketable securities							
	Elecnor, S.A.	EUR	-	2021	300,000	69,969	-
	Ventos Do Sul, S.A.	BRL	70% pegged to the CDI + 0.75% 30% pegged to the HICP + 3.25%	31 December 2025	71,172	8,049	32,331
						78,018	**32,331**
Finance liabilities on loans and borrowings							
Syndicated loans and credit facilities							
	Elecnor, S.A. (*)	EUR	Euribor + spread	19 July 2024	334,200	-	329,598
	Elecnor, S.A. (*)	USD	Libor + spread	19 July 2024	75,000	-	7,414
	Electrificaciones del Ecuador, S.A. (*)	USD	Libor + spread	19 July 2024	75,000	-	21,334
Syndicated loans – wind farms							
	Parque Eólico Malpica, S.A.	EUR	Euribor + 2%	24 June 2024	11,950	759	6,811
	Ventos Do Litoral Energia, S.A.	BRL	TJLP + 2.34%	15 July 2029	16,538	1,888	11,548
	Ventos Do Índios Energia, S.A.	BRL	TJLP + 2.45%	15 February 2032	19,931	1,961	13,955
	Parque Eólico Palmares, S.A.	BRL	TJLP + 2.34%	31 July 2029	17,613	1,617	11,293
	Ventos Do Lagoa, S.A.	BRL	TJLP + 2.34%	15 February 2029	16,846	2,003	11,633
	Parque Éoliennes de L’Érable, SEC	CAD	5.015%	31 March 2033	161,672	7,662	104,167
	Parque Éoliennes de L’Érable, SEC	CAD	7.123%	18 April 2033	22,620	701	19,169
	Galicia Vento, S.L.	EUR	1.75% + Euribor	31 December 2024	38,500	6,219	18,844
	Aerogeneradores del Sur, S.A.	EUR	1.75% + Euribor	31 December 2024	16,500	2,665	8,092
	Parque Eólico Cofrentes, S.L.U.	EUR	Euribor + 2.25%	30 June 2038	35,775	1,996	32,722
	Ventos de São Fernando I Energia	BRL	HICP + 2.18%	31 December 2039	42,029	1,491	39,443
	Ventos de São Fernando II Energia	BRL	HICP + 1.94%	15 July 2043	34,906	-	33,692
	Ventos de São Fernando III Energía	BRL	HICP + 1.24%	15 November 2036	10,873	-	9,676
	Ventos de São Fernando IV Energía	BRL	HICP + 0.79%	31 December 2040	29,858	-	29,858
Other payables							
	European Energy Efficiency Fund, S.A.	EUR	3.93%	31 May 2035	9,200	400	7,185
	Efficiency Solutions Fund	EUR	4%	30 July 2027	11,500	1,200	6,969
Other						10,815	43,060
						41,377	**766,463**

(*) Referring to the same loan in both years. See Syndicated loans and credit facilities

Details, by maturity, of the above non-current debt for 2021 and 2020 are as follows:

Debts maturing in	Thousands of Euros 31/12/2021
2023	88,034
2024	59,053
2025	42,094
2026 and thereafter	589,355
Total	**778,536**

Debts maturing in	Thousands of Euros 31/12/2020
2022	87,210
2023	106,999
2024	339,026
2025 and thereafter	276,235
Total	**809,470**

Syndicated loans and credit facilities-

On 21 July 2014, Elecnor, S.A. arranged syndicated agreement financing of Euros 600 million with a group of 19 banks. This financing was structured into two tranches: one loan tranche totalling Euros 300 million, repayable in instalments, and a revolving credit tranche with a limit of Euros 300 million, maturing in July 2019 and it has had successive novations.

On 27 June 2019, Elecnor, S.A. signed a fifth novation of this agreement, subscribed by all 14 lenders. This renewal entailed, as the only amendments, the addition as a borrower of Electrificaciones del Ecuador (Elecdor), the division of the credit tranche (tranche B) into two sub-tranches, one sub-tranche (sub-tranche B1) with a ceiling of Euros 134.2 million available for Elecnor and one sub-tranche (sub-tranche B2) with a ceiling of USD 75 million available for both Elecnor and Elecdor.

On 30 September 2021, Elecnor, S.A. signed a sixth novation of the syndicated financing agreement, subscribed by 12 of the 13 lenders at this time.

This novation involved the following changes:

- Elecnor Servicios y Proyectos, S.A.U. became a guarantor,
- Reduction of the total maximum amount to Euros 350 million, leaving the loan tranche (Tranche A) at Euros 50 million, the euros credit sub-tranche (Sub-tranche B1) at Euros 236 million and the USD credit sub-tranche (Sub-tranche B2) at USD 75 million,
- Extension of the maturity by just over 2 years (until September 2026) with full repayment at maturity,
- Modification to the applicable margin by including an additional tranche with a lower margin if the DFN/EBITDA ratio is below 1.25x.

The Group's Management analysed whether or not the conditions had been substantially modified, and concluded that there was no extinguishment of the original liabilities in any of the years.

This syndicated financing bears interest pegged to Euribor or Libor rates (depending on whether the drawdowns are in Euros or USD) for the interest period elected by the borrower (1, 3 or 6 months), plus a spread tied to the ratio of net financial debt with recourse/(EBITDA with recourse + dividends from projects). The Company has undertaken to comply with different ratios over the term of the bank financing agreement ((Net financial debt with recourse/EBITDA with recourse) and (EBITDA with recourse/Net finance expenses)), which will be calculated on the basis of the Elecnor Group's consolidated figures, and excluding the figures of the projects that guarantee their financing without recourse to their shareholder. Non-compliance could be cause for terminating the agreement, but at 31 December 2021, there were not breaches of the ratios.

At 31 December 2021, the drawn down amount of the syndicated financing agreement totals Euros 239 million and corresponds to Euros 50 million of the loan tranche, Euros 153 million of the credit tranche in Euros, Euros 13 million of the credit tranche in Dollars drawn down by Elecnor, S.A. and Euros 23 million of the credit tranche in Dollars drawn down by Elecdor (Euros 362 million in 2020, Euros 200 million of the loan tranche, Euros 134 million of the credit tranche in Euros, Euros 7 million of the credit tranche in Dollars drawn down by Elecnor, S.A. and Euros 21 million of the credit tranche in Dollars drawn down by Elecdor).

Loans – wind farms-

With regard to the loans obtained in Brazilian Reals by the companies Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A., Ventos do Litoral, S.A. and Ventos dos Indos, S.A. with the BNDES (Banco Nacional de Desenvolvimento Económico y Social), they must also maintain certain debt coverage ratios for the service within certain limits, and must deposit in a reserve account a monetary amount that covers at least three monthly instalments of principal and interest. At 31 December 2021, there were no breaches of the abovementioned financial ratios.

The syndicated loan granted to the subsidiary Eoliennes de l'Érable, SEC is bound to the fulfilment of an Annual Principal Debt Service Coverage Ratio (APDSCR) which must be higher than a certain ratio throughout the life of the loan. At 31 December 2021, there were no breaches of the abovementioned financial ratios.

In Spain, the subsidiaries P.E. Malpica, S.A., Aerogeneradores del Sur, S.A. and Galicia Vento, S.L., have signed a loan under a project financing arrangement. In order to secure the loans of these companies a real right of pledge was established on shares of the relevant subsidiary, as well as on any indemnities, compensation and/or penalty payments which may accrue in its favour, in relation to the construction (in the case of P.E. Malpica, S.A), the operation and maintenance and operating management agreements, and on all of these companies' cash accounts.

Furthermore, in 2020 the Group arranged two new loans to finance the projects recently built in Brazil (Vento do São Fernando complex) and Spain (Cofrentes wind farm). This financing was disbursed in 2020 and entails an obligation to maintain coverage ratios to service debt within certain limits, and to deposit a sum in a reserve account. In order to secure the financing with BNB, which was obtained to fund the projects in Brazil, it was necessary to arrange a bank guarantee with Bradesco. The financing obtained to fund the Cofrentes wind farm is guaranteed by a real right of pledge established on shares of the relevant subsidiary, as well as on any indemnities, compensation and/or penalty payments which may accrue in its favour, in relation to the project execution and operating management agreements, and on all the cash accounts of the aforementioned company.

Furthermore, the subsidiaries have certain limitations in relation to these loans consisting basically of restrictions on the disposal of their property, plant and equipment and on the payment of dividends. These restrictions are subject to compliance with certain conditions, such as the ongoing fulfilment of the debt coverage ratio and the setting up of a debt service reserve account (see Note 13).

The Directors consider that the companies are fulfilling all the conditions of the loans and that the financing, which is secured by investment projects, will be serviced on a normal basis, using the revenue generated from each project.

Financial liabilities from issuing bonds and other marketable securities-promissory notes

At the beginning of 2021, Elecnor, S.A. had issued promissory notes on the Alternative Fixed Income Market for an amount of Euros 70 million. New issues in 2021 totalled Euros 1,278 million while maturities totalled Euros 1,278 million. The outstanding balance maturing in the short term at 31 December 2021 was therefore Euros 70 million, reflecting 700 securities with a nominal value of Euros 100 thousand each.

At the beginning of 2020, Elecnor, S.A. had issued promissory notes on the Alternative Fixed Income Market (MARF) for an amount of Euros 70 million. New issues in 2020 totalled Euros 996 million while maturities totalled Euros 996 million. The outstanding balance maturing in the short term at 31 December 2020 was therefore Euros 70 million, reflecting 700 securities with a nominal value of Euros 100 thousand each.

In addition to the aforementioned borrowing, on 27 September 2021, the Parent issued senior unsecured bonds amounting to Euros 30,000 thousand on Spain's Alternative Fixed Income Market (MARF), with maturity on 30 September 2035 and which accrue annual interest at a rate of 3%.

The promissory note programmes in force in 2021 and 2020 provided for a maximum number of outstanding issues at all times of Euros 300 million.

Financial liabilities from issuing bonds and other marketable securities-wind farms

In 2019, the subsidiary Ventos do Sul Energia, S.A. issued bonds amounting to BRL 325 million in two tranches; one BRL 227 million tranche pegged to the CDI plus a market spread and one BRL 98 million tranche indexed to HICP plus a market spread.

This issue, maturing in December 2025 (a 6.5-year term) is project-backed and earmarked for corporate use by the issuing company or its partners.

Other payables-

Other payables includes a financing agreement entailing the assignment of future receivables for Euros 9,200 thousand, arranged on 18 August 2017 with the European Energy Efficiency Fund, S.A., SICAV-SIF, maturing in 2031.

Moreover, on 13 March 2018, the Group arranged a financing contract through a policy for the assignment of credit rights with the Efficiency Solutions fund, amounting to Euros 11,500 thousand, and maturing in June 2027.

In 2021, the Parent has entered into a loan for a nominal amount of Euros 20 million, which accrues fixed nominal annual interest at a rate of 2.4%, will be fully repaid on 30 September 2031. On the same date, the Parent signed a second loan for a nominal amount of Euros 50 million, which accrues fixed nominal annual interest at a rate of 2.4% and matures in full in 2031.

Lastly, in 2020 the Parent set up a securitisation fund called 'Elecnor Eficiencia Energética 2020, Fondo de Titulización'. Future credit claims were assigned to this fund arising from the energy services management and public lighting installation maintenance contracts that the Parent performs for 43 Spanish municipalities and public entities amounting to Euros 107,662 thousand (these credit claims and the debt were transferred to the subsidiary Elecnor Servicios y Proyectos, S.A.U. in 2021 as part of the corporate reorganisation conducted by the Parent). This debt has been fully repaid in 2021 and the nominal amount pending repayment at 31 December 2021 is Euros 41,700 thousand.

The characteristics of this financial structure are as follows:

- Creation of a securitisation fund, which purchases the credit claims from Elecnor for Euros 50 million. The securitisation fund has obtained the funds by issuing bonds, which were fully subscribed by institutional investors and fully paid-up (listed on the MARF).
- The difference between the nominal balance of the credit claims (Euros 107,663 thousand) and their purchase price, which amounts to Euros 57,663 thousand, is used to overcollateralise the bonds. This is common in this type of structure and, as it increases, it improves the rating of the financing as it curbs the bondholders' risk and, therefore, their required return.
- Elecnor recovers this overcollateral year by year, through repayment by the securitisation fund of the difference between the amount that the securitisation fund actually collects (Elecnor transfers the balance of the account into which the public entities pay to the Securitisation Fund's treasury account each week) for the contracts assigned and the payments that the securitisation fund must make.

The effective annual interest rate of this financing is 2.81%, and the repayment schedule is as follows:

Year	Thousands of Euros
2021	8,300
2022	8,000
2023	7,250
2024	7,250
2025	6,750
2026	6,700
2027	5,750
Total	**50,000**

Other financing-

In 2007 the Elecnor Group arranged a mortgage loan in order to acquire an industrial building in Valencia in which to conduct its solar panel manufacturing business (see Note 10). The outstanding balance of this loan at 31 December 2020 amounted to approximately Euros 5,106 thousand and was fully repaid in 2021 as a result of the sale of these assets (see Note 10).

Excluding tranche B of the syndicated financing, at 31 December 2021, Elecnor, S.A. and Elecnor Servicios y Proyectos, S.A.U. had 12 open credit facilities with financial institutions (14 credit facilities in 2020), up to a maximum total of Euros 140 million, having drawn down Euros 35 million (Euros 31 million at 31 December 2020). These bilateral credit facilities bear interest indexed to EURIBOR/LIBOR plus a market spread, and most of them mature at one year, with some maturing at up to three years with automatic annual renewals.

All the above financing facilities have a personal guarantee attached.

17. Derivative financial instruments

The Elecnor Group uses derivative financial instruments to cover the risks to which its business activities, transactions and future cash flows are exposed as a result of changes in exchange rates, interest rates and energy prices, which affect the Group's profit or loss. Details of the balances reflecting the measurement of derivatives at 31 December 2021 and 2020 are as follows:

	Thousands of Euros							
	2021				2020			
	Non-current assets (Note 13)	Current assets	Non-current liabilities (Note 16)	Current liabilities (Note 16)	Non-current assets (Note 13)	Current assets	Non-current liabilities (Note 16)	Current liabilities (Note 16)
INTEREST RATE HEDGES								
Cash flow hedges:								
Interest rate swap	216	332	4,797	1,142	180	-	7,189	3,680
EXCHANGE RATE HEDGES								
Cash flow hedges:								
Exchange rate insurance	101	6,122	-	10,723	-	391	446	2,826
ENERGY PRICE HEDGES								
Cash flow hedges:								
Energy price	-	-	14,240	70,370	-	439	3,041	949
	317	**6,454**	**19,037**	**82,235**	**180**	**830**	**10,676**	**7,455**

Exchange rate-

The Elecnor Group uses exchange rate hedges basically to mitigate the possible adverse effect of exchange rate fluctuations on future cash flows relating to two types of transactions:

- Payments relating to works and supply agreements denominated in a currency other than the functional currency.
- Receipts relating to works agreements denominated in a currency other than the functional currency.

At 31 December 2021 and 2020, the total nominal amount of the items for which exchange rate hedges had been arranged was as follows:

Currencies	31/12/2021	31/12/2020
Thousands of US Dollars (*)	119,372	7,961
Thousands of Chilean Pesos (*)	37,299,800	64,810,643
Thousands of Euros (*)	17,123	-

(*) Figures expressed in the pertinent currency.

Of the nominal total hedged at 31 December 2021:

- EUR 8,347 thousand in sales insurance in US dollars against euros to hedge future flows in that currency.
- EUR 38,803 thousand correspond to purchases of Chilean Pesos against US Dollars to cover the risk of payments to suppliers in Chilean Pesos,
- EUR 85,072 thousand in purchases of US dollars against Australian dollars to hedge future flows in that currency.
- EUR 17,123 thousand in purchases of euros against Australian dollars to hedge future flows in that currency.

Of the nominal total hedged at 31 December 2020:

- Euros 6,558 thousand in sales insurance in US Dollars to hedge future payments to suppliers in US Dollars,
- Euros 72,655 thousand corresponded to purchases of Chilean Pesos against US Dollars to cover the risk of payments to suppliers in Chilean Pesos,

The equivalent Euro value of the nominal amount under exchange rate hedges at 31 December 2021 was approximately Euros 149,346 thousand (approximately Euros 79,213 thousand in 2020).

The expiration of these exchange rate hedges is expected to coincide with the forecast flow of the payments and receipts being hedged. The risk of changes in the estimated cash flows is very low.

Details of the maturities of the nominal amounts hedged by derivative financial instruments at 31 December 2021 and 2020 are as follows:

	31/12/2021					
	Maturity					
	2022	2023	2024	2025	2026 and thereafter	Total
Exchange rate hedge:						
USD sales (*)	9,462	-	-	-	-	9,462
USD purchases (*)	109,910	-	-	-	-	109,910
Chilean Pesos purchases (*)	37,299,800	-	-	-	-	37,299,800
Euro purchases (*)	17,123					17,123

(*) Figures expressed in Euros in the pertinent currency.

	31/12/2020					
	Maturity					
	2021	2022	2023	2024	2025 and thereafter	Total
Exchange rate hedge:						
USD sales (*)	7,961	-	-	-	-	7,961
Chilean Pesos purchases (*)	40,710,643	24,100,000	-	-	-	64,810,643

(*) Figures expressed in Euros in the pertinent currency.

Interest rate-

The Elecnor Group uses interest rate hedging instruments in accordance with its risk management policy. The purpose of these transactions is to mitigate the effect that changes in interest rates could have on future cash flows from certain loans and credit facilities indexed to floating interest rates, associated with the corporate financing obtained by the Parent and project financing. At 31 December 2021 the total nominal value of the liabilities hedged by interest rate hedges amounted to Euros 255,387 thousand (Euros 267,847 thousand in 2020).

The nominal amounts of the various interest rate derivative financial instruments described above mature as follows:

	31/12/2021					
	Thousands of Euros					
	Maturity					
	2022	2023	2024	2025	2026 and thereafter	Total
Interest rate hedges	29,705	39,868	163,552	1,886	22,262	255,387

	31/12/2020					
	Thousands of Euros					
	Maturity					
	2021	2022	2023	2024	2025 and thereafter	Total
Interest rate hedges	34,036	29,158	39,390	162,893	2,370	267,847

Neither in the case of exchange rate hedges or interest rate hedges did any circumstances arise in 2021 or 2020 that required changing the hedge accounting policy initially adopted for recognising the derivatives. In 2021 and 2020 the Elecnor Group did not have any derivatives that do not qualify for hedge accounting.

Energy price-

The Elecnor Group uses derivative financial instruments to hedge the risk of fluctuations in the Spanish daily market price based on its forecasts, as this has a very significant impact on the Group's profit or loss. Within the framework of these operations, the Group enters into swap contracts to ensure a fixed energy price for a specific number of megawatt-hours (MWh), which are settled on a monthly basis, fulfilling the requirements to be deemed hedge accounting. The breakdown of the derivatives contracted by the Group that remain in force at 31 December 2021 and 2020, as well as their main characteristics, is as follows:

2021:

Maturity	Nominal (MWh)	Fair value Assets / (Liabilities)
2022	661,719	(70,370)
2023	254,040	(11,433)
2024	78,840	(2,227)
2025	78,840	(1,085)
2026	78,840	(425)
2027 and more	315,360	930
		(84,610)

2020:

Maturity Nominal (MWh)		Fair value Assets / (Liabilities)
2021	600,092	(3,127)
2022	254,040	(602)
2023	78,840	(201)
2024	78,840	(88)
2025	78,840	18
2026 and more	473,040	489
		(3,511)

In 2021, the price of energy has increased significantly, exceeding Euros 350/MWh, meaning that the contracts entered into previously, at much lower prices, have led to the recording of material liabilities. Consequently, the Group has recorded under the heading "Net turnover" in the accompanying 2021 consolidated income statement an amount of Euros 43,070 thousand of lower revenue from derivatives settled during the year, as they are deemed hedging instruments (Euros 8,132 thousand in 2020).

Adjustments-

The market value of the different financial derivatives is calculated as follows:

- For derivatives quoted on an organised market, their quoted value at year end.

- For derivatives not traded on an organised market, in order to measure them, the Elecnor Group uses assumptions based on year-end market conditions. Specifically:

    - the market value of interest rate swaps is calculated by discounting the difference between the swap rates at market interest rates;
    - the market value of forward exchange rate contracts is determined by discounting the estimated future cash flows using forward exchange rates prevailing at the close of the year;
    - the fair value of contracts for the purchase of non-financial items to which IFRS 9 applies is calculated using the best estimate of future price curves for these non-financial items existing at the closing date of the consolidated annual accounts, using, to the extent possible, prices established on futures markets.

18. Provisions

The breakdown of provisions for liabilities and charges, and their classification as current or non-current at 31 December 2021 and 2020, is as follows:

	Thousands of Euros			
	2021		2020	
	Non-current	Current	Non-current	Current
Litigation and liabilities	20,141	35,122	18,926	27,641
Decommissioning	11,683	441	11,976	377
Other	22,281	46,540	22,423	48,737
Total	**54,105**	**82,103**	**53,325**	**76,755**

Details of "Provisions for liabilities and charges" in the accompanying consolidated statement of financial position, and movement in 2021 and 2020, are as follows:

	Thousands of Euros			
	Litigation and liabilities	Decommissioning	Other	Total
Balance at 31 December 2019	**38,042**	**10,164**	**62,601**	**110,807**
Provisions charged to profit and loss (Note 23)	14,722	3,866	24,249	42,837
Reclassification	8,226	-	-	8,226
Translation differences	(3,069)	(1,509)	(998)	(5,576)
Application	-	-	(12,256)	(12,256)
Reversals (Note 23)	(11,354)	(168)	(2,436)	(13,958)
Balance at 31 December 2020	**46,567**	**12,353**	**71,160**	**130,080**
Provisions charged to profit and loss (Note 23)	12,959	1,131	22,355	36,445
Translation differences	727	500	(639)	588
Application	(312)	(34)	(12,468)	(12,814)
Change in the consolidation scope	-	-	93	93
Reversals (Note 23)	(4,678)	(1,826)	(11,680)	(18,184)
Balance at 31 December 2021	**55,263**	**12,124**	**68,821**	**136,208**

The Group estimates the amount of the liabilities arising from litigation and similar events. With the exception of certain liabilities in which it can be estimated that the outflows will be in the short term, the Group cannot reliably estimate the precise timing of the outflows and, accordingly, does not include the updating effect.

Due to the nature of its activities, the Group is exposed to a number of claims and lawsuits. The heading “Provisions for litigation and liabilities” in the foregoing table reflects the Group's best estimate of potential penalties and other contingencies that could arise from the execution of various projects mainly carried out abroad. The Directors estimated that the provision recognised reasonably covers the payments that are likely to arise in the future as a result of past events.

On 31 May 2017, Spanish National Commission on Markets and Competition (CNMC) notified the Parent that it was opening disciplinary proceedings against it and another 15 companies, for a potential infringement in the sphere of the construction and maintenance of electrification systems and electromechanical equipment in railway lines. On 14 March 2019, the CNMC Council issued a resolution reducing the fine with respect to that proposed in the resolution of 31 August 2018 to Euros 20.4 million. In May 2019, the Company lodged an appeal and on 16 July 2019 the National Court (*Audiencia Nacional*) suspended execution of the CNMC resolution of 14 March 2019, dependent upon the presentation of bank guarantees.

On 26 September 2019, the Parent received an incidental request to bring proceedings, said proceedings having been brought in proper and timely manner on 11 November 2019.

In light of these events, and based on the assessment of the Parent Company’s legal advisers, although they consider that there are still solid arguments to challenge the CNMC’s inspection, due to recent events in connection with other appeals against the Resolution, and the developments in other proceedings in the National Court in the last 12 months when the arguments presented by the parties have been rejected and the CNMC’s decision confirmed, the Group booked in 2019 a provision of Euros 20.4 million to cover this risk, since they estimate that there is a probability of the appeal prospering of less than 50%. At 31 December 2021, this provision remains under the category “Other” as there have been no changes during the current year.

The category “Other” includes provisions for construction contracts with negative margins for a total amount of Euros 28,713 thousand (Euros 23,673 thousand at 31 December 2020), the most significant of which were booked in 2019 in relation to the “Mataquito Transmisora de Energía” project developed in Chile, which at 31 December 2021 amounted to Euros 9,249 thousand (Euros 11,487 thousand 2020), and the provision booked in 2021 relating to the project Newcastle CityFibre developed in the UK amounting to Euros 7,717 thousand.

Other provisions at 31 December 2021 include Euros 7,483 thousand (Euros 13,714 thousand at 31 December 2020) relating to guarantees provided to various public bodies that were required for the administrative processing of applications for access and connection or transmission and to guarantee the completion of the installations committed to in relation to wind farm construction projects that were being undertaken by the Group, which are provided for in view of the possibility that they will be executed by the government if the project is not carried out. In 2021, an amount of Euros 7,470 thousand has been reversed in relation to these guarantees, since the viability of the projects has been clarified after progress has been made in their processing or because other projects have not been undertaken for reasons not attributable to the Group.

The rest of reversals in 2021 and 2020 correspond to penalties and other contingencies in relation to the execution of various projects that were completed in 2021 and 2020, respectively, and that were resolved favourably for the Group.

Decommissioning provisions at 31 December 2021 and 2020 correspond to the provision for the wind farm owned by the Group in Canada and for the farms in Brazil. These provisions are calculated by estimating the amount of the decommissioning obligation in the foreseen year of dismantling (at the end of the economic life of the assets) on the basis of estimates received from external suppliers and with the approval of the Group's technicians. These amounts are discounted at the market discount rate (2.73% in the case of the Canadian wind farm and 4.01% in the case of the Brazilian wind farms) and recorded in the fixed assets of the wind farms as an increase in the value of the assets and are depreciated in the period until their decommissioning. In 2021, the discount rate for the Brazilian wind farms has been updated from 2.15% in 2020 to 4.01% in 2021 as a result of the increase during the year in the Interbank CD (Interbank Certificate of Deposit) and the HICP (Brazilian Harmonised Index of Consumer Prices).

19. Advances from customers

Advances from customers basically reflect payments made in advance by customers prior to the start of the related contracts. These advances are discounted from invoices issued during the execution of the contracts.

The balance under this heading at 31 December 2021 includes an advanced payment received by Elecnor Servicios y Proyectos, S.A.U. in respect of a project it will execute in conjunction with an external partner (80% Elecnor – 20% the other partner) and amounting to Euros 58,096 thousand. The Group received 100% of the advance payment in 2020 amounting to Euros 72,620 thousand, as it had presented all the guarantees (its own and those of the other party) and the Group expects to deliver its share to this partner in 2022 once it has presented the corresponding guarantees. This debt is recorded under Other current liabilities (at 31 December 2020 it was estimated that the work would be executed at 50%, thus the Group had recorded 50% of the amount collected as Advances from customers and 50% as Other current liabilities).

20. Deferred tax assets and deferred tax liabilities

Details of “Deferred tax assets” and “Deferred tax liabilities” in the accompanying consolidated statement of financial position, and movement in 2021 and 2020, are as follows (in thousands of Euros):

	31 December 2019	Transfers	Credit/charge to the income statement	Credit/charge to the assets and liabilities valuation reserve	Translation differences	**31 December 2020**	Transfers	Credit/charge to the income statement	Credit/charge to the assets and liabilities valuation reserve	Translation differences	**31 December 2021**
Deferred tax assets:											
Valuation of financial instruments											
Derivatives (Note 17)	5,626	1,365	-	(2,096)	(170)	4,725	(295)	(760)	19,815	-	23,485
Property, plant and equipment and intangible assets	5,350	(247)	819	-	-	5,922	(220)	(197)	-	-	5,505
Tax credits	30,811	(2,679)	(3,551)	-	(694)	23,887	1,422	(7,213)	-	144	18,240
Deductions and credits pending application	3,896	677	(1,043)	-	(9)	3,521	157	(98)	-	4	3,584
Losses in external subsidiaries	(18)	-	-	-	-	(18)	141	(94)	-	-	29
Non-deductible provisions (Note 18)	49,554	(3,123)	(8,382)	-	(3,713)	34,336	1,968	(2308)	-	(365)	33,631
Other deferred tax assets	8,208	27	(240)	-	187	8,182	(3,173)	828	-	(898)	4,939
	103,427	**(3,980)**	**(12,397)**	**(2,096)**	**(4,399)**	**80,555**	**-**	**(9,842)**	**19,815**	**(1,115)**	**89,413**
Deferred tax liabilities:											
Property, plant and equipment and intangible assets	11,058	5,523	(431)	-	(1,577)	14,573	79	(1,022)	-	481	14,111
Goodwill	839	251	(497)	-	-	593	-	(593)	-	-	-
Measurement of derivative financial instruments (note 17)	103	343	74	(21)	-	499	46	-	1,768	4	2,317
Other deferred tax liabilities	8,606	(585)	2,730	-	(35)	10,716	(125)	531	-	(21)	11,101
	20,606	**5,532**	**1,876**	**(21)**	**(1,612)**	**26,381**	**-**	**(1,084)**	**1,768**	**464**	**27,529**

Deferred tax assets and liabilities that are expected to be realised or reversed in periods of less than 12 months are not significant, except for deferred tax assets relating to the valuation of derivative financial instruments for which an amount of approximately Euros 17,592 thousand is expected to be reversed within the coming 12 months.

Deferred tax assets and liabilities: property, plant and equipment and intangible assets, in the foregoing table mainly reflect taxable temporary differences arising from differences between the carrying amount of certain property, plant and equipment and intangible assets and their tax base, as well as the temporary differences derived from the depreciation and amortisation of these non-current assets for accounting and tax purposes.

Deferred tax assets: tax credits and deductions and credits pending application, in the foregoing table, include, respectively, unused tax loss carryforwards and deductions pending application of various Group companies, which have been capitalised as the Parent's Directors consider that they will be recovered against estimated profits in the coming years.

Deferred tax assets: non-deductible provisions, in the above table mainly include the tax impact of adjustments to accounting profit/loss as a consequence of various provisions that were not considered deductible when they were recognised (see Notes 14.a and 18).

At 31 December 2021 and 2020, the tax credits for capitalised tax loss carryforwards and the deferred tax assets and liabilities by entity/subgroup are as follows:

	2021		
	Thousands of Euros		
	Tax credits	Deferred tax assets	Deferred tax liabilities
Elecnor, S.A.	-	14,146	4,782
Elecnor Servicios y Proyectos, S.A.U.	12,054	18,877	721
Aplicaciones Técnicas de la Energía, S.A.	2,482	3,533	-
Enerfín subgroup	2,411	34,622	15,757
Audeca, S.L.U.	-	91	2,116
Elecnor do Brasil, Ltda	-	7,498	-
Elecnor Chile, S.A.	-	3,934	-
Elecnor, Inc	920	2,181	-
Other	373	4,531	4,153
Total	**18,240**	**89,413**	**27,529**

	2020		
	Thousands of Euros		
	Tax credits	Deferred tax assets	Deferred tax liabilities
Elecnor, S.A.	13,673	37,968	6,455
Aplicaciones Técnicas de la Energía, S.A.	2,389	3,465	74
Enerfín subgroup	3,140	18,777	16,732
Audeca, S.L.U.	-	122	2,516
Elecnor do Brasil, Ltda	-	8,854	-
Elecnor Chile, S.A.	-	4,804	-
Elecnor, Inc	3,946	3,946	-
Other	739	2,619	604
Total	**23,887**	**80,555**	**26,381**

Details of the amounts (in thousands of Euros) and expiry years of uncapitalised tax loss carryforwards of the most significant entities/tax groups at 31 December 2021 and 2020 are as follows (in thousands of Euros):

2021	Unused, uncapitalised tax loss carryforwards	Expiry year
Aplicaciones Técnicas de la Energía, S.A.	4,302	Unlimited
Deimos Engineering and Systems, S.L.U.	2,548	Unlimited
Enerfín Enervento, S.L.U.	4,003	Unlimited
Elecnor Perú, S.A.C.	19,062	Unlimited
Enervento Exterior, S.L.U.	2,155	Unlimited
Elecnor Energie Und	1,707	Unlimited
Elecnor South Africa, Ltd.	2,264	Unlimited
Dunor Energía, Sapi De Cv	14,033	Unlimited
	50,074	

2020	Unused, uncapitalised tax loss carryforwards	Expiry year
Aplicaciones Técnicas de la Energía, S.A.	4,430	Unlimited
Deimos Engineering and Systems, S.L.U.	2,744	Unlimited
Eólicas Páramo de Poza, S.A.	3,111	Unlimited
Enerfín Enervento, S.L.U.	4,003	Unlimited
Montelecnor, S.A.	7,910	2021
Enervento Exterior, S.L.U.	2,155	Unlimited
IQA Operations Group, Ltd.	2,320	Unlimited
Elecnor South Africa, Ltd.	2,266	Unlimited
Dunor Energía, Sapi De Cv	17,258	Unlimited
	46,197	

The unused tax loss carryforwards and tax credits for deductions and other items described above were generated by various companies in the Elecnor Group and their future recoverability is conditional upon these companies' ability to generate sufficient taxable profits.

Due to the treatment permitted by prevailing fiscal legislation, additional tax liabilities that cannot be objectively quantified could arise in the event of inspection. However, the Parent's Directors consider that the possibility of such contingent liabilities arising during future tax inspections of Group companies is remote and that, in any case, the tax liability that could result therefrom would not materially affect the consolidated annual accounts of the Elecnor Group.

21. Income tax

The Parent has the following years open to inspection by the tax authorities in respect of the main taxes applicable to it:

Tax	Years open to inspection
Corporate Income Tax (*)	2017-2020
Value Added Tax	2017-2021
Personal Income Tax	2017-2021
Social Security	2017-2021
Capital Gains Tax	2017-2021
Non-residents	2017-2021

(*) The deadline for filing Corporate Income Tax returns is 25 calendar days after the six months subsequent to conclusion of the tax periods, so corporate tax corresponding to 2021 will not be open to inspection until 25 July 2022.

On 10 February 2021, based on its request of 28 December 2020, the Parent company received notification from the tax authority that it will be taxed under the consolidated tax regime from 1 January 2021 with the following companies: Aplicaciones Técnicas de la Energía, S.L.U., Area 3 Equipamiento Diseño e Interiorismo, S.L.U., Jomar Seguridad, S.L.U., Ehisa Construcciones y Obras, S.A.U., Elecnor Seguridad, S.L.U., Audeca, S.L.U., Deimos Engineering and Systems, S.L.U., Deimos Space, S.L.U., Aerogeneradores del Sur, S.A., Enerfin Enervento Exterior, S.L., Enerfin Enervento, S.L.U., Enerfin Sociedad de Energía, S.L., Galicia Vento, S.L., Parque Eólico Cofrentes, S.L.U., Parque Eólico de Malpica, S.A., Parque Eólico Cernégula, S.L.U., Enerfin Renovables, S.L.U., Enerfin Renovables II, S.L.U., Enerfin Renovables IV, S.L.U., Enerfin Renovables V, S.L.U., Elecnor Servicios y Proyectos, S.A.U., Elecred Servicios, S.A.U., Internacional de Desarrollo Energético, S.A.U., Stonewood Desarrollos, S.L.U., Eresma Solar, S.L.U., Parque Eólico Montañes, S.L.U., Enerfin Renovables VI, S.L., Enerfin Renovables VII, S.L., Enerfin Renovables VIII, S.L., and Enerfin Renovables IX, S.L.

Inspections conducted by the Tax Authority's Large Taxpayers Division at the Parent, and commenced by notification on 1 July 2016, concluded in 2018 and covered all taxes applicable to the Parent for the period 2012-2014, except for Corporate Income Tax, which covered the period 2011-2013.

The aforementioned inspections concluded in 2018 with the signing of statements of disconformity whose settlement implies a payment obligation totalling Euros 14,208 thousand.

On 28 December 2018, the Parent company filed economic-administrative appeals against the settlement agreements derived from the statements of disconformity before the Central Economic-Administrative Court, which were the subject of a request for suspension while the proceedings were underway.

On 23 November 2020, the Parent was notified that the files were accessible, and of the procedure for allegations, which were submitted on 17 December 2020 that have been rejected in 2021.

In light of this situation, the Parent company's Directors, in cooperation with its tax advisers, and although they consider that there are weighty arguments to underpin the position of the Parent company, decided in 2019 to allocate a provision for the amounts claimed in the appealed settlement agreements in connection with differences in interpretation in respect of related party transactions amounting to Euros 7,559 thousand, since they consider that in 2019 retroactivity had been ruled out and, accordingly, the reviewing bodies are more likely to approve the Tax Authority's position than not, and considering the impact for the rest of years open to inspection, should the Tax Authority apply the same criteria for the years open to inspection.

In addition to the foregoing, on 29 October 2019, the Parent received a notification of the commencement of an inspection in relation to the following taxes and years:

- Corporate Income Tax for the tax periods 2014 to 2016,
- Value Added Tax for the tax periods 09/2015 to 12/2016,
- Withholdings and payments on account for earnings for personal work and professional activities for the tax periods 09/2015 to 12/2016,
- Withholdings and payments on account for capital gains for the periods 09/2015 to 12/2016,
- Withholdings and payments on account for real estate earnings for the tax periods 09/2015 to 12/2016,
- Withholdings on account for non-residents tax for the tax periods 09/2015 to 12/2016,

The aforementioned inspections concluded in 2021 with the signing of statements of conformity which resulted in a payment totalling Euros 5,691 thousand, the expense of which has been recognised mainly as "Other adjustments" in the table below.

However, the Administration's entitlement to verify or investigate tax loss carryforwards offset or pending offsetting, deductions for double taxation and deductions to encourage certain activities applied or pending application prescribes after 10 years from the day after the end of the established period for filing the tax return or self-assessment for the tax period in which the Company's entitlement to offsetting or application was generated. Once that period has elapsed, the Group must accredit tax losses or deductions by presenting the settlement or self-assessment and the accounts, and also evidencing that they have been filed during the aforementioned period in the Companies Register.

Details of the income tax expense accrued in 2021 and 2020 are as follows:

	Thousands of Euros	
	2021	2020
Consolidated profit before income tax	**142,048**	**125,932**
Non-deductible expenses	7,982	13,509
Non-taxable income (**)	(4,218)	(7,039)
Adjustment for dividends (****)	6,259	-
Profit/loss from equity-accounted investees (Note 12)	(22,752)	(16,639)
Other	(4,172)	2,140
Capitalisation reserve	-	84
Uncapitalised tax credits applied	(9,176)	(9,878)
Uncapitalised tax loss carryforwards (***)	17,520	18,864
Adjusted accounting profit/loss	**133,491**	**126,973**
Gross tax calculated at the tax rate in force in each country (*)	42,101	42,659
Tax deductions for incentives and other	(516)	(545)
Adjustment to prior year's Corporate Income Tax expense	1,606	(638)
Other adjustments	5,252	1,674
Income tax expense	**48,443**	**43,150**

(*) The fully consolidated foreign subsidiaries and branches calculate the Corporate Income Tax expense and the amount due in respect of the various other applicable taxes in accordance with the prevailing tax rates and legislation in their respective countries.

(**) Non-taxable income in 2020 mainly reflected adjustments to the accounting profit for income from the sale of investments which are exempt from taxation.

(***) Corresponding mainly, in 2021, to the companies Dunor Energía S.A.P.I de C.V., in the amount of Euros 2 million, Acciona Infraestructuras- Elecnor Hospital David, S.A., in the amount of Euros 2.5 million, Enerfin Energy Company of Canada, in the amount of Euros 1.8 million and Eledepa in an amount of Euros 5.3 million (Dunor Energía S.A.P.I de C.V. in an amount of 6.8 Euros million and Enefin Sociedad de Energía, in the amount of Euros 2 million).

(****) On 31 December 2020, Law 11/2020 of 30 December, on the General State Budgets for 2021 was published, which includes certain changes to the Corporation Income Tax Law in Spain. The main change to the Corporation Income Tax Law is the elimination of the total tax exemption of dividends and capital gains, which remains at 95%.

Details of the main components of the income tax expense accrued in 2021 and 2020 were as follows:

	Thousands of Euros	
	2021	2020
Current tax		
Present year	32,266	27,841
Prior years' adjustments	1,606	(638)
Other adjustments	5,813	1,674
Deferred tax		
Deferred tax expense/(income) relating		
to the origination and reversal of temporary differences	8,758	14,273
Income tax expense	**48,443**	**43,150**

22. Guarantee commitments with third parties and contingencies

Guarantee commitments with third parties-

At 31 December 2021 and 2020, details of the risk exposure relating to bank guarantees delivered and other bid, completion and performance bonds, are as follows:

	Thousands of Euros	
	2021	2020
Completion bonds	1,058,003	970,990
Advances on contracts:		
Current	525,098	354,133
To be cancelled	824	-
Performance bonds	190,383	237,153
Bid bonds	49,124	65,488
Other	29,414	22,446
Total	**1,852,846**	**1,650,210**

At 31 December 2021 Elecnor Servicios y Proyectos, S.A.U. has provided guarantees to the customer Mataquito Transmisora de Energia, S.A. in Chile for the amount of Euros 65 million for the Special Contract for the engineering, supply, permits, easements and construction of new transmission lines and substations as partial deliveries. Similarly, Elecnor Servicios y Proyectos S.A.U. has provided guarantees to the customer Casablanca Transmisora de Energía (Chile) for the Special Contract for the engineering, supply, permits, easements and construction of new transmission lines and substations as partial deliveries for the amount of Euros 28 million. Furthermore, it has provided guarantees to the client Parque Eólico Toabré, S.A. for Euros 24 million in 2021 for the equipment supply, construction and commissioning contract for the 66 MW Toabré wind farm (Elecnor, S.A. in 2020 for Euros 26 million).
In addition, in 2021, it has provided the most significant guarantees to customers AB Lietuvos Gelezinkeliu for the Lithuanian project "Electrification of the railway section Vilnius-Klaipèda (Draugystès st.)" for the amount of Euros 84 million, to the client New England Solar Farm for the amount of Euros 74 million for the development of

a photovoltaic farm in Australia and to the client NSW electricity networks operation PTY LTD for the amount of Euros 28 million for the Energy Connect transmission lines project in Australia. Additionally, and in linked to the connection points activity of the wind power business, throughout the year it has issued guarantees for the amount of Euros 58 million.

The remaining amount of the guarantees at 31 December 2021 and 2020 consists of a number of guarantees of insignificant individual amounts.

The Parent's Directors consider that any liabilities that might arise from the bank guarantees provided would not give rise to significant losses in the accompanying consolidated financial statements.

Contingencies-

On 17 January 2020, the Central Court of Instruction No. 5 issued an order decreeing the commencement of a trial concerning a former employee of the Group and concerning the company Deimos Space, S.L., the latter for alleged criminal liability as a legal person for possible crimes of corruption in international commercial transactions and money laundering, requiring that the company provide a guarantee of Euros 1,460 thousand to cover civil liability, and additional guarantees of Euros 10,240 thousand and Euros 2,625 thousand to cover possible future pecuniary sanctions and confiscations.

The Group presented the shares it owns in the Deimos Group to cover the aforementioned guarantee.

The Group is in complete disagreement with the legal decision and is exercising its rights in the proceedings, appealing the guarantee amount required and requesting its free acquittal, as is the former Group employee and the latter's legal team, and it considers that there has been no proof in the proceedings to presume with a sufficient degree of certainty, beyond all reasonable doubt, that either Deimos Space, S.L. or its former employee will be sentenced, so that the Directors of the Parent, in accordance with the terms of the plaintiff's defence writ, consider that the probable result of the trial will be an acquittal, and that therefore no criminal or civil liability will be enforced.

On this basis, the Company's Directors do not estimate that this will have any impact on the recoverable amount of net assets contributed by the Deimos Group, which amounts approximately to Euros 12 million.

23. Income and expenses

Net turnover-

Details of this item in 2021 and 2020 are as follows:

	Thousands of Euros	
	2021	2020
Construction contracts and services rendered	2,955,828	2,310,720
Energy sales	166,593	145,232
Total	**3,122,421**	**2,455,952**

The breakdown of the Group's turnover in 2021 and 2020, by both geographical areas and activities, is as follows:

	Thousands of Euros	
By geographical area	2021	2020
Domestic	1,422,918	1,238,600
International	1,699,503	1,217,352
Total	**3,122,421**	**2,455,952**
By line of business		
Electricity	1,260,553	982,949
Power generation (*)	685,292	470,708
Telecommunications and space	267,522	233,301
Construction, environment and water	298,202	237,677
Maintenance	194,514	170,770
Facilities	209,434	213,434
Oil & Gas	141,279	92,572
Railways	65,625	54,541
Total	**3,122,421**	**2,455,952**

(*) Includes energy sales both for construction and provision of services as well as energy generation by the concession segment.

Revenue from Contracts with Customers

Movement in assets and liabilities from contracts with customers in 2021 and 2020 is as follows:

	Thousands of Euros	
	Assets	Liabilities
At 31 December 2020	338,880	430,974
Revenues recognised	2,955,828	-
Turnover	-	2,897,479
Reclassification to income	(2,896,024)	(2,896,024)
Translation differences	937	(1,455)
At 31 December 2021	**399,621**	**411,529**

	Thousands of Euros	
	Assets	Liabilities
At 1 January 2020	306,129	357,009
Revenues recognised	2,310,720	-
Turnover	-	2,335,560
Reclassification to income	(2,268,378)	(2,268,378)
Translation differences	(9,591)	6,783
At 31 December 2020	**338,880**	**430,974**

In 2021 and 2020, there have been no relevant contractual modifications, including those in which there is a dispute about the scope and/or price.

In 2021 and 2020, there has been no relevant revenue from performance obligations satisfied in prior periods.

In view of the nature of the Elecnor Group's contracts, advances are received on dates close to the execution of the milestones that give rise to them, thus, practically all of the balance of contractual liabilities at the end of each year is recognised as revenue in the following year.

Materials consumed-

Details of this item in 2021 and 2020 are as follows:

	Thousands of Euros	
	2021	2020
Purchases of raw materials and other materials consumed	1,087,306	811,516
Work carried out by other companies	490,478	424,255
Changes in goods for resale, raw materials and other inventories	4,835	2,464
Total	**1,582,619**	**1,238,235**

Other operating expenses-

Details of this item in 2021 and 2020 are as follows:

	Thousands of Euros	
	2021	2020
Leases	100,926	68,790
Repairs and maintenance	29,295	27,658
Independent professional services	120,453	89,293
Transportation	14,625	7,365
Insurance premiums	12,011	11,531
Banking services	10,992	11,772
Advertising and publicity	1,210	1,090
Utilities	47,708	34,975
Taxes	31,560	24,492
Other expenses	84,492	64,276
Total	**453,272**	**341,242**

Personnel expenses-

Details of this item in 2021 and 2020 are as follows:

	Thousands of Euros	
	2021	2020
Salaries and wages	659,734	531,650
Termination benefits	5,954	5,076
Social Security payable by the Company	139,197	120,641
Other employee benefits expenses	63,396	51,204
Total	**868,281**	**708,571**

At 31 December 2021, the heading “Other current liabilities” includes approximately Euros 38 million in remuneration pending payment (Euros 29 million at 31 December 2020).

Depreciation, amortisation and provisions-

Details of this item in 2021 and 2020 are as follows:

	Thousands of Euros	
	2021	2020
Depreciation charge for property, plant and equipment (Note 10)	67,187	55,912
Amortisation charge for intangible assets (Note 9)	6,155	5,064
Changes in provisions for risks and charges without decommissioning (Note 18)	18,956	28,879
Depreciation charge for right-of-use assets (Note 11)	15,871	11,120
Change in impairment of receivables (Note 13.b) and 14)	1,891	14,291
Other (Note 18)	(16,974)	(16,026)
Total	**93,086**	**99,240**

The heading “Other” at 31 December 2021 and 2020 corresponds mainly to the application of provisions the Group recognises against this heading, taking expenses for provisioned payments at 31 December 2021 and 2020 by their type in the accompanying consolidated income statement.

Finance income-

Finance income derives from the application of the effective interest rate method to financial assets in the category of financial assets at amortised cost.

Finance expenses-

Details of this item in the 2021 and 2020 consolidated income statements are as follows:

	Thousands of Euros	
	2021	2020
Financial expenses at amortised cost (Nota 16)	39,698	25,835
Financial expenses of interest rate derivatives (Note 17)	1,994	1,852
Finance expenses from lease liabilities (Note 11)	4,305	3,069
Other finance expenses	4,293	5,430
	50,290	**36,186**

Finance expenses derive practically entirely from the application of the effective interest rate method to financial liabilities in the category of financial liabilities at amortised cost.

24. Interests in Joint Ventures

In 2021 and 2020 the balance sheets and income statements of Temporary Business Associations (known in Spain as UTEs) and certain foreign entities considered to be a similar vehicle to a UTE (various kinds of joint ventures) (see Note 3 c.) in which Elecnor, S.A. and its subsidiaries hold interests were included in proportion to their shareholding in each joint operation, in accordance with IFRS 11.

As regards these vehicles, the Group’s percentage ownership therein at 31 December 2021 and 2020, the amount of revenues from construction work performed in 2021 and 2020 and the order book at year end are included in Appendix II to these consolidated annual accounts.

The contribution of these UTEs to the various headings in the accompanying consolidated statement of financial position and in the income statement at 31 December 2021 and 2020 are as follows:

ASSETS	Thousands of Euros		LIABILITIES	Thousands of Euros	
	2021	2020		2021	2020
Intangible assets	763	64	Profit/loss for the year	(81)	363
Property, plant and equipment	32,205	29,666			
Financial assets	1,334	1,336	Other non-current liabilities	14,958	14,810
Inventories	4,157	4,836	Current trade		
Receivables	61,996	68,579	payables	126,354	129,667
Temporary investments	91	160			
Cash	40,654	40,158			
Accruals	31	41			
Total	**141,231**	**144,840**	**Total**	**141,231**	**144,840**

Income statement	Thousands of Euros	
	2021	2020
Net turnover	106,587	112,116
Materials consumed	(72,267)	(81,183)
Non-trading income	136	290
Personnel expenses	(10,169)	(11,041)
External services	(14,546)	(14,882)
Taxes	(543)	(962)
Losses, impairment and changes in trade provisions	(918)	(1,794)
Other operating expenses	(319)	(514)
Depreciation and amortisation charge	(1,976)	(2,578)
Impairment and profit/loss on disposal of fixed assets	(3,881)	620
Excess provisions	-	149
Finance income	159	608
Finance expenses	(165)	(2,265)
Translation differences	(1,580)	2,658
Foreign taxes	(599)	(859)
Total	**(81)**	**363**

25. Order book

Details, by business line, of the order backlog of Elecnor Servicios y Proyectos, S.A.U. (of Elecnor, S.A. in 2020) at 31 December 2021, excluding Temporary Business Associations (see note 24), are as follows:

	Thousands of Euros	
By geographical area	2021	2020
Domestic	521,461	511,726
International	944,061	1,007,279
Total	**1,465,522**	**1,519,005**
By line of business		
Electricity	797,207	809,423
Power generation	47,422	171,438
Telecommunications	189,809	123,936
Construction, environment and water	120,512	197,310
Maintenance	26,916	26,238
Facilities	28,921	85,068
Gas	108,979	12,915
Railways	145,756	92,677
Total	**1,465,522**	**1,519,005**

At 31 December 2021 the order backlog of subsidiaries amounts to Euros 1,041,446 thousand (Euros 754,076 thousand in 2020) and mainly comprises work for companies in the electricity sector.

26. Average supplier payment period. Final provision two of Law 31/2014 of 3 December 2014

Information on deferred payments to suppliers by consolidated Spanish companies is as follows:

	Days	
	2021	2020
Average supplier payment period	55	59
Transactions paid ratio	62	65
Transactions payable ratio	33	38
	Expressed in thousands of Euros	
Total payments made	1,274,417	991,441
Total payments outstanding	397,289	254,974

The payments to suppliers reflected in the above table are trade payables as they relate to goods and services. They therefore include “Trade and other payables - trade payables for purchases or services”.

27. Information on employees

The average headcount, by professional category (not including joint ventures), in 2021 and 2020 was as follows:

Category	Average headcount	
	2021	2020
Management	162	170
Executive	1,340	1,227
Technician	4,335	3,524
Basic	14,797	11,844
Total	**20,634**	**16,765**

Of the Group's average headcount in 2021, a total of 7,929 employees had temporary employment contracts (6,314 employees in 2020).

Moreover, the breakdown by gender at the end of 2021 and 2020, specified by professional category, of staff and Directors, not including joint ventures, is as follows:

Category	31/12/2021		31/12/2020	
	Male	Female	Male	Female
Directors	13	2	13	2
Management	141	20	145	21
Executive	1,110	233	1,102	231
Technician	2,959	1,647	2,502	1,326
Basic	14,620	701	12,305	571
Total	**18,843**	**2,603**	**16,067**	**2,151**

The average number of employees with a disability equal to or greater than 33%, by category, is as follows:

Category	2021	2020
Management	1	-
Executive	5	5
Technician	14	8
Basic	64	35
Total	**84**	**48**

28. Related party balances and transactions

28.1. Related party balances and transactions of the Group

Related party transactions have been carried out at arm's length. Transactions carried out by the Group with investees that are not fully or proportionately consolidated and with other non-consolidated companies during 2021 and 2020 are as follows:

	Thousands of Euros			
	2021		2020	
	Sales and other operating income	Finance income	Sales and other operating income	Finance income
Equity-accounted investees:				
Gasoducto de Morelos, S.A.	94	723	88	813
Celeo Concesiones e Inversiones Group	166,042	4,111	158,767	2,121
Total	**166,136**	**4,843**	**158,855**	**2,934**

At 31 December 2021 and 2020, balances receivable from and payable to investees that are not fully or proportionately consolidated and other non-consolidated companies, deriving from the above transactions, are as follows:

	Thousands of Euros					
	2021			2020		
	Accounts receivable		Accounts payable	Accounts receivable		Accounts payable
	Other financial investments (Note 14)	Trade receivables from related companies	Trade payables to associates and related companies	Other financial investments (Note 14)	Trade receivables from related companies	Trade payables to associates and related companies
Equity-accounted investees:						
Dioxipe Solar, S.L.	-	2,274	-	-	2,136	-
Aries Solar Termoeléctrica, S.L.	-	2,058	-	-	2,101	-
Diego de Almagro Transmisora de Energía, S.A	-	358	-	-	1,172	-
Gasoducto Morelos S.A.P.I. de CV	-	-	-	7,994	174	-
Casablanca Transmisora de Energía, S.A.	-	1,677	-	-	5,746	-
Mataquito Transmisora de Energía, S.A.	-	1,958	-	-	3,209	-
Parintins Amazonas Transmissora de Energía, S.A.	-	-	-	-	3,848	-
São João do Piauí	-	13,712	-	-	13,041	-
Celeo Concesiones	-	99	-	-	-	-
Celeo Apolo Fv, S.L.	-	4	-	-	-	-
Celeo Fotovoltaíco, S.A.	-	106	-	-	-	-
Celeo Redes Chile, Ltda	-	4	-	-	-	-
Celeo Termosolar	-	32	-	-	-	-
Charrua Transmisora de Energy	-	49	-	-	-	-
Energía Olmedo-Ourence F-1	-	19	-	-	-	-
Vila Do Conde Transmisor	-	18	-	-	-	-
Other	-	29	5	-	890	2
	-	**22,397**	**5**	**7,994**	**32,317**	**2**

Moreover, at 31 December 2021 and 2020 the Parent company had an account payable to the Directors amounting to Euros 2,434 thousand and Euros 2,415 thousand, respectively.

28.2. Remuneration of the Board of Directors

a) Remuneration and other benefits-

In 2021 the members of the Parent's Board of Directors received remuneration amounting to Euros 4,789.6 thousand (Euros 4,938.1 thousand in 2020). This remuneration includes that earned in their capacity as management personnel.

The Parent has paid approximately Euros 4.3 thousand for life insurance arranged for former or current members of its Board of Directors in 2021 (Euros 13.1 thousand in 2020).

At 31 December 2021 and 2020, the Parent does not have any pension obligations with former or current members of the Board of Directors nor has it extended any guarantees on their behalf or granted any advances or loans thereto.

At 31 December 2021 and 2020, the Board of Directors of the Parent company was formed by 15 individuals, two of whom were women in both years.

At 31 December 2021 and 2020, the amount paid by the Parent with regard to public liability insurance for all or some of the directors in relation to damage caused due to acts or omissions in discharging their duties was not significant.

b) Conflicts of interest concerning the Directors-

The members of the Board of Directors of Elecnor, S.A. and their related parties have had no conflicts of interest requiring disclosure in accordance with article 229 of the Revised Spanish Companies Act.

c) Transactions other than ordinary business or under terms differing from market conditions carried out by the Directors-

In 2021 and 2020 the Directors of the Parent have not carried out any transactions other than ordinary business or applying terms that differ from market conditions with the Company or any other Group company.

28.3. Remuneration to the Management Team

In 2021, the Company's Management Team received remuneration amounting to Euros 4,474 thousand (Euros 5,728 thousand in 2020).

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

At 31 December 2021 and 2020, the Parent company does not have any material pension obligations with management nor has it extended any guarantees on their behalf or granted any advances or loans thereto.

29. Audit fees

The auditor (KPMG Auditores, S.L.) of the Group's annual accounts invoiced the following net fees for professional services at 31 December 2021 and 2020:

	Thousands of Euros	
Description	2021	2020
For audit services	274	320
For other accounting verification services	100	101
For other services	7	11
Total	**381**	**432**

The above amount includes all fees relating to services provided in 2021 and 2020, regardless of when they were invoiced.

Other accounting verification services refer to the limited review of interim financial statements and procedures in regard to ICSFR, provided by KPMG Auditores, S.L. to Elecnor S.A. in the years ended 31 December 2021 and 2020.

Other services refer to procedural reports regarding compliance with covenants and other procedures agreed provided by KPMG Auditores, S.L. to Elecnor, S.A. in the years ended 31 December 2021 and 2020.

Moreover, other affiliates of KPMG International invoiced the Group in the years ended on 31 December 2021 and 2020 for net fees relating to professional services, as follows:

Description	Thousands of Euros	
	2021	2020
For audit services	182	165
For other verification services	29	15
For tax advisory services	9	-
For other services	50	1,108
Total	**270**	**1,288**

Other auditors also invoiced the Group in the years ended on 31 December 2021 and 2020 for net fees relating to professional services, as follows:

Description	Thousands of Euros	
	2021	2020
Audit services	635	554
Tax advisory services	1,261	-
Other services	772	12
Total	**2,668**	**566**

30. Earnings per share

Details of basic earnings per share in 2021 and 2020 are as follows:

	2021	2020
Attributable net profit (thousands of Euros)	85,883	78,303
Total number of shares outstanding	87,000,000	87,000,000
Less – own shares (Note 15.d)	(2,320,749)	(2,320,942)
Weighted average number of shares outstanding	84,679,251	84,679,058
Basic earnings per share (Euros)	1.01	0.92

At 31 December 2021 and 2020 Elecnor, S.A., the Parent of the Elecnor Group, has not issued any financial instruments or other contracts entitling the holder to receive ordinary shares from the Company, and therefore diluted earnings per share coincide with basic earnings per share.

31. Environmental information

Respect for the environment and sustainability are an integral part of Elecnor’s core values and culture.

The Company is committed to protecting the environment and fostering efficiency in the consumption of energy resources.

Consequently, Elecnor's activity is framed by its Environmental Management and Energy Management System, certified in accordance with ISO 14001 and ISO 50001 standards, respectively, as well as its Climate Change Strategy. The Environmental Management System establishes effective control mechanisms to minimise the most significant impacts arising from the Group's various activities, such as the generation of waste, impact on the natural environment, the use of natural and energy resources and the impact on flora and fauna.

In 2021, AENOR multi-site certification audits were conducted according to ISO 9001: 2015 and ISO 14001:2015 standards. This is a single certificate for all of the Organisations in the Elecnor infrastructures area that contains all of the scopes of the various activities and all of the work centres which, up until now, obtained certification individually.

The Quality Management (ER-0096/1995) and Environmental Management (GA-2000/0294) certification includes the following Group areas:

- Major Networks Unit.
- Energy Unit.
- Engineering Unit.
- Facilities and Networks Unit: Central Regional Office and Northern Branches, North-Eastern Regional Office, Eastern Regional Office, Southern Regional Office, Elecnor Medio Ambiente, Elecnor Seguridad, Área 3 Equipamiento, Diseño e Interiorismo; Elecnor Infrastrutture S.R.L. (Italy); Ehisa Construcciones y Obras; Aplicaciones Técnicas de la Energía and Jomar Seguridad.
- Elecnor Chile

Environmental Management certificates are also held for the following subsidiaries:

- Audeca
- Deimos
- Hidroambiente
- Enerfín
- Elecnor México
- Elecnor do Brasil
- Elecnor de Argentina
- IQA
- Montelecnor

For the sixth consecutive year, Elecnor renewed its environment certificate for carbon dioxide emissions, obtained from the Spanish Association for Standardisation and Certification (AENOR) and verified in accordance with ISO 14064-1 standard, which certifies the amount of GHG emissions caused by its activities; and adapted the Energy Management System to the 2018 UNE-EN ISO 50001 standard, which is AENOR-certified. Within the framework of carbon footprint registration, offsetting and CO2 absorption by the Ministry for Ecological Transition (MITECO), the Group also received the “Calculo y Reduzco” seal granted by the Spanish Office for Climate Change (OECC).

In addition, in 2018 the Group developed its 2030 Climate Change Strategy, focusing on two main goals and three lines of action, and creating the framework for all the Group's actions to reduce greenhouse gas emissions, adapt to climate change impacts and harness the associated opportunities.

Lastly, for the third consecutive year, Elecnor took part in the Carbon Disclosure Project (CDP) presenting its voluntary report on climate change. In 2020, Elecnor improved on the previous year's score, obtaining a rating of A- (B in 2019), evidencing the company's leadership in combating climate change. The inclusion of Elecnor in this international ranking recognised by customers, investors and shareholders is part of its Climate Change Strategy.

32. Other disclosures

This note sets out the main projects of the concession business (of the Enerfin group, which is fully consolidated, and of the Celeo group, which is accounted for using the equity method) with their EBITDA (Gross Operating Profit) and the debt backed by these projects (in thousands of euros):

	2021						
GRUPO CELEO Concesiones e Inversiones	**EBITDA (*)**	**Gross debt**	**Cash**	**Corporate net**	**Km**	**Mw**	**% shareholding**
Brazil:							
Celeo Redes Transmissao de Energía, S.A.	6,081	61,349	6,179	55,171	-	-	51%
LT Triangulo, S.A.	15,167	-	7,875	-	695	-	51%
Vila Do Conde Transmissora de Energía, S.A.	8,456	-	8,891	-	324	-	51%
Pedras Transmissora de Energia, S.A.	2,160	2,260	2,849	(589)	-	-	51%
Coqueiros Transmissora De Energia, S.A.	914	729	217	512	65	-	51%
Encruzo Novo Transmissora De Energia, S.A.	1,991	3,313	1,025	2,288	220	-	51%
Linha de Transmissão Corumbá, S.A.	3,272	6,662	2,207	4,455	279	-	51%
Integraçao Maranhense De Energia, S.A.	4,954	10,431	2,615	7,816	365	-	26.01%
Caiuá Transmissora de Energia, S.A.	3,068	6,813	969	5,844	142	-	26.01%
Cantareira Transmissora De Energía, S.A.	17,033	80,597	8,297	72,300	342	-	26.01%
Serra De Ibiapa Transmissora de Energía, S.A. - SITE	10,533	127,062	11,596	115,466	366	-	51%
Grupo Celeo São João Do Piauí	12,219	57,766	23,288	34,478	-	180	51%
Jaurú Transmissora de Energia, S.A.	8,497	24,163	4,133	20,031	940	-	34%
Brilhante Transmissora De Energia, S.A.	5,902	27,163	4,902	22,262	581	-	51%
Brilhante Transmissora De Energia, S.A.	687	-	-	-	-	-	51%
Cachoeira Paulista Transmissora de Energía, S.A.	7,883	40,232	16,788	23,445	181	-	25.5%
Parintins Amazonas Transmissora de Energía, S.A.	(95)	87,714	36,282	51,433	240	-	25.5%
Chile:							
Celeo Redes Operaciones Chile, S.A.	22,706	468,886	17,774	451,111	-	-	51%
Alto Jahuel Transmisora de Energía, S.A.	22,895	-	10,542	-	256	-	51%
Charrua Transmisora de Energía, S.A.	14,763	-	5,175	-	198	-	51%
CRC Transmision, SPA	9,122	151,868	21,284	130,584	-	-	25.5%
Casablanca Transmisora de Energía, S.A.	(270)	4,076	7,833	(3,757)	110	-	25.5%
Mataquito Transmisora de Energía, S.A.	(288)	5,209	9,796	(4,587)	387	-	25.5%
Diego de Almagro Transmisora de Energía, S.A.	4,268	-	944	-	52	-	25.5%
Alfa Transmisora de Energía, S.A.	29,964	973,281	72,557	900,723	899	-	10.20%
Peru:			0.00				
Puerto Maldonado Transmisora de Energía	(44)	860	1,995	(1,134)	162	-	51%
Spain:							
Celeo Fotovoltaico, S.L.U.	4,734	32,400	2,203	30,197	-	15	51%
Dioxipe Solar, S.L.	16,162	196,123	6,015	190,109	-	50	49.76%
Aries Solar Termoelectrica, S.L.	36,583	373,603	18,473	355,130	-	100	51%
Celeo Redes,S.L	(102)	4,273	23	4,250	-	-	51%
Other	30,667	-			-	-	-
	299,984	**2,746,833**	**312,726**	**2,467,537**	**6,804**	**345**	

(*) EBITDA excluding the impact of IFRIC 12 since it best reflects the cash flow generation capacity of each project, by including the financial and operating proceeds.

	2021					
Enerfín subgroup	**EBITDA (*)**	**Gross debt**	**Cash**	**Net debt**	**Mw**	**% shareholding**
National Projects:						
Eólica Montes del Cierzo, S.L.	9,026	-	718	718	60.20	100%
Eólica Páramo de Poza, S.A.	9,369	-	1,975	1,975	99.75	70%
Aerogeneradores del Sur, S.A.	10,847	(7,386)	5,920	(1,466)	54.40	100%
Galicia Vento, S.L.	27,663	(17,235)	12,211	(5,024)	128.00	91%
Parque Eólico Malpica, S.A.	5,454	(6,939)	3,293	(3,646)	16.58	96%
Parque Eólico Cofrentes, S.L.U.	6,782	(52,093)	5,033	(47,060)	50.00	100%
Cobertura de precio energía contrata por Enerfin Sociedad de Energía, S.L.	(37,558)	(65,987)	-	(65,987)	-	-
Brazil projects:						
Ventos do Sul, S.A.	24,483	(34,607)	1,901	(32,706)	150.00	80%
Parques Eólicos Palmarés, S.A.	5,509	(11,403)	2,016	(9,388)	57.50	80%
Ventos da Lagoa, S.A.	4,836	(12,117)	3,356	(8,761)	57.50	80%
Ventos Do Litoral Energia, S.A.	4,441	(12,019)	3,267	(8,752)	57.50	80%
Ventos dos Índios Energía, S.A.	2,448	(15,021)	1,796	(13,225)	52.90	80%
Ventos do São Fernando I Energía, S.A.	5,630	(42,326)	632	(41,694)	76.20	100%
Ventos de São Fernando II Energía, S.A.	6,111	(37,421)	3,193	(34,227)	72.70	100%
Ventos de São Fernando III Energía, S.A.	2,381	(12,580)	2,297	(10,283)	24.20	100%
Ventos do São Fernando IV Energía, S.A.	5,459	(40,624)	4,928	(35,696)	83.20	100%
Canada Projects:						
Éoliennes de L'Érable, SEC.	21,441	(133,662)	5,588	(128,074)	100	51%
Structure	2,894	-	16,142	16,142	-	-
Developments and other investees.	(913)	-	2,895	2,895	213	-
	116,303	**(501,420)**	**77,161**	**(424,259)**	**1,354**	

(*) EBITDA as defined in Note 16.

33. Events after the reporting period

In February 2022, the Parent’s Directors decided to start a search process for the possible incorporation of a financial partner in the capital of its wind power subsidiary, Enerfin Sociedad de Energía, S.L.U., by acquiring a material but non-controlling stake in this subsidiary.

Appendix I: Company information

2021	Parent	Company	*Registered office*	Auditor	Activity	% Percentage direct or indirect ownership
Fully consolidated method						
	ELECNOR, S.A.					
		Elecdal, URL	ALGERIA	-	Construction and assembly	100.00%
		Elecnor Cameroun Société Anonyme	CAMEROON	Mazars	Construction and assembly	100.00%
		Elecnor Servicios y Proyectos, S.A.U.	SPAIN	KPMG	A broad range of business activities	100.00%
		Elecnor South Africa (PTY) LTD	SOUTH AFRICA	-	Construction and assembly	100.00%
		Enerfín Sociedad de Energía, S.L.U.	SPAIN	Deloitte, S.L.	Management and administration of companies	100.00%
	ELECNOR SERVICIOS Y PROYECTOS, S.A.U.					100.00%
		Aplicaciones Técnicas de la Energía, S.L. (ATERSA)	SPAIN	Deloitte, S.L.	Solar energy	100.00%
		Area 3 Equipamiento y Diseño Interiorismo, S.L.U.	SPAIN	-	Interior design	100.00%
		Audeca, S.L.U.	SPAIN	KPMG	Environmental restoration and reforestation and operation of roads	100.00%
		Corporacion Electrade, S.A.	VENEZUELA	-	Construction and assembly .	100.00%
		Deimos Space, S.L.U.	SPAIN	KPMG	Analysis, engineering and development of space missions and software	100.00%
		Ehisa Construcciones y Obras, S.A.U.	SPAIN	Jose Francisco Villamonte	Construction and assembly	100.00%
		Elecdor, S.A.	ECUADOR	Seel & Company, S.A.	Construction and assembly	100.00%
		Elecen, S.A.	HONDURAS	-	Construction and assembly	100.00%
		Elecnor Argentina, S.A.	ARGENTINA	SMS	Construction and assembly	100.00%
		Elecnor Australia PTY LTD	AUSTRALIA	ESV	Management and administration of companies	100.00%
		Elecnor Chile, S.A.	CHILE	KPMG	Construction and assembly	100.00%
		Elecnor Côte D'Ivoire, S.A.	IVORY COAST	BDO	Construction and assembly	100.00%
		Elecnor de Mexico, S.A.	MEXICO	KPMG	Construction and assembly	100.00%
		Elecnor Do Brasil, L.T.D.A.	BRAZIL	KPMG	Construction and assembly	100.00%

Appendix I: Company information

2021	Parent	Company	*Registered office*	Auditor	Activity	% Percentage direct or indirect ownership
		Elecnor Energie und Bau, GmbH	GERMANY	-	A broad range of business activities in the areas of engineering, development, construction, assembly, repairs and maintenance of all types of works, installation work of any kind, particularly in energy efficiency and renewable energies.	100.00%
		Elecnor Infrastruttre e Aerospaziale, S.R.L.	ITALY	-	Construction and maintenance	100.00%
		Elecnor Infrastruture, LLC	OMAN	BDO	Construction and assembly	100.00%
		Elecnor Peru, S.A.C	PERU	-	Construction and assembly	100.00%
		Elecnor Seguridad, S.L.U.	SPAIN	KPMG	Installation and maintenance of fire prevention and safety systems	100.00%
		Elecnor Senegal, SASU	SENEGAL	AC Corporate	Construction and assembly	100.00%
		Elecnor, INC	USA	RP&B	Facilities	100.00%
		Electrolineas del Ecuador, S.A.	ECUADOR	Seel & Company S.A.	Construction and assembly	100.00%
		Elecven Construcciones, S.A.	VENEZUELA	Deloitte, S.L	Construction and assembly	99.88%
		ELEDEPA, S.A.	PANAMA	Ernst & Young	-	100.00%
		Enertel, S.A. de C.V.	MEXICO	KPMG	Construction and assembly	99.99%
		Hidroambiente, S.A.U.	SPAIN	KPMG	Environmental activities	100.00%
		IDDE, S.A.U.	SPAIN	-	Sales	100.00%
		IQA Operatios Group, LTD	SCOTLAND	KPMG	Electrical installations	100.00%
		Jomar Seguridad, S.L.U.	SPAIN	KPMG	Sale, installation and maintenance of fire prevention and safety systems	100.00%
		Los Llanos Fotovoltaica de Castilla La Mancha, S.L.U.	SPAIN	-	Development, construction and generation of electricity	100.00%
		Montelecnor, S.A.	URUGUAY	Ernst & Young	Construction and assembly	100.00%
		Omninstal Electricidade, S.A.	PORTUGAL	AUREN	Construction and assembly	100.00%
		Parque Eólico Montañes, S.L.U.	SPAIN	-	Construction and operation of wind farm	100.00%
		Parque Solar Porton, SAS	COLOMBIA	-	Power generation	100.00%
	DEIMOS SPACE, S.L.U.					
		Deimos Engenharia, S.A.	PORTUGAL	ESAC-Espírito Santo & Asociados	Services in the areas of telecommunications and aeronautic and space energy	100.00%
		Deimos Engineering and Systems, S.L.U. (*)	SPAIN	KPMG	Software development, engineering and technical assistance in the field of remote sensing	100.00%
		Deimos Space UK, Limited (*)	ENGLAND	James Cowper Kreston	Analysis, engineering and development of space missions and software	100.00%
		S.C. Deimos Space, S.R.L. (*)	ROMANIA	-	Analysis, engineering and development of space missions and software	100.00%

Appendix I: Company information

2021	Parent	Company	*Registered office*	Auditor	Activity	% Percentage direct or indirect ownership
	ELECNOR AUSTRALIA					
		Green Light Contractors PTY, LTD (*)	AUSTRALIA	ESV	Construction and assembly	100.00%
	ELECNOR INC					
		Belco Elecnor Electric, INC (*)	USA	RP&B	Electrical installations	100.00%
		Elecnor Hawkeye, LLC (*)	USA	RP&B	Electrical installations	100.00%
	ELECTROL, S.A.					
		Zogu, S.A. (*)	ECUADOR	Seel & Company, S.A.	Construction and assembly	100.00%
	ENERFÍN ENERGY COMPANY OF CANADA, INC					
		Investissements Eoliennes de L´Érable, INC. (*)	CANADA	-	Administration and advisory services	100.00%
		Investissements Eoliennes de L´Érable, SEC. (*)	CANADA	-	Administration and advisory services	100.00%
		Lambton Enerwind General Partner Inc (Gp) (*)	CANADA	-	Administration and advisory services	100.00%
		Lambton Enerwind Limited Partnership (Sec) (*)	CANADA	-	Wind farm development	100.00%
	ENERFÍN ENERVENTO EXTERIOR, S.L.U.					
		Gran Sul Geração de Energía (*)	BRAZIL	-	Wind farm development	100.00%
		Guajira Eolica I, S.A.S. (*)	COLOMBIA	-	Wind farm development	100.00%
		Moose Mountain Wind Projet GP (*)	CANADA	-	Management and administration of companies	100.00%
		Moose Mountain Wind Projet LP (*)	CANADA	-	Wind farm development	100.00%
		Rio Grande Energías Renovaveis LTDA (*)	BRAZIL	Deloitte, S.L	Development, construction and generation of electricity	100.00%
		Rio Sul 2 Energia, Ltda (*)	BRAZIL	-	Management and administration of companies	100.00%
		SEC Eoliennes des Prairies (LP) (*)	CANADA	-	Wind farm development	100.00%
		Ventos de São Fernando V Energía, S.A. (*)	BRAZIL	-	Operation of power plants	100.00%
		Ventos de São Fernando VI Energia, S.A. (*)	BRAZIL	-	Operation of power plants	100.00%
		Vientos De Panaba, S.A. de CV (*)	MEXICO	-	Wind farm development	100.00%
	ENERFÍN ENERVENTO, S.L.U.					
		Aerogeneradores del Sur, S.A. (*)	SPAIN	Deloitte	Construction, operation and use of wind farm resources	100.00%

Appendix I: Company information

2021	Parent	Company	*Registered office*	Auditor	Activity	% Percentage direct or indirect ownership
	ENERFÍN SOCIEDAD DE ENERGÍA, S.L.	Eólica Montes de Cierzo, S.L. (*)	SPAIN	Deloitte	Operation of power plants	100.00%
		Eólica Páramo de Poza, S.A. (*)	SPAIN	Deloitte	Operation of power plants	70.00%
		Galicia Vento, S.L. (*)	SPAIN	Deloitte	Operation of power plants	90.60%
		Parque Eólico Malpica, S.A.(*)	SPAIN	Deloitte	Operation of power plants	95.55%
		Bookar Wind Farm PTY LTD (*) (****)	AUSTRALIA	-	Renewable energy generation	100.00%
		Enerfera, S.R.L. (*)	ITALY	-	Construction, operation and use of wind farm resources	100.00%
		Enerfín do Brasil Sociedad de Energia, LTDA (*)	BRAZIL	-	Development and management of wind farm activities	100.00%
		Enerfín Energy Company of Canada, INC (*)	CANADA	-	Management and administration of companies	100.00%
		Enerfin Energy Services, Pty Ltda (*)	AUSTRALIA	ESV	Management and administration of companies	100.00%
		Enerfín Enervento Exterior, S.L.U. (*)	SPAIN	Deloitte	Management and administration of companies	100.00%
		Enerfín Enervento, S.L.U. (*)	SPAIN	-	Administration and advisory services	100.00%
		Enerfín Québec Services, INC (*)	CANADA	-	Management and administration of companies	100.00%
		Enerfín Renovables II, S.L.U. (*)	SPAIN	-	Renewable energy generation	100.00%
		Enerfin Renovables IV, S.L. (*)	SPAIN	-	Renewable energy generation	100.00%
		Enerfin Renovables IX, S.L.U. (*)(****)	SPAIN	-	Renewable energy generation	100.00%
		Enerfin Renovables VI, S.L.U. (*) (****)	SPAIN	-	Renewable energy generation	100.00%
		Enerfin Renovables VII, S.L.U. (*) (****)	SPAIN	-	Renewable energy generation	100.00%
		Enerfin Renovables VIII, S.L.U. (*)(****)	SPAIN	-	Renewable energy generation	100.00%
		Enerfin Renovables, S.L.U. (*)	SPAIN	-	Renewable energy generation	100.00%
		Enerfin Servicios, S.A.S. (*)	COLOMBIA	-	Management and administration of companies	100.00%
		Enermex Gestión, S.A. de C.V. (*)	MEXICO	-	Management and administration of companies	100.00%
		Eólica Alta Guajira, S.A.S. (*)	COLOMBIA	-	Development, construction and generation of electricity	100.00%
		Eolica La Vela (*)	COLOMBIA	-	Wind farm development	100.00%
		Eolica Los Lagos (*)	CHILE	-	Wind farm development	100.00%

Appendix I: Company information

2021	Parent	Company	*Registered office*	Auditor	Activity	% Percentage direct or indirect ownership
		Eolica Musichi (*)	COLOMBIA	-	Wind farm development	100.00%
		Girasol 1, S.A.S. (*) (****)	COLOMBIA	-	Renewable energy generation	100.00%
		Guajira Eolica II, S.A.S. (*)	COLOMBIA	-	Wind farm development	100.00%
		Parque Eólico Cernégula, S.L.U. (*)	SPAIN	-	Wind farm development	100.00%
		Parque Eólico Cofrentes, S.L.U. (*)	SPAIN	-	Operation of power plants	100.00%
		Parque Eólico Volandín, S.L.U. (*)	SPAIN	-	Renewable energy generation	100.00%
		Renovables del Cierzo, S.L.U. (*) (****)	SPAIN	-	Renewable energy generation	100.00%
		Solar Sao Fernando I Energía, S.A. (*) (****)	BRAZIL	-	Renewable energy generation	100.00%
		Ventos do São Fernando IX Energía, S.A. (*) (****)	BRAZIL	-	Operation of power plants	100.00%
		Ventos do São Fernando VII Energía, S.A. (*) (****)	BRAZIL	-	Operation of power plants	100.00%
		Ventos do São Fernando VIII Energía, S.A. (*) (****)	BRAZIL	-	Operation of power plants	100.00%
		Ventos do Sao Fernando X Energía, S.A. (*) (****)	BRAZIL	-	Operation of power plants	100.00%
		Vientos de Sucilá, S.A. de CV (*)	MEXICO	-	Wind farm development	100.00%
		Vientos De Yucatan, S.A. De Cv (*)	MEXICO	-	Wind farm development	100.00%
	ÉOLIENNES DE L'ÉRABLE COMMANDITAIRE					
		Éoliennes de L'Érable, SEC. (*)	CANADA	Deloitte	Operation of power plants	51.00%
		Éoliennes De L'Érable Commandite Inc. (*)	CANADA	-	Administration and advisory services	100.00%
	GREEN LIGHT CONTRACTORS PTY, LTD					
		Timco Transmission Lines PTY LTD (*) (****)	AUSTRALIA	ESV	Construction and assembly	100.00%
	INVESTISSEMENTS ÉOLIENNES DE L'ÉRABLE SEC					
		Éoliennes L'Érable Commanditaire Inc. (*)	CANADA	-	Operation of power plants	100.00%
	RIO GRANDE ENERGIAS RENOVAVEIS, LTDA					
		Rio Norte I Energía, LTDA (*)	BRAZIL	Deloitte, S.L.	Management and administration of companies	100.00%
		Rio Norte II Energía, LTDA (*)	BRAZIL	Deloitte, S.L.	Management and administration of companies	100.00%
		Rio Sul 1 Energia, Ltda (*)	BRAZIL	Deloitte, S.L.	Management and administration of companies	100.00%

Appendix I: Company information

2021	Parent	Company	*Registered office*	Auditor	Activity	% Percentage direct or indirect ownership
	RIO NORTE I ENERGIA, LTDA					
		Ventos do São Fernando I Energía (*)	BRAZIL	Deloitte, S.L	Operation of power plants	100.00%
		Ventos do São Fernando II Energía (*)	BRAZIL	Deloitte, S.L	Operation of power plants	100.00%
		Ventos do São Fernando III Energía (*)	BRAZIL	Deloitte, S.L	Wind farm development	100.00%
	RIO NORTE II ENERGIA, LTDA					
		Ventos de São Fernando IV Energia, S.A. (*)	BRAZIL	Deloitte, S.L.	Operation of power plants	100.00%
	RIO SUL 1 ENERGIA, Ltda					
		Parques Eólicos Palmares, S.A. (*)	BRAZIL	Deloitte, S.L.	Operation of electricity transmission service concessions	80.00%
		Ventos da Lagoa, S.A. (*)	BRAZIL	Deloitte, S.L.	Operation of power plants	80.00%
		Ventos do Litoral Energia, S.A. (*)	BRAZIL	Deloitte, S.L.	Operation of power plants	80.00%
		Ventos do Sul, S.A. (*)	BRAZIL	Deloitte, S.L.	Operation of power plants	80.00%
		Ventos Dos Indios Energia, S.A. (*)	BRAZIL	Deloitte, S.L.	Operation of power plants	80.00%
	Equity method (Note 10)					
	ELECNOR, S.A.					
		Dunor Energía, Sapi De Cv	MEXICO	-	Construction of the Empalme II combined cycle power plant 313	50.00%
		Morelos Epc S.A.P.I. De Cv	MEXICO	-	Construction, engineering and supply of the Morelos gas pipeline	50.00%
		Morelos O&M, Sapi, Cv	MEXICO	-	Maintenance of the Morelos gas pipeline	50.00%
		Celeo Concesiones e Inversiones, S.L.U.	SPAIN	KPMG	Management and administration of companies	51.00%
	ELECNOR SERVICIOS Y PROYECTOS, S.A.U.					
		Cosemel ingeniería, AIE	SPAIN	-	Development, construction and operation of installations and electrifications of high-speed railway lines	33.33%

Appendix I: Company information

2021	Parent	Company	*Registered office*	Auditor	Activity	% Percentage direct or indirect ownership
	CELEO CONCESIONES E INVERSIONES, S.L.U.					
		Celeo Apolo FV, S.L. (*)	SPAIN	KPMG	Development	51.00%
		Celeo Energía, S.L. (*)	SPAIN	KPMG	Development, construction and operation of all types of energy and services, utilities, waste treatment, etc.	51.00%
		Celeo Redes, SLU (*)	SPAIN	KPMG	Management and administration of companies	51.00%
		Celeo Termosolar, S.L. (*)	SPAIN	KPMG	Construction and subsequent operation of solar thermal plants	51.00%
		Helios Inversión Y Promoción Solar, S.L.U. (*)	SPAIN	KPMG	Development, construction and operation of PV farms	51.00%
	CELEO ENERGÍA, S.L.U.					
		Celeo Energía Brasil, LTDA (*)	BRAZIL	KPMG	Development, construction and operation of all types of energy and services, utilities, waste treatment, etc.	51.00%
	CELEO REDES BRASIL, S.A.					
		Brilhante II Transmissora De Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Brilhante Transmissora De Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Caiuá Transmissora De Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	26.01%
		Cantareira Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	26.01%
		Celeo Redes Expansoes, S.A. (*)	BRAZIL	KPMG	Holdings in other national or foreign entities and in consortia	25.50%
		Celeo Redes Transmissão de Energia, S.A. (*)	BRAZIL	KPMG	Holdings in other national or foreign entities and in consortia	51.00%

Appendix I: Company information

2021	Parent	Company	*Registered office*	Auditor	Activity	% Percentage direct or indirect ownership
		Celeo Redes Transmissao e Renovaveis, S.A. (*)	BRAZIL	KPMG	Marketing of solar-generated electricity and maintenance of transmission grids	51.00%
		Coqueiros Transmissora De Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Encruzo Novo Transmissora De Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Integraçao Maranhense Tranmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	26.01%
		Linha De Transmissão Corumbá, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Pedras Transmissora De Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
	CELEO REDES CHILE EXPANSION, SPA					
		Alfa Transmisora de Energía, S.A. (*) (****)	CHILE	EY	Development, construction and operation of electrical facilities	10.20%
	CELEO REDES CHILE LTDA					
		Celeo Redes Operación Chile, S.A. (*)	CHILE	KPMG	Operation of power plants	51.00%
		CRC Transmisión, SPA (*)	CHILE	KPMG	Operation of power plants	25.50%
	CELEO REDES EXPANSOES, S.A.					
		Cachoeira Paulista Transmissora De Energía, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	25.50%
		Jaurú Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	34.00%
		Parintins Amazonas Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	25.50%

Appendix I: Company information

2021	Parent	Company	*Registered office*	Auditor	Activity	% Percentage direct or indirect ownership
	CELEO REDES OPERACIÓN CHILE, S.A.					
		Alto Jahuel Transmisora de Energía, S.A.	CHILE	KPMG	Development, construction and operation of electrical facilities	51.00%
		Charrúa Transmisora de Energía, S.A.	CHILE	KPMG	Assembly, installation, operation of the new 2 x 500 Charrúa – Ancoa line	51.00%
	CELEO REDES T. DE ENERGÍA, S.A.					
		Lt Triangulo, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Vila Do Conde Transmissora De Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
	CELEO REDES T. E RENOVAVEIS, S.A.					
		Celeo São João Do Piauí FV I, S.A. (*)	BRAZIL	KPMG	Generation and sale of solar power	51.00%
		Celeo São João Do Piaui FV II, S.A. (*)	BRAZIL	KPMG	Generation and sale of solar power	51.00%
		Celeo São João Do Piaui FV III, S.A. (*)	BRAZIL	KPMG	Generation and sale of solar power	51.00%
		Celeo São João Do Piaui FV IV, S.A. (*)	BRAZIL	KPMG	Generation and sale of solar power	51.00%
		Celeo São João Do Piaui FV V, S.A. (*)	BRAZIL	KPMG	Generation and sale of solar power	51.00%
		Celeo São João Do Piaui FV VI, S.A. (*)	BRAZIL	KPMG	Generation and sale of solar power	51.00%
		Serra De Ibiapa Transmissora de Energia, S.A. - SITE(*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
	CELEO REDES, S.L.					
		Celeo Redes Brasil, S.A. (*)	BRAZIL	KPMG	Development, construction and operation of electrical facilities	51.00%
		Celeo Redes Chile Espansión, SPA (*) (****)	CHILE	KPMG	Operation of power plants	51.00%
		Celeo Redes Chile Ltda (*)	CHILE	KPMG	Operation of power plants	51.00%
		Celeo Redes Perú, S.A.C. (*) (****)	PERU	KPMG	Operation of power plants	51.00%

Appendix I: Company information

2021	Parent	Company	*Registered office*	Auditor	Activity	% Percentage direct or indirect ownership
	CELEO TERMOSOLAR					
		Aries Solar Termoeléctrica, S.L. (*)	SPAIN	KPMG	Development, construction and operation of thermosolar plants	51.00%
		Dioxipe Solar, S.L. (*)	SPAIN	KPMG	Development, construction and operation of thermosolar plants	49.76%
		Solar Renewables Spain, S.A.R.L. (*)	LUXEMBOURG	KPMG	Development, construction and operation of thermosolar plants	51.00%
	CRC TRANSMISION, SPA					
		Casablanca Transmisora de Energía, S.A. (*)	CHILE	KPMG	Development, construction and operation of electrical facilities	25.50%
		Diego de Almagro Transmisora de Energía, S.A. (*)	CHILE	KPMG	Development, construction and operation of electrical facilities	25.50%
		Mataquito Transmisora de Energía, S.A. (*)	CHILE	KPMG	Development, construction and operation of electrical facilities	25.50%
	ELECNOR SERVICIOS Y PROYECTOS, S.A.U.					
		Wayra Energy, S.A. (*)	ECUADOR	PWC	Oil and natural gas extraction	50.00%
	ENERFÍN ENERVENTO EXTERIOR, S.L.U.					
		Woolsthorpe Holding Trust (*)	AUSTRALIA	-	Management and administration of companies	50.00%
	ENERFÍN SOCIEDAD DE ENERGÍA, S.L.					
		Gestión de Evacuación La Serna, S.L. (Gelaserna) (*)	SPAIN	-	Wind farm development	15.84%
	HELIOS INVERSION					
		Celeo Fotovoltaico, S.L.U. (*)	SPAIN	KPMG	Development, construction and operation of PV farms	51.00%
	WOOLSTHORPE ASSET PTY, LTD					
		Woolsthorpe Development PTY (*)	AUSTRALIA	-	Management and administration of companies	50.00%
	WOOLSTHORPE HOLDING TRUST					
		Woolsthorpe Asset Trust (*)	AUSTRALIA	-	Promoción Parques Eólicos	50.00%

Appendix I: Company information

2020	Parent	Company	*Registered office*	Auditor	Activity	% Percentage direct or indirect ownership
Consolidation method - Fully consolidated						
	ELECNOR, S.A.					
		Andes Solares, SAS	COLOMBIA	-	Development and operation of renewable energy sources	100.00%
		Aplicaciones Técnicas de la Energía, S.L. (ATERSA)	SPAIN	Deloitte	Solar energy	100.00%
		Area 3 Equipamiento y Diseño Interiorismo, S.L.U.	SPAIN	-	Interior design	100.00%
		Audeca, S.L.U.	SPAIN	KPMG	Environmental restoration and reforestation and operation of roads	100.00%
		Corporacion Electrade, S.A.	VENEZUELA	-	Construction and assembly	100.00%
		Deimos Space, S.L.U.	SPAIN	KPMG	Analysis, engineering and development of space missions and software	100.00%
		Ehisa Construcciones y Obras, S.A.U.	SPAIN	Jose Francisco Villamonte Fernando	Construction and assembly	100.00%
		Elecdal, URL	ALGERIA	-	Construction and assembly	100.00%
		Elecdor, S.A.	ECUADOR	Seel & Company, S.A.	Construction and assembly	100.00%
		Elecen, S.A.	HONDURAS	-	Construction and assembly	100.00%
		Elecnor Argentina, S.A.	ARGENTINA	SMS	Construction and assembly	100.00%
		Elecnor Australia PTY LTD	AUSTRALIA	ESV	Management and administration of companies	100.00%
		Elecnor Cameroun Société Anonyme	CAMEROON	Mazars	Construction and assembly	100.00%
		Elecnor Chile, S.A.	CHILE	KPMG	Construction and assembly	100.00%
		Elecnor Côte D'Ivoire, S.A.	IVORY COAST	-	Construction and assembly	100.00%
		Elecnor de Mexico, S.A.	MEXICO	KPMG	Construction and assembly	100.00%
		Elecnor Do Brasil, L.T.D.A.	BRAZIL	KPMG	Construction and assembly	100.00%
		Elecnor Energie und Bau, GmbH	GERMANY	-	A broad range of business activities in the areas of engineering, development, construction, assembly, repairs and maintenance of all types of works, installation work of any kind, particularly in energy efficiency and renewable energies.	100.00%
		Elecnor Infrastruttre e Aerospaziale, S.R.L.	ITALY	-	Construction and assembly	100.00%

Appendix I: Company information

2020	Parent	Company	*Registered office*	Auditor	Activity	% Percentage direct or indirect ownership
		Elecnor Infrastruture, LLC	OMAN	BDO	Construction and maintenance	70.00%
		Elecnor Peru, S.A.C	PERU	***	Construction and assembly	100.00%
		Elecnor Seguridad, S.L.U.	SPAIN	KPMG	Installation and maintenance of fire prevention and safety systems	100.00%
		Elecnor Senegal, SASU	SENEGAL	AC Corporate	Construction and assembly	100.00%
		Elecnor Servicios y Proyectos, S.A.U.	SPAIN	-	A broad range of business activities	100.00%
		Elecnor South Africa (PTY) LTD	SOUTH AFRICA	-	Construction and assembly	100.00%
		Elecnor, INC	USA	RP&B	Facilities	100.00%
		Electrolineas del Ecuador, S.A.	ECUADOR	Seel & Company, S.A.	Construction and assembly	100.00%
		Elecven Construcciones, S.A.	VENEZUELA	Deloitte	Construction and assembly	99.88%
		Eledepa,S.A.	PANAMA	Ernst & Young		100.00%
		Enertel, S.A. de C.V.	MEXICO	KPMG	Construction and assembly	99.99%
		Eresma Solar, S.L.U.	SPAIN	-	Development, construction and operation of companies linked to renewable energy	100.00%
		Elecnor Angola Group	ANGOLA	-	Activities in the areas of public works and civil engineering	55.00%
		Hidroambiente, S.A.U.	SPAIN	KPMG	Environmental activities	100.00%
		IDDE, S.A.U.	SPAIN	-	Sales	100.00%
		IQA Operatios Group, LTD	SCOTLAND	KPMG	Electrical installations	100.00%
		Jomar Seguridad, S.L.U.	SPAIN	KPMG	Sale, installation and maintenance of fire prevention and safety systems	100.00%
		Montelecnor, S.A.	URUGUAY	Ernst & Young	Construction and assembly	100.00%
		Omninstal Electricidade, S.A.	PORTUGAL	KPMG	Construction and assembly	100.00%
		Parque Eólico Montañes, S.L.U.	SPAIN	-	Construction and operation of wind farm	100.00%
		Parque Solar Porton, SAS	COLOMBIA	-	Power generation	100.00%
		Stonewood Desarrollos, S.L.	SPAIN	-	Sales	100.00%
		Yariguies Solar, SAS	COLOMBIA	-	Development and operation of renewable energy sources	100.00%
	DEIMOS SPACE, S.L.U.					
		Deimos Engenharia, S.A.	PORTUGAL	-	Services in the areas of telecommunications and aeronautic and space energy	100.00%
		Deimos Engineering and Systems, S.L.U.	SPAIN	KPMG	Software development, engineering and technical assistance in the field of remote sensing	100.00%
		Deimos Space UK, Limited	ENGLAND	James Cowper Kreston	Analysis, engineering and development of space missions and software	100.00%
		S.C. Deimos Space, S.R.L.	ROMANIA	-	Analysis, engineering and development of space missions and software	100.00%

Appendix I: Company information

2020	Parent	Company	*Registered office*	Auditor	Activity	% Percentage direct or indirect ownership
	ELECNOR AUSTRALIA					
		Green Light Contractors PTY, LTD	AUSTRALIA	ESV	Construction of a PV farm	100.00%
	ELECNOR INC					
		Belco Elecnor Electric, INC	USA	RP&B	Electrical installations	100.00%
		Elecnor Hawkeye, LLC	USA	RP&B	Electrical installations	100.00%
	ELECTROL, S.A.					
		Zogu, S.A.	ECUADOR	Seel & Company, S.A.	Construction and assembly	100.00%
	ENERFÍN ENERGY COMPANY OF CANADA, INC					
		Investissements Eoliennes de L´Érable, INC.	CANADA	-	Administration and advisory services	100.00%
		Investissements Eoliennes de L´Érable, SEC.	CANADA	-	Administration and advisory services	100.00%
		Lambton Enerwind General Partner Inc (Gp)	CANADA	-	Administration and advisory services	100.00%
		Lambton Enerwind Limited Partnership (Sec)	CANADA	-	Wind farm development	100.00%
	ENERFÍN ENERVENTO EXTERIOR, S.L.U.					
		Gran Sul Geraçao de Energía	BRAZIL	-	Wind farm development	100.00%
		Guajira Eolica II, S.A.S.	COLOMBIA	-	Wind farm development	100.00%
		Moose Mountain Wind Projet GP	CANADA	-	Management and administration of companies	100.00%
		Moose Mountain Wind Projet LP	CANADA	-	Wind farm development	100.00%
		Rio Grande Energías Renovaveis LTDA	BRAZIL	-	Development, construction and generation of electricity	100.00%
		Rio Norte I Energía, LTDA	BRAZIL	-	Management and administration of companies	100.00%
		Rio Norte II Energía, LTDA	BRAZIL	Deloitte, S.L.	Management and administration of companies	100.00%
		Rio Sul 1 Energia, Ltda	BRAZIL	Deloitte	Management and administration of companies	100.00%
		Rio Sul 2 Energia, Ltda	BRAZIL	-	Management and administration of companies	100.00%
		SEC Eoliennes des Prairies (LP)	CANADA	-	Wind farm development	100.00%
		Vientos De Panaba, S.A. de CV	MEXICO	-	Wind farm development	100.00%
	ENERFÍN ENERVENTO, S.L.U.					
		Aerogeneradores del Sur, S.A.	SPAIN	Deloitte	Construction, operation and use of wind farm resources	100.00%

Appendix I: Company information

2020	Parent	Company	*Registered office*	Auditor	Activity	% Percentage direct or indirect ownership
		Eólica Montes de Cierzo, S.L.	SPAIN	Deloitte	Operation of power plants	100.00%
		Eólica Páramo de Poza, S.A.	SPAIN	Deloitte	Operation of power plants	70.00%
		Galicia Vento, S.L.	SPAIN	Deloitte	Operation of power plants	90.60%
		Parque Eólico Cofrentes, S.L.U.	SPAIN	-	Operation of power plants	100.00%
		Parque Eólico Malpica, S.A.	SPAIN	Deloitte	Operation of power plants	95.55%
	ENERFÍN SOCIEDAD DE ENERGÍA, S.L.					
		Enerfera, S.R.L.	ITALY	-	Construction, operation and use of wind farm resources	100.00%
		Enerfín do Brasil Sociedad de Energía, LTDA	BRAZIL	-	Development and management of wind farm activities	100.00%
		Enerfín Energy Company, INC	USA	-	Development and management of wind farm activities	100.00%
		Enerfín Energy Company of Canada, INC	CANADA	-	Management and administration of companies	100.00%
		Enerfín Energy Services, Pty Ltda	AUSTRALIA	-	Management and administration of companies	100.00%
		Enerfín Enervento Exterior, S.L.U.	SPAIN	Deloitte	Management and administration of companies	100.00%
		Enerfín Enervento, S.L.U.	SPAIN	-	Administration and advisory services	100.00%
		Enerfín Québec Services, INC	CANADA	-	Management and administration of companies	100.00%
		Enerfín Renovables II, S.L.U.	SPAIN	-	Renewable energy generation	100.00%
		Enerfín Renovables IV, S.L.	SPAIN	-	Renewable energy generation	100.00%
		Enerfín Renovables V, S.L.	SPAIN	-	Renewable energy generation	100.00%
		Enerfín Renovables, S.L.U.	SPAIN	-	Renewable energy generation	100.00%
		Enerfín Servicios, S.A.S	COLOMBIA	-	Management and administration of companies	100.00%
		Enerfín Sociedad de Energía, S.L.U.	SPAIN	Deloitte	Management and administration of companies	100.00%
		Enermex Gestión, S.A. de C.V.	MEXICO	-	Management and administration of companies	100.00%
		Eólica Alta Guajira, S.A.S.	COLOMBIA	-	Development, construction and generation of electricity	100.00%
		Eolica La Vela	COLOMBIA	-	Wind farm development	100.00%
		Eolica Los Lagos	CHILE	-	Wind farm development	100.00%

Appendix I: Company information

2020	Parent	Company	*Registered office*	Auditor	Activity	% Percentage direct or indirect ownership
		Eolica Musichi	COLOMBIA	-	Wind farm development	100.00%
		Guajira Eolica I, S.A.S	COLOMBIA	-	Wind farm development	100.00%
		Parque Eólico Cernégula, S.L.U.	SPAIN	-	Wind farm development	100.00%
		Vientos de Sucilá, S.A. de CV	MEXICO	-	Wind farm development	100.00%
		Vientos De Yucatán, S.A. de CV	MEXICO	-	Wind farm development	100.00%
	ÉOLIENNES DE L'ÉRABLE COMMANDITAIRE					
		Éoliennes de L'Érable, SEC.	CANADA	Deloitte	Operation of power plants	51.00%
		Éoliennes de L'Érable Commandite Inc	CANADA	-	Administration and advisory services	100.00%
	INVESTISSEMENTS ÉOLIENNES DE L'ÉRABLE SEC					
		Éoliennes L'Érable Commanditaire Inc	CANADA	-	Operation of power plants	100.00%
	RIO NORTE I ENERGIA, LTDA					
		Ventos do São Fernando I Energia	BRAZIL	-	Operation of power plants	100.00%
		Ventos de São Fernando II Energia	BRAZIL	-	Operation of power plants	100.00%
		Ventos de São Fernando III Energia	BRAZIL	-	Operation of power plants	100.00%
	RIO NORTE II ENERGIA, LTDA					
		Ventos de São Fernando IV Energia, S.A.	BRAZIL	Deloitte, S.L.	Operation of power plants	100.00%
	RIO SUL 1 ENERGIA, Ltda					
		Parques Eólicos Palmares, S.A.	BRAZIL	Deloitte	Operation of electricity transmission service concessions	80.00%
		Ventos da Lagoa, S.A.	BRAZIL	Deloitte	Operation of power plants	80.00%
		Ventos do Litoral Energia, S.A.	BRAZIL	Deloitte	Operation of power plants	80.00%
		Ventos do Sul, S.A.	BRAZIL	Deloitte	Operation of power plants	80.00%
		Ventos Dos Indios Energia, S.A.	BRAZIL	Deloitte	Operation of power plants	80.00%

Appendix I: Company information

2020	Parent	Company	*Registered office*	Auditor	Activity	% Percentage direct or indirect ownership
Equity method (Note 13)						
	ELECNOR, S.A.					
		Cosemel Ingenieria, Aie	SPAIN	-	Development, construction and operation of installations and electrifications of high-speed railway lines	33.33%
		Dunor Energía, Sapi De Cv	MEXICO	KPMG	Construction of the Empalme II combined cycle power plant 313	50.00%
		GASODUCTO DE MORELOS, S.A.P.I. (Sdad Anónima Promotora de Inversión) DE C.V.	MEXICO	Deloitte	Operation and maintenance of the Morelos gas pipeline	50.00%
		Morelos Epc S.A.P.I. De Cv	MEXICO	-	Construction, engineering and supply of the Morelos gas pipeline	50.00%
		Morelos O&M, Sapi, Cv	MEXICO	-	Maintenance of the Morelos gas pipeline	50.00%
	CELEO CONCESIONES E INVERSIONES, S.L.U.					
		Celeo Energía, S.L.	SPAIN	-	Development, construction and operation of all types of energy and services, utilities, waste treatment, etc.	51.00%
		Celeo Redes, S.L.U.	SPAIN	KPMG	Management and administration of companies	51.00%
		Celeo Termosolar, S.L.	SPAIN	KPMG	Construction and subsequent operation of solar thermal plants	51.00%
		Helios Inversión Y Promoción Solar, S.L.U.	SPAIN	-	Development, construction and operation of PV farms	51.00%
	CELEO ENERGÍA, S.L.U.					
		Celeo Energía Brasil, LTDA	BRAZIL	-	Development, construction and operation of all types of energy and services, utilities, waste treatment, etc.	51.00%
		Celeo Energía Chile, SPA	CHILE	KPMG	Development, construction and operation of all types of energy and services, utilities, waste treatment, etc.	51.00%
		Celeo Luz de Mexicali I, S.A. de C.V.	MEXICO	-	Development, energy production	51.00%
		Celeo Luz de Mexicali II, S.A. de C.V.	MEXICO	-	Development, energy production	51.00%
	CELEO REDES BRASIL, S.A.					
		Brilhante II Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	25.50%

Appendix I: Company information

2020	Parent	Company	*Registered office*	Auditor	Activity	% Percentage direct or indirect ownership
		Brilhante Transmissora de Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	25.50%
		Cachoeira Paulista Transmissora de Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Caiuá Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	26.01%
		Cantareira Transmissora de Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	26.01%
		Celeo Redes Expansoes, S.A.	BRAZIL	-	Holdings in other national or foreign entities and in consortia	51.00%
		Celeo Redes Transmissão de Energia, S.A.	BRAZIL	KPMG	Holdings in other national or foreign entities and in consortia	51.00%
		Celeo Redes Transmissao e Renovaveis, S.A.	BRAZIL	KPMG	Marketing of solar-generated electricity and maintenance of transmission grids	51.00%
		Coqueiros Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Encruzo Novo Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Integraçao Maranhense Tranmissora de Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	26.01%
		Linha De Transmissão Corumbá, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Parintins Amazonas Transmissora de Energia, S.A.	BRAZIL	-	Operation of public service concessions for electricity transmission	26.50%
		Pedras Transmissora de Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Serra De Ibiapa Transmissora de Energia, S.A. – SITE	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%

Appendix I: Company information

2020	Parent	Company	*Registered office*	Auditor	Activity	% Percentage direct or indirect ownership
	CELEO REDES CHILE LTDA					
		Celeo Redes Operación Chile, S.A.	CHILE	KPMG	Operation of power plants	51.00%
		CRC Transmisión, SPA	CHILE	KPMG	Operation of power plants	51.00%
	CELEO REDES EXPANSOES, S.A.					
		Jaurú Transmissora de Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
	CELEO REDES OPERACIÓN CHILE, S.A.					
		Alto Jahuel Transmisora de Energía, S.A.	CHILE	KPMG	Development, construction and operation of electrical facilities	51.01%
		Charrúa Transmisora de Energía, S.A.	CHILE	KPMG	Assembly, installation, operation of the new 2 x 500 Charrúa – Ancoa line	51.01%
	CELEO REDES T. DE ENERGÍA, S.A.					
		Lt Triangulo, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Vila Do Conde Transmissora De Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
	CELEO REDES T. E RENOVAVEIS, S.A.					
		Celeo São João Do Piauí FV I, S.A.	BRAZIL	KPMG	Generation and sale of solar power	51.00%
		Celeo São João Do Piauí FV II, S.A	BRAZIL	KPMG	Generation and sale of solar power	51.00%
		Celeo São João Do Piauí FV III, S.A.	BRAZIL	KPMG	Generation and sale of solar power	51.00%
		Celeo São João Do Piauí FV IV, S.A.	BRAZIL	KPMG	Generation and sale of solar power	51.00%
		Celeo São João Do Piauí FV V, S.A.	BRAZIL	KPMG	Generation and sale of solar power	51.00%
		Celeo São João Do Piauí FV VI, S.A.	BRAZIL	KPMG	Generation and sale of solar power	51.00%
	CELEO REDES, S.L.					
		Celeo Redes Brasil, S.A.	BRAZIL	KPMG	Development, construction and operation of electrical facilities	51.00%
		Celeo Redes Chile, Ltda	CHILE	KPMG	Operation of power plants	51.00%

Appendix I: Company information

2020	Parent	Company	*Registered office*	Auditor	Activity	% Percentage direct or indirect ownership
	CELEO TERMOSOLAR					
		Aries Solar Termoeléctrica, S.L.	SPAIN	KPMG	Development, construction and operation of thermosolar plants	51.00%
		Dioxipe Solar, S.L.	SPAIN	KPMG	Development, construction and operation of thermosolar plants	49.76%
		Solar Renewables Spain, S.A.R.L.	LUXEMBOURG	-	Development, construction and operation of thermosolar plants	51.00%
	HELIOS INVERSION					
		Celeo Fotovoltaico, S.L.U.	SPAIN	KPMG	Development, construction and operation of PV farms	51.00%
	CRC TRANSMISION, SPA					
		Casablanca Transmisora de Energía, S.A.	CHILE	KPMG	Development, construction and operation of electrical facilities	51.00%
		Diego de Almagro Transmisora de Energía, S.A.	CHILE	KPMG	Development, construction and operation of electrical facilities	51.00%
		Mataquito Transmisora de Energía, S.A.	CHILE	KPMG	Development, construction and operation of electrical facilities	51.00%
	ELECTRIFICACIONES DEL NORTE, ELECNOR, S.A.					
		WAYRA ENERGY, S.A.	ECUADOR	-	Oil and natural gas extraction	50.00%
	ENERFÍN ENERVENTO EXTERIOR, S.L.U.					
		Woolsthorpe Holding Trust	AUSTRALIA	-	Management and administration of companies	50.00%
	ENERFÍN ENERVENTO, S.L.U.					
		Parque Eólico La Gaviota, S.A.	SPAIN	Ernst & Young	Operation of power plants	37.33%
	ENERFÍN SOCIEDAD DE ENERGÍA, S.L.					
		Gestión de Evacuación La Serna, S.L. (Gelaserna)	SPAIN	-	Wind farm development	15.00%
	WOOLSTHORPE ASSET PTY, LTD					
		Woolsthorpe Development PTY	AUSTRALIA	-	Management and administration of companies	50.00%
	WOOLSTHORPE HOLDING TRUST					
		Woolsthorpe Asset Trust	AUSTRALIA	-	Wind farm development	50.00%

Appendix II: List of consolidated temporary business associations (UTEs)
Page 1 of 6

		Thousands of Euros (*)			
		2021		2020	
	Percentage ownership	Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
UTE PUENTE MAYORGA	50.00%	--	--	--	--
UTE ELNR-CONSTUCSA E. HIDROGENO	50.00%	--	--	--	--
UTE PARQUESUR OCIO	90.00%	--	--	--	--
UTE INSTALACIONES ELÉCTRICAS SINCROTRÓN ALBA	50.00%	--	--	--	--
UTE ROTA HIGH SCHOOL	50.00%	--	--	--	--
UTE VILLASEQUILLA - VILLACAÑAS	21.00%	--	--	--	--
UTE EXPLOTACIÓN ZONA 07-A	60.00%	2	--	569	--
CONSORCIO ELECNOR DYNATEC	100.00%	1,108	1,709	2,200	2,514
UTE ZONA P-2	50.00%	--	--	--	--
UTE SUBESTACIÓN JUNCARIL	50.00%	215	--	--	--
UTE CASA DE LAS ARTES	50.00%	--	--	--	--
UTE CENTRO DE PROSPECTIVA RURAL	100.00%	--	--	--	--
UTE CENTRO MAYORES BAENA	100.00%	--	--	--	--
UTE TERMINAL DE CARGA	50.00%	--	--	--	--
UTE LED MOLLET	70.00%	--	--	--	--
UTE GALINDO	100.00%	--	--	--	--
UTE EXPLOTACIÓN ZONA P2	50.00%	--	--	395	--
UTE AS SOMOZAS	50.00%	--	--	--	--
UTE JARDINES MOGAN	100.00%	--	--	--	--
UTE ELECNOR-ONDOAN SERVICIOS	50.00%	864	--	712	700
UTE PATRIMONIO SEGURIDAD	66.66%	--	--	--	5
UTE PLAZAS COMERCIALES T4	100.00%	--	--	--	--
UTE TRANVIA OUARGLA	49.50%	--	--	--	--
UTE ENERGÍA GALICIA	20.00%	--	--	885	19,725
UTE AEROPUERTO DE PALMA	100.00%	--	--	(1)	--
GROUPEMENT INTERNATIONAL SANTÉ POUR HAITI	100.00%	2,482	--	785	--
UTE ENERGÍA GRANADA	33.34%	51		--	--
UTE MOBILIARIO HUCA	100.00%	--	--	--	--
UTE ANILLO GALINDO	25.00%	--	--	--	--
Consorcio Nueva Policlínica de Chitre	100.00%	4	9	51	13
Consorcio Nueva Policlínica de Chepo	100.00%	144	--	358	--
UTE CAMPO DE VUELO TF NORTE	100.00%	--	--	--	--
UTE VOPI4-ELNR CA L'ALIER	50.00%	48	311	39	359
UTE MANTENIMIENTO AVE ENERGÍA	12.37%	16,581	53,930	16,321	70,511

Appendix II: List of consolidated temporary business associations (UTEs)

		Thousands of Euros (*)			
		2021		2020	
	Percentage ownership	Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
UTE ASEGOP IBIZA	65.00%	1	16	6	17
UTE ELECNOR BUTEC BELLARA	60.00%	1,519	--	5,799	--
UTE EDARES SEGOVIA	70.00%	--	--	--	--
UTE SICA	100.00%	--	--	9	227
UTE MANTENIMIENTO AEROPUERTO DE PALMA	50.00%	--	-	18	--
UTE CUETO DEL MORO	25.00%	-	-	8	3
UTE Elecnor Alghanim	60.00%	594	1,266	739	1,860
UTE MANTENIMIENTO VALEBU	50.00%	--	--	72	1,627
UTE EMBARQUE DESEMBARQUE T4	100.00%	--	--	--	--
UTE CONTAR	100.00%	62	--	118	--
UTE INST. RECERCA SANT PAU	50.00%	312	103	10	50
UTE INST. MERCAT DE SANT ANTONI	60.00%	(10)	56	--	56
UTE TUNELES ABDALAJIS	100.00%	399	156	468	55
UTE TORRENTE - XATIVA	50.00%	--	--	--	--
UTE EMPALME II	50.00%	258		76	--
UTE AEROPUERTO TERUEL	50.00%	--	--	--	--
UTE NAVE SESTAO	50.00%	--	--	--	--
UTE ENERGÍA GALICIA MANTENIMIENTO	20.00%	2,288	25,587	2,128	27,875
UTE TERMINAL DE CARGA TF NORTE	50.00%	--	--	--	--
UTE URBANIZADORA RIODEL	50.00%	--	--	--	--
ELECNOR TARGET LLC, JV	60.00%	58,711	57,199	62,780	115,910
UTE TERMINAL E	50.00%	96	--	(75)	96
UTE HERNANI-IRUN	50.00%	(52)	--	779	--
UTE CARPIO Y POLLOS	50.00%	136	--	126	--
UTE CAMPO DE VUELOS ASTURIAS	100.00%	--	320	12	320
UTE BIOMASA HUERTA DEL REY	50.00%	--	--	--	--
UTE MOPAEL	80.00%	7,499	875	5,355	--
UTE OFICINAS GENCAT	60.00%	--	--	62	--
UTE UYUNI-YUNCHARA	49.00%	--	--	--	--
UTE MANTENIMIENTO SIGMA AENA	100.00%	223	27	197	15
UTE RENFE AGENTE ÚNICO	100.00%	132	839	318	963

		Thousands of Euros (*)			
		2021		2020	
	Percentage ownership	Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
UTE RENFE CCTV	100.00%	194	1	2,242	195
UTE UCA	100.00%	27	89	261	94
UTE SIPA AENA	100.00%	623	--	1,252	--
JV ELECNOR AL OWN	70.00%	--	--	491	--
UTE BILBOPORTUA	50.00%	350	--	408	--
UTE BIZKAIKO ARGIAK	23.00%	--	--	--	--
ELECNOR AND RAY, J.V. JV	60.00%	--	--	--	--
UTE MANTENIMIENTO LOTE 1	50.00%	--	--	1,344	--
UTE ELECNOR - EIFFAGE	50.00%	410	--	8,507	170
UTE TIL TIL	100.00%	--	--	--	--
UTE EDAR LAGUNA DE NEGRILLOS	80.00%	--	--	--	--
UTE PORTUKO ARGIAK	23.00%	35	262	35	298
UTE URBANITZACIÓ MERCAT DE SANT ANTONI	60.00%	--	--	5	93
UTE ING PUY DU FOU	50.00%	--	--	--	224
UTE SICA 2018-2021	100.00%	38	--	397	--
UTE ELECTRIFICACIÓN VILLAFRANCA	90.00%	--	--	1,038	1,605
UTE TREBALLS PREVIS 1 CAMP NOU	45.00%	19	177	98	196
UTE CLINICA EUGIN BALMES	50.00%	38	20	387	58
UTE SALAS VIP AEROP BCN	100.00%	--	--	--	--
JV TAFILAH	70.00%	--	--	222	4,153
UTE ACCESOS BANCO DE ESPAÑA	100.00%	--	--	--	--
VARIANTE PAJARES UTE	20.00%	4,508	--	4,577	--
CONSORCIO CHIELEC DOMINICANA	100.00%	1,304	--	1,458	232
UTE CASETAS AEROPUERTO DE MÁLAGA	100.00%	--	--	--	--
UTE AMPLIACIÓN TRANVÍA VITORIA	50.00%	--	--	189	20
ELECNOR - EIFFAGE JV	50.00%	2,935	--	1,906	1,374
UTE MANTENIMIENTO AEROPUERTO DE PALMA II	50.00%	1,698	242	1,718	811
UTE MONTETORRERO	100.00%	3,382	--	23,271	--
UTE MONLORA	100.00%	1,089	--	6,439	--
UTE MONCAYO	50.00%	--	--	16,748	--
SEP ELECNOR-EIFFAGE GUINEA CONAKRY	50.00%	7,850	3,493	3,519	11,343
UTE ALSTOM RENOVABLES-ELECNOR II	25.64%	--	--	--	--
SEP ELECNOR-EIFFAGE GUINEA BISSAU	50.00%	4,657	515	3,677	5,172
UTE PEDRALBA-OURENSE	50.00%	5,018	1,893	14,183	6,911
UTE EDIFICI LA PEDROSA	50.00%	1,226	370	6,481	1,340

Appendix II: List of consolidated temporary business associations (UTEs)

		Thousands of Euros (*)			
		2021		2020	
	Percentage ownership	Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
UTE BOMBEOS BAKIO-GANDIAS	50.00%	3	70	67	72
UTE ELECTRIFICACIÓN RECOLETOS	50.00%	--	370	--	370
UTE PRESA DE L´ALBAGÉS	50.00%	66	66	2,674	--
UTE LIMPIEZA AEROPUERTO DE PALMA	50.00%	260	134	254	331
UTE SICA 2020-2022	100.00%	1,030	--	--	--
UTE SEG ESTACIONES MADRID	100.00%	241	195	--	--
UTE NOVA ESCOLA BRESSOL	100.00%	384	--	1,215	598
UTE MANT MERCAT DE SANT ANTONI	60.00%	296	66	206	237
UTE LINEA 4	20.00%	--	--	6,524	37
UTE INSTAL. TUNEL GLORIES	40.00%	16,102	868	3,711	16,971
UTE EDAR ARRIANDI	50.00%	1,318	276	121	1,439
UTE SIPA 2020-2022	100.00%	228	12,472	--	12,700
UTE UCA 2020-2022	100.00%	49	12,151	--	12,200
UTE REGADIO VALORIA FASE I	50.00%	1,062	23	1,140	883
UTE PALMEROLA	56.68%	17,368	6,844	501	24,212
UTE GALILEO	100.00%	606	481	260	1,087
UTE COMEDOR BANCO DE ESPAÑA	100.00%	80	--	--	80
UTE M.I. MUNDAKA GERNIKA	51.00%	160	69	613	186
UTE LA ESCOCESA	50.00%	21,181	2,496	4,566	5,403
UTE SEGURETAT L´AMPOLLA	100.00%	502	26	--	528
UTE MANTENIMIENTO NORESTE	50.00%	5,831	39,116	382	44,947
UTE MANTENIMIENTO CENTRO	50.00%	3,201	24,366	216	27,568
UTE OBSOLESCENCIA SISTEMES L9	50.00%	1,472	1,415	--	--
UTE LOMA DE LOS PINOS	100.00%	3,630	610	--	--
UTE CATENARIA ATXURI-BOLUETA	50.00%	457	30	--	--
UTE CIERRE EL MUSEL	100.00%	1,447	--	--	--
UTE SEGURIDAD FONTSANTA ITAM	100.00%	391	1,662	--	--
UTE LA COMETA I and II	100.00%	5,921	20,199	--	--
UTE EL FRESNO	50.00%	421	1,598	--	--
UTE EDAR ARRIANDI	50.00%	107	552	--	--
UTE Málaga Mantenimiento SICA	100.00%	178	--	--	--
UTE BRINKOLA SAN SEBASTIAN	50.00%	347	200	--	--
UTE SEGRISOL	50.00%	--	619	--	--
UTE SOLANS	100.00%	1,635	4,883	--	--
UTE EXTENSION OF EDAR XERESA	100.00%	105	84	--	--
UTE ENERGÍA LÍNEA 9	20.00%	1,701	--	--	--

Appendix II: List of consolidated temporary business associations (UTEs)

		Thousands of Euros (*)			
		2021		2020	
	Percentage ownership	Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
S.E.I. UTE (ELECNOR, S.A.-TERRES)	50.00%	--	--	--	--
UTE REMOLAR	23.51%	--	--	--	--
UTE ELECNOR GONZALEZ SOTO	50.00%	4	39	--	--
UTE VILLAGONZALO, Z - 3	35.00%	--	--	--	--
UTE TARAGUILLA	25.00%	--	--	--	--
UTE MELIALABS	55.00%	4	--	7	--
UTE DEIMOS -IECISA	50.00%	--	--	2,141	--
UTE NAVENTO DEIMOS, File 2017-02371	27.46%	208	--	188	--
UTE DEIMOS-INETUM (SIVE) (named before as UTE DEIMOS-IECISA)	50.00%	2,315	--	--	--
DEIMOS-INETUM (RENFE)	50.00%	--	--	--	--
DEIMOS-INETUM (SIVE CANARIAS)	50.00%	--	--	--	--
AUCOSTA CONSERVACION UTE	50.00%	--	--	--	--
CONSERVACIÓN MAQUEDA UTE	50.00%	--	--	(15)	--
CÓRDOBA NORTE II UTE	50.00%	--	--	427	--
PARQUE PATERNA UTE	50.00%	--	--	--	--
HUELVA SURESTE II UTE	50.00%	--	--	--	--
MANZANARES UTE	60.00%	--	--	--	--
MANZANARES II UTE	50.00%	2,776	1,851	2,447	1,973
PONTESUR UTE	50.00%	1,830	--	1,553	623
PONTENORTE UTE	50.00%	1,036	384	940	1,419
TALAVERA UTE	50.00%	2,398	1,185	2,198	3,364
LEÓN-3 UTE	80.00%	--	--	310	--
UTE MURCIA-SAN JAVIER	50.00%	--	--	--	--
SMA OLVEGA UTE	60.00%	836	2,832	762	3,500
GUADIX-BAZA UTE	51.00%	526	440	559	966
UTE SIERRA ESPUÑA	65.00%	--	--	--	--
UTE SIERRA BURETE	65.00%	--	--	--	--
UTE HOSPITAL REINA SOFÍA	20.00%	231		508	921
C.S. ANTONIO GARCÍA	20.00%	--	--	--	--
SEVILLA A66 UTE	50.00%	1,955	1,781	1,795	3,736
BURGUILLO UTE	50.00%	--	--	--	--
SAN CIPRIANO UTE	70.00%	4,297	2,180	3,723	5,881
MAQUEDA II UTE	50.00%	2,759	820	2,713	1,909
UTE CIRCUNVALACIÓN LUCENTUM	50.00%	1,620	984	1,621	2,604
UTE AUDECA CIVISGLOBAL SECTOR O-03	70.00%	3,107	6,919	2,767	10,026
UTE MADRID SURESTE	67.00%	3,758	967	2,954	4,725

Appendix II: List of consolidated temporary business associations (UTEs)

		Thousands of Euros (*)			
		2021		2020	
	Percentage ownership	Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
UTE SANTA ELENA	60.00%	2,722	3,682	1,173	6,400
UTE PONTENORTE II	50.00%	599	579	21	1,177
UTE LA CAMPANETA	50.00%	564	--	116	503
UTE RESIDUOS PUERTO ALICANTE	50.00%	285	1,001	--	--
UTE PONTESUR II	50.00%	309	8,643	--	--
UTE RSU ALMAZÁN	60.00%	--	3,588	--	--
UTE EXTENSION OF EDAR XERESA	80.00%	105	84	--	--
ACCIONA INFRAESTRUCTURAS-ELECNOR HOSPITAL DAVID, S.A.	25.00%	33	--	1,636	--
PROYECTOS ELECTRICOS AQUAPRIETA, SAPI DE CV	50.00%	--	--	--	--
DUNOR ENERGÍA	50.00%	80	--	(10,657)	--
UTE ENERGÍA LÍNEA 9	20.00%	--	--	1,659	--
S.E.I. UTE (ELECNOR, S.A. – TERRES)	50.00%	--	--	--	--
UTE SERRANO – ELECNOR CANSALADES	40.00%	--	--	--	--
UTE VILLAGONZALLO, Z – 3	35.00%	--	--	--	--

(*) 100% information provided, not taking into account removals

ELECNOR, S.A. AND SUBSIDIARIES

Condensed financial information of equity-accounted companies

31 December 2021

(Expressed in thousands of Euros)

	Gasoducto de Morelos, S.A. Promotora de Inversión de C.V.	Subgroup Celeo Concesiones
Information from the statement of financial position		
Non-current assets	236,492	2,785,399
Non-current liabilities	182,335	1,727,213
Non-current financial liabilities	121,575	1,368,637
Total non-current net assets	**54,157**	**1,058,186**
Current assets	16,521	237,745
Cash and cash equivalents	10,057	140,767
Current liabilities	14,107	192,286
Current financial liabilities	295	116,825
Total current net assets	**2,414**	**45,459**
Non-controlling interests	**-**	**93,933**
Net assets	**56,571**	**1,009,712**
Percentage ownership	0.50	0.51
Share of net assets	28,286	514,953
Carrying amount of the investment (*)	28,285	514,970
Information from the income statement		
Revenue	36,044	197,646
Depreciation and amortisation	(11,574)	(56,191)
Interest income	24,154	86,950
Interest expense	(8,832)	(77,796)
Income tax expense/(income)	(4,030)	(21,406)
Profit/loss from continuing operations	10,830	29,859
Profit/loss for the year	10,830	29,859
Other comprehensive income (**)	7,116	51,865
Total comprehensive income	**17,946**	**81,724**
Dividends received	-	-

(*) The carrying amount is the value of the company in the consolidated group (equity-accounted value)
(**) Other comprehensive income is the change in equity of derivatives and translation difference (and subsidies, where applicable)

ELECNOR, S.A. AND SUBSIDIARIES

Condensed financial information of equity-accounted companies

31 December 2020

(Expressed in thousands of Euros)

	Gasoducto de Morelos, S.A. Promotora de Inversión de C.V.	**Subgroup Celeo Concesiones**
Information from the statement of financial position		
Non-current assets	229,902	2,638,081
Non-current liabilities	185,287	1,712,579
Non-current financial liabilities	113,496	1,459,155
Total non-current net assets	**44,615**	**925,502**
Current assets	18,966	227,625
Cash and cash equivalents	10,947	120,307
Current liabilities	24,852	168,599
Current financial liabilities	12,184	69,868
Total current net assets	**(5,886)**	**59,026**
Net assets	**38,729**	**902,374**
Percentage ownership	0.50	0.51
Share of net assets	19,365	460,211
Carrying amount of the investment (*)	19,364	460,260
Information from the income statement		
Revenue	37,654	258,456
Depreciation and amortisation	(12,929)	(66,763)
Interest income	-	85,156
Interest expense	(9,442)	(72,885)
Income tax expense/(income)	(3,759)	(25,114)
Profit/loss from continuing operations	6,497	28,003
Profit/loss for the year	6,456	28,003
Other comprehensive income (**)	(7,059)	(221,137)
Total comprehensive income	**(603)**	**(193,134)**
Dividends received	-	-

(*) The carrying amount is the value of the company in the consolidated group (equity-accounted value)
(**) Other comprehensive income is the change in equity of derivatives and translation difference (and subsidies, where applicable)

2021 Directors' Report - Elecnor Group

for the year ended 31 December 2021

Contents

1. Purpose, vision and business model GRI 102-2

The Elecnor Group is a Spanish company operating in more than 50 countries. The company's purpose is to generate change and bring about well-being by deploying infrastructure, energy and services to territories all over the world in order to develop their potential. The Elecnor Group places engineering and technology at the service of people.

It is a global enterprise whose purpose is driven by a people-centric business model and that believes in generating shared value and sustainability.

It is a model implemented by means of two key businesses that are complementary and mutually strengthening:

- **Services and Projects**[1]: execution of engineering, construction and services projects, most notably in the electricity, power generation, gas, telecommunications and systems, railways, maintenance, facilities, construction, water, environment and space sectors.
- **Concessions**: development, financing, construction, investment and management of energy assets.

Efficiency, diversification and robustness are the Elecnor Group's growth and expansion levers.

2. Economic context[2]

2021 has once again been affected by the impact of the COVID-19 pandemic on the world economy. According to the International Monetary Fund (IMF), the world economy continues along a path of recovery, in spite of the setback arising from the new variant of the pandemic.

Therewith, the IMF estimates world economic growth of 5.9% in 2021 and 4.9% in 2022, with the forecast from last June's WEO update lowered by 0.1% for 2021 and raised by 0.5% for 2022. The downside revision in 2021 reflects deterioration in advanced economies (partly as a result of supply disruptions) and in low-income developing countries, chiefly due to the deteriorating dynamics arising from the pandemic. Concurrently, beyond 2022, growth is projected to abate to around 3.3% in the medium term. However, the IMF maintains that the outlook is still subject to considerable uncertainty, related to the path of the pandemic, the effectiveness of backing during the transition until health measures facilitate normalisation and the development of financial conditions.

According to the World Bank's Global Economic Prospects, for emerging and developing economies, conversely, growth is expected to drop from 6.3% in 2021 to 4.6% in 2022 and 4.4% in 2023. For many vulnerable economies, the relapse will be even greater: output of fragile and conflict-affected economies will be 7.5% below their pre-pandemic trend.

As regards fiscal stance, economies of emerging and developing markets are already adopting tightened fiscal policies, and advanced economies will also do so in 2022. The present is marked by a clear uncertainty in which risks to financial stability remain contained.

---

[1] Services and Projects, formerly known as the Infrastructure

[2] Sources:
- International Monetary Fund (IMF). World Economic Outlook. January 2022
- World Bank. World Economic Outlook.
- Bank of Spain. Macroeconomic projections for the Spanish economy (2021-2024)
- World Economic Outlook (WEO). January 2022 Report

In terms of **Spain**, the Bank of Spain's projections are optimistic and anticipate the recovery to continue at a good pace over the coming two years. In the short term, however, the economy's dynamism will continue to be burdened by the spread of the omicron variant. Thereafter, however, its activity is expected to resume higher levels of growth, as distortions in supply chains and inflationary pressures are allayed and tourism flows gradually normalise. This is further assisted by the impetus of projects funded through the Next Generation EU (NGEU) programme and continued favourable financing conditions. In particular, these projections anticipated GDP growth of 4.5% last year, which would accelerate up to 5.4% in 2022 and reach 3.9% next year.

For the **eurozone**, according to the IMF, in 2022, major economies will continue to grow, but at lower rates (France, 3.9%, Italy, 4.2%), except for Germany (+4.6%) and Spain (+6.4%). One of the key findings of the current economic environment is that, a little over a year ago, the European economy was expected to recover resolutely as a result of the disbursement of the Next Generation EU programme (with funds worth Euros 750 billion), the savings made during lockdown, the easing of restrictions and the implementation of more expansionary policies by the European Central Bank (ECB). Despite that, the coinciding demand for raw materials, oil, gas and components, the supply of which has reacted more slowly, causing bottlenecks and increases in the cost of electricity, was not taken into account. Consequently, the IMF has already announced that it is preparing an additional "modest revision" of its economic forecasts for the eurozone in the coming update of its global projections. The ECB echoes the increase in prices in Europe, which have risen by 5% annually. The president of the ECB has toughened her tone on inflation and does not rule out a scenario of an interest rate hike.

As for the **United States**, GDP growth for 2021 was 5.7%, lower than expected by the IMF (6%), as a result of disruptions to supply chains and lower consumption in the third quarter. In January, the World Bank revised its growth projection for 2022 downward to 3.7% (-0.5 percentage points).

In **Latin America**, in 2021, Chile registers the highest growth among major South American countries. This market has proven to be the fastest growing in the region with an 11% increase in GDP this year. The World Bank's estimates for the forthcoming years indicate that the region now faces significant risks such as a sharp rise in the number of COVID-19 cases, funding strains and debt-related stress. According to the body, Brazil's economy will slow to 1.4% in 2022 and spring to 2.7% in 2023. Meanwhile, Mexico's growth will slow to 3% in 2022 and 2.2% in 2023.

The IMF has cut **Australia**'s GDP growth forecast for 2021 (to 3.5%), while increasing the outlook for 2022 (4.1%). There are downside risks in the short term that balance out in the medium term for the international body. It adds that lending should be cut in order to cool the housing sector (interest rates at historic lows have driven up property prices and household debt) and that monetary and fiscal policy stimuli should continue in order to buttress the economy during a difficult period of blockages as a result of the coronavirus. Remember that, to counteract the effects of the pandemic, the Government of Australia implemented in March of last year aid packages, such as wage and unemployment subsidies, and also provided economic stimuli.

Growth of 3.7% is estimated in 2021 for **Sub-Saharan Africa** and it is projected to grow by 3.8% in 2022, both below the figure of the global economy, implying a broadening divergence from advanced economies. This comes amid increasing uncertainty surrounding new variants of the COVID-19 virus and financial conditions. The IMF expects Angola to grow by 3.2% and to emerge from successive recession cycles, as well as positive growth in other countries on the continent where the Group is present, such as Cameroon and Senegal, in the coming years.

Elecnor Group

In 2021, the Board prepared the joint project for the spin-off of Elecnor, S.A. to Elecnor Servicios y Proyectos, S.A.U. which was approved at the General Shareholders' Meeting held on 23 June this year. The projected entails the spin-off of part of the equity of Elecnor, S.A. devoted to the services and projects business activity, comprising one economic unit acquired by universal succession by Elecnor Servicios y Proyectos, S.A.U. Insofar as Elecnor Servicios y Proyectos, S.A.U. is fully owned by Elecnor, S.A. the spin-off has taken place in accordance with the provisions of sec. 49.1 of Spanish Law 3/2009, of 3 April, on structural modifications of commercial enterprises, by reference to sec. 73.1 of the same legal text.

The current Elecnor, S.A. continues to be the Group's listed parent company with the following organisational structure:

This spin-off process seeks the adaptation of the corporate structure of the Group to the organisational reality with which the Group has been working for several years. This new structure facilitates the management and coordination of the various activities and helps give more visibility to businesses favouring the orderly growth of all of them. In any case, from an operational point of view, the Group continues to operate in the same way.

3. Economic and financial performance in the period

3.1. Key figures in consolidated profit/loss for the year

KEY FIGURES (thousands of euros)	2021	2020	Change (%)
Turnover	3,122,421	2,455,952	*27.1%*
Domestic	1,422,918	1,238,600	*14.9%*
International	1,699,503	1,217,352	*39.6%*
EBITDA	271,769	245,802	*10.6%*
Profit before tax	142,048	125,932	*12.8%*
Attributable consolidated net profit	85,883	78,303	*9.7%*

The Elecnor Group's **sales** reached **EUR 3,122.4 million** (EUR 2,455.9 million in the previous financial year), a 27.1% increase with respect to 2020. Both the domestic market (which represents 46% of the total) and the international market (which makes up 54%) experienced significant growth (14.9% and 39.6% respectively). This positive evolution in the Group's figures of the year was possible thanks to a significant increase in Elecnor's business volume, mainly due to activities related to services that the Group provides in European countries, particularly Spain, the United Kingdom, Italy, and in the United States, and the start of the implementation of major projects in Australia, Chile and Brazil, especially. The beginning of execution of major projects in Australia, Chile and Brazil has also had a positive impact.

EBITDA reached **Euros 271.8 million**, 10.6% above the same figure for last year. The Group's profits this year have absorbed the costs of launching new telecommunications and electricity service contracts in the United Kingdom and Italy, and non-recurring costs such as those related to the spin-off project explained above. In addition to the good performance of the Services and Projects Business, worth highlighting is the positive evolution of the Concessions Business, both of which the Group bases its activity on and which complement and strengthen each other.

The Elecnor Group attained net profits of EUR 85.9 million in 2021, which is a 9.7% increase on the profits obtained in the previous financial year.

The Group continuously evaluates its operating expenses to reduce any discretionary expenses, applying policies of contention and control to the expenses on a recurring basis, in all companies of the Group.

3.2. Business performance

Services and Projects Business GRI 102-6

(thousands of euros)	2021	2020	Change (%)
Turnover	2,958,160	2,352,471	25.7%
EBITDA	165,838	161,708	2.6%
Profit before tax	114,957	112,311	2.4%
Attributable net profit	77,119	71,517	7.8%

This business, which the Group develops via its subsidiary Elecnor Servicios y Proyectos and that company's affiliates, has grown sharply in the period.

In the **domestic market**, activity continued to grow on the back of the services developed for the energy, telecommunications, water, gas and transportation sectors, where it provides an essential service for all utilities. In addition, during this period, construction work on renewable-energy power generation plants contributed to both the turnover and profit/loss of the Group.

In the **international market**, the positive performance is mainly due to the construction of electricity transmission lines in Brazil and Chile, and also to US subsidiaries (Hawkeye and Belco) and to the major projects in Australia started over the course of the financial year. The construction of wind farms in Colombia, solar PV farms in the Dominican Republic and Panama, hydroelectric plants in Cameroon and Angola, substations in Guinea, D.R. Congo and Cameroon, and a biomass project in Belgium, among many others, also contributed to the Group's turnover. It is worthy to note that this increase in activity has contributed to the absorption of the costs for the launch of new activities and the expansion to new areas in Italy and the United Kingdom, countries in which the Group has been operating for years with positive results.

Concessions business

(thousands of euros)	2021	2020	Change (%)
Turnover	166,593	145,232	14.7%
EBITDA (1)	131,301	112,791	16.4%
Profit before tax	54,465	44,265	23.0%
Attributable net profit	34,876	30,970	12.6%

*(1) **EBITDA** contributed by this business to the group comprises that contributed by ENERFIN (Euros 116,303 thousand) and that contributed by CELEO, which is consolidated using the equity method (Euros 14,998 thousand). For a better understanding of these figures, see Note 32 of the Notes to the Annual Accounts of Elecnor, S.A. and subsidiaries for the year ended 31/12/21 with the main projects.*

This business, which Elecnor develops via its subsidiary Enerfín and its investee Celeo, and both companies' affiliates, has performed strongly in the period.

Enerfín participates in 1,355 MW of renewable energy in operation and under construction in Spain, Brazil and Canada, and continues to pursue strong developmental activity to ensure its growth. The various project companies that manage these assets generate a combined EBITDA of Euros 116,303 thousand, as set out in Note 32 to the Consolidated Annual Accounts of Elecnor, S.A. and its subsidiaries for the year ended 31/12/21.

Enerfín benefited from the commissioning of the San Fernando complex in north-east Brazil early this year and the Cofrentes wind farm in Spain in April last year.

The new transitional measures implemented by the Spanish government in order to combat soaring energy prices have had a limited impact on Enerfín, thanks to its price hedging policy, energy sales agreements and its assets with regulated revenues.

The Group upholds a policy of ensuring the price of energy on a percentage of estimated electricity production, which seeks to minimise the exposure of the result to changes in electricity prices in Spain, by procuring derivatives.

Celeo, the company owned and managed jointly with APG, one of the world's largest pension funds, already operates 6,804 km of electricity transmission lines in Chile and Brazil, and participated in 345 MW of renewable energy. Overall, it manages around EUR 5,211 million of assets in operation. The companies that manage these assets generate an aggregated EBITDA of Euros 299,984 thousand[3], as can be seen in Note 32 to the Consolidated Annual Accounts of Elecnor, S.A. and its subsidiaries for the year ended 31/12/21.

The power transmission business continues to grow with the increase in its assets in Brazil, new concessions gained in Chile and Peru, and the acquisition of Colbún Transmisión, S.A.'s 29 operating transmission line assets (totalling 899 km, with 27 transmission substations located throughout Chile) by Alfa Desarrollo, S.P.A., in which Celeo Concesiones holds a 20% stake and APG Asset Management N.V. holds an 80% stake. This acquisition makes Celeo the second-largest player in the regulated transmission market in Chile. The quality of these assets has enabled USD 1.2 billion project bonds issued in the New York market in favourable conditions.

Production portfolio

Pending backlog (thousands of Euros, at year-end)	2021	2020	Change (%)
Domestic	708,824	611,915	15.8%
International	1,798,144	1,661,166	8.2%
Total	2,506,968	2,273,081	

The **portfolio of signed contracts** pending execution by 31 December 2021 and whose implementation is expected to take place over the next 12 months, **amounts to EUR 2,507 million** (EUR 2,273 million at the end of 2020). Of this portfolio figure, 72% relates to the international market, for an amount of EUR 1,798 million, and 28% to the domestic market, for an amount of EUR 709 million. The domestic portfolio comprises contracts for traditional services, as well as for wind and solar PV farms. The international portfolio is increasing in both European countries (Italy and the United Kingdom), where service-related activities are carried out, and in other countries (Australia, the United States and Brazil, mainly) where major projects for the construction of renewable-energy power generation plants and power transmission projects.

3.3. Financial position

In 2021, the Group's operating activity enabled it to generate a cash flow of Euros 206.2 million (Euros 194 million the prior year) and its net investment amounted to Euros 100 million (Euros 209.6 million the prior year).

Total net financial debt (Euros 534.8 million) decreased by 0.4% with respect to the previous year (Euros 536.6 million).

Net financial debt with recourse (Euros 119.4 million) was reduced by 8.1% with respect to the end of the previous year (EUR 129.9 million). This was mainly due to the positive cash generation performance of the Group's businesses as a result of their operating activities.

Net Financial Debt with recourse includes debt with cost, both with financial institutions and short-term MARF promissory note issues, bond issues and finance lease transactions; it does

[3] EBITDA at 100% of concession projects participated in by CELEO and accounted for using the equity method at the ELECNOR GROUP, excluding the impact of IFRIC 12 since it best reflects the cash flow generation capacity of each project, by including the financial and operating proceeds.

not include debt of projects with specific financing without recourse to their shareholder for the project in question.

The indebtedness ratio at year end, calculated as Net Financial Debt with recourse divided by EBITDA with recourse, was 0.72 (0.83 at the end of the previous year). This ratio is now solidly below 1x, and is therefore amply compliant with the benchmark ratio established in the syndicated financing agreement.

Although the Group analyses and monitors the evolution of Total Net Financial Debt, it pays special attention to Net Financial Debt with recourse, given that the remaining Debt is secured by the investment projects to which this financing is dedicated.

Net Financial Debt (thousands of Euros, at year-end)	2021	2020
Net Financial Debt with recourse	119,392	129,940
EBITDA	271,769	245,802
With recourse[4]	*138,284*	*144,591*
Without recourse[5]	*133,485*	*101,211*
Ratio of Debt/EBITDA with recourse + projects div.	0.72	0.83
Total Net Financial Debt	534,766	536,649
With recourse	*119,392*	*129,940*
Without recourse	*415,374*	*406,709*
EBITDA	271,769	245,802
Ratio of Total Net Financial Debt/ EBITDA	1.97	2.18

The Total Net Financial Debt to EBITDA ratio is a ratio used in the market to compare the level of indebtedness to the cash generation from transactions and, thus, assess companies' level of solvency.

To present a ratio that reflects the Group's solvency, it is appropriate to present Net Financial Debt with recourse in relation to EBITDA with recourse, in which the contributions to the figures of investment projects funded by debt secured by such projects are excluded from both figures. In turn, the dividends distributed by the abovementioned projects are added to the EBITDA with recourse. The purpose of this ratio is to measure the Group's capacity to meet its recourse debt.

With regard to the Group's **financial strategy**, we note:

- In September 2021, the Elecnor Group signed a novation of the **Syndicated Financing Agreement** executed in 2014. This novation extends the maturity by slightly more than two years, through September 2026. It includes a voluntary repayment of Euros 150 million of the Loan Tranche and an increase of Euros 100 million of the Credit Facility Tranche. Therefore, the financing now has a cap of EUR 350 million, distributed between the Loan Tranche of EUR 50 million and a Credit Facility Tranche of EUR 300 million. This financing complies with the requirements laid

[4] EBITDA with recourse is Group EBITDA excluding non-recourse EBITDA (EBITDA corresponding to investment projects financed by debt secured by such projects)

down by the Sustainability Linked Loan Principles and, therefore, it **has been classified as sustainable**.

- The Group's strategy is to diversify its short- and medium-term financing sources, beyond traditional banking sources, by issuing another **Promissory notes programme in the Alternative Fixed Income Market (MARF)** that will enable it to finance itself in Euros and US Dollars over periods of up to 24 months, optimising the costs of funding working capital. The equivalent value of outstanding issues in Euros may not exceed the ceiling of EUR 300 million. In deciding to renew the programme, Elecnor Group valued the flexibility of the financing periods and the lower cost than that of alternative funding sources over the same maturities.

- In 2021, the Elecnor Group signed three long-term private placements totalling Euros 100 million:

  - Euros 50 million at 10 years, in **sustainable loan** format, placed by Banca March.
  - Euros 20 million at 10 years, which additionally fulfils the Green Loan Principles, as the funds are used for projects classified as **green**, placed by B. Sabadell.
  - Euros 30 million at 14 years, as **sustainable bonds**, also placed by B. Sabadell, included in the MARF. They the Elecnor Group's BBB- rating (investment grade) issued by Axesor.

  With this restructuring, the Elecnor Group has managed to extend the maturities of its long-term financing to average maturities of close to 10 years, while maintaining reduced cost levels.

- The Group has had a Securitisation Fund called "ELECNOR EFICIENCIA ENERGÉTICA 2020, Fondo de Titulización" since December 2020, to which it has assigned the credit claims derived from the contracts for the management of energy services and maintenance of public street lighting installations which Elecnor executes for 43 municipalities and public entities in Spain. By means of this structure, Elecnor obtains financing for investments in contracts assigned in the amount of Euros 50 million. The securitisation fund issued bonds in the aforementioned amount, which are subscribed and fully paid in, and which are trading in Spain's Alternative Fixed Income Market (MARF). These bonds are compliant with the requirements established by the "Green Bond Principles", and therefore qualify as green bonds for G-advisory, the Garrigues Group's consultancy firm. Axesor Rating has assigned the bonds issued by the Securitisation Fund an A+ rating, indicating a high capacity to meet its credit obligations. This is the first securitisation transaction for the sale of future credit claims derived from contracts with Public Entities to be conducted in Spain.

The Elecnor Group tackles its investment projects by arranging financing secured by such projects, as described in section 6.2 "Interest rate risk" herein, while it contributes its equity with the resources generated by the businesses of which the Group is comprised.

3.4. Material changes in accounting policies

The accounting policies and methods used to prepare the consolidated annual accounts in 2021 are the same as those applied to the consolidated annual accounts in 2020. All accounting principles with a significant effect have been applied in the drawing up of these consolidated and separate annual accounts.

3.5. Profit/(loss) of the Group's holding company: Elecnor, S.A.

The Group's holding company obtained the following profit/(loss) for the year:

Key figures (thousands of euros)	2021	2020
Turnover	67,456	1,544,049
Operating income	16,109	20,752
Profit before tax	7,361	46,765
Profit after tax	9,196	31,633

As a result of the spin-off stated in the second section of this report, Elecnor, S.A. has become the Group's holding company, contributing practically all of its assets and liabilities related to the Services and Projects business activity to Elecnor Servicios y Proyectos, S.A.U., and from this moment on dedicating itself to the holding of shares and the rendering of corporate services.

As a result of this change, the figures in the Income Statement of Elecnor, S.A. differ substantially from those of last year. In 2021, sales chiefly comprise dividends received from subsidiaries, as well as invoicing for services and financial interest to Group companies. This result also includes the expense of the structure remaining in Elecnor, S.A.

This transaction and its effect on the accounts of the Group's holding company is described in the Annual Accounts of Elecnor, S.A. for the year ended 31/12/21. Elecnor, S.A. as a whole and its subsidiaries are not affected by this transaction.

3.6. Average payment period

The average payment period to suppliers of the Group's holding company, Elecnor, S.A., calculated as per Additional Provision Three of Law 15/2010, dated 15 July, is 31 days. The average payment period to suppliers of the Group, calculated in the same way, is 55 days.

3.7. Turnover by activity

At 31 December each year and in thousands of Euros

Turnover by activity (thousands of euros)	2021	2020	Change (%)
Electricity	1,260,553	982,949	28.2%
Power generation	685,292	470,708	45.6%
Telecommunications and space	267,522	233,301	14.7%
Facilities	209,434	213,434	-1.9%
Construction, environment and water	298,202	237,677	25.5%
Maintenance	194,514	170,770	13.9%

Oil & Gas	141,279	92,572	52.6%
Railways	65,625	54,541	20.3%
	3,122,421	2,455,952	27.1%

For yet another year, the main activities in terms of turnover were **Electricity**, with Euros 1,260.6 million, 28.2% up on 2020, and **Energy Generation**, with Euros 685.3 million, 45.6% up on 2020. This significant increase in the main activities is a result both of the strength of the domestic market and the foreign subsidiaries (especially in the United States, Chile, Brazil and IQA) and the branches in Italy, Angola, Lithuania, etc.

4. Stock market information

	2021	2020
Closing share price (€)	10.5	11
Total volume of securities (million)	5.6	4.3
Total cash traded (€ million)	57.7	39.8
Number of shares (million)	87	87
Market capitalisation (€ million)	913.5	957
PER	10.6	12.2
Dividend yield	3.1%	3.1%

On 07 July 2021, the **supplementary dividend was distributed against profit for 2020**, in a gross amount of €0.27455644 (€0.28207889, including the pro-rata distribution of treasury shares). On 22 December 2021, the **interim dividend against 2021 profit was paid**, in a gross amount of Euros 0.05961779 (Euros 0.06125324, including the pro-rata distribution of treasury shares).

Shares in Elecnor, S.A. closed the year with a price of **Euros 10.5 per share** and market capitalisation stood at Euros 913.5 million. The total cash amount traded was Euros 57,7 million.

5. Capital management policy

Key to Elecnor's strategy is its policy of maximum financial prudence. The capital structure is defined by the commitment to solvency and the aim of maximising shareholder returns.

6. Risk management policy

Elecnor is exposed to certain financial risks, which it manages by grouping together its systems for identifying, measuring and supervising risks and limiting the concentration thereof. Financial risk management and containment is performed on a coordinated basis by Corporate Management and the various Business Units and Subsidiaries that comprise the Group. Financial risk management activities are approved at the highest executive level, in accordance with the rules, policies and procedures in place.

6.1. Foreign currency risks

Market risk due to foreign currency risk arises from transactions that the Group performs on the international markets in the course of its business. Certain income and costs of materials consumed are denominated in currencies other than the functional currency. For this reason, the risk of fluctuating exchange rates of these currencies against the functional currency could have an impact on the Group's profit/loss.

In order to manage and minimise this risk, Elecnor uses hedging strategies, since its objective is to generate profits only through its ordinary business, and not by speculating in relation to exchange rate fluctuations.

The instruments used to achieve this hedge are essentially borrowings tied to the contract's collection currency, foreign currency hedges and swaps, whereby Elecnor and the bank exchange the cash flows arising from a loan denominated in Euros for the flows of another loan denominated in the currency in question, as well as the use of "currency baskets" in order to hedge mixed financing tied to various currencies.

6.2. Interest rate risk

Interest rate fluctuations change the fair value of assets and liabilities that accrue interest at fixed rates and the future cash flows from assets and liabilities indexed to floating interest rates. Elecnor has arranged external financing to enable it to carry on its operations, mainly in connection with the development, construction and operation of wind farms, solar projects and electricity infrastructure concessions. The financing is secured by these projects. This kind of arrangement usually requires under contract that interest rate risk be partly covered using hedging instruments.

In the case of both financing secured by the investment projects and corporate financing, borrowings are arranged mainly at floating interest rates and, where appropriate, hedging instruments are used to minimise the related interest rate risk. The hedging instruments, which are specifically assigned to financial debt, are limited to the same nominal value as the latter and the same maturity dates as the hedged items, and are essentially IRSs, the aim of which is to convert loans originally arranged at floating rates to fixed rates. In any case, the interest rate hedges arranged are all effective for accounting purposes.

6.3. Liquidity risk

Liquidity risk is mitigated through Elecnor's policy of holding cash and highly liquid non-speculative short-term instruments, such as the acquisition of treasury bills under non-optional repurchase agreements and very short-term US Dollar deposits, through leading credit institutions in order to be able to meet its future commitments and the arrangement of committed credit facilities of sufficient amount to cover its projected needs.

At 31 December 2021, the Elecnor Group has a solid liquidity position, with sufficient cash and available credit facilities to comfortably meet liquidity requirements even if markets contract.

6.4. Credit risk

The main credit risk arises from trade receivables, when the counterparty or customer does not meet their contractual obligations. To mitigate this risk, the Group operates with customers that have adequate credit records. In view of its activities and the sectors in which it operates, Elecnor has customers with very high credit ratings. However, in the case of non-recurring international sales to customers, mechanisms such as advances, irrevocable letters of credit and insurance policies are used to ensure collection. Furthermore, the financial solvency of customers is analysed and specific terms and conditions are included in contracts, aimed at guaranteeing customer payments of the stipulated price.

In the case of the national wind farms, the power produced - in accordance with the legislative framework in force for the electricity industry - is sold in the Iberian Electricity Market (MIBEL) and income is collected from the operator of the Spanish Electricity Market (OMIE) through a payment-guarantee system and from the Spanish National Commission on Markets and Competition (CNMC), which regulates energy markets in Spain and reports to the Ministry of Industry. Moreover, on 1 June the long-term energy sales agreement between the Cofrentes wind farm and CEPSA entered into force. In addition, Ventos do Sul Energía, S.A., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A., Ventos do Litoral Energía, S.A. and Ventos dos Índios Energía, S.A. (Río Grande do Sul, Brazil) entered into long-term agreements with the corresponding Brazilian electricity distribution companies to sell the electric power that they will generate over a period of 20 years. Furthermore, the newly built farms in the São Fernando complex in North-East Brazil sell part of the power generated in the Short-Term Market and a low volume of short-term bilateral agreements with suppliers until the long-term electricity sales agreements (most exceeding 20 years) enter into force from 2022. Furthermore, Éoliennes de L'Érable has signed a 20-year contract to sell the electricity it generates to Canadian electric utility Hydro-Québec.

With regard to transmission lines operated as concessions in Brazil, Operador Nacional do Sistema Elétrico (ONS) is responsible for coordinating collections and payments within the country's electricity system and notifies the concession holder of the companies from which collections must be made: generators, major consumers and transmission entities. Prior to connecting to the system these companies deposit a guarantee. In the event of non-payment this guarantee will be executed, they will be immediately disconnected from the system and the payment obligation will be shared among the remaining users of the system. Accordingly, the concession holder has the guaranteed payment from the national power grid system, there having been no payment default by its users.

The transmission lines currently in operation in Chile belong both to that country's national grid (National Transmission System) and the Zonal system, in which Coordinador Eléctrico Nacional (CEN) coordinates the flow of payments to transmission companies. The current system remained until December 2018, whereby those responsible for paying the transmission companies were the generating companies. Since 2019, distributors have also been liable for payments, so the portfolio of payers became more diversified from that date on. The payment guarantee of the national transmission grid is based on a CEN Procedure that establishes that, in the event of non-payments by a coordinated company (company coordinated by CEN), the defaulting party is disconnected from the grid, and the payment obligation is spread among the remaining coordinated companies.

In addition, in Chile we also participate in dedicated transmission lines, committed to counterparties of proven solvency, most of which are rated Investment Grade. In these cases, the remuneration we receive is regulated in each of the long-term contracts that we have signed with these companies that use our infrastructure, either to evacuate the energy generated or to guarantee their electricity supply.

Elecnor always seeks to implement the strictest measures to mitigate this risk and conducts periodic analyses of its exposure to credit risk, making the relevant impairment adjustments where necessary.

6.5. Market risk

The Group is also exposed to the risk that cash flows and profit/loss may be affected by changes in energy prices and by oil prices, among other issues. In order to manage and minimise these risks the Group uses hedging strategies.

The Group upholds a policy of ensuring the price of energy on estimated electricity production, which seeks to minimise the exposure of the result to changes in electricity prices in Spain, by procuring derivatives.

Elecnor closely monitors regulatory risk, particularly that affecting renewable energy, to adequately reflect its impact on the consolidated income statement.

Order TED/668/2020, of 17 July, was published in 2020, reviewing remuneration on investments of 2018 and 2019. This review emerged as a result of Royal Decree-Law 15/2018, exempting the payment of tax on electricity production (7%) in the final quarter of 2018 and the first quarter of 2019, since this exemption was not taken into account by the government when calculating remuneration parameters.

With regard to facilities located abroad, the wind farms in Brazil have long-term electricity sale-purchase agreements (20 years) with various buyers (Eletrobras, Câmara de Comercialização de Energia Elétrica, Cemig and distributors), these agreements having been signed within the framework implemented by the Federal Government and through private auction. In addition, the first 100% 'de-contracted' project was launched in Brazil (24.2 MW), which sells energy in the free market. With regard to the Canada farm, it has a 20-year sale-purchase agreement with Hydro-Québec.

6.6. Risk Management System

Elecnor Group is exposed to various risk factors linked to the sectors in which it operates and the long list of countries in which it is present, either consistently or by means of one-off projects.

The Group continually manages and prevents these risks, reducing to acceptable levels the probability of their materialising and mitigating their potential impact, where applicable, on business volume, profitability and efficiency, reputation and sustainability.

For this purpose, the Group has a structured and dynamic Risk Management System the main pillars of which are as follows:

- Continuous risk identification and evaluation and prioritisation.
- Identification of the management and control mechanisms and tools in place in connection with the main risks and assessment of their efficacy.
- Continuous improvement of risk management by means of the development and implementation of initiatives and projects aimed at enhancing management mechanisms and tools.
- Permanent supervision and monitoring of the System.

These management and control mechanisms and tools are integrated in the organisation's various processes so as to operate continuously in the daily course of business, without prejudice to other standalone initiatives and actions that may be determined for each individual case.

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

- Governance risks.

- Strategic, planning and economic environment-related risks.
- Operating risks.
- Reporting risks.
- Compliance risks

In 2021, as part of the process of review and continuous improvement of the Risk Management System, the Group has carried out an internal reflection and planned a series of actions with the aim of making the aforementioned system more operational and effective, mainly through a greater focus on business risks and the improvement of certain systematics for monitoring the main risks, the identification and review of the main associated management and control procedures and tools and the monitoring of the corresponding improvement projects.

7. Environment

The commitment of the Elecnor Group to environmental sustainability is inherent to the undertaking of its activities and its business strategy. On the one hand, the Elecnor Group contributes to building a sustainable, low-carbon future through its renewable energy generation, energy efficiency, water and environmental activities; and, on the other hand, reducing its carbon footprint and undertaking appropriate environmental management.

In this connection, and with the aim of contributing to UN Global Compact Sustainable Development Goal 13 "Climate Action", Elecnor fosters the development of its activity in a sustainable manner adapted to climate conditions and always with the involvement and commitment of all persons belonging to the Group.

The Elecnor Group's activity is framed by its Environmental Management System and Energy Management, certified in accordance with ISO 14001:2015 and ISO 50001:2018 standards, respectively, as well as its Climate Change Strategy. The Environmental Management System defines a procedure to identify, assess and record the environmental aspects originating in its activities in order to determine which are significant and to be able to take measures on them to minimise possible impacts.

The principles of the Environmental Management of the Elecnor Group are set out in the Integrated Management System Policy, the scope of which was updated in 2021. These principles of action are described below:

- Incorporating environmental considerations into the decision-making processes regarding investments and execution of activities, encouraging their being taken into account in cost-benefit analyses.
- Fostering the protection and conservation of biodiversity and the natural environment, implementing the necessary measures in order to mitigate, offset and even avoid the negative impacts produced by the Group's activities, promoting those that generate positive impacts.
- Making sustainable use of resources, fostering responsible consumption, waste minimisation and the circular economy.
- To responsibly and efficiently manage water resources, based on the fully integrated cycle, nurturing social development and the conservation of ecosystems.
- Involving all stakeholders (employees, shareholders, customers, suppliers and society at large) in the joint quest for useful solutions to the challenges of preserving and developing the environment and using natural resources sustainably.

The Elecnor Group actively and decisively contributes to building a low-carbon society. Climate change is a challenge on which the company has been working for years by undertaking various initiatives that have a positive impact on reducing its environmental footprint:

- Calculating its carbon footprint in accordance with internationally recognised standards and implementing actions to reduce GHG emissions within the scope of its activity.
- Verifying, for the seventh consecutive year, the inventory of greenhouse gas emissions pursuant to the ISO 14064-1 standard.
- Obtaining the "Calculo y Reduzco" seal awarded by the Spanish Office for Climate Change (OECC).
- Taking part for the fourth consecutive year in the Carbon Disclosure Project (CDP), presenting its voluntary report on climate change. In 2021, it upheld the score of A- achieved in 2020, a score that positions the Group yet again at the highest level in terms of sustainability, adaptation and mitigation of the impact of climate change.

In 2021, the Group continued progress in its commitment to decarbonisation by joining the SBT (Science Based Targets) initiative. This initiative identifies and fosters innovative approaches to setting science-based corporate emission reduction targets. Following the Group's adherence to the SBT initiative, the Climate Change Strategy for 2035 has been revised. The new Strategy is structured into four overall areas of action: Governance, Strategy, Risk Management, Metrics and Targets, included in three cross-cutting lines: People, Assets and Knowledge, seeking to align with best disclosure practices in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The Committed to the environment chapter of the Non-Financial Information section of this Report outlines the goals, strategies and all the initiatives implemented in 2021 in accordance with the Group's Environmental Management policy.

8. Human Resources

Elecnor's workforce (*)

At 31 December each year	2021	2020	Change (%)
Domestic	11,103	10,542	5.3%
International	10,328	7,661	34.8%
	21,431	18,203	17.73%

*This calculation does not include directors who are not on the Group's workforce.

People are Elecnor's main asset, and its overall strategy is underpinned by values such as talent, transparency and team work in conditions of the utmost safety. In this connection, occupational risk prevention is a common denominator throughout all the Group's activities. The commitment to prevention is part of its culture. And it is a commitment that goes beyond legal regulations and customers' requirements, with exacting and very clear goals: zero accidents and zero tolerance to non-compliances with the preventive measures established by the company.

At 2021 year-end, the Group's workforce had increased by 3,228 (17.73%) to 21,431 employees. In the domestic market the increase was 5.32%, largely in the area of Maintenance to cover the need to support the international business. Abroad, there was a general increase of 34.81%. The increases in headcount in Italy, Angola, Oman and Brazil were particularly noteworthy.

The section Our people, our best asset in the Non-Financial Information section of this Directors' report outlines all the information relating to the Group's workforce.

9. RDI

Innovation in the Elecnor Group contributes greater added value to the services it provides to its customers with the guarantee of sustainability, competitiveness and differentiation of the company.

The Group's main strategic lines of RDI target the following areas of activity. Elecnor, S.A. and its subsidiary Audeca are currently certified in accordance with UNE 166002 standard.

In 2021, the main initiatives undertaken were as follows:

- Maintenance of UNE 166002 certification for RDI Management Systems of Elecnor, S.A. and Audeca.
- Launch of INNOVA 2021 call for proposals for RDI project funding.
- Development of projects for the hybridisation of wind power with photovoltaic energy and studying the possibility of integrating a storage system in hybrid farms.
- The production of renewable hydrogen is being promoted —through the subsidiary Enerfín— as a vector towards ecological transition and decarbonisation.
- Integration of circular economy criteria into wind farm components, mainly turbine blades.
- Collaboration agreement with two hydrogen production technology manufacturers: Fusion Fuel and Ohmium.
- Design and manufacture of an auxiliary metal structure for assembling lighting on high-rise towers.
- Approval of three projects with the participation of the Group's technological subsidiary, Elecnor Deimos, within the scope of the EU's European Defence Industrial Development Programme (EDIDP). These projects are intended to develop new techniques for observing objects in Earth orbit, a command and control system for space defence systems and to outline a space system for the early detection of intercontinental ballistic missiles.
- Approval by the Provincial Council of Bizkaia of two innovative projects in the HAZITEK call for proposals: Genio Project in the Railway Department and QR Project for the activity of industrial plants.
- Training of staff for site and construction managers, tender and BIM personnel for lean construction.

Further information is presented referring to R&D&I in the Elecnor Group in the Non-Financial Information section of this Directors' Report, specifically in the Technology and Innovation chapter.

10. Significant events subsequent to year-end

Between 31 December 2021 and the time of preparation of the Individual and Consolidated Financial Statements there were no significant events that might materially alter the true and fair view of said financial statements, except what follows.

On 18 February 2022, the Elecnor Group informed the CNMV of the start a search process for the possible incorporation of a financial partner in the capital of its wind energy subsidiary, Enerfín Sociedad de Energía, S.L.U., by acquiring a material but non-controlling stake in this subsidiary.

11. Outlook for 2022

11.1. Economic context

As explained in section 2 of this report – Economic context, the outlook for next year is for global growth. Despite the persistent high degree of uncertainty due to possible new virus variants, the threat of rising interest rates, growing inflation and geopolitical risks, the world economy is expected to grow, bolstered by the main economies' policies in support of growth.

11.2. Elecnor Group

The Elecnor Group holds a leading position in the main activities that will be the driver of growth and will concentrate most of the stimulus measures promoted, in particular by the European Union and the United States. In that regard, the global trends that will drive the Group's businesses are:

- Electrification and energy efficiency
- Renewable energies
- Digitisation and connectivity
- Comprehensive rendering of urban services

On the basis of the foregoing, the Elecnor Group expects to continue to grow its results in 2022, as it has been doing year after year for the last decade.

12. Share capital and acquisition of own shares

At 31 December 2021, the share capital of Elecnor, S.A. was represented by 87,000,000 shares, each with a par value of EUR 10 Euro, fully subscribed and paid in, implying a share capital of EUR 8,700,000.

Elecnor, S.A.'s shares are traded in Spain's SIBE electronic trading system, where shares in the leading Spanish companies are traded, and the market with the largest trading volume in Spain.

At 31 December 2020, Elecnor, S.A. had a portfolio of 2,320,942 shares. In 2021 it acquired 232,769 securities, and sold 232,962. Accordingly, at 31 December 2021 it had a total of 2,320,749 own shares, 2.7% of all shares in the company, unchanged on the previous year.

13. Related party transactions

With regard to the disclosures on related party transactions, see the details in the notes to the individual and consolidated financial statements at 31 December 2021, as provided in article 15 of Royal Decree 1362/2007.

14. Annual Corporate Governance Report and Annual Report on Directors' Remuneration

In compliance with the legal stipulations and in accordance with the model circulated by the Spanish National Securities Market Commission (CNMV), the Board of Directors of Elecnor, S.A. has drawn up the Annual Corporate Governance Report, as well as the Annual Report on Directors' Remuneration for the year ended 31 December 2021, which accompany this report. Said documents are available on the CNMV website and on the Group's corporate website.

15. Non-financial information

15.1 About this Report GRI 102-1, GRI 102-5, GRI 102-45

This section of the Directors' Report is produced in compliance with the provisions of Law 11/2018, of 28 December, concerning non-financial information and diversity (preceded by Royal Decree-Law 18/2017, of 24 November).

Within this framework, information is included on the activities and the main economic, social, environmental and governance impacts of the Elecnor Group, and any aspects considered relevant for the company's main stakeholders in 2021. As shown in Appendix II, "Contents index of Law 11/2018 of 28 December, on non-financial information and diversity", the essential options of the international standards of the Global Reporting Initiative (GRI) have been followed in the drafting process and the requirements identified as material for the business have been taken into consideration.

The scope of the information reported in this report is the entire Elecnor Group (Elecnor, S.A. and subsidiaries), and also includes, where applicable, information on the joint venture Celeo Concesiones e Inversiones, S.L. With regard to environmental data, the scope is limited to those countries where the organisation has a permanent presence. Social information concerning the Elecnor Group and the Elecnor Foundation is included.

15.2 Progressing in our commitment to sustainability

The Elecnor Group considers it has an inherent responsibility in every aspect of the implementation of its activities and its business strategy, as well as its relations with stakeholders. This commitment is set out in its Strategic Sustainability Plan, which lays down the core areas of its social responsibility and the basis for ongoing improvement in sustainability management.

The Elecnor Group's 2021-2022 Strategic Sustainability Plan is based on five pillars that reflect the company's DNA and its purpose of generating change and well-being in the territories in which it operates. This strategy conveys to the Group's stakeholders its commitment to people, society and the environment, always based on ethical and responsible management.

The Strategic Sustainability Plan has been prepared by the Sustainability Committee, supervised by Management and submitted to the Appointments, Remuneration and Sustainability Committee, which has taken on the duties of promoting, monitoring and assessing all actions and policies on ESG issues undertaken in the company. Lastly, it has been approved by the Board of Directors.

Elecnor Group Sustainability Strategy

Main strategic lines

Profitable and forward-looking company

It comprises one of the core building blocks of sustainability seeking the long-term projection of the company in terms of financial solvency, efficiency and competitiveness. These are its lines of action:

- Sustainable financing linked to the performance of ESG goals and indicators
- Consolidating quality and strengthening client satisfaction
- Driving digital transformation and innovation

Solid governance structure

Geared towards making further progress in the Good Governance principles and continuing to strengthen the structure of good governance. These are its lines of action:

- Progressing in Corporate Governance

- Strengthening compliance
- Ongoing and preventive risk management and supervision

Develop sustainable infrastructures

Being one of the key agents in the development and progress of society through infrastructure, renewable energy, energy efficiency, water and environmental projects. These are its lines of action:

- Guaranteeing quality and sustainable infrastructures with future projection
- Undertaking projects and services that contribute to cutting greenhouse gases and facilitating access to renewable energy
- Progressing towards becoming a carbon neutral company

Improve the quality of life of people

Fostering the development and progress of society. These are its lines of action:

- In constant dialogue with stakeholders
- Supporting the communities where the Group operates

Promoting a culture of belonging and respect

The importance of people's health and safety, as well as aspects resulting in the motivation and personal and professional enrichment of the teams is particularly linked to the company's DNA. These are its lines of action:

- Strengthening the commitment to health and safety
- Attracting and retaining talent
- Strengthening equality and diversity
- Promoting work-life balance

Similarly, in the area of ongoing improvement, the company has outlined actions geared towards the more efficient management of sustainability that strengthens the Group's commitment in this area and achieves its full integration into the business.

Sustainability Committee

The Sustainability Committee of Elecnor Group, set up in 2020, is a cross-cutting body with representation from the company's various corporate and business areas. Its goal is to design the tools needed to manage sustainability throughout the Group, foster a coordinated strategy, ensure that it is properly adopted and followed, and monitor progress achieved with a view to nurturing best practices.

This year, the Sustainability Committee met on 4 occasions.

The Committee's actions are supervised by Management and referred to the Appointments, Remuneration and Sustainability Committee of the Board of Directors.

Alignment of the material issues, the Sustainable Development Goals and the Sustainability Strategy GRI 102-42, GRI 102-43, GRI 102-44, GRI 102-46, GRI 102-47

In 2020, the Elecnor Group conducted a Materiality Analysis with the dual purpose of defining significant issues in connection with sustainability and prioritising the contents of this section of the Directors' Report.

The materiality analysis is prepared with the same frequency as the Group's Strategic Sustainability Plan.

In this regard, the process implemented consisted of:

1. **Identification of material issues**, for which purpose the company performed a benchmarking of major players in the sector and of its competitors based on their materiality matrices, as well as an analysis of the main public announcements and initiatives both in Spain and abroad. In addition, it considered sustainability standards such as SASB, GRESB and GRI, as well as regulations governing non-financial information.

   A total of 25 issues were identified, and grouped into five dimensions: Economy, People, Governance, Environment and Society.

ECONÓMICO

- Calidad del servicio y orientación al cliente
- Oportunidades de negocio
- Transformación digital
- Gestión financiera (desempeño económico)
- Ciberseguridad
- Contexto regulatorio
- Gestión de la cadena de suministro
- Innovación
- Inversión socialmente responsable

GOBERNANZA

- Ética y compliance
- Derechos Humanos
- Gestión de riesgos no financieros
- Buen Gobierno

PERSONAS

- Seguridad y salud laboral
- Desarrollo del capital humano
- Conciliación
- Gestión de la igualdad y la diversidad

MEDIO AMBIENTE

- Transición energética
- Eficiencia de los recursos
- Cambio climático
- Biodiversidad
- Economía circular
- Huella hídrica

SOCIEDAD

- Diálogo con las comunidades locales
- Gestión del diálogo con los grupos de interés

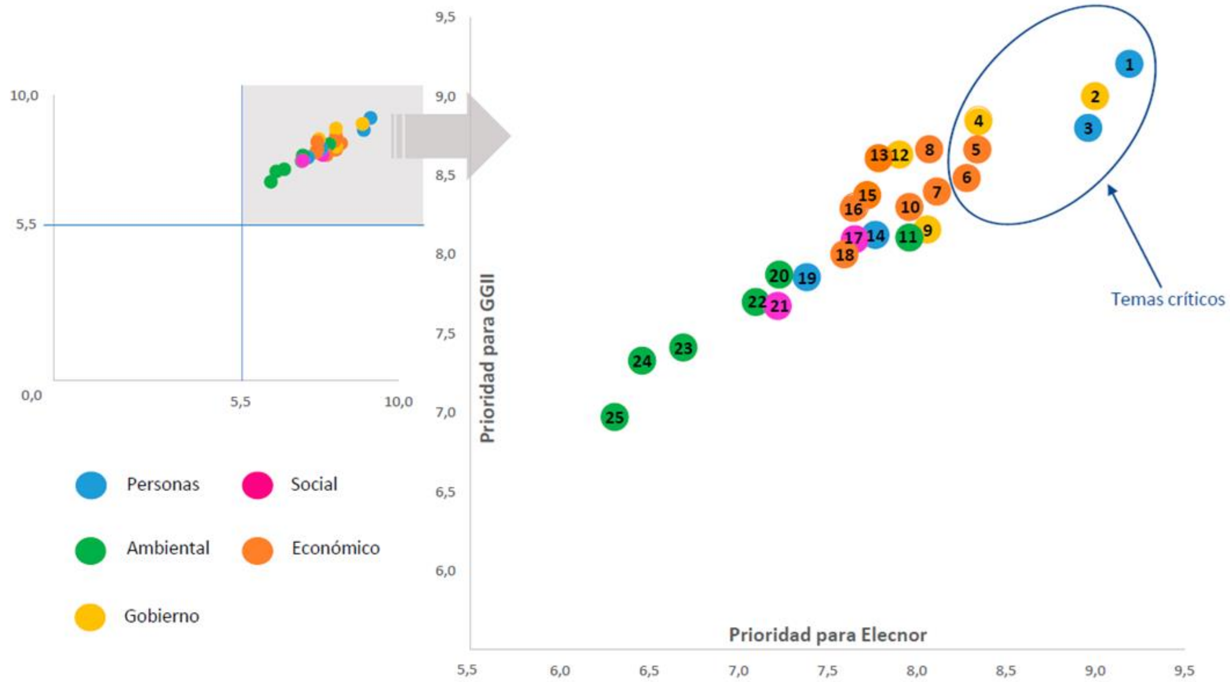
2. **Consultation with internal and external stakeholders.** The Elecnor Group sent a questionnaire to both its main stakeholder groups and the Group’s Management in order to obtain their assessment of the issues identified in the preliminary phase. The Management’s perspective reflects the relevance of the issues in the business and management of the Elecnor Group; and the stakeholders’ perspective provides their view of the impact of the various matters on their decisions regarding the Group.

3. **Prioritisation of material issues**. Based on the assessments by the stakeholder groups and Management, a list of priority material issues was compiled, ordered from highest to lowest significance.

4. **Compilation of a materiality matrix** based on the results obtained. Said matrix contains the issues arranged by significance for the Elecnor Group and its stakeholders. The results were validated by Management.

In the process of preparing the Group’s Sustainability Strategy, the Sustainability Committee did not identify any additional sustainability aspects, ratifying the validity of these material issues for 2021.

In 2022, the company will conduct a new materiality analysis taking into account the new universal standards of the Global Reporting Initiative, GRI.



All the issues identified were considered to be material for the Elecnor Group and this is reflected in this Non-Financial Information Statement which provides on all of them.

Because of the significance of critical issues, below is an outline of their relationship with GRI standards, the Sustainable Development Goals, and the Sustainability Strategy:

Critical material matters	GRI Content	SDGs	Internal impact	External impact	Sustainability strategy
Occupational health and safety	403-1 403-2 403-3 403-4 403-5 403-6 403-7 403-8 403-9 403-10		✓	✓	
Ethics and Compliance	102-16 102-18 205-2 205-3 307-1		✓	✓	
Developing human capital	401-1 404-1 404-3		✓		

Critical material matters	GRI Content	SDGs	Internal impact	External impact	Sustainability strategy
Human rights	102-16 406-1	5 IGUALDAD DE GÉNERO 8 TRABAJO DECENTE Y CRECIMIENTO ECONÓMICO 10 REDUCCIÓN DE LAS DESIGUALDADES	✓	✓	
Service quality and customer focus	Elecnor Group own indicator.	7 ENERGÍA ASEQUIBLE Y NO CONTAMINANTE 9 INDUSTRIA, INNOVACIÓN E INFRAESTRUCTURA 12 PRODUCCIÓN Y CONSUMO RESPONSABLES		✓	
Business opportunities	Elecnor Group own indicator. GRI does not include indicators linked to this aspect.	7 ENERGÍA ASEQUIBLE Y NO CONTAMINANTE 8 TRABAJO DECENTE Y CRECIMIENTO ECONÓMICO 9 INDUSTRIA, INNOVACIÓN E INFRAESTRUCTURA 13 ACCIÓN POR EL CLIMA	✓		

Social dialogue with stakeholders GRI 102-40

The Elecnor Group is in fluent and constant dialogue with its various stakeholder groups through a number of channels, through which it aims to ascertain and respond to their needs and expectations.

In 2020, within the framework of the Sustainability Committee, the list of the Group's stakeholders was updated so as to continue enhancing management of relations with these groups.

The main stakeholders and communication channels with them are outlined below:

Stakeholder group	Communication channel
Shareholders and investors	General Shareholders' Meeting Corporate and financial reporting: Corporate Governance Report, Annual Accounts, NFIS, Integrated Report, Elecnor Foundation Report, etc. Meetings Corporate websites Shareholder services channel Shareholder forum
Customer	Periodic visits Periodic communications Individual and consolidated annual and half-yearly accounts Satisfaction surveys Comprehensive report Elecnor Foundation report Corporate websites

	Social media Trade fairs
Employees	Periodic meetings Work groups Comprehensive report Elecnor Foundation report Communication campaigns Training sessions and courses Corporate websites Social media Buenos Días Elecnor intranet eTalent Ethical Code whistleblower channels E-mail igualdad@elecnor.com
Public Entities and regulatory bodies	Official filings Corporate and financial reporting: Corporate Governance Report, Annual Accounts, NFIS, Integrated Report, Elecnor Foundation Report, etc. Corporate websites Social media
Suppliers	Meetings and work groups Conventions, fairs and congresses Audits Management platforms Comprehensive report Corporate websites Social media Ethical Code whistleblower channels
Social environment	Social projects Comprehensive report Elecnor Foundation report Sponsorships and patronage Corporate websites Social media Specific project websites
Opinion generation	Press releases Information briefings Individual and consolidated annual and half-yearly accounts Integrated Report Elecnor Foundation report Corporate websites Social media
Partners	Collaboration agreements Forums, fairs and congresses Corporate and financial reporting: Corporate Governance Report, Annual Accounts, NFIS, Integrated Report, Elecnor Foundation Report, etc. Corporate websites Social media
Unions	Information briefings Meetings with workers' representatives Comprehensive report Corporate websites Ethical Code whistleblower channel

Lenders/Insurers	Meetings Corporate and financial reporting: Corporate Governance Report, Annual Accounts, NFIS, Integrated Report, etc. Corporate websites Social media

These are some key figures in the communication with the various stakeholders in 2021:

24 Corporate websites

208,571 users on the Elecnor Group website

320,703 followers on social media

22,250 users visited the channel Shareholders and Investors of the Elecnor Group

16 Meetings with investment funds and analysts

55 consultations received and attended at accionistas@elecnor.com

446 internal communications sent to the Elecnor Group workforce

1,850 satisfaction surveys sent to customers

Other actions in the field of sustainability management

AENOR SOCIAL RESPONSIBILITY IQNet SR10

The Elecnor Group is undergoing certification in accordance with the IQNet SR10 Corporate Social Responsibility standard, which is expected to be completed during the first half of 2022. This seal certifies that companies have all the necessary elements for correct sustainability management, endorsing their level of commitment in this field.

15.3 Business model GRI 102-2

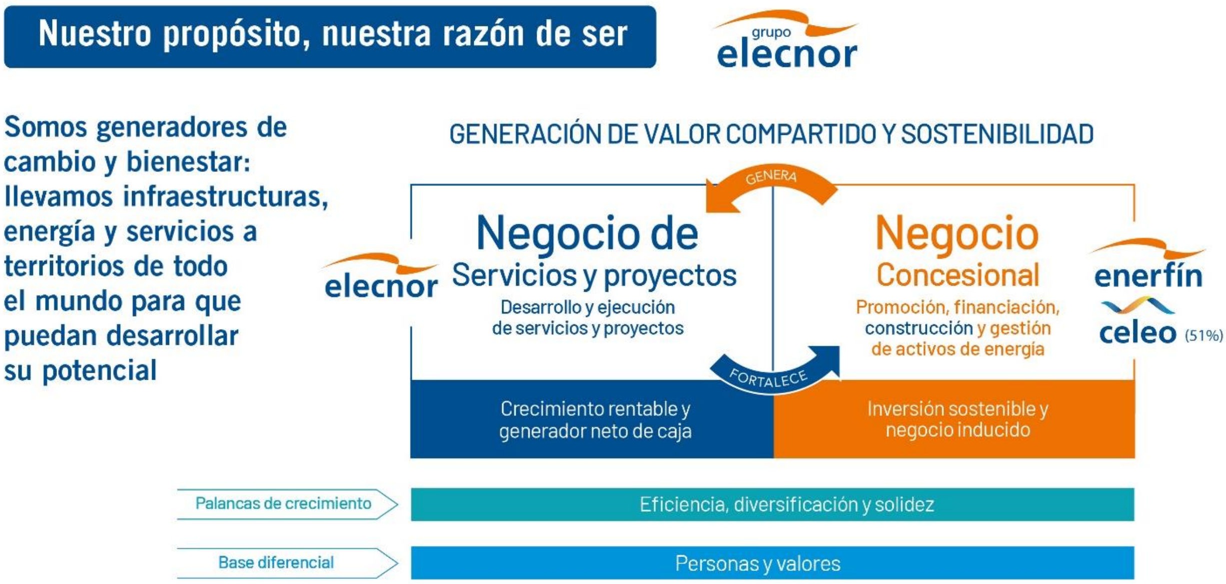
Information on the company's business model is contained in the Purpose, vision and business model section of this Directors' Report. Information concerning the outlook for 2022 can be found in the section with the same name.

Strategic goals

The strategy of the Elecnor Group is in line with its purpose and is backed by a multidisciplinary, qualified and diverse team that enables it to take advantage of opportunities and drive growth.

Thanks to a solid, durable business model with strong synergies between its businesses, the Elecnor Group is committed to diversification, internationalisation and technological excellence in order to drive the development of essential services and renewable energies.

In that regard, the Group's strategy is based on the protection and safety of its people and its activity, as well as on technical and financial solvency, efficiency and control. All this with the focus on generating value for all of its stakeholder groups.



Implementation of the European Taxonomy on Sustainable Finance

The European Taxonomy is a classification system for environmentally sustainable economic activities. This classification outlines what is considered sustainable and which activities are sustainable. In order to facilitate the classification of sustainable activities, the Taxonomy Regulation was published.

In 2020, the European Parliament and the Council of the European Union adopted the Taxonomy Regulation (TR), Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments, amending Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (RSFDR).

The requirements on how and to what extent the activities of companies are associated with economic activities that are deemed environmentally sustainable are specified in Article 8 of the TR which, in its first two paragraphs, states:

1. Any company required to disclose non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU will include in its consolidated non-financial statement information on how and to what extent the activities of the company are associated with economic activities that are deemed to be environmentally sustainable in accordance with Articles 3 and 9 of this Regulation.
2. In particular, non-financial companies will disclose the following information:
    a. The proportion of their turnover that comes from products or services related to economic activities that are deemed environmentally sustainable pursuant to Articles 3 and 9.
    b. The proportion of its capital expenditure and the proportion of its operating expenses related to assets or processes associated with economic activities that are deemed environmentally sustainable pursuant to Articles 3 and 9.

Furthermore, two delegated regulations have been published to implement the TR:

- Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.
- Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.

Therefore, pursuant to the foregoing, the Elecnor Group is subject to the obligation to disclose in the Non-Financial Information Statement (NFIS) for 2021, information on the manner and extent to which the company's activities are associated with economic activities that are considered environmentally sustainable in relation to goals to mitigate and adapt to climate change.

Thus, in this section of the NFIS, the Elecnor Group publishes the proportion of its eligible and non-eligible activities according to the taxonomy in its total turnover, its capital expenditure (CapEx), and its operating expenses (OpEx).

Methodology for the identification of eligible activities

Identification of activities conducted by the Elecnor Group

The Elecnor Group classifies its activities and sub-activities using an internal coding system. According to this coding, the Group gathers its activities into the following main activities:

- Electricity: designing, constructing and operating and any other type of action on distribution networks, transmission lines and transformation substations.
- Energy efficiency: undertaking of projects to improve energy efficiency both in public lighting installations in municipalities and in the tertiary and industrial sectors (financing, energy management, maintenance and full warranty during the concession period and the mixed supply and service contract).
- Power generation: executing turnkey projects mainly for wind and solar photovoltaic power generation facilities, as well as their operation and maintenance.
- Gas&Oil: designing, constructing and any other type of action on gas-associated facilities, ranging from transport to distribution.
- Telecommunications and Systems: developing telecommunications infrastructures and systems for operators (mainly engineering, construction, installing customer equipment and maintenance).
- Railways: turnkey projects for electrification, signalling, interlocking, communications and control systems in the area of railways, underground railways, trams and trolleybuses.
- Maintenance: customised solutions for the rendering of technical, commercial and auxiliary services in the field of public services for electricity, communications, gas, water and installations.
- Installations: comprehensive solutions for large installations (design, construction and commissioning and operation and maintenance).
- Construction: civil works, building and hydraulic works.

- Water: multidisciplinary projects for both hydrological planning and water transport and distribution networks, developing water treatment solutions and water purification and treatment projects for urban and process water supplies.
- Environment: turnkey solutions with own developments in waste treatment and waste management engineering, forestry activities, maintenance of green areas, street cleaning and infrastructure maintenance and conservation.
- Space: design, engineering, solution development and systems integration for the areas of space and information and communication technologies.

Categorisation of activities into eligible and non-eligible activities

The above activities and their corresponding sub-activities have been analysed using the classification of economic activities included in the delegated acts corresponding to the goals to mitigate and adapt to climate change, and which are based on the NACE (Statistical Classification of Economic Activities in the European Community) classification.

The correspondence of the Elecnor Group's economic activities with the NACE codes included in the two delegated acts has been analysed. Following the exercise conducted, it has been concluded that the following Elecnor Group activities are deemed eligible according to the taxonomy:

			Taxonomy		
ACTIVITY	**SUB-ACTIVITIES**	**NACE Code**	**Taxonomy Activity**	**Activity Description**	**Activity Goal and Type**
Electricity	Distribution and transmission networks, substations, transformer stations and live working	3512: Electricity transmission 3513: Electricity distribution	4.9. Transmission and distribution of electricity	Construction and operation of: transmission systems that transport electricity on the very high voltage and high voltage interconnected system; and distribution systems that transport electricity on high, medium and low voltage distribution systems	Mitigation (enabling activity) Adaptation (direct contribution activity)
Energy efficiency	Street lighting	3312: Machinery repair	7.3. Installation, maintenance and repair of energy-efficient equipment	Individual renovation measures comprising installation, maintenance or repair of energy-efficient equipment	Mitigation (enabling activity) Adaptation (direct contribution activity)
Power generation	Wind farms, solar photovoltaic, power generation plants, self-consumption and online distribution and sale of photovoltaic products	3511: Wind, hydroelectric and other electricity production 4321: Electrical installations 2711: Manufacture of electric motors, generators and transformers	4.1. Generation of electricity using solar photovoltaic technology 4.2. Electricity generation by concentrating solar-power technology 4.3. Electricity generation from wind energy 4.5. Electricity generation from hydropower 4.8. Electricity generation from bio-energy	Construction and operation of solar photovoltaic (PV), concentrating solar-power, wind, hydro or biomass-only, biogas or bioliquid electricity generation facilities, installation, maintenance and repair of renewable energy technologies, in situ, and manufacturing of renewable energy technologies	Mitigation (direct contribution activity) Adaptation (direct contribution activity)

			Taxonomy		
ACTIVITY	SUB-ACTIVITIES	NACE Code	Taxonomy Activity	Activity Description	Activity Goal and Type
			7.6. Installation, maintenance and repair of renewable energy technologies 3.1. Manufacture of renewable energy technologies		
Railways	Catenary, traction substations, signalling and interlocking, and communications	4212: Construction of aboveground and underground railway lines 4321: Electrical installations	6.14. Rail transport infrastructure	Construction, modernisation, operation and maintenance of aboveground and underground railways, bridges and tunnels, stations, terminals, railway service facilities, safety and traffic management systems, including the rendering of architectural, engineering, draughting, building inspection, surveying and mapping services, in addition to services performing physical, chemical and other analytical testing of all types of materials and products	Mitigation (enabling activity) Adaptation (direct contribution activity)
Maintenance	Urban services	3811: Non-hazardous waste collection	5.5. Collection and transport of non-hazardous waste in source-segregated fractions	Separate collection and transport of non-hazardous waste in individual or mixed fractions to prepare it for reuse or recycling	Mitigation (direct contribution activity) Adaptation (direct contribution activity)
Facilities	Electricity and instrumentation, air-conditioning, HVAC, PCI and plumbing and comprehensive installations	4321: Electrical installations 4322: Plumbing, heating and air-conditioning systems installations	7.5. Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings	Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings	Mitigation (enabling activity) Adaptation (direct contribution activity)
Construction	Non-residential buildings	4120: Construction of buildings	7.2. Renovation of existing buildings	Construction and civil engineering works or preparation of such works	Mitigation (transition activity) Adaptation (direct contribution activity)

ACTIVITY	SUB-ACTIVITIES	NACE Code	Taxonomy: Taxonomy Activity	Taxonomy: Activity Description	Taxonomy: Activity Goal and Type
Water	Water treatment plants	4299: Construction of other civil engineering projects n.e.c.	5.1. Construction, expansion and operation of water catchment, purification and distribution systems 5.2. Renewal of water collection, purification and distribution systems 5.3. Construction, expansion and operation of waste-water collection and treatment systems	Construction, expansion and operation of water collection, purification and distribution systems and centralised waste-water systems, including collection (sewerage) and treatment and their renewal	Mitigation (direct contribution activity) Adaptation (direct contribution activity)
Environment	Environmental works	0210: Silviculture and other related activities 0240: Silviculture support services	1.1. Forestry 1.2. Rehabilitation and restoration of forests, including reforestation and natural regeneration of forests after extreme events 1.3. Forest management 1.4. Conservation silviculture	Establishment of forest by planting, deliberate seeding or natural regeneration on land that was hitherto under other use or unused, forest rehabilitation and restoration, forest management and other forest management activities seeking to preserve one or more habitats or species	Mitigation (direct contribution activity) Adaptation (enabling activity)

Furthermore, the following activities of the Elecnor Group do not appear in the taxonomy and have therefore been catalogued as ineligible activities:

ACTIVITY	SUB-ACTIVITIES	NACE Code
Power generation	Combined cycle thermal power plants	3516: Production of conventional thermal electricity
Gas&oil	Distribution and transmission, infrastructure operations (domestic grid), domestic services and miscellaneous facilities and oil	3522: Distribution of gaseous fuels through pipelines 3523: Trade in gas by pipeline 4950: Pipeline transport 0610: Extraction of crude oil
Telecommunications and systems	Network creation, customer registration, internal plant and equipment, network engineering and maintenance, projects and maintenance of communications, security and automation and control systems, special and unique installations, product engineering	4222: Construction of electrical grids and telecommunications networks 6110: Cable telecommunications 6120: Wireless telecommunications 6130: Satellite telecommunications 6190: Other telecommunications activities 8020: Security systems services

	and development, smart cities (systems)	
Maintenance	Comprehensive maintenance of buildings, electrical and instrumentation, air conditioning, HVAC, plumbing, mechanical, industrial maintenance and maintenance of transport infrastructure and green areas	3314: Repair of electrical equipment 3320: Installation of industrial machinery and equipment 4211: Construction of roads and motorways 4213: Construction of bridges and tunnels 4322: Plumbing, heating and air-conditioning systems installations 8130: Landscaping activities 9104: Activities of botanical gardens, zoos and nature reserves
Facilities	Interior design	7410: Specialised design activities
Construction	Non-residential buildings	4211: Construction of roads and motorways 4213: Construction of bridges and tunnels 2361: Manufacture of concrete elements for construction purposes
Water	Waste disposal plants, waterworks and water distribution systems	4299: Construction of other civil engineering projects n.e.c. 4291: Waterworks 4221: Construction of fluid power networks
Space	Space	6190: Other telecommunications activities 8030: Research activities

Estimation of the indicators for eligible activities: Turnover, capital expenditure (CapEx) and operating expenses (OpEx)

After cataloguing the activities of the Elecnor Group as eligible and non-eligible, the indicators (KPIs) required by the abovementioned regulations have been calculated.

In order to calculate them, and pursuant to the applicable regulations, the scope of the Elecnor Group's companies and organisations that comprise its consolidation scope for in order to prepare the consolidated annual accounts was considered. This includes all those consolidated using the full or proportionate consolidation method, and therefore does not include the figures relating to other organisations over which the Elecnor Group exercises joint control or significant influence, which are included in the annual accounts using the equity method. As a consequence, the figures relating to the Celeo Group have not been considered when calculating these indicators, even though its activities, which mainly comprise the development, third-party financing, construction and operation and management of electricity transmission lines and photovoltaic and solar thermal farms, have been classified as eligible.

The methodology used to calculate each of these indicators and the results obtained are outlined below.

Proportion of turnover from products or services related to environmentally sustainable economic activities

The Elecnor Group has a highly developed, mature and consolidated analytical accounting and works/project management system (the latter hereinafter referred to as the *works system*) that allows it to precisely allocate its costs, both direct and indirect, to the various works in progress. These systems are common to practically all the organisations comprising the Elecnor Group and its consolidation scope, facilitating the process of managing and monitoring its activity.

The Elecnor Group recognises its turnover using the stages of completion or percentage of completion method, as established in the applicable accounting legislation. Therefore, on a monthly basis, using the information on the costs of each project reported by the works system and taking into account the best estimate of the expected margin at the close of the project at any given time, the project managers estimate and record in the aforementioned system the production corresponding to the allocated costs. Based on this production, the turnover is recorded monthly in the accounts.

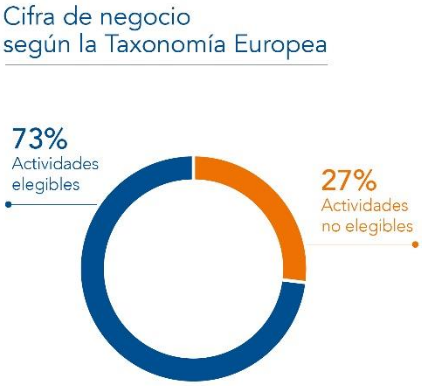
As stated previously, the Elecnor Group has a commercial management system in which all bids submitted are recorded. Each of these bids must be assigned to one of the activities set out in its internal activity coding system. If the project is ultimately awarded to the Group, and in order to be able to properly manage it (cost allocation, production recording, invoicing, etc.), the corresponding work is created in the works system, which must be associated with a bid recorded in the commercial management system. Thereby, each and every work registered in the system is associated with an activity code.

As stated previously, the works systems of the various subsidiaries and organisations comprising the Elecnor Group integrate all the information related to the economic figures of the works in progress (chiefly turnover, expected margin at the end of the works and allocated costs). This information is consolidated and grouped by activity.

Taking this into account, the Elecnor Group has calculated the turnover indicator for 2021 that comes from eligible activities as follows:

- Numerator: turnover for 2021 ("Net turnover") that comes from activities that have been deemed eligible activities according to the regulations in force pursuant to the analysis conducted – Euros 2,284,377 thousand.
- Denominator: The Elecnor Group's "Net turnover" included in the consolidated annual accounts for 2021 prepared by the Board of Directors on 23 February 2022 – Euros 3,122,421 thousand.

Therefore, the percentage of the Elecnor Group's turnover for 2021 that comes from environmentally sustainable activities (eligible activities) amounts to 73%.



As previously stated, the turnover of the Celeo Group, which is accounted for using the equity method, has not been taken into account for the calculation of this indicator, even though its activities are eligible activities. The turnover of the Celeo Group for 2021 amounted to Euros 197,646 thousand.

Proportion of capital expenditure (CapEx) related to assets or processes associated with sustainable environmental economic activities

The nature of the Elecnor Group's main capital expenditure, without taking into account investments made through its subgroup Celeo (mainly electricity transmission lines and facilities generating photovoltaic and solar thermal energy) is as follows:

- Wind power generation facilities and rights of use over associated assets.
- Machinery, tools and equipment, transport equipment and other assets necessary for the rendering of services and execution of works and projects, in addition to rights of use over assets of this nature (hereinafter, *assets for the execution of projects*).
- Other supporting property, plant and equipment not directly related to business activities, such as computer systems or furniture and fixtures.

The Elecnor Group keeps a register, through the various fixed asset systems or modules of its subsidiaries and organisations, of all its property, plant and equipment. This system makes enables each of these assets to be identified individually, to be managed appropriately (maintenance, recording additions and disposals and estimating their depreciation and amortisation, among other aspects) and to ensure that they are properly recorded in the accounting systems.

These assets are not individually assigned to any of the activities established in the internal activity coding system or to the different works in progress, as they, and in particular the assets for the execution of projects, are used in a cross-cutting manner in various works and even in different activities. The cost of the use and utilisation of these assets, materialised through their systematic depreciation and amortisation and other costs directly related to them, is allocated to the various projects through the corresponding *equipment utilisation reports* and *vehicle utilisation reports* (cost allocation rates of equipment per day of use), which are completed monthly by the operators.

In such circumstances, the Elecnor Group deems the best approximation of the extent to which its investments in this type of asset are related to sustainable activities is the abovementioned allocation of the consumption of the assets (depreciation and other costs related to their use and utilisation) to the various projects and works. This means, with the due precautions, that the percentage of these costs associated with eligible activities is represented by the indicator relating to turnover estimated in the above section. Therefore, in order to avoid duplication when calculating the various indicators, as laid down in the regulations in force, investments in assets for the execution of projects have not been included as part of the numerator for the purposes of calculating this indicator, even though, as previously stated, a very significant part of them is consumed in projects related to eligible activities.

Among the strategic objectives of the Elecnor Group in the field of climate change, the renewal of the fleet for more efficient vehicles and the development of projects by country for the switch to more sustainable fuels are prominent.

Furthermore, investments in wind power generating facilities and associated rights of use, which are incurred in their entirety by the Enerfín subgroup, have been categorised as related to sustainable activities.

Taking this into account, the Elecnor Group has calculated the capital expenditure (CapEx) indicator for 2021 associated with eligible activities as follows:

- Numerator: capital expenditure made in 2021 by the Enerfín subgroup (investments in wind power generating facilities and associated rights of use), calculated as the sum of the consolidated "Additions" for the financial year under the headings "Intangible assets – Other intangible assets", "Right-of-use assets" and "Property, plant and equipment" of the Enerfín subgroup that comprise the consolidated Elecnor Group – Euros 40,826 thousand.
- Denominator: sum of the "Additions" for the year under "Intangible Assets - Other Intangible Assets", "Right-of-Use Assets" and "Property, plant and equipment" of the Elecnor Group included in the related explanatory notes to the consolidated annual accounts for 2021 prepared by the Board of Directors on 23 February 2022 – Euros 147,881 thousand.

Therefore, the percentage of the capital expenditure (CapEx) of the Elecnor Group for 2021 relating to assets or processes associated with environmentally sustainable economic activities (eligible activities) amounts to 28%.

Proportion of operating expenses (OpEx) related to assets or processes associated with sustainable environmental economic activities

The regulations in force establish that in order to calculate this indicator, only the percentage of certain operating costs that are related to assets or processes associated with eligible activities should be considered as a percentage of the total operating costs. Specifically, and as a basis of calculation of the indicator, only the costs of research and development, building renovation, leases, maintenance and repair and other direct costs related to the day-to-day operation of fixed assets (exclusively property, plant and equipment) necessary for their ongoing and correct functioning must be taken into account. The Elecnor Group recognises these costs under "Research and development expenses", "Leases" and "Repair and maintenance", as identified in the related note to its annual accounts, under "Other operating expenses" in the income statement.

As stated in the above section, the subsidiaries and organisations included in the consolidation scope of the Elecnor Group do not generally own fixed assets other than assets required for the execution of projects, wind power generating facilities and other support assets not directly related to business activities.

As regards the assets necessary for the execution of projects, and as previously stated in relation to the depreciation thereof, the various related operating costs are allocated to the projects through the corresponding *equipment utilisation reports* and *vehicle utilisation reports*. For this reason, and once again, the Elecnor Group deems the best measure to establish how the operating expenses referred to in this section are associated with sustainable activities to be through this allocation, which is already represented by the indicator corresponding to turnover.

Furthermore, all of the operating expenses of this nature incurred by the Enerfín subgroup are directly related to the wind power generation facilities it owns. In that regard, and in relation to 2021, the expenses incurred by the Enerfín subgroup recorded under the headings "R&D&I expenses", "Leases" and "Repair and maintenance" amounted to a total of Euros 5,450 thousand.

The Elecnor Group's total operating expenses included under the headings stated in this section for 2021 amounted to Euros 130,263 thousand. Therefore, the percentage of the abovementioned expenses incurred by the Enerfín subgroup as a percentage of the total amounts to 4%.

15.4 Our people, our best asset

The Elecnor Group has a team of more than 21,000 people and more than 60 nationalities. It is these people who set us apart, through their effective and efficient work, and they are therefore the cornerstone of the Group's activity.

Integrated Human Resources Management System GRI 103-1, GRI 103-2, GRI 103-3

The Group's Integrated Human Resources Management System is geared towards attracting the best talent available, as well as deploying, fostering and developing the existing talent in the organisation.

Selection

Acquiring and attracting the best available talent in the market, prioritising internal talent.	10% Increase in new hires	21,431 employees
Performance Process of analysis of the actions and results of each person in their post, as well as the identification of improvement areas.	3,142 people evaluated	
Compensation Focused on fair remuneration, that rewards and recognises merits.	Salary surveys Social benefits	
Development This means a maximum commitment to existing potential in order to offer employees opportunities for growth and improvement over the course of their career.		
Training Aimed at developing skills and broadening knowledge to achieve optimal suitability of person to post.	352,936 Training hours 16.47 Hours of training/employee GRI 404-1	

Selection

The Elecnor Group strives for the utmost fairness in the duties, remuneration and recognition of posts of equal value within the Group, regardless of the characteristics of the person occupying the post. In this connection, it has established selection guidelines to achieve maximum equality in these aspects.

Moreover, the Group has an internal selection and mobility policy aimed at attracting and retaining the best available talent in the market.

Aware of the difficulties inherent to international selection processes and the level of competition in some countries due to the scarcity of skilled profiles, work is ongoing to boost the Group brands as a standard-bearing company for professional development. In this regard, a LinkedIn profile Elecnor Talento is mainly used to coordinate job vacancy postings in the international market. This year, a boost was given using specific campaigns on LinkedIn and other employment websites in order to identify talent among those who are not actively seeking work. This year's campaigns have been geared towards boosting the brand image and identifying profiles for renewable projects.

2021 has been characterised by the need to recruit a large number of national and international profiles for renewable energy projects, both wind and photovoltaic, in Spain, Brazil, Colombia and Australia. In Africa, within the framework of the Group's expansion plan, its goal has been to select various profiles for the start-up of activities in new markets, such as Zambia.

The Elecnor Group actively partners with universities and vocational schools in order to attract students and new graduates. Thus, it has taken part in various employment forums, both on-site and virtual, as a result of the current health situation. In order to attract site personnel for the electricity activity, the Group has been present in vocational training institutes in Spain.

640
Employees with training contracts

459
Interns
311 in Spain
148 abroad

As regards the international scholarship programme, thanks to Basque Government scholarships, 12 students from this programme are going to join the Group's companies in the United States, Scotland, Portugal and Italy. Furthermore, we are exploring with universities the possibility of incorporating domestic talent, which will subsequently be transferred to African countries and Lithuania.
The ICEX scholarships in Chile, Lithuania and Mexico are also upheld.

As described in greater detail in the Equality and diversity section of this NFIS, this year emphasis has been placed on publicising the commitment of the Elecnor Group to including people with disabilities in the workplace. This commitment has materialised in the form of support for the Adecco Foundation's #EmpleoParaTodos (JobsForEveryone) programme. This is an organisation that has been working for over 20 years to foster the employability of people at risk of exclusion. Furthermore, we have launched the Aflora project, which seeks to normalise disability in the company by informing and orienting people who, due to certain health conditions, are eligible to obtain a disability certificate.

Performance management GRI 404-3

One of the Elecnor Group's main lines of action comprises developing its human capital, working on attracting, retaining and developing it.

The Group is committed to managing talent by identifying key posts and talent groups (high potential, key people and successors), thereby helping to devise specific development and career plans.

Performance Management provides relevant, objective and transparent information with a view to establishing remuneration, training and development plans.

In the Performance Management process started in 2020 and closed in January 2021, 612 managers have assessed 3,142 employees (2,424 in the previous year), representing upwards of 92% of the people subject to this process.

Each manager assessed the people directly under them, evaluating a series of skills to identify whether the person is eligible for promotion, such as commercial performance, production performance, relationship with employees and the rest of the organisation, commitment to prevention and support for the Group's projects.

There follows a breakdown by gender and category of employees who have received a professional performance assessment:

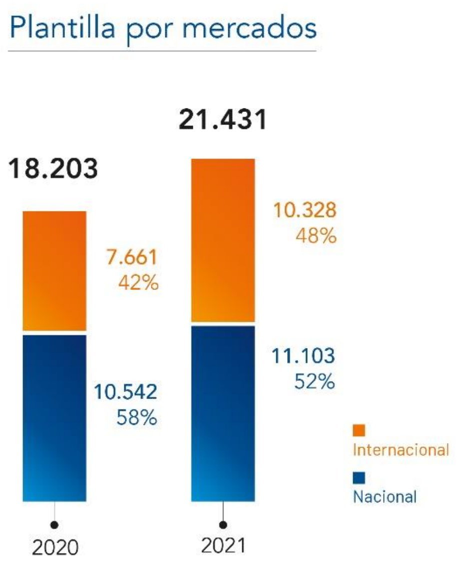
	Male	Female	Total
Structure	2,187	955	3,142
Management	106	17	123
Executive	670	156	826
Technician	1,411	782	2,193
Works	0	0	0
Basic	0	0	0

Total	2,187	955	3,142

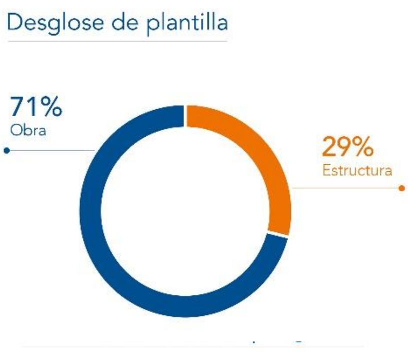
Profile of the workforce GRI 102-4, GRI 102-8, GRI 405-1

The Elecnor Group has an international, multicultural and diverse profile with a presence in more than 50 countries across five continents. The international workforce accounts for 48% of the total, and the domestic workforce 52%.

At the end of 2021, the Elecnor Group employed 21,431 people, a 18% increase on the previous year (18,203 employees). This increase chiefly comes from the international market, where the workforce has grown by 35% compared to 2020, with the rise most noteworthy in Australia, Africa and Latin America. In the domestic market, there was an increase of 5%.

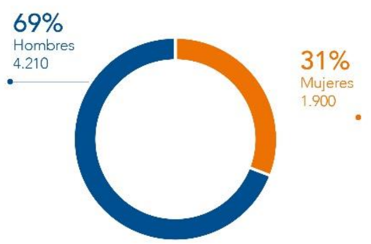


The Elecnor Group's workforce comprised 29% **Structure** staff and 71% **Works** staff.



In line with the historical trend in the sector, men have a greater presence in the Group, as they account for more staff in Works, where women only account for 5%. However, in the Structure category, there is a greater balance between men and women (the latter accounting for 31%, and numbering 1,900).

The company's commitment to equality and diversity fosters growth in the number of women at the organisation, and there has been a 21% increase at Group level in the last year. Note also that 43% of women in the workforce hold degree qualifications or above and they increasingly occupy positions of responsibility in the Group.



It is also worth highlighting the effort made by the company to recruit female engineers as the Group's most demanded profile. At present, in Spain, 46% of the Group's graduates are female engineers or architects, a figure that contrasts with 7.3% of the total number of female graduates from all Spanish universities.

Over the course of this chapter and in Appendix I hereto, the workforce figures by employee type (Structure and Works) are broken down in the gender information so as to adequately represent the profile of the workforce.

Staff in Structure

	2020	2021	% Change
	5,327	6,110	15%
Male	3,749	4,210	12%
Female	1,578	1,900	20%

Staff in Works

	2020	2021	% Change
	12,876	15,321	19%
Male	12,305	14,620	19%
Female	571	701	23%

Below is a breakdown of the Structure staff by geographical area and gender:

	2020		2021	
Geographic area	Male	Female	Male	Female
Spain	2,402	1,047	2,559	1,159
Europe	207	118	246	175
North America	221	43	233	48
Latin America	671	272	794	365
Africa	194	90	226	112
Asia	22	4	80	7
Oceania	32	4	72	34
Total	3,749	1,578	4,210	1,900

The Elecnor Group is committed to improving employment quality. Thus, in spite of the adverse circumstances generated globally by the health crisis, the Group has increased the number of open-ended contracts by 27% compared to the figure for 2020. It is worth highlighting the increase in the number of open-ended contracts in the Works personnel, reaching 33%, compared to 20% last year. Furthermore, 99% of the Group's contracts are full time. All the information broken down by type of contract and type of employment can be found in Appendix I to this report.

In 2021, the number of hours of absenteeism in the Elecnor Group totalled 2,206,895 (1,959,662 hours in 2020), implying an absenteeism[6] ratio of 4.9% (5.7% in 2020).

In Spain's case, it was found that, due to COVID-19, a total of 121,172 working hours were lost (156,935 hours in 2020), equivalent to 0.3% of total hours worked in Spain.

[6] The absenteeism ratio is calculated as hours of absenteeism including all absences (unjustified, remunerated and non-remunerated leave, illness, accident, maternity and paternity)/actual hours worked.

This year, the impact of COVID-19 on employment was much lower than in the previous year in the Group.

Workforce turnover [7] GRI 401-1

Workforce turnover this year was 39% compared to 33% the previous year. The turnover figures in segment are due mainly to contracts ending due to project completions over the course of the year. Appendix I of this report contains in-depth figures on workforce turnover.

New hirings GRI 401-1

In order to implement projects, 9,271 new recruitments were made in 2021, which implies a 10% increase compared to 2020 (8,397).

By gender and type of employee

	Structure			Works	
	Male	Female	Total	Male	Female
2020	961	425	8,397	6,698	313
2021	1,060	513	9,270	7,366	331

Training and development GRI 404-1

The Elecnor Group has a procedure in place for training management which defines the way to pinpoint and meet the training needs of all the workforce. The training needs identified, and the training and awareness actions to be implemented, are outlined in the Training Plan.

The Training Plan is designed by the Training Department based on the needs detected by the Delegates, Managers and Area Heads of each Directorate or General Sub-Directorate.

The Group pays special attention to training intended to ensure that staff are aware of the suitability and importance of their activities and how they contribute to achieving its growth, competitiveness and profitability goals, as well as aspects of occupational risk prevention, quality, environmental management, energy management, information security, R&D&I and compliance management.

In 2021, the Elecnor Group continued in its commitment to the training and developing its employees as key factors for the organisation's success, expanding on training and professional growth opportunities.

Thus, of note are the following training itineraries, designed according to existing positions and needs.

- Executive itineraries

In 2021, three people took part in a Senior Management Programme (SMP).

Furthermore, a Management Development Programme has been designed for occupying the position of Delegate. The first edition, in which 25 people will take part, started in December 2021 and will end in April 2022. Advanced Negotiation is another new itinerary for Delegates

[7] Turnover is determined as total departures (sum of voluntary redundancies, leaves of absence, retirements, deaths, dismissals, end-of-contract and other kinds of departure)/average employment * 100

in which 48 people have taken part, which will continue in 2022 with the rest of the organisation.

Furthermore, for Production Centre Managers, the company has developed upon Building Stable Relationships with Customers, a new itinerary attended by 106 people.

› Events in the delegations

At these events, the head of a branch, the delegate, conveys the business messages to key professionals and places special emphasis on the critical aspects for their organisation.

The first of these meetings was held in 2021 and will continue next year.

› Itineraries on management skills

They include courses related to leadership, finance, sales, negotiation and professional productivity strategies and techniques (new itinerary in 2021). A total of 520 attendees took part.

› Specialised itineraries

Courses related to the more specific aspects of each position, attended by 314 people.

› Office automation/technical IT

216 attendees have taken a course to update or learn new office automation tools.

› Safety Excellence Project (SEP)/Risk Factor

Two courses were taken to convert 29 people into trainers in "The Risk Factor".

Besides classroom training, the Elecnor Group offers training courses using the following methodologies:

- Online live: live training where attendees interact with the speaker and participants.
- Online: various training contents are hosted on digital platforms. On the online platform Pharos**,** 342 participants have completed some of the available courses on technical or specific training.

It is worth highlighting two initiatives that demonstrate the Group's commitment to the training and professional development of its workforce. On the one hand, a Development/Career Plan has been designed for new university graduates, which will be launched in 2022; and, on the other hand, the Manager School. This project will provide the necessary knowledge to people who occupy or will occupy the position of manager, to enable them to carry out their duties and achieve the established goals.

Training indicators[8]

Item	2020	2021	Changes
Investment in training (€)	5,933,227	8,445,224	42%
Training hours	251,529	352,936	40%
No. of attendees*	29,161	34,951	20%
Training hours/employee	13.82	16.47	19%

*The number of attendees measures the number of people who have received training, and one person may have completed several courses.

[8] *The figures correspond to 91.4% of the Group's workforce

Structure and Works training tailored to the needs of their job descriptions:

- **Structure**. In 2021, 7,602 people attended training events, such as: management, technology, IT, languages, quality and environment, and occupational risk prevention.
- **Works**. Works personnel receives training in connection with electricity, installations, maintenance, gas, telecommunications, vehicle and machine operators, quality and environment, and occupational risk prevention. This continuous training makes it possible to acquire and maintain the necessary qualifications to perform specialist tasks involving execution risk. In total, 27,349 people have received some of the aforementioned training.

2020

Staff in Structure

		Attendees			Hours		
Area	No. of courses	Male	Female	Total	Male	Female	Total
Management	61	1,360	531	1,891	4,040	2,108	6,148
Technology	90	321	48	369	5,523	1,193	6,716
IT	61	238	126	364	2,946	1,516	4,462
Languages	313	251	132	383	2,338	786	3,124
Quality and Environment	211	797	261	1,058	2,956	1,196	4,152
Occupational health and safety	276	3,301	1,057	4,358	24,884	8,047	32,931
Total	1,012	6,268	2,155	8,423	42,687	14,847	57,533

Staff in Works

		Attendees			Hours		
Area	No. of courses	Male	Female	Total	Male	Female	Total
Management	14	532	19	551	630	2	633
Technology	833	5,628	19	5,647	73,338	243	73,581
IT	6	34	6	40	425	58	482
Languages	3	5		5	63		63
Quality and Environment	35	743	29	772	774	43	817
Occupational health and safety	1,833	13,419	304	13,723	116,057	2,365	118,422
Total	2,724	20,361	377	20,738	191,286	2,710	193,996

2021

Staff in Structure

Area	No. of courses	Attendees Male	Attendees Female	Attendees Total	Hours Male	Hours Female	Hours Total
Management	136	1,219	507	1,726	7,975	3,264	11,239
Technology	115	537	151	688	6,701	1,479	8,180
IT	58	218	146	364	2,519	2,052	4,571
Languages	282	166	118	284	1,957	1,513	3,470
Quality and Environment	72	292	131	423	1,410	863	2,274
Occupational health and safety	361	2,961	1,156	4,117	25,800	9,902	35,703
Total	1,024	5,393	2,209	7,602	46,363	19,073	65,435

Staff in Works

Area	No. of courses	Attendees Male	Attendees Female	Attendees Total	Hours Male	Hours Female	Hours Total
Management	8	279	19	298	232	29	261
Technology	1,418	10,357	30	10,387	124,759	307	125,066
IT	10	53	14	67	739	280	1,019
Languages	2	2	0	2	274	0	274
Quality and Environment	12	448	2	450	602	4	606
Occupational health and safety	1,956	15,838	307	16,145	157,840	2,435	160,275
Total	3,406	26,977	372	27,349	284,446	3,055	287,501

Training hours and attendees by professional category and type of employee

Professional category	2020 Attendees	2020 Hours	2021 Attendees	2021 Hours
Structure	8,423	57,479	7,607	65,472
Management	180	1,032	150	1,459
Executive	1,743	11,555	1,466	12,813
Technician	6,500	44,892	5,991	51,201
Works	20,738	194,050	27,344	287,464
Basic	20,738	194,050	27,344	287,464
Total	29,161	251,529	34,951	352,936

Training hours by gender and type of employee

	Structure			Works	
	Male	Female	Total	Male	Female
2020	42,687	14,847	251,529	191,285	2,710
2021	46,363	19,073	352,936	284,446	3,055

Average hours of training by category and gender

2020

	Male		Female		Total	
Category	Number	Average	Number	Average	Workforce	Average
Structure	3,748	11.38	1,578	9.38	5,326	10.79
Management	145	6.57	21	3.79	166	6.22
Executive	1,102	9.05	231	6.85	1,332	8.67
Technician	2,502	12.69	1,326	9.91	3,828	11.73
Works	12,305	15.55	571	4.82	12,877	15.07
Basic	12,305	15.55	571	4.82	12,877	15.07
Total	16,054	14.57	2,149	8.17	18,203	13.82

2021

	Male		Female		Total	
Category	Number	Average	Number	Average	Workforce	Average
Structure	4,210	11.01	1,900	10.03	6,110	15.55
Management	141	8.26	20	14.73	161	9.06
Executive	1,110	9.26	233	10.87	1,343	9.54
Technician	2,959	11.81	1,647	9.86	4,606	11.12
Works	14,620	19.45	701	4.36	15,321	18.76
Basic	14,620	19.45	701	4.36	15,321	18.76
Total	18,830	17.57	2,601	8.51	21,431	16.47

With a view to continuous improvement, the Group assesses each training itinerary considering the opinion of trainees by means of an anonymous questionnaire. In the global satisfaction survey, 91% of trainees rated the training as good (41%) or very good (50%).

Note also in this connection the personalised training and updating programme in specific skills for the members of the Group's Board of Directors.

Compensation and benefits GRI 401-2

Elecnor's job chart clarifies and simplifies its organisational structure, the responsibilities of each post and the profiles required. This definition of jobs and responsibilities makes it easier to adapt remuneration in a more objective and fair way, rewarding and recognising merit where due. In 2021, the job mapping was completed for the entire Group.

The Elecnor Group offers its employees social benefits that are described in more detail in the Work-Life Balance section of this chapter. In 2021, progress was made to prepare country reports on the benefits offered to expatriate staff and their salary conditions.

Remunerations policy GRI 405-2

In the framework of the Integrated Human Resources Management System, the Elecnor Group seeks to ensure that its remuneration policy respects the criteria of objectivity, fairness and non-discrimination, recognising and rewarding merits.

The Group uses salary surveys as a benchmark to obtain information relating to the salaries and social benefits in the sector or at similar companies. These surveys are a tool to gauge how competitive positions are as compared to the same positions in the market. Furthermore, the Group also accesses other market research to achieve this purpose.

In order to gathering all the necessary information on employee payrolls in a uniform, agile and effective manner, in 2021, the SAP Success Factors tool was implemented. This tool enables the information from the payroll systems of subsidiaries and branches in the foreign market to be obtained by automation.

A remuneration register was also prepared this year to adapt to the requirements of Royal Decree 902/2020 of 13 October on equal pay for men and women.

The Elecnor Group's wage policy is for men and women performing jobs with equal responsibility to receive equal pay. As outlined in its Equality Plan, The Group implements a remuneration system that guarantees neutrality at all times with no conditioning factors whatsoever on the basis of gender, a circumstance that will continue over time.

The table below details the wage gap ratio which represents the salary difference between men and women by professional category and employee type in the Elecnor Group. The wage gap has been calculated as the difference between the median wage of men and of women, over the median wage of men.

This year, the salary gap has been reduced in all the markets in which the Group is present, as is shown in the tables of fixed average remuneration in Appendix I of this Report.

Category	2020	2021
Management	18.1%	16.1%
Executive	8.1%	7.5%
Technician	20.8%	16.3%
Basic	27.4%	78.3%

Employee type	2020	2021
Structure	24.3%	20.4%
Works	27.4%	78.3%

Moreover, it is worth representing the wage gap in Spain, where 52% of the workforce is located. In this market, the wage gap has narrowed in all categories, and it is worth noting that in the Works personnel (Base category) the median wage of men is lower than that of women.

Spain

Employee type	2020	2021
Structure	18.4%	17.2%
Works	1.7%	-4.4%
Category	2020	2021
Management	14.2%	9.9%
Executive	3.7%	3.6%
Technician	15.9%	10.8%
Basic	1.7%	-4.4%

Work-life balance

The Elecnor Group organises working hours in accordance with sector-specific and conventional standards applicable to the company and by means of negotiations with the Employee Representatives at each work centre, and this is materialised in various work schedules.

The company considers that the concept of work-life balance encompasses measures to improve quality of employment, support for families, professional development, equality of opportunities and flexibility in accordance with framework agreements such as family-friendly company. In this connection, the Group is working to improve each aspect based on the circumstances of the company, country and individual worker.

Although there is currently no formal policy to facilitate disconnection from work, the company encourages the implementation of policies, wherever possible, that facilitate a work-life balance, such as avoiding late meetings, scheduling training during work hours, having flexible working hours, compressed work schedules every Friday and in summer or, where applicable, shorter working days, with all measures provided in the various applicable regulations being implemented.

With respect to digital disconnection, the Elecnor Group has an agenda system marking the workforce's rest and availability periods to prevent any meetings or actions of any kind being scheduled during this period.

Furthermore, "scheduled sending" has been enabled in the email system to ensure that, if an email is sent, the recipient receives it during their working hours. The whistleblowing channel and the post office box that the company makes available to employees accepts complaints, reports or observations on this matter.

The Elecnor Group has a Flexible Compensation Plan to which Structure personnel in the domestic market with open-ended contracts have access. This plan includes health insurance (employees may include their spouse and children), training, IT, dinner vouchers and cards, transport and kindergarten. 698 people joined in 2021.

Moreover, there is a study support programme available to all Group staff in Spain who have children aged 4 to 16, regardless of their contract and work hours. The only requirement is to have been at the company for at least one year. In 2021, 3,141 employees have benefited from this assistance for a total cost of Euros 570 thousand. Study support is also available for disabled children of employees, which varies depending on the school year.

Other social benefits granted by the company are life insurance and accident insurance, travel insurance for employees who travel, medical insurance for employees in positions of responsibility, medical check-up for all employees, company car for those whose work requires them to travel by car and a retirement plan for Management.

Note also that the Más Elecnor digital platform includes special offers and discounts on products and services for the entire workforce and their direct relatives.

In aspects related to health and well-being, there are several initiatives: agreements with physiotherapy clinics and insurance companies, weekly mailing with health tips and good practices, etc. Furthermore, the company seeks to foster and encourage sport among its employees, and has therefore subsidised their participation in running events.

Equality and diversity GRI 103-1, GRI 103-2, GRI 103-3, GRI 406-1

The Group's Gender Equality Plan reflects its commitment to equal opportunities for men and women and non-discrimination in its guiding principles.

Furthermore, Elecnor's commitment to equal opportunities is enshrined in its Code of Ethics and Conduct: "The Group Elecnor applies criteria of non-discrimination and equal opportunities in its selection processes as well as in the development of the professional careers of its employees. Race, colour, nationality, social origin, age, sex, marital status, sexual orientation, ideology, religion and kinship are excluded as factors for professional assessment. The only professional differentiation features used are merit, effort, the results of hard work, training, experience and future potential. Promoting equality entails a special area concerning gender balance, as evidenced in the selection and recruitment practices, professional promotion procedures, training and general work conditions.

The Equality Plan establishes various working areas to boost equality between men and women in the following axes of action: selection and recruitment, professional classification, training, promotion, work conditions, work-life balance, female representation and remuneration.

Moreover, the Group has a Compliance Policy and internal controls to ensure all forms of discrimination are prevented; these controls include workplace harassment, sexual harassment and pregnancy risk protocols, among others.

The e-mail in-box igualdad@elecnor.com is a communications channel for employees to submit suggestions of any kind or to resolve conflicts. In 2021, no complaints have been received in terms of equality or discrimination of treatment on the grounds of sex or similar matters.

In line with historical trends regarding gender in the sector, men are more widely represented in the Group, especially among Works personnel. Staff in Structure, however, are more balanced: at 31 December 2021, 31% were women and 69% men; while in Works, 5% were women and 95% men.

In the year, 407 male employees were entitled to paternity leave and 99% took said leave; 79 female employees were entitled to maternity leave and all of them took said leave.

Diversity in Governing Bodies GRI 405-1

The Elecnor Group's Policy for the Selection of Directors and for Board Diversity outlines all the measures adopted in relation to the selection of directors, diversity policy in relation to gender, age, experience, etc., as well as the procedures for said selection so as to foster a diversity of experience, knowledge, competencies and gender and so as to ensure that, in general, they do not entail implicit biases that might imply any kind of discrimination.

Furthermore, the Appointments, Remuneration and Sustainability Committee regularly examines the Policy so as to make further improvements on an ongoing basis.

Similarly, the company has an Equality Plan, applicable not only to the Board of Directors but also to the Management Team and all Group personnel, which lays down specific actions to be conducted for persons holding positions of responsibility in each of the aforementioned fields of work.

This Equality Plan is one of the main tools used by the Appointments, Remuneration and Sustainability Committee to foster inclusion and diversity among the Group's employees, including its executives.

With regard to the recommendation of ensuring that the number of female directors represents at least 40% of members of the Board of Directors by the end of 2022 and thereafter, and no lower than 30% before then, the company intends to continue fostering an increased presence of female directors on the Board so as to fulfil the recommendation without affecting the normal functioning of the Board and the suitability of its members as a whole to discharge their duties.

Representation of women in executive positions	2020	2021
Women in executive positions *	12.7%	12.4%
Women in the Board of Directors **	13.3%	13.3%

* Considering Management category of Elecnor Group
**The Board in December of the reporting year

The Policy for the Selection of Directors and for Board Diversity and the Equality Plan are available on the Group's corporate website.

Disability

The Elecnor Group is committed to having diverse and inclusive teams comprising people with different competencies, skills, perspectives and experiences.

In Spain it employs a total of 84 people with various disabilities, accounting for 0.76% of the national workforce and for 0.4% of the total workforce. The Group combines the hiring of personnel with disabilities with the adoption of alternative measures pursuant to Spain's Disabled Persons and Social Inclusion Act (LGD).

In particular, in Spain, the company resorted to alternative measures by acquiring raw materials, tools, PPE and procuring various services from special employment centres for a value of more than Euros 3.7 million.

Suppliers	
P&M SL	€ 2,438,189
Comercial Mathius	€ 318,084
CEE Apta	€ 2,596
Integra PMC	€ 52,094
I.L. Sijalon	€ 788,365
Iturri CEE	€ 396
Gelim	€ 102,732
Total	€ 3,702,456

In the interests of data confidentiality, no information is reported regarding differently-abled persons in the rest of countries in which the Group is present.

In 2021, a collaboration agreement was signed with the Adecco Foundation to foster the company's commitment to the labour inclusion of people at risk of exclusion. In that context, the Aflora Plan was launched with the goal of normalising disability in the Group, seeking to identify employees who are eligible to obtain a disability certificate. A series of awareness-raising campaigns were conducted for this purpose.

The Group does not currently have a formal policy on universal accessibility.

About our people

Internal communication is essential in the Elecnor Group. Its core goal is to maintain a constant connection between the company and the team comprising it. The ongoing dissemination of corporate information and aspects related to the company's social responsibility were the main axes on which internal communication was based in 2021.

As is customary in the Group's culture of ongoing improvement, this year new initiatives were launched and those started in the previous year were advanced. The Group's more than 20,000 people are interconnected through the communication channels set up, the main one being the corporate intranet, Buenos Días Elecnor.

Some notable initiatives implemented include:

Aflora Plan, #EmpleoParaTodos (JobsForEveryone)

The Elecnor Group decided to support the Adecco Foundation's #EmpleoParaTodos (JobsForEveryone) project to help the most vulnerable people find work and avoid social exclusion.

The Aflora Plan is a corporate strategy comprising actions based on commitment, awareness, information and advice, the goal of which is to normalise disability in the company. Through this strategy, fears, mistrust, mental barriers and lack of knowledge around disabilities are reduced, fostering normalisation and corporate dialogue.

Accomplice or Protector?

As part of World Day for Safety and Health at Work, the Elecnor Group holds an annual event on Occupational Risk Prevention that seeks to raise awareness, foster and reward occupational prevention actions in all fields and spheres. Historically, this event was held in person with a large number of attendees, but this year it became an online event broadcast to all countries where the Group operates, with more than 3,700 people connected live.

This year's campaign launched a reflection on being an "Accomplice or Protector?" in the face of health and safety breaches, concluding with the guidance of the defence of prevention in all circumstances.

Helping to Help

This initiative was launched on World Environment Day and seeks to acknowledge and help drive projects of non-profit entities (NGOs and associations) that contribute to improving our natural heritage through the protection of biodiversity, the preservation of environmental and ecosystem quality, the sustainable use of natural resources and the fight against climate change.

Digital transformation

Digital transformation, one of the Elecnor Group's strategic projects, was created to effect cultural change, enhance processes, and boost operating efficiency and competitiveness. This year, a campaign called *Mi yo digital* (My digital self) was conducted to allow all the people in the Group to associate the digital transformation of the company with an opportunity to become more effective in their skills, digitally updated, gain professional value and achieve more advantages personally. To do so, it was proposed to use gamification to create an avatar for each person, enabling them to experience a digital transformation of themself. Each stages of the campaign enabled people to transform their current SELF into their DIGITAL SELF.

In parallel, a monthly video was broadcast throughout the year by Group employees from various fields, in which they shared their experience of how the digital transformation has enhanced their area of work, improving processes, boosting capacities and gaining efficiency.

Cybersecurity is also particularly relevant area in the digital sphere as a result of the increase in attacks on companies in the most digitalised economies and the greater need for connectivity which has occasionally generated greater risk and vulnerability of systems. Therefore, in 2021, the awareness-raising and training initiatives for the entire workforce begun in previous years were upheld and new ones were developed in order to maintain a high level of protection against external threats.

You make Elecnor

With a view to recognising the commitment of the people who have been with the Elecnor Group for the longest time, a meeting called *Tú haces Elecnor* (You make Elecnor) was held, attended by people who joined the company in the 1970s and 1980s.

The Quality League

Following the success of the first edition of this initiative in 2020, the second edition was launched this year in order to raise awareness around the importance of quality and its processes. This time around, more than 1,300 people from 18 countries of the Group took part.

Being healthy

This Human Resources initiative, as part of the TuneIn initiative (the communication channel geared towards people), seeks to improve the physical and emotional well-being of the people comprising the Elecnor Group.

A healthy well-being plan that consists of disseminating content in various formats (audiovisual, infographics, reports, etc.) that combine three areas of knowledge: nutrition, emotional well-being and physical activity.

Company Race

The Elecnor Group believes in the importance of adopting healthy habits inside and outside the workplace, building a safe and healthy workplace filled with energy. Therefore, this year the proposal to take part in the Company Race held in Madrid was launched for all the Group's employees. The goal is to increase participation in the multitude of races that are held for this purpose.

Furthermore, throughout 2021, various awareness-raising campaigns have remained ongoing, such as the campaign for International Women's Day and the International Day of Women and Girls in Science.

Social dialogue GRI 102-41

In Spain, 100% of the workforce is covered by collective bargaining agreements. In the other countries where the Group is present, employees are supported by the labour relations framework established in the relevant local labour legislation.

The Elecnor Group also has Human Resources Departments to ensure compliance with and application of the current legislation throughout all the countries where it operates.

The work centres in Spain with between 10 and 49 employees have staff delegates, with Workers' Committees representing employees at centres with 50 workers or more.

Both the staff delegates and the Committee members are chosen in trade union elections, in which both unions and independent groups may field candidates. At present, the majority union is Comisiones Obreras (CCOO), but others are also represented: UGT, ELA, LAB, USO, ESK, CSIF and independent groups. In the rest of countries the Group is compliant with legislation in force.

Labour relations at the Group are managed on the basis of provincial collective bargaining agreements within the sector. In certain cases, specific agreements are signed with particular groups. The company holds quarterly meetings with each and every one of the Workers' Legal Representations (RLT), in which it provides the information required by both the Workers' Statute and the Organic Law on Trade Union Freedom. Nonetheless, extraordinary meetings may be held at the request of both the Group and the RLTs themselves.

In 2021, the iron and steel agreements in Almería, Barcelona, Burgos, Córdoba, Gerona, Huesca, Jaén, Lleida, Madrid, Orense, Palencia, Pontevedra, Salamanca, Segovia, Soria, Tarragona, Valladolid and Ceuta, in addition to the construction agreement in Córdoba, were revised.

The Group has various channels for employee dialogue and participation, such as meetings with workers' representatives, Equality Plan Monitoring Committee, the Buenos Días Elecnor intranet, the platform eTalent and the email addresses codigoetico@elecnor.com and igualdad@elecnor.com, among others.

15.5 We look after our people

Our commitment to employee health and safety has been a priority for the Elecnor Group since the outset. Along these lines, the Group conducts work to achieve the goal of zero accidents, zero tolerance to any breaches of preventive measures and the continuous fostering of safe conduct among employees.

This commitment is formalised in the Group's Integrated Management System, which comprises the aspects of environment, quality, health and safety, energy management, R&D&I management and information security, with the latter being integrated this year. These six vectors comprise the Elecnor Group's Integrated Management Policy, each with its specific objectives and strategies, but all with a common mission: the ongoing improvement of the organisation.

As regards health and safety, the principles of action reflected in the Integrated Management System Policy are as follows:

- Provision of the necessary material resources.
- Focus on training in prevention techniques.
- Development of awareness campaigns for the entire Group.
- Continuous performance of inspections and audits on site and adoption of the appropriate remedial actions to rectify the origin of the deficiencies.

In the Elecnor Group, the Health and Safety Area is structured based on the Joint Prevention Service (JPS), which is broken down into Central and Health and Safety Technicians. The latter have a presence in the various countries where the Group operates.

The Central JPS comprised 14 people at the end of the year, structured as follows:

- Technical Office Department. Prepares and maintains the Group's occupational risk prevention (OPR) documentation, campaigns, etc., as well as ensuring that internal audits are conducted in Spain and some countries in the international market.
- Internal Work Audit Department. Which conducts this kind of control in Spain as well as certain other countries.
- International OPR Coordinator Coordinating with all the Group's international organisations by means of reviewing reports, conducting meetings, monitoring implementation of the Safety Excellence Plan and software rollout, among other things.
- Technicians. Who coordinate and unify actions at broad implementation customers in Spain.

Health and Safety Technicians provide services to the various units on a day-to-day basis. Their duties include, inter alia, technical support to customers, inspections and training, and coordinating the application of the Management System in their business unit.

In the national market, there are 123 technicians[9], with different levels (chiefly senior level) and specialities (most of them have the three specialities required by Spanish legislation), mainly dedicated to health and safety tasks. Abroad, there are 264 technicians in various categories in accordance with the legislation of each country.

For the undertaking of Health and Safety activities in 2021, the company allocated a budget of more than Euros 12.3 million euros in Spain alone, which was expanded by more than Euros 1.3 million due to investments related to the pandemic (the figure for the international market is not available, although it is estimated that the figure may have been similar).

Health and safety management GRI 403-1, GRI 403-2, GRI 403-3

Health and safety management in the Elecnor Group is conducted with the conviction of minimising or eliminating the main risk that may occur as a result of undertaking a project: a major or fatal accident. This risk is mainly related to working at heights, electrical risk, handling large loads, confined spaces, etc.

The Elecnor Group has implemented a Health and Safety Management System encompassed within the Integrated Management System, which applies to all workers, activities and places of work. Its goal is to remove or minimise the risk situations that people might face when executing their activity. To this end, the following actions are conducted:

[9] They do not include health technicians hired specifically for large projects.

- Safety inspections and internal work audits to monitor the conditions in which work is executed.
- Information and training on health and safety for all workers.
- Monitoring and awareness meetings.
- Campaigns to increase awareness and change behaviours.

All Management System activities have been strengthened during the year with the implementation of the Digital Transformation and Safety Excellence projects, which continue to make positive progress.

The Management System includes the initial risk assessment procedures (adapted to the legal requirements of each country) identifying the risks associated with activities, the probability of those risks emerging and the severity of the consequences of their materialising. Below are the corrective/preventive measures to eliminate or reduce risk.

By means of controlling work conditions (safety inspections, internal work audits, system audits, principal risk permits or spontaneous observations), the environment in which activities are conducted is monitored and remedial measures are implemented, which may include the re-assessment of the work to be executed. If there has not been a re-assessment the risk assessment is reviewed and, where applicable, it is modified every 3-5 years.

The risk assessments are performed by health and safety technicians. The safety inspections involve the entire hierarchical structure to foster integration of health and safety in people's everyday routines. Those directly responsible for projects are in charge of the principal risk permits, observations and other activities. In addition, all these aspects are monitored in conjunction with the Group's Management.

The Elecnor Group's Health and Safety Policy, formalised in the Integrated Management System, includes the right of workers to refrain from performing work where there is grave or imminent risk, requesting that execution of the work should halt and consulting their managers or the Safety Technician to perform the work in a safe way, without being subject to any type of penalty. Employees can report such situations through various mechanisms such as spontaneous risk observations, PRP, safety inspections, etc.

The Management System contains a procedure to investigate workplace accidents and incidents that define the responsibilities and actions, including the application of the remedial measures to avoid the repetition of the event or minimise its consequences. The findings of accident and incident investigations are analysed on a monthly basis, and the advisability of reviewing the System is assessed.

In 2021, the system was adapted to the requirements of the ISO 45001:2018 standard, replacing the previous standard OHSAS 18001. The certification was conducted in Spain and in other subsidiaries whose system was certified by the previous standard, except Elecnor Mexico, Brazil and Canada, which had already migrated to the new standard in 2020.

70% of turnover is certified in accordance with international ISO 45001 standard.

In 2021, 20 internal audits were performed in Spain in accordance with ISO 45001 standards. As regards external audits on the same standard, these were carried out for Elecnor and the subsidiaries included in the Multisite Certificate Adhorna, Atersa, Deimos Space, Deimos Engineering, Ehisa, Elecnor Infrastrutture and Jomar Seguridad, all with satisfactory results. Similarly, Audeca and Enerfín, which have independent certification, obtained satisfactory results in their audits.

Abroad, 15 internal audits were conducted in accordance with ISO 45001 requirements. Additionally, 9 external audits were conducted in various countries, also with satisfactory results.

Among other actions, 85,590 safety inspections were conducted throughout the Group, as a result of which 66,759 remedial measures were implemented, and 1,192 internal works audits were implemented as a means of control and in-depth analysis of the safety environment at projects.

Health and safety committees GRI 403-4, GRI 403-8

93% of the Group's employees are represented in formal health and safety committees, in which aspects such as work procedures, protection equipment, etc. are discussed. In Spain the committees are specific to work centres and in other countries they may be specific to work centres or project sites.

Generally speaking, in almost all the countries where the Elecnor Group operates, there are worker participation committees, in which the workers' chosen representatives and representatives of the company intervene.

They are equal consultative and participatory bodies. The frequency of the meetings is that established in applicable legislation, but they normally meet monthly or quarterly.

In work places or countries where there is no worker representation, consultation and participation is by means of other mechanisms (awareness meetings, notice boards, circulars, e-mails, etc.).

Training in workplace occupational health and safety GRI 403-5

In 2021, the Elecnor Group continued with health and safety training activities to further foster a culture of prevention in the workplace. Depending on the activity, training is given on the following aspects:

- Management systems.
- Ab initio or induction when joining the company or project.
- Significant specific risks: height, electrical hazards, machinery, confined spaces, etc.
- Action in case of emergency: first aid, evacuation, fire prevention, etc.

The attendees who have received health and safety training, as well as the hours dedicated by type of market, are set out below:

	Attendees			Hours		
	2020	2021	Changes	2020	2021	Changes
Spain	15,750	28,280	80%	112,141	159,338	42%
International	45,012	226,625	403%	140,140	452,344	223%
Total	60,762	254,905	320%	252,281	611,682	142%

Training actions were held in Spain for a collective of 28,280 attendees (27,319 men and 961 women), most of whom attended more than one training action, resulting in 80% growth compared to 2020. A total of 159,338 training hours were provided (150,936 hours by men and 8,402 hours by women), 42% up on last year. There are also other technological and management training, which also have a clear impact on prevention, and which are not included in this total (qualifications/electrical permits, machinery operators, etc.). This increase is largely due to the increase in activity and the reduced impact of COVID-19 on training activities.

The most notable training actions in Spain are:

Courses	Participants	Hours
Basic course	736	44,150
First cycle of the TPC	1,441	11,528
Second cycle of the TPC	2,588	17,686
Working at heights	2,937	24,397
Confined spaces	1,535	12,448
First aid	1,149	5,541
The Risk Factor course	2,732	14,126
Total	13,118	129,876

Internationally, it is worth noting the increase in both the number of participants and the number of training hours given. Training actions were conducted specifically for a collective of 226,625 attendees (223,498 men and 3,127 women), most of whom attended more than one training action, compared to 45,012 in 2020. In terms of total training hours, the figure stood at 452,344 hours (437,488 hours by men and 14,856 hours by women), compared to 140,140 hours in the previous year. These figures include the induction actions given for entry to the major projects.

One of the most significant initiatives in 2021 was the World Day for Safety and Health at Work campaign, titled "Accomplice or Protector", which was held on 28 April to commemorate the event. This year, the campaign's presentation event was organised globally over streaming for all the countries in which the Group operates, which featured the participation of Management and which more than 3,700 people streamed live.

In line with the health and safety awareness-raising of all employees, it is worth highlighting the implementation of the Safety Contacts. This entails —at all meetings, training sessions, etc.— the person in charge of the meeting beginning by talking about health and safety. The topics addressed can be related to both occupational safety and the non-occupational sphere, since the goal is to raise the level of risk perception in general and to generate a behavioural change towards an interdependent safety culture.

Occupational health services GRI 403-3

The Elecnor Group is committed to the health of its workers, providing them access to health services at work so as to identify and eliminate hazards and minimise risks. As a result of the monitoring of these services, actions considered necessary are taken and, in extreme cases, may lead to a change of service.

Depending on where the activity is conducted, a different type of service is offered:

- Presence of an adequate medical service on site (doctor, nurse, paramedic or trained personnel).
- If necessary, workers may be transported in their own vehicles if their injuries permit or via ambulance to the nearest hospital.
- If workers use their own transport, the resulting expenses will be reimbursed.

In any event, workers are given the necessary information for their use in the local language or, where applicable, in the language in which said indications are understandable to them.

For workers who are in another country (expatriates/travelling), an emergency notification service has been contracted that channels the action to enable the worker to receive information on where to go wherever they are. Furthermore, the care service for other non-medical emergencies is also included: security events, natural catastrophes, etc. In extreme cases, this service includes the necessary actions for individual or collective repatriation.

Occupational Health and Safety in the workplace with customers and subcontractors GRI 403-7

The Elecnor Group applies to subcontracted staff the same health and safety controls and measures as it applies to its own workers, conducting inspections, training, meetings, etc.

As part of the Safety Excellence Project, there is a specific line of action for subcontractors.

In Spain, there is a procedure for subcontractor assessment and a model for tracking their health and safety performance using the computer software Evalu@.

This procedure enables the actions of subcontractors to be analysed and the action plans to be established in the event that they fail to meet the health and safety standards established by the Elecnor Group.

Within the activities conducted in order to continuously improve the health and safety of subcontractors, in October the 1st Aliado Awards were presented, seeking to encourage and reward good practices undertaken by subcontractors, in order raise their level of prevention and collaborate in achieving the goal of zero accidents. The awards were presented as part of European Week for Safety and Health at Work.

The origin of these awards lies in the framework of the Safety Excellence Project, within the line of action seeking to improve the performance of subcontractors, and in the High Level Risk Map Task Force, which identified the actions of subcontractors in the field of health and safety as crucial.

The awards were announced in two categories, "Self-employed workers and companies with less than 50 workers" and "Companies with more than 50 workers", and involved more than 7,500 subcontractors active on the e-coordina platform.

The 19 finalist applications were analysed by a jury of health and safety experts, who selected the winner and the two runners-up in each of the two categories.

With regard to customers and other stakeholders (for example, third parties present at the workplace, with or without a contractual relationship with the customer), business health and safety coordination initiatives are implemented to eliminate or reduce to a minimum the potential hazards due to interference.

For the public in general, demarcation, signalling and surveillance helps avoid injury to third parties.

Accident rates GRI 403-9, GRI 403-10

In 2021, the Group’s frequency rate was 2.7, the same figure as in 2020, and the severity score was 0.11, compared with 0.10 in 2020. The frequency rate value is once again the best value since these indices began to be drawn up in 1967, while the severity score is the second best ever obtained, only bettered by the score in 2020.

	2020	2021
Frequency rate	2.7	2.7
Severity	0.10	0.11
Incident rate	5.14	5.1

Frequency rate = (number of accidents involving more than one day's leave, not counting those on way to or from work/hours worked) x 10^6
Severity = (number of days lost/hours worked) x 10^3
Incident rate = (number of accidents involving more than one day's leave/Average number of employees) x 10^3

In Spain, the frequency rate stands at 3.4, which is the best figure in the historical series, compared to 3.5 in 2020, and the severity score was 0.16 compared to 0.15 in 2020. There were no fatal work-related accidents in 2021 and there were 79 accidents, compared with 69 in 2020.

In the international market, the final frequency rate was 1.9, the second lowest since the series commenced, compared with 1.6 in 2020. The severity rate was 0.07, down from 0.04 in 2020. This year, there was an increase in accidents (40 compared to 24 in 2020) as a result of increased activity in the international market.

Figures broken down by gender

	2020		2021	
	Male	Female	Male	Female
Frequency rate	3.0	0.0	3.0	0.2
Severity	0.12	0.0	0.12	0.0
Occupational illness rate*	0.10	0.0	0.32	0.0

* Occupational illness rate = (number of occupational illnesses/hours worked) x 10^6

In general, figures are compiled using IT tools, varying from payroll software, intranet, health and safety management tools (Notific@, SegurT, Delt@, etc.), spreadsheets, monthly reports, follow-up meetings, etc.

Employee accident rate

Geographic area	No. of injuries due to workplace accidents			No. of workplace accidents with serious consequences (1)			Hours worked		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Spain	79	0	79	1	0	1	20,424,031	2,939,079	23,363,110
Europe	8	0	8	0	0	0	2,269,756	310,435	2,580,191
North America	6	0	6	0	0	0	1,611,188	110,718	1,721,906
Latin America	16	0	16	1	0	1	10,516,904	1,091,927	11,608,831
Africa	9	1	10	0	0	0	4,322,313	681,192	5,003,505
Asia	0	0	0	0	0	0	287,715	560	288,275
Oceania	0	0	0	0	0	0	224,759	63,460	288,219
Total international	39	1	40	1	0	1	19,232,635	2,258,292	21,490,927
Total	118	1	119	2	0	2	39,656,666	5,197,371	44,854,037

(1) Injury due to workplace accident leading to death or so severe that the employee cannot recover or fully recover their state of health as it was prior to the accident, or is not expected to fully recover their state of health as it was prior to the accident within a period of 6 months.

The most significant workplace hazards with serious consequences are determined based on the record of accidents at the company:

- Working at heights (risk of falling to another level from, in many cases, considerable height).
- Work involving electrical hazard (risk of electrical contact, arc flash, fire or spatter from incandescent material).
- Handling large loads (risk of objects falling or of becoming trapped by objects).
- Work in confined spaces (risk of suffocation or explosion).
- Traffic accidents (risk of crashes, being run over, fire).

There were two fatal commuting accidents involving the Group's own staff in 2021.

Accident rate at subcontractors

Geographic area	No. of injuries due to workplace accidents			Hours worked		
	Male	Female	Total	Male	Female	Total
Spain	55	0	55	10,560,839	0	10,560,839
Europe	4	0	4	1,177,965	0	1,177,965
North America	0	0	0	7,865	0	7,865
Latin America	20	0	20	6,263,697	0	6,263,697
Africa	8	0	8	3,042,755	0	3,042,755
Asia	1	0	1	290,343	0	290,343
Oceania	1	0	1	350,130	0	350,130
Total international	34	0	34	11,132,755	0	11,132,755
Total	89	0	89	21,693,594	0	21,693,594

There were 2 fatal accidents involving subcontracted staff in 2021.

Health surveillance GRI 403-6, GRI 403-10

In general terms, the Elecnor Group employees do not perform activities with a high rate or risk of occupational illnesses. In those activities in which there might be a risk of developing an occupational illness (work at nuclear plants, involving asbestos, phytosanitary products, etc.) the necessary preventive measures are implemented and health monitoring performed, including checking physiological parameters that may help detect any problems in those tasks that may harm employees' health and safety. There were no significant cases in 2021.

When Elecnor employees are working in areas where there are endemic diseases (malaria, dengue, yellow fever, typhoid, AIDS, etc.), these are tackled through vaccines or preventive/prophylactic measures, backed by the relevant information campaigns.

In 2021, awareness initiatives have focused on conducting campaigns to combat AIDS and sexually transmitted diseases in various countries, with actions and campaigns to foster healthy habits (avoiding cardio-respiratory disease and musculoskeletal disorders, nurturing a healthy and balanced diet, etc.), back training, and prevention of endemic diseases in the international market, etc.

Furthermore, campaigns were conducted to coincide with World Breast Cancer Day and World Prostate Cancer Day, and the physiotherapy programme to prevent musculoskeletal injuries has been upheld in various cities in Spain.

Similarly, various actions were also implemented to raise awareness among workers and their families regarding the risk of COVID-19 infection.

Employee occupational illnesses

	No. of occupational medical conditions and illnesses			Hours worked		
Geographic area	Men	Women	Total	Men	Women	Total
Spain	4	0	4	20,424,031	2,939,079	23,363,110
Europe	0	0	0	2,269,756	310,435	2,580,191
North America	0	0	0	1,611,188	110,718	1,721,906
Latin America	0	0	0	10,516,904	1,091,927	11,608,831
Asia	0	0	0	287,715	560	288,275
Africa	9	0	9	4,322,313	681,192	5,003,505
Oceania	0	0	0	224,759	63,460	288,219
Total international	9	0	9	19,232,635	2,258,292	21,490,927
Total	13	0	13	39,656,666	5,197,371	44,854,037

The most significant workplace hazards that present a risk of medical condition or illness are determined on the basis of their past record at the Group:

- Endemic diseases in certain countries where the company operates: malaria, dengue fever, etc.
- Asbestosis in places where there is asbestos.
- Musculoskeletal diseases at construction sites.

In 2021, there were 13 cases of occupational illnesses, all of them in men (9 cases of malaria in expatriate personnel in Africa that were not serious, and 4 cases of musculoskeletal origin in Spain), although these figures are partial as there are countries where they are not registered as such due to their legislation. Cases among local staff in countries with endemic diseases are not considered to be occupational illnesses.

Safety Excellence Project (SEP)

This year, progress has been made in the second stage of the SEP in Spain, although it has been slowed down due to the COVID-19 pandemic.

Similarly, the work groups in Angola, Argentina, Chile and Uruguay have adapted and implemented many of the actions defined in the SEP in Spain, in accordance with the characteristics of each country.

Furthermore, in Italy, work has been conducted to implement all the lines of the project, as not all the actions defined in the PES had previously been implemented, and in Brazil and Mexico, work has begun and progress has been made on the majority of the lines of action, which are expected to be completed in the first four months of 2022.

The digital transformation of occupational health and safety

The digital transformation in health and safety enables the optimisation of processes, the most appropriate technology to be applied and efficiency to be gained.

In 2021, initiatives were launched and consolidated within the framework of the Group's Digital Transformation project. Some of the most notable of these are:

- The Principal Risk Permit (PRP) tool is fully implemented in Spain. This year, a total of 316,000 PRPs were conducted in this market.
- Development of various modules of the new CORE tool, which groups together the processes of the Integrated Management System: planning, goals, risks and action plans, improvement management, internal audits, monitoring of corrective measures, etc.
- Completion of the development of the new Segurplan, which will allow risk assessments and health and safety studies and plans to be conducted more quickly.
- Continued improvement of SegurT and PRP for application in the international market.
- Progress in the process of implementing the various Health and Safety IT tools (SegurT, Notific@, PRPs, e-coordina) in various countries (Australia, Brazil, Mexico, etc.), adapting them to current legislation and their specific characteristics. This process will be completed in successive years throughout the international market.
- Other noteworthy initiatives have included restructuring of the health and safety documentation on the Buenos Días Elecnor intranet; unifying documents and criteria on the e-coordina platform as regards access and payment requirements; implementing the new e-pocket app, which facilitates on-site consultation of data on our subcontractors with a view to conducting better control, etc.

Health and safety management during COVID-19

The COVID-19 pandemic has continued worldwide during 2021. Therefore, the Elecnor Group continues to face this threat with the aim of limiting the spread among its own workers and subcontractors in the workplace to the extent possible.

The Group's priority has been to guarantee the health of its employees, customers and suppliers; to maintain production so as to ensure the maintenance of critical infrastructure in the energy, telecommunications, water, gas and transport sectors; and to boost the Group's financial strength.

As a measure of the Group's efforts, note that in Spain alone it has invested more than Euros 1.3 million in measures to prevent or minimise COVID-19 infections within the organisation.

Following the actions conducted in 2020, the Group continues the following Action Plan established, which is enabling it to effectively manage the pandemic with a low number of cases in the workplace:

- Holding Monitoring Committee meetings made up of the Group's Management, Prevention Service and Corporate Development.
- Adapting the specific protocols for both construction sites and fixed work centres (warehouses, offices, factories, etc.), following the spread of the pandemic towards the new normal.
- Maintaining preventive equipment: masks, gloves, disposable suits, watertight goggles, sanitisers, thermometers at entrances to work centres, screens separating work stations, disposable tissues, waste paper baskets, specific disinfectants, etc.
- Continuing with the protocol to protect workers who are most vulnerable due to their specific physical conditions.
- Conducting serological tests, PCRs, and antigens.
- Management of confirmed cases and close and casual contacts of confirmed cases.

Throughout the pandemic, the company paid special attention to the development of information and awareness-raising work for workers and their families, generating ongoing communications from the Buenos Dias Elecnor intranet which, under the slogan *Cuídate, cuídame* (Care for you, care for me) launch clear and practical messages to prevent the spread.

The Elecnor Group monitors the number of cases of personnel affected by COVID-19, as well as the quarantines decreed for both Works and Structure personnel in all the countries in which it operates. This process is conducted using a system developed by Human Resources.

15.6 Operational excellence GRI 102-11, GRI 103-1, GRI 103-2, GRI 103-3

As introduced in the section on We look after our people in this NFIS, the Elecnor Group has an Integrated Management System that includes the aspects of environment, quality, health and safety, energy management, R&D&I management and information security. All of them comprise the Group's Integrated Management Policy and encompass the organisation's common goal of ongoing improvement.

The Integrated Management System is set up around the following guiding principles, which are reflected in its Integrated Policy:

- Strict compliance with applicable legislation and any other requirements binding upon the Group in the markets in which it operates.
- Customer satisfaction.
- The prevention of any injuries to and deterioration in the health of the Group's workers, improving work conditions to provide them greater health and safety protection.
- Pollution prevention.
- Efficient energy use and consumption.
- The activities having a favourable impact on the social environment.
- Improvement in competitiveness through R&D&I.
- Effective and efficient protection by way of a preventive, detective, reactive and dynamic approach to the use of information.

Based on these principles, specific commitments and action lines are established for each sphere.

In 2021, the scope of the Integrated Management System Policy has been expanded to include the Information Security sphere on the basis of the ISO 27001 standard, in order to ensure the protection of the Group's assets while preserving the confidentiality, integrity and availability of information. This policy is available on the corporate websites of the various Group companies and on the Buenos Días Elecnor intranet.

As outlined in the section "Progressing in our commitment to sustainability", the Elecnor Group is in the process of implementing the Corporate Social Responsibility Management System based on the IQNet SR10 standard. This standard specifies the requirements for integrating sustainability and social responsibility throughout the organisation; contributing to sustainable development, taking into account the needs and expectations of stakeholders; and showing the organisation's ability to meet the requirements, through ethical and transparent behaviour.

This System has international coverage and certification is expected to be obtained in the first half of 2022.

In 2021, multisite certification audits were conducted according to ISO standards 9001:2015 and 14001:2015. This is a single certificate for all of the organisations in the Elecnor that contains all of the scopes of the various activities and all of the work centres. Internationally, the Quality and Environmental Management System has been implemented and certified in Elecnor Angola pursuant to these standards and has been included in the Group's Multisite Certification.

73% of turnover is certified in accordance with international ISO 9001 standards.

The information regarding the rest of the certifications of the Integrated Management System is explained in each of the corresponding sections of this report (We look after our people, Committed to the environment and Technology and innovation).

Quality management

The Elecnor Group's quality strategy consists mainly of strengthening client satisfaction, consolidating the continuous improvement in the organisation's processes through risk management and opportunities and implementing opportunities for improvement and lessons learned, and involving the workforce in this process.

Within this framework, the initiatives implemented in 2021 have consisted of:

- Launching the Quality and Environment Management System internationally. In particular, Elecnor Angola has been incorporated into the Group's Multisite Certificate and the implementation and alignment of the IQA and Hawkeye systems in Elecnor Mexico has continued.

- Optimising processes through the CORE tool, which encompasses the digitalisation of Integrated System processes. The Improvement Management and Audits modules are available at present. The Improvement Management process is one of the most crucial in the Management System, since it enables knowledge to be shared throughout the company.
- Implementing CRM in all businesses incorporating quality processes.
- Undertaking actions to improve the satisfaction of customer needs and expectations.
- Identifying, documenting and providing 255 opportunities for improvement and 60 lessons learned.
- Launching the second edition of The Quality League campaign, which featured the participation of more than 1,300 people from 18 of the Group's countries. Its aim is to raise awareness around the importance of quality and its processes.
- Introducing improvements into the Central Regional Office warehouses to optimise supply and dispatch logistics by reducing the loss of components.

Customers, at the heart of the business

Customer satisfaction is a priority goal for the Elecnor Group. For this reason, different activities and initiatives are undertaken to strengthen its management.

The Group continues to measure customer satisfaction through digital surveys, enabling it to gauge the degree of satisfaction with the services offered, as well as to identify strengths and areas for improvement.

This year, 1,828 customer satisfaction surveys were sent, with a response rate of 64% (1,169 responses). The results show that Elecnor’s average score among its customers has improved compared to 2020, rising from 8.53 to 8.56.

Satisfaction survey	2020	2021
Number of surveys	1,089	1,169
Average score	8.53	8.56
The most highly valued aspects	• Compliance with the safety requirements • Global valuation • Response and attention to need for changes	• Compliance with the safety requirements. • Training and technical capacity. • Attention and communication.

As proof of the Elecnor Group’s commitment to customer satisfaction, a methodology has been set up for surveys that obtain a score under 7 in order to find out in detail the causes of this score and to analyse how to improve it. This is implemented by means of improvement management reports defining the necessary corrective actions to remedy the cause of the score obtained. Once these actions have been implemented, the customer is asked again about these less satisfactory aspects to assess the client’s conformity with the action plans.

As for customer claims or complaints, they are managed in accordance with the “Internal and External Communication and Consultation” and “Improvement Management” procedures that outline the system to be applied for their management, analysis of causes and definition of efficient remedial actions.

Furthermore, the Elecnor Group acts with due diligence when addressing complaints through the following actions:

- Designating persons responsible for assessing client complaints and coordinating their resolution on the basis of improvement management reports.
- Annual recording and monitoring of the number of complaints received.
- Measuring the degree of resolution of closed/pending complaints and the time invested in this.
- Outlining action plans and/or improvement actions when considered necessary.
- Assessing client satisfaction once the improvement action has been implemented following the complaint.

In 2021, 255 customer complaints were filed, most of which were linked to technical management (48%), materials and equipment (23%) and environment (13%). All complaints were fielded within a defined period and 70% of them were closed with a satisfactory result.

Supply chain GRI 102-9 GRI 103-1, GRI 103-2, GRI 103-3, GRI 308-1, GRI 408-1, GRI 409-1, GRI 414-1

Guaranteeing the most stringent quality standards to customers requires optimal supplier management. For this reason, the company affords priority to those suppliers of materials and services that can have a significant impact on the final quality provided by the Group to its customers.

Whenever possible, priority is afforded to contracting local suppliers to boost the area's economy. The "Social Impact" chapter of this Report provides details of the Group's procurements from local suppliers.

From a risk standpoint, the Elecnor Group works on two different levels. On the one hand, they are analysed at a high level by Management and, on the other, the analysis is conducted at an operational level after identifying those responsible for the different processes.

In the supply chain, in 2021, the main risk identified in both high-level and operational risks was the late delivery of supplies, both equipment and materials. In order to curb these risks and have a more resilient network of suppliers and contractors, the Elecnor Group has an action plan based on fostering digital transformation in procurement management.

Therefore, this year, progress was made in implementing the Fullstep procurement platform nationally. This platform enables all parties involved in the procurement process to view the status of their processes in real time. Some relevant figures are set out below:

- More than 12,200 suppliers have registered with Fullstep, accepting the General Terms and Conditions of Procurement in which ethical, labour, social and environmental criteria, among others, are established.
- More than 2,900 internal procurement users.
- More than 50 training sessions have been given to more than 1,400 internal users.
- More than 259,000 procurement orders have been placed for approximately Euros 600 million.

The Materials/Services Supplier Management procedure forms the basis for managing the supply chain.

The Elecnor Group deems major suppliers to be all the materials and services that, as a result of their effect on the safety of the installation and/or continuity of service, seriously affect the final quality of the installations it carried out.

Approval as a major supplier is granted after its documentation is analysed using the criteria of quality, environment, energy management, occupational risk prevention, compliance, R&D&I, information security and sustainability. This year, the sustainability criterion has been added, positively rating the contribution of SR10, SGE21, SA 8000 and the Family-Friendly Company Model Certificates.

Currently, the Elecnor Group has a total of 5,652 approved suppliers: 4,877 in Spain and 775 internationally across 15 countries. In 2021, 1,988 suppliers have been approved, of which 680 (34.21%) have been proven to be aligned with environmental requirements and 22 (1.11%) with the social requirements required by the Group.

It is also worth noting that by including Scope 3 of the carbon footprint in the company, environmental performance data has been requested from certain suppliers and subcontractors, with 119 responses obtained.

The re-assessment of suppliers remains ongoing using 3 tools: surveys to assess procurement, supplier complaints and audits of critical suppliers.

The Elecnor Group has selected its critical suppliers, which represent 48% of its procurement volume, and audits them applying quality, environmental and compliance criteria.
In 2021, 9 audits were conducted on critical suppliers, the result of which directly affects their approval as a major supplier. This is why the relationship with critical suppliers is ongoing.

It is worth noting that, in 2021, the Elecnor Group has not suspended its commercial relationship with any of its suppliers due to irregularities detected in both the procurement of materials and the management of services supplied.

For the purpose of maintaining optimal relations and processes with suppliers, the Group has several communication channels:

- Fullstep (procurement platform)
  - soporteproveedores@elecnor.es
  - Manuals for suppliers
- E-coordina (platform for the coordination of business activities)
  - soporte@e-coordina.com
  - Library for suppliers
- Whistleblowing channel
  - codigoetico@elecnor.com
  - Apartado de Correos nº 266-48080

15.7 Committed to the environment

The commitment of the Elecnor Group to environmental sustainability is inherent to the undertaking of its activities and its business strategy. On the one hand, the Elecnor Group contributes to building a sustainable, low-carbon future through its renewable energy generation, energy efficiency, water and environmental activities; and, on the other hand, reducing its carbon footprint and undertaking appropriate environmental management.

Environmental management GRI 102-11, GRI 103-1, GRI 103-2, GRI 103-3

The Elecnor Group's General Services Area is responsible for managing the Integrated Management System, which encompasses the quality management, environmental management, occupational risk prevention, energy management, R&D&I and information security systems of all the company's organisations.

In order to monitor the areas of Quality and Environmental Management, there is a team of 101 people distributed between the General Services Area and the various organisations of the Group, both in Spain and internationally.

The principles of the Environmental Management of the Elecnor Group are set out in the Integrated Management System Policy, the scope of which was updated in 2021. These principles of action are described below:

- Incorporating environmental considerations into the decision-making processes regarding investments and execution of activities, encouraging their being taken into account in cost-benefit analyses.
- Fostering the protection and conservation of biodiversity and the natural environment, implementing the necessary measures in order to mitigate, offset and even avoid the negative impacts produced by the Group's activities, promoting those that generate positive impacts.
- Making sustainable use of resources, fostering responsible consumption, waste minimisation and the circular economy.
- To responsibly and efficiently manage water resources, based on the fully integrated cycle, nurturing social development and the conservation of ecosystems.
- Involving all stakeholders (employees, shareholders, customers, suppliers and society at large) in the joint quest for useful solutions to the challenges of preserving and developing the environment and using natural resources sustainably.

The Elecnor Group's activity is framed by its Environmental Management System and Energy Management, certified in accordance with ISO 14001:2015 and ISO 50001:2018 standards, respectively, as well as its Climate Change Strategy. The Environmental Management System defines a procedure to identify, assess and record the environmental aspects originating in its activities in order to determine which are significant and to be able to take measures on them to minimise possible impacts. Thereby, the most relevant aspects have been identified as waste generation, impact on the natural environment, use of natural and energy resources, and impact on flora and fauna.

In 2021, the company has mainly advanced in three lines of environmental action:

- Launching the Environmental Management System internationally. Elecnor Angola has been incorporated into the Group's Multisite Certificate and the implementation and alignment of the IQA and Hawkeye systems in Elecnor Mexico has continued.
- Optimising processes through the CORE tool, which encompasses the digitalisation of Integrated System processes, with the Improvement Management and Audits modules available.
- Cutting greenhouse gas emissions through adherence to the SBT (Science Based Targets) initiative. The Elecnor Group is committed to cutting Scope 1 and 2 emissions by 38% and Scope 3 emissions by 18% by 2035. The Elecnor Group's Climate Change Strategy has been updated based on these goals.

This year, multisite certification audits were conducted according to ISO standards 9001:2015 and 14001:2015. This is a single certificate for all of the organisations in the Group's infrastructures area that contains all of the scopes of the various activities and all of the work centres. Furthermore, certificates were maintained at the subsidiaries Audeca, Elecnor Deimos, Hidroambiente, Enerfín, Elecnor México, Elecnor do Brasil, Elecnor de Argentina, IQA and Montelecnor.

73% of turnover is certified in accordance with ISO 14001 standard.

The Elecnor Group has renewed the AENOR Environment CO_2 Verified Certificate pursuant to the ISO 14064-1:2018 standard, and extended the scope of the certification of the UNE-EN ISO 50001:2018 standard to the activity of rendering comprehensive operation, maintenance, conservation and energy efficiency services in water treatment systems (drinking and waste-water).

In 2021, the Group has allocated a total of Euros 4.5 million to managing environmental impacts, broken down as follows:

Activity	Investment (€)
Actions to minimise environmental impacts (climate change strategy, waste management, others)	1,446,000
Environmental awareness-raising	12,000
People dedicated to environmental activity	3,030,000
Environmental certifications	25,775
Environmental consultancy and advice	47,000
Total	4,560,775

The Elecnor Group has an environmental liability policy in force until 30 September 2022 covering the activities of Elecnor, S.A. and its subsidiaries, and the general limit of the policy stands at Euros 20 million. This policy guarantees compensation required from the policyholder for environmental damage, pursuant to the terms established therein.

The fight against climate change GRI 103-1, GRI 103-2, GRI 103-3

The Elecnor Group actively and decisively contributes to building a low-carbon society. Climate change is a challenge on which the company has been working for years by undertaking various initiatives that have a positive impact on reducing its environmental footprint:

- Calculating its carbon footprint in accordance with internationally recognised standards and implementing actions to reduce GHG emissions within the scope of its activity.
- Verifying, for the seventh consecutive year, the inventory of greenhouse gas emissions pursuant to the ISO 14064-1 standard.
- Obtaining the "Calculo y Reduzco" seal awarded by the Spanish Office for Climate Change (OECC).
- Taking part for the fourth consecutive year in the Carbon Disclosure Project (CDP).

In 2021, the Group continued progress in its commitment to decarbonisation by joining the SBT (Science Based Targets) initiative. This initiative identifies and fosters innovative approaches to setting science-based corporate emission reduction targets.

Climate change strategy GRI 201-2

The Elecnor Group has conducted a strategic diagnosis of adaptation to climate change, in order to identify opportunities and risks in that connection. The analysis of opportunities concludes that Angola, Brazil, Spain and Mexico are the countries that have the best opportunities in the electricity, power generation, construction, environment and telecommunications businesses. As regards risk analysis, business lines focusing on power grid and wind energy concessions are most affected, with those located on the American continent presenting the highest levels of climate risk.

Owing to the results obtained from the diagnosis, the Elecnor Group designed its 2030 Climate Change Strategy, which established greenhouse gas emission reduction targets that were reached between 2019 and 2020.

Following the Group's adherence to the Science Based Targets (SBT) initiative, the Climate Change Strategy for 2035 has been revised.

SBT is an initiative led by CDP, United Nations Global Compact, the World Resources Institute (WRI), the WWF and We Mean Business, in order to help companies set ambitious science-based climate targets in order to cut greenhouse gas emissions and limit global warming to below 2ºC, taking advantage of opportunities during the transition to a low-carbon economy.

The new Strategy is structured into four overall areas of action: Governance, Strategy, Risk Management, Metrics and Targets, included in three cross-cutting lines: People, Assets and Knowledge, seeking to align with best disclosure practices in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD's goal is to foster the quality of financial reporting on the potential impacts of climate change with a view to improving the ability of investors to assess climate-related risks and opportunities.

The new Climate Strategy will contribute to ensuring lower costs and, at the same time, more effective responses to climate change. Similarly, it is set to be the basis for a profitable and growing business, making the Elecnor Group a strong, competitive and sustainable company. The Group's resilience to climate change will be defined by its ability to address the risks and take advantage of the opportunities arising from this phenomenon.

The 2035 Climate Change Strategy, establishes the framework for all the Group's actions to reduce greenhouse gas emissions, adapt to climate change impacts and tap into the associated opportunities. Therein, the Elecnor Group establishes the commitment to cutting Scope 1 and 2 emissions by 38%, and Scope 3 emissions by 18% by 2035. This endeavour will enable work to be carried out along four lines of action:

- Fuels:
  - Renewing the fleet for more efficient and less carbon-intensive vehicles.
  - The most sustainable fuels will be analysed for the changeover, according to the country.
- Renewable energy:
  - Procuring 100% renewable energy electricity by 2035 internationally.
- Value chain:

- Setting up a collaboration programme with the main suppliers as regards carbon, focusing on obtaining primary information and subsequently accompanying them on their reduction path.

- Risk management:
  - Managing the short, medium and long-term risks and opportunities linked to climate change.
  - Establishing an internal carbon price as a tool to support the integration of climate aspects within the company.

In 2022, once a GAP analysis has been conducted in order to determine the starting point with respect to the TCFD recommendations, the Group will focus on formalising the processes for monitoring and controlling climate risks and opportunities in order to secure business continuity and management support.

Similarly, it will also advance in formalising the processes for assessing and quantifying the financial impact associated with the climate risks and opportunities identified in the short, medium and long term, to enable this analysis to be used as a useful tool in the associated management processes.

Monitoring, evaluation and review of the climate change strategy for 2020
GRI 302-4

Below is a description of the main results obtained in 2020 according to the document "Monitoring of the Elecnor Group's Climate Change Strategy", finalised in July 2021.

Strategic line	Investment (€)	Shares	Emissions avoided tCO_2e
Fuel and energy	817,612.98	› Conference calls encouraged to avoid journeys. › Giving courses in efficient driving practices. › Acquiring sustainable and efficient vehicles. › Acquiring sustainable and efficient machinery and tools › Acquiring efficient tools (computers, tablets, etc.) › Improvements in renewable energy generation facilities and the acquisition of green power. › Installation of timers for electronic devices and automatic off switches. LED	2,987.32

		lighting to replace existing fixtures.	
		› Controlling air-conditioning.	
Water	58,614.96	› Developing a plan to reduce water consumption. › Implementation of awareness campaigns.	2,223.81
Paper	3,500	› Developing a plan to reduce paper offices.	41.46
Total	879,727.94		5,252.61

Emissions GRI 305-1, GRI 305-2, GRI 305-4, GRI 305-5

Carbon footprint

Each year, the Elecnor Group calculates its carbon footprint pursuant to international standards using a tool that enables each organisation in the Group to report the consumption data associated with Scopes 1, 2 and 3.

In February 2021, the Elecnor Group verified greenhouse gas emissions in accordance with UNE ISO 14064-1 standard, linked to the direct and indirect emissions relating to its activities. Within the framework of carbon footprint registration, offsetting and CO_2 absorption by the Ministry for Ecological Transition (MITECO), the Group also renewed the "Calculo y Reduzco" seal granted by the Spanish Office for Climate Change (OECC). This seal acknowledges the calculation and verification of GHG emissions and recognises the Elecnor Group as one of the organisations to effectively reduce its carbon footprint for more than 4 consecutive years.

This seal acknowledges the calculation and verification of GHG emissions and recognises the Elecnor Group as one of the organisations to effectively reduce its carbon footprint for more than 4 consecutive years. In 2021, it upheld the score of A- achieved in 2020, a score that positions the Group yet again at the highest level in terms of sustainability, adaptation and mitigation of the impact of climate change.

In 2021, the Elecnor Group's carbon footprint was 63,959 tCO_2e for Scope 1 and Scope 2 (57,070 in 2020). Factoring in Scope 3 emissions, deriving from the value chain both upstream and downstream, the Group's total emissions amounted to 360,416 tCO_2e (214,181 in 2020).

Emissions (t CO_2e) GRI 305-1, GRI 305-2, GRI 305-3

Scope	2020	2021	Changes (%)
Scope 1 Stationary and mobile combustion*	53,394	61,721	15%
Scope 2 Consumption of electricity	3,676	2,238	-39%
Scope 1 & 2 totals	57,070	63,959	12%

Scope 3**	157,111	296,457	89%
Total	214,181	360,416	68%

*Fugitive emissions were counted, but not reported since they are only reported every three years due to their representing less than 1% of the total carbon footprint.
** Scope 3 emissions for 2020 come from an in-depth study of all the relevant categories and they are not verified.

Scope 3 of the carbon footprint refers to processes associated with the Elecnor Group's value chain, but which take place in sources that do not belong to it and which it does not control. The categories are calculated according to the "GHG Protocol Corporate Value Chain (Scope 3) Standard". This protocol classes Scope 3 emissions into 15 subcategories. Those applicable and relevant to Elecnor are as follows:

- Supply chain (procurement of products and services).
- Capital goods (reported in conjunction with supply chain).
- Life cycle of fuels and energy consumed.
- Transport and distribution of goods (upstream).
- Management of waste generated.
- Business travel by air, train and car (private, rental and taxi), in addition to stays at hotels.
- Employee commuting to and from the workplace.
- Leases (downstream).
- End of life of products sold.
- Investments.

Scope 1 emissions have increased by 15% compared to the previous year, due to an increase in activity in Chile which mainly resulted in a rise in fuel consumption.

Meanwhile, more Group organisations have committed to using electricity from renewable sources in Spain, which has led to a 39% reduction in Scope 2 emissions.

At 2021 year-end, for Scopes 1 and 2 the ratio of emissions generated per hour worked was 1.75 $kgCO_2e$/hour, 6% down on 2020 (1.86 $kgCO_2e$/hour). Nevertheless, taking 2014 as the basis for comparison, the ratio has clearly improved, having fallen by 29% (2.4 $kgCO_2e$/hour in 2014 vs. 1.75 $kgCO_2e$/hour in 2021).

Scope 3 emissions account for 82% of total emissions.

Scope 3* emissions	2020*	2021	Changes (%)
Acquisition of goods and services and capital goods	124,859	252,090	102%
Energy-production-related activities (not included in Scope 1 or 2)	14,207	11,197	-21%
Upstream transport and distribution	2,151	1,552	178%
Waste generated during the operation	732	3,321	354%
Work trips	6,233.6	7,677	23%
Home-work-home commuting of employees	3,392	13,937	311%

Assets leased by the organisation	360	1,502	318%
Waste deriving from products sold by the organisation	72	77	5%
Investments**	5,104	5,104	0%
Total	157,111	296,457	68%

* Scope 3 emissions for 2020 come from a detailed study of all relevant categories and are not verified.
** The investments correspond to Celeo.

It is worth highlighting the partnership with the Spanish Quality Agency (AEC) in the Climate Change task force, exchanging experiences and generating useful documentation for all the AEC's members and partners. The matters addressed relate to actions to combat climate change (carbon footprint, energy efficiency, decarbonisation, etc.) and related legal developments.

Offsetting emissions

The Elecnor Group has several programmes in motion to offset emissions through reforestation. In particular, it is worth mentioning the programme launched by Elecnor do Brasil consisting of planting Atlantic forest seedlings as part of the Green Initiative's Carbon Free Programme. The planting began in December 2020 and will offset 30% of the carbon footprint in 2019.

Mitigation through activities. Emissions avoided

The Group's power generation activity using renewable sources avoids the emission of greenhouse gases. The company undertakes projects in the areas of wind, solar PV and solar thermal power, hydroelectric and biomass plants.

By means of its Concessions Business, the Group has holdings in 1,700 MW of renewable energy facilities in operation and construction in Spain, Brazil, Canada and Colombia (1,694 MW in 2020), broken down as follows:

Renewable energy (MW)	2020	2021
Wind energy	1,349	1,335
Solar thermal energy	150	150
Solar PV energy	195	195
Total	1,694	1,700

As part of its commitment to diversification, the Group's wind power subsidiary Enerfín, is implementing innovative projects that include, among others, the hybridisation of wind energy and photovoltaic energy and storage, or generation, storage and supply of green hydrogen. In an initial phase, these projects are centred in Spain in light of the new regulation (Royal Decree Law 23/2020) and the National Recovery and Resilience Plan.

This kind of project responds to the need to decarbonise the economy, enabling, on the one hand, greater penetration of renewables in the electricity system (hybridisation, storage); and, on the other hand, reaching sectors with high emissions such as heavy goods transport or cogeneration. Along these lines, the administrative processing of two hybridisation projects and an innovative green hydrogen production project began in 2021. In particular, through its subsidiary Renovables del Cierzo, S.L., it has started to process the solar wind hybridisation projects of the Corral del Molino I and El Montecillo wind farms, with an installed solar power of 3.4 and 6.2 MWp respectively.

It is worth highlighting that the Elecnor Group sent 5,986,189 tonnes of waste to clean points in 2021, and that the generation of renewable energy at Enerfín reached 3,064,060 MWh in 2021.

The table below shows the greenhouse gas emissions that were avoided as a result of the two abovementioned initiatives.

Initiatives	Emissions avoided (tCO_2e)
Waste management on clean points	22,115
Renewable energy generation	1,367
Total	23,482

Source: prepared by the authors using a comparison with a trend scenario. The equivalent in tCO_2e has been calculated by comparing the avoided emissions using a trend scenario, in other words, what the associated emissions would have been if the waste had not been processed at a clean point or if the energy had not been generated from renewables.

Below are some of the most significant renewables projects awarded in 2021:

Wind energy

Spain

Cometa I and II wind farms, 64 MW
Solans wind farm, 50 MW
Loma de los Pinos wind farm, 40 MW
Barroso wind farm, 22.5 MW
Cantadal and La Serma wind farms, 20 MW
Expansion of Gecama wind farm, 16 MW

International

Cajuina II wind farm, 312 MW, Brazil
Sao Fernando IV wind farm, 85 MW, Brazil
WESP wind farm, 10 MW, Colombia

Solar PV energy

Domestic

Brovales solar PV farm, 250 MW

International

Casablanca solar PV farm, 239 Mwp, Brazil
Esperanza solar PV farm, 90 MW, in Dominican Republic
Rio do Peixe I e II solar PV farm, 70 MW, Brazil
Cedro & Caoba solar PV farm, 26 Mwp, Panama

Consumption management GRI 103-1, GRI 103-2, GRI 103-3

Energy consumption GRI 302-1

In 2021, energy consumption totals 712.46 TJ, 10% down on the previous year (788.41 TJ).

It is worth highlighting that 100% of the electricity consumed by the Elecnor Group's facilities in Spain in 2021 comes from renewable sources.

The various energy consumptions are presented below:

Energy consumption (TJ)

	2020	2021
Natural gas	0.13	0.21
Diesel	29.24	48.41
Petrol	54.14	21.49
Gas oil	479.75	507.01
Biodiesel	156.41	0.13
Electricity	64.23	65
Non-renewable source	43.42	31.87
100% Renewable source	20.65	33.12
Other fuels	4.51	5.22
Total	788.41	647.47

Note. All the electricity consumed by the Elecnor Group's facilities in Spain in 2021 comes from 100% renewable sources.

Energy efficiency initiatives

Energy management is one of the Group's areas of activity Elecnor is certified as an Energy Services Company (ESC), empowering it to develop projects to boost energy efficiency in street lighting, buildings and facilities. At present, Elecnor manages 267,869 street lights in 90 Spanish municipalities.

Meanwhile, internally, over the course of 2021, a number of energy-saving and energy efficiency actions were implemented, most notably:

- Fleet renewal, including new hybrid vehicles in the organisation.
- One-off modifications to the facilities at water treatment plants to reduce electricity consumption, installing more energy-efficient machines.
- Conference calls encouraged to avoid journeys.
- Courses in efficient driving practices to drivers of vans and heavy vehicles.
- Installation of timers for electronic devices and automatic off switches.
- Replacement of existing lighting with low-consumption LED lighting (offices, wind turbines in some wind farms, etc.).
- Implementation of a "PaperCut" user register for the offices' main printers, in order to keep better control of printing by each user and minimise the number of print-outs.

- Installation of photovoltaic solar panels in one of the warehouses of the North-Eastern Regional Office.

Sustainable financing GRI 201-2

The Elecnor Group has restructured its long-term financing sources, which are now sustainable.

In that regard, the company **renewed its Syndicated Financing Contract**, arranged in 2014, previously renewed in 2015, 2016, 2017, 2018 and 2019 enabling successive extensions of the maturity and improved conditions. This latest novation extends the maturity until September 2026 and has been executed by Santander (Agent), Caixabank, Abanca, BBVA, Kutxabank, Sabadell, Barclays, Société Générale, Unicaja, Crédit Agricole, Banco Cooperativo and Bankoa.

This financing complies with the requirements laid down by the Sustainability Linked Loan Principles and, therefore, it has been classified as sustainable.

Furthermore, the Group signed three long-term private placements totalling Euros 100 million:

- 50 million at 10 years, in sustainable loan format, coordinated by Banca March.
- 20 million at 10 years, which additionally fulfils the Green Loan Principles, as the funds are used for projects classified as green, executed by ICO and with Banco Sabadell as coordinator.
- 30 million at 14 years, in the form of a sustainable bond issued in the MARF, with an Elecnor Group rating (investment grade; BBB-, issued by Axesor) and structured and placed by Banco Sabadell.

The new funding facilities will contribute to the intention to boost Sustainable Development Goal 13 "Climate Action" of the United Nations Global Compact, by encouraging the development of sustainable and environmentally friendly projects.

Consumption of renewable energy

The electricity consumed by the Elecnor Group's facilities in Spain in 2021 comes from 100% renewable sources.

Celeo in Brazil generates photovoltaic energy for its own consumption at its maintenance base in Uberlândia. Similarly, Celeo in Chile has photovoltaic panels at the new Atacama maintenance base, with an estimated generation capacity corresponding to 92.8 kWh/day (2,783 kWh/month).

Water consumption GRI 303-1, GRI 303-2

The Elecnor Group's water consumption as a result of its activities is as follows:

- Own consumption. Water used in the facilities and to conduct the Group's various activities.
- Water treatment for customer. Water captured from waste water treatment facilities or water supply services, or discharged water from treatment plants operated by Elecnor and processed to attain human consumption quality or a degree of treatment as established by law.

The Elecnor Group deems the water footprint to be a material issue with low criticality and that it does not generate a significant impact on the water resource in the undertaking of its activities. However, it is aware of the importance of this limited resource and that some of its activities are performed in areas where there is a high risk of water stress. Therefore, it drives initiatives to reduce and optimise the consumption of this resource.

Similarly, the environmental administration establishes preventive measures to curb possible effects on river ecosystem species and other bodies of water, as well as to fulfil the environmental flow regime and the technical requirements laid down by the administration itself. The processes that ensure compliance with water collection and discharge requirements are part of the environmental management systems that the company implements, verifies and certifies pursuant to the international standard ISO 14001.

Through the Environmental Management System, the Group identifies its own water consumption as a non-material environmental aspect. Even so, the possible impacts related to water consumption in the activities conducted are assessed and monitored at the permanent facilities and in the works executed. This monitoring is conducted through:

- Monitoring of consumption
- Identification and compliance with legal requirements
- Standard environmental management procedures
- Location of areas at high risk of water stress (WRI)

The control mechanisms are related to the implementation of good practices in order to encourage cutting consumption to a minimum.

Initiatives to reduce and optimise water consumption are described below:

- Conducting awareness campaigns related to water saving.
- In Angola, a rainwater harvesting system was built for an (alternative) tank and the normal intakes were replaced with pressure or sensor intakes.
- Continuing to measure consumption and assess annual results for the purpose of planning targets for improvement and reduction of consumption.
- Several initiatives have been implemented in the AH Natchigal project (Cameroon), including a method for harvesting rainwater at various points in the project's life base. The stored non-drinking water can be used for watering gardens, vehicle cleaning or other possible needs.

Moreover, the company ensures compliance with all legislation in the areas where it performs its activities. The Elecnor Group avoids collecting water in areas of high water stress where it operates.

GRI 303-3, GRI 303-5	2020	2021
Mains water consumption (hm^3)	0.094	0.102
Water consumption in areas of high water stress (hm^3)	0.057	0.043
Water consumption in areas without water stress (hm^3)	0.037	0.059

Note. Water-stress areas have been identified using the "WRI Aqueduct 2019" database, specifically areas of "high" or "extremely high" water stress.

While total water consumption has risen in 2021, water consumption in areas of water stress has decreased.

The Elecnor Group ensures compliance with legislation, which guarantees that the discharges conducted are within the limits stated in the corresponding authorisations or permits. Thus, no anomalous circumstances have been detected that could significantly affect water resources and related habitats.

Other consumption

The Elecnor Group uses the following raw materials: steel, cables, insulators, electrical panels, cells, pumps and pipelines. The company currently implements initiatives to recycle and re-use some of these, such as cables and steel.

Waste management GRI 306-1, GRI 306-2

The Elecnor Group's Environmental Management System includes the protocol for managing waste generated in order to ensure adequate protection of people's health and the environment, as well as compliance with applicable legislation. The waste generated is treated in accordance with current legislation for authorised management, seeking the best available techniques for recycling, wherever possible. Moreover, in 2021 the company generated a total of 38,012 tonnes of waste (32,981 tonnes in 2020), 75% of which was recovered (re-use, recycling, soil treatment or other means) (73% in 2020).

The Elecnor Group also contributes to waste recovery by managing municipal recycling centres and recovering silt at the water treatment plants (WWTP and DWTP) it manages.

Below are details of the amounts of waste generated in its operations:

Waste generation by type	2020	2021
Hazardous waste	713,193	397,436
Non-hazardous waste	32,267,427	37,614,204
Total	32,980,620	38,011,640

GRI 306-4, GRI 306-5

	Hazardous waste (Kg)	Non-hazardous waste (Kg)
Waste not destined for disposal	127,097	28,327,827
Reuse/Preparation for reuse	22,868	6,910,599
Recycling	17,000	11,749,117
Other recovery operations	87,229	9,668,110
Waste destined for disposal	270,339	9,286,377
Incineration (with energy recovery)	342	64,220
Incineration (no energy recovery)	9,568	37,100
Transfer to landfill	211,639	9,050,489
Other elimination operations	48,790	134,569
% Destined for recovery	75%	
Total	38,011,640	

Other initiatives

Certain major initiatives implemented to prevent waste generation (recycling, reuse, etc.) are described below.

Celeo continued with the "Celeo Recicla" (Celeo Recycles) campaign which is aimed at fostering separation and recycling at work centres by providing separate bins, placing information signs and conducting awareness campaigns.

Enerfín is committed to circular economy initiatives, which can be highlighted with the increasing repowering of old wind farms and the consequent dismantling of existing wind turbines. Along these lines, Enerfín is taking part in a business partnership project with AIN Circular Platform, whose aim is to develop a circular economy strategy to integrate it into management, and to provide a collaborative approach between the participating companies.
The subsidiary Atersa has improved the efficiency of photovoltaic panels marketed in year 2021. Here, efficiency means the amount of Watts used in a solar panel expressed in W/m^2. This improvement entails fewer product units needed to achieve the same installation power, resulting in reduced waste generated.

Environmental awareness

The Elecnor Group involves its employees and all other stakeholders in environmental awareness programmes and campaigns.

Some of the most notable initiatives include:

- Helping to Help competition. In order to acknowledge and promote projects by non-profit organisations that contribute to improving natural heritage through biodiversity protection, the preservation of environmental quality and ecosystems, the sustainable use of natural resources and combating climate change, the Elecnor Group launched the first call for entries for this competition, with a prize of Euros 12,000.

  The Sustainability Committee selected the three finalist projects (Fenix, Recicla + and La Mar de Limpio) from among the six candidates. The employees chose the winning project through the Buenos Días Elecnor intranet: "*La Mar de Limpio: de ti depende*" (Clean sea: its down to you), an environmental volunteer project by Fundación Oxígeno to clean seas and beaches.
- Climate Action Day. As part of this celebration, internal and external communications were sent to raise awareness around the Elecnor Group's participation in building a sustainable, low-carbon future.
- *Calculo y Reduzco* (I calculate and reduce). Through the renewal of the Calculo y Reduzco seal, internal and external communications were sent to reinforce the message that the Elecnor Group is an organisation committed to reducing its carbon footprint.
- In the context of the SE Jurupari project by Elecnor do Brasil, various awareness-raising campaigns were conducted in World Environment Week with the river community of Praia Verde, close to the project, on forest preservation, composting and artisan production using reusable wooden pallets.
- "*No hay excusas para no reciclar*" (No excuses for not recycling) awareness campaign. The environmental department of Algete Council, in collaboration with Audeca, continues with the public awareness campaign to encourage residents to recycle and use each container correctly. The Council seeks to raise awareness around the

importance of recycling using an audiovisual campaign, on the internet and social networks.

- Similarly, in Santa Margalida Council (Spain) another awareness-raising campaign has been conducted by Audeca, where besides carrying out a selective collection of household waste fractions, it has raised awareness door to door on the best waste separation practices.
- Environmental awareness and information programme on renewable energies, conducted at the Cofrentes wind farm, seeking to raise awareness among the region's population and stakeholders around respect for the environment, its conservation and protection. In particular, an environmental and renewable energy awareness day was held at the Cofrentes wind farm for children aged 9, 10 and 11 from the Maestre Caballero school in Cofrentes.
- The PAREP Project by Green Light Contractors is conducting an awareness-raising programme involving the public. In this case, the scout group of Port Augusta, a town close to the project, regularly removes packaging waste, obtaining a contribution for this removal, which they then use for materials for their activities.
- Environmental awareness campaign to improve the management of hazardous waste at wind farms.
- Delivering glass bottles to employees to reduce the use of plastic bottles and cups.
- Undertaking various initiatives in the offices to recover waste and foster the circular economy: selective collection and recovery of masks in order to obtain fuels and lubricants, and collection of coffee capsules and coffee grounds to make catering utensils, buckets and flowerpots, as well as agriculture fertiliser.
- Undertaking various initiatives in the works for the recovery of waste or materials and fostering the circular economy (the projects AH Nachtigal (Cameroon), Brovales Clúster (Spain), Forest Line (Finland): donation of surplus wood or materials to local companies to be used for other purposes.

Management of biodiversity and protection of the natural environment

GRI 103-1, GRI 103-2, GRI 103-3, GRI 304-1, GRI 304-2, GRI 304-3

The Elecnor Group's human-induced impact on bioversity refers to the potential effects on flora and fauna due to disturbances, loss of habitat and even loss of species. The Group identifies and assesses this impact from all its activities, either for legal compliance or at the own initiative of the organisation or its customers. As a result, it undertakes activities and measures that reduce the impact on biodiversity to a minimum or even generate a positive impact on biodiversity.

Some of the mitigation actions conducted in 2021 to minimise and limit the impact on biodiversity are described below:

Related to fauna conservation

- Photovoltaic solar plant Fotón I-II-III (Manzanares, Ciudad Real). The declarations request the development of environmental proposals to integrate the works and improve the habitat of fauna (lesser kestrel, owl and steppe-land birds). To that end, the company has conducted interior and perimeter planting, landscape integration measures and actions to increase the populations of kestrels and owls.

- Baza – Caparacena 400 kV Transmission Line Project (Spain). A conservation programme for birds of prey is being conducted using biological recovery periods, following the survey on fauna and the installation of deterrents in a critical area for the conservation of birds of prey living among the rocks.
- Guajira I wind farm (Colombia) In order to reduce the impact on wildlife to a minimum as a result of the works, a fauna management programme has been undertaken that includes measures to repel, rescue and relocate vertebrate fauna found in the area under the jurisdiction of the wind farm works. The programme also features staff training on interactions and management of fauna and potential risks.

  Other complementary strategies were also developed, such as daily grazing of vertebrate species of medium to high mobility (e.g. goats and sheep) to maintain the current vegetation, training project staff on the care and protection of biodiversity and ecosystem services, in addition to designing and developing 20 double-sided informative and preventive signs, both in Spanish and Wayuunaiki, to reduce the number of accidents and deaths of wildlife and domestic species.

- Llanos del Viento wind farm project (Chile). Actions have been taken to prevent contingencies and emergencies related to the risk of wildlife being run over.
- Enerfín's Ribera de Navarra wind farms (Montecillo, Corral I, Corral II, and Volandín). Actions have been implemented to avoid affecting steppe-land birds.
- Enerfín's Aerosur wind farm (Spain). Environmental monitoring during the operating phase, meaning specialised monitoring in detecting birds and shutting down wind turbines that could pose a risk to them.
- PATE- LT230 kV Oriximiná-Juruti-Parintins e Subestações Associadas (Brazil). Various mitigation and compensation actions are being conducted, such as the rescue of plant germplasm, the fauna rescue programme, the raptor conservation programme and the environmental education programme for workers.

Related to flora conservation

- Complexo Solar Fotovoltaico Lar do Sol (Brasil) – Casablanca. Mitigation measures are conducted, such as rescuing plant germplasm and the programme for scaring, managing and rescuing fauna.
- New England Solar Farm (Australia). The project has a Biodiversity Management Plan conducted by specialists, with measures such as marking sites identified as habitats of interest for diversity in order to avoid altering or removing them without proper supervision by a specialist.
- Coromuel wind farm (Mexico). During the construction of the project, shredding and composting is being conducted. This is considered a good practice for the generation of substrates rich in vegetative material and germplasm, which are subsequently used in reforestation activities in areas impacted by the project's various activities.

The Elecnor Group develops wind power projects through its subsidiary Enerfín. In the pre-operational (construction) phase, exhaustive environmental impact studies are conducted in agreement with the administration and lasting at least one year, for the purpose of characterising the bird species and populations existing in the area and their behaviour in the different seasons (identifying nesting and roosting areas, determining flight heights, etc.). The findings of these studies are crucial for the project's viability.

Once the facility enters operation, the concessionary subsidiary conducts birdlife monitoring plans, in addition to various checks for the conservation of ecosystems existing in the project area, reporting the data from this monitoring to these administrations in due course.

Restoration projects conducted in 2021. The most important ones are described below:

- Restoration of Lake Yaoundé (Cameroon). The purpose of this project is to carry out Phase One of the Project for the Tourism and Economic Development of the Municipal Lake and Development of the Mingoa Valley in Yaoundé on behalf of the Urban Community of Yaoundé, in the Republic of Cameroon.

  This initial phase includes the cleaning and sanitation of the lake, reinforcement of the banks, purification of the lake water and waste water from the buildings erected or to be erected in the vicinity, construction of restorative water lily area, the development of paths, trails and car parks around the perimeter of the lake, the urbanisation and/or restoration of green spaces around the lake.

- Restoration project of the Zapardiel river as part of the integrated project Life16 IPE/ES/019 (Spain). The project consists of the fluvial restoration of 70 km of the Zapardiel river.

  This development is included among the actions of Life IP-RBMP Duero, a project that will enable the management of water resources of the Duero river basin through innovative, sustainable, participatory solutions that can be exported to the rest of the river basins.

- Reforestation work on the SA DUAIA public estate (Artá-Mallorca) for Endesa (Spain). This initiative is part of the Endesa Forest initiative, which endeavours to contribute to the restoration of degraded and burnt land in Spain by planting and sowing native forest species, thereby contributing to absorbing greenhouse gases from the atmosphere and regulating the local climate.

- • 56 MW Coromuel wind farm. The reforestation activities include the propagation and germination of endemic flora for the project. Its goal is to conserve the biological diversity of the ecosystem and sustainable management, seeking to repopulate the areas affected by the ongoing civil and electromechanical construction work on the project.

- PAREP (Australia). A rehabilitation plan has been implemented to start revegetating the areas once the construction works have been completed. The plan consists of trialling the planting of small areas with native Australian seeds of plants that grow in the area and, depending on the results of the trial, finalising the plan for the entire 60 ha site.

  The purpose of the site restoration and rehabilitation work is to return the disturbed areas to a functional ecosystem that can once again support grazing. Restoration and rehabilitation activities on the disturbed areas will be conducted in stages as the construction works progress.

At Celeo, the main biodiversity impacts identified of the activity of the electricity transmission lines in Brazil and Chile include, but are not limited to, the stifling or loss of vegetation, disturbance of fauna due to noise and dust, and the alteration of rainwater. The impacts are managed through an environmental impact assessment that defines mitigation, repair and compensation measures. The mitigation of impacts relating to the operation of electricity distribution lines is achieved through the optimisation and reduction of interventions to the minimum necessary, as well as the environmental regeneration of the areas affected.

Furthermore, the Elecnor Group includes projects located in or near protected areas of great value, the information on which is set out in Appendix I of this report.

Similarly, the Group and its subsidiaries also monitor species that appear on the International Union for Conservation of Nature (IUCN) Red List and on national conservation lists whose habitats are in areas affected by the organisation's operations, by level of risk of extinction. Appendix I of this report lists the projects that conduct this monitoring.

15.8 Technology and innovation

The digital transformation in the Elecnor Group: processes, technology and people

The strategic project on Digital Transformation addresses the design, digitalisation and deployment of an innovative management model seeking to improve processes, operational efficiency, cultural change and competitiveness.

Along these lines, the Elecnor Group has developed a transversal technological innovation process for management that is now in a mature phase.

The now-consolidated Digitalisation Office is the driving force behind this innovation and is in charge of providing it with a structure, method and a governance model that is responsible for fulfilling the goals set and measuring progress using two complementary indices: the Digital Development Score and the Implementation Rate.

Through various initiatives, the Digitalisation Office coordinates the progress of innovation in processes, technologies and people. Each initiative involves the required number of people within the organisation to reach a decision on which process to implement and the most suitable IT medium.

The decisions adopted are assessed by the Digital Transformation Committee, which includes representation from all areas of the company and contributes a transversal business approach.

Achievements 2021

- The initiatives implemented obtained a Digital Development Score (DDS) of 96.23% and an Implementation Rate (IR) of 95.43%.
- Progress in the digitalisation of transversal and business processes: procurements management, fleet management, financial reporting, various spheres of occupational risk prevention, consolidation of financial statements, insurance management, estimated closures, clocking in, document management, overseeing of major construction projects, framework agreement management, time sheets, CRM, etc.
- Deployment and adoption throughout the Group of the different processes and their applications. 40 deployments have been conducted in 13 countries.

- Increased levels of involvement: +3,000 participants, +6,000 users, +7,000 third parties, 600 working sessions, +80 training sessions and 19 committee meetings held.
- Dissemination sessions and internal case studies on applications have been initiated, obtaining the following results of interest:

Information security GRI 103-1, GRI 103-2, GRI 103-3

In 2021, the Elecnor Group has included the information security aspect in its Integrated Management System, as well as in the Integrated Policy. Furthermore, the Information Security Management System has been certified pursuant to the ISO 27001 standard. Through this system, security measures are conveyed in order to reduce the possibility of threats materialising and to ensure that the security incidents detected are resolved as soon as possible to prevent them from affecting the information processed or the services provided by the Elecnor Group.

Cybersecurity continues to be a relevant area for the company as a result of, on the one hand, the increase in attacks on companies in the most digitalised economies, and on the other, the greater need for connectivity in companies as a result of the pandemic, which has occasionally generated greater risk and vulnerability of systems.

In that regard, the Elecnor Group has undertaken the following projects:

- Start of the International Cybersecurity Plan.
- Implementing secure Wi-Fi and other projects seeking to guarantee security in facilities and plants (OT).
- Awareness and training to the entire workforce, crucial to maintain a high degree of protection against external threats.

Tackling COVID-19 by means of the digital transformation

From a technology standpoint, managing the pandemic in 2020 was a major challenge that was successfully overcome and which is ongoing this year in terms of guaranteeing the continuity of employees' work in tasks that can be carried out remotely.

In that regard, the difficult circumstances arising from COVID-19 have facilitated the digital transformation process and have considerably accelerated the adoption of digital habits in the Group. These include video conferencing, which remained at around 20,000 per month in 2021.

Similarly, the Group has a Contingency Plan encompassing the possible circumstances that might affect the availability of information systems, such as power outages, internet and server failures, impossibility of accessing buildings, etc.

Innovation and new business opportunities

Innovation in the Elecnor Group contributes greater added value to the services it provides to its customers with the guarantee of sustainability, competitiveness and differentiation of the company.

The Group's main strategic lines of RDI target the following areas of activity. Elecnor, S.A. and its subsidiary Audeca are currently certified in accordance with UNE 166002 standard.

The Group's main strategic lines of RDI target the following areas of activity:

Infrastructure

- Railway
- Electricity transmission/distribution
- Gas transmission/distribution
- Roads
- Construction and building solutions

Energy

- Renewable/conventional generation
- Substations
- Energy storage systems
- Hybrid fossil fuel + solar PV systems
- Biomass
- Construction solutions
- Improvements in efficiency, O&M and management of generation plants

Facilities

- Electrical installations
- Energy services
- Safety
- Buildings and large facilities (ports, airports, industry, hospitals, etc.)
- Construction solutions
- *Smart cities*

Environment

- Management and treatment of waste and waste-to-energy
- Carbon capture systems (CCS)
- Soil decontamination
- Improvements in efficiency, O&M and management of plants

Water

- Systems for desalinating sea water and brackish water
- Waste water treatment systems
- Drinking water purification systems
- Water transport and distribution networks
- Improvements in efficiency, O&M and management of plants and water networks

Singular projects

Development of projects in which innovation provides a significant qualitative leap

Achievements 2021

- Maintenance of UNE 166002 certification for RDI Management Systems of Elecnor, S.A. and Audeca.
- Launch of INNOVA 2021 call for proposals for RDI project funding.
- Development of projects for the hybridisation of wind power with photovoltaic energy and studying the possibility of integrating a storage system in hybrid farms.
- The production of renewable hydrogen is being promoted —through the subsidiary Enerfín— as a vector towards ecological transition and decarbonisation.
- Integration of circular economy criteria into wind farm components, mainly turbine blades.
- Collaboration agreement with two hydrogen production technology manufacturers: Fusion Fuel and Ohmium.
- Design and manufacture of an auxiliary metal structure for assembling lighting on high-rise towers.
- Approval of three projects with the participation of the Group's technological subsidiary, Elecnor Deimos, within the scope of the EU's European Defence Industrial Development Programme (EDIDP). These projects are intended to develop new techniques for observing objects in Earth orbit, a command and control system for space defence systems and to outline a space system for the early detection of intercontinental ballistic missiles.
- Approval by the Provincial Council of Bizkaia of two innovative projects in the HAZITEK call for proposals: Genio Project in the Railway Department and QR Project for the activity of industrial plants.
- Training of staff for site and construction managers, tender and BIM personnel for lean construction.
- In 2021, the total figure of expenditure on all the Group's R&D&I projects amounted to Euros 6.3 million.

Innovation projects

In the year, the Elecnor Group was involved in a huge number of innovation projects that, in many cases, it performs in collaboration with various universities and technological centres and institutes, such as Railway Innovation Hub, University of Valladolid, Madrid's Polytechnic University, University of Burgos, ICAI Institute of Technological Research, CENES in France, UKSA in the United Kingdom, POLSA in Poland, CENER (National Renewable Energy Centre); the company Tekiner or aerospace agencies such as Spain's Institute of Aerospace Technology (INTA) and Tecnalia, among others.

Highlighted projects

Green Hydrogen Project

This project by Enerfín, the Group's wind power subsidiary, endeavours to design, develop, implement and validate a 1 MW green hydrogen generation, storage and supply plant (Green

H2 Langosteira) for subsequent use in heavy goods transport, public transport fleets and industrial use.

The green hydrogen produced will be used to supply a plant that currently consumes natural gas.

The project involves various partners and has been submitted to the Ministry for Ecological Transition and Demographic Challenge.

Enerfín is partnering with Spain's National Hydrogen Centre (CNH2), whose highly qualified staff specialise in the design and optimal sizing of hydrogen facilities.

SIGIDEL Project

The goal of this project is to implement an advanced electrical supervision and control system for an aerial installation. It endeavours to develop the necessary technology to provide facilities of these characteristics with a series of systems at the cutting edge of technology that fulfil the conditions for the correct management of the facilities in real time.

The purpose is to study and develop new SCADA modules, with a view to improving the current contingency criteria between the supervision systems between buildings, as well as the implementation of the different peripherals, remote units, communication systems, application software, etc. of the SCADA system (control, supervision and data acquisition system), comprising newly developed elements.

Smart cities

This project is geared towards the design, development and integration of a new model of smart cities by means of automating irrigation and lighting systems.

The project seeks to integrate autonomous watering systems in parks by means of a centralised system, allowing local operation in each park and in the command centre. Accordingly, resources are optimised and, using historical data, it is possible to make suitable tweaks to ensure continuous improvement in efficiency terms.

Moreover, the system can also read 100 temperature and humidity sensors over a Siemens IoT 2040 gateway through its open source programming system. This programming consists of capturing signals and processing and delivering data to the cloud by means of the SIGFOX protocol.

In addition, the project also tackles the control aspect of street lighting and pilot plans for waste integration via an online platform with global access.

The Genio project

The Main goal of the project is to develop a smart system to support planning and execution of maintenance. To do so, Elecnor's Railway Department has implemented a complex asset management system based on information management so as to gain competitiveness and market share, in particular in Spain.

The technological solution is geared towards industrial maintenance, and its goal is to further the knowledge and application of various technologies linked to artificial intelligence within this field.

Predictive Maintenance

The increase in the operating portfolio and ageing of wind assets is resulting in the updating of management processes in wind farm operation and maintenance towards a predictive-type management model.

As Enerfín is aware of this situation, it is developing a multi-year project to equip its resources with tools that enable early detection of faults that may occur in wind turbines' main mechanical and electrical elements. This project endeavours to digitalise predictive maintenance processes, applying artificial intelligence and big data technologies and developments with the help of companies specialising in advanced data analytics.

Thermographic inspection using an uncrewed aerial vehicle (UAV)

In Spain, the joint venture Celeo has implemented thermographic inspection using an uncrewed aerial vehicle (UAV) for photovoltaic plants of more than 1 MW. The images obtained are processed using artificial intelligence, providing an accurate and rapid analysis of the condition of the installed photovoltaic panels.

Innova 2021 calls for proposals

The Elecnor Group, through its Innova programme for funding RDI projects proposed, aims to align RDI with the development of new business for the Group, to boost competitiveness, achieve early identification of RDI projects and enhance internal collaboration.

All Elecnor Group organisations based in Spain and foreign subsidiaries can apply for funding for RDI projects.

Innova 2021 featured projects

Data analytics for improved processes

This project enables Elecnor's Systems Area to propose the integration of data analytics in automated processes. Until now, automation systems have been limited to collecting data, but have not been dedicated to using them, which could bring a competitive advantage in the integration of new installations or the expansion of existing ones.

The project proposes the following goals:

- To store the facility's data in a secure environment in the cloud, fulfilling security protocols, while accessing it from any device and location with the necessary permissions.
- To improve the data management and analytics process.
- Data use and statistical analysis in a visual and user-friendly manner, facilitating interaction with the results, extending exploratory capabilities in a visual interface to understand data and build models.

iSignal

iSignal is a trailblazing solution that uses artificial intelligence in road maintenance work. This project enhances road safety because it fulfils the dual function of, on the one hand, warning road users (drivers) of the existence of an incident on the road and, on the other, warning and alerting road maintenance workers of the existence of a hazard in real time. All of this is conducted with a robot that travels autonomously on the hard shoulder of the road, without affecting traffic and using artificial intelligence for the early detection of possible risks.

This innovative project is also co-funded through the CDTI (Spain's Centre for Industrial Technological Development of the Ministry of Science and Innovation) funds.

Mobile-terminal monitoring of control systems in industrial plants with augmented reality, geolocation and QR code

This project is an innovative application in the areas of augmented reality, geolocation and QR code reading. It comprises control systems that enable the optimisation of monitoring and remote control of industrial plants, thus achieving increased efficiency, productivity and agility in process management.

Innovating through startups

Collaboration with startups enables the Elecnor Group to access greater knowledge, develop innovative solutions and create new business opportunities that may contribute added value to customers.

In that regard, the Group has been conducting initiatives with disruptive or exponential technology in partnership with innovative start-ups. In the context of the Bind 4.0 programme, a public-private acceleration programme seeking to encourage the development of the best start-ups in the field of Industry 4.0 by fostering projects with leading industrial companies and a comprehensive support programme, the following projects have been conducted

- Asimob. Proof of concept in the monitoring of traffic signs and road surface irregularities at a road maintenance centre on the Iberian Peninsula using artificial vision.
- Codecontract. Two proofs of concept on the traceability of IT developments and the traceability of the company's insurance applications using blockchain technology.
- Grabit. Proof of concept of PPE inventory control through artificial vision.

Membership of RDI associations and platforms

- Associate member of Eraikune Construction Cluster in the Basque Country. Eraikune helps boost the competitiveness of companies in the Construction Industry by means of training, innovation and internationalisation.
- Associate member of the Asturias Innovation Club (Innovasturias).
- Platinum member of the Efficient Energy Cluster of Catalonia.
- Member of the Interior Air Quality Cluster (IAQ), an association of businesses that cooperate and share synergies with the main goal of leading future decisions on how to improve interior air quality in buildings and infrastructure.
- Members of the R&D committees of Spain's Association of Technological Aeronautics, Space and Defence Companies (TEDAE), the European Association of Remote Sensing Companies, the European Association of Space Companies Eurospace and the Open Geospatial Consortium.
- Elecnor Deimos is a member of the Spanish Aerospace Platform, which comprises all the players in this sector, including companies, public and private research centres and universities, and submits the proposed strategic RDI agenda to administrations.
- Enerfín is a member of AEPIBAL, Batteries, Cells and Energy Storage Business Association; AeH2, Spanish Hydrogen Association; AIN, Navarre Industry Association; and REALTEC, Innovation Platform within the Spanish Wind Energy Association.

Participation in forums, congresses and awards

Forums and conferences

- Digital debate "New technologies applied to road maintenance", held by the Spanish Road Association.
- 16th Conference on Road Maintenance "The Road: Essential Infrastructure", held by ACEX and the Technical Road Association.
- 8th Solar Forum, UNEF.
- *European Space Policy Conference*.
- *International Astronautical Conference*, in Dubai.
- *International Conference of Astrodynamics Tools and Techniques*, from ICATT.
- *International Geoscience and Remote Sensing Symposium*, from IGARSS.
- GEO Week.
- *Earth Observation Phi-Week*, of the ESA.

- *RailLive, Technology, Innovation & Strategy for the entire rail supply chain*.
- International Defence Trade Fair, by FEINDEF.
- *European BIM Summit*.
- 2nd International Congress for Ecological Transition.
- AIN Circular Platform.
- Presentation of the Navarre Green Hydrogen Agenda.
- Cluergal Conference "Green hydrogen in the energy transition: challenges and opportunities".

Awards

17th National ACEX Award for Safety in Conservation

The project SMS+ of the subsidiary Audeca has won the 17th National ACEX Award for Safety in Conservation, in the general category.

The SMS+ system comprises an emergency and first aid communications network, and a platform to support this network in areas where there is no mobile phone coverage and with special emphasis on extreme weather phenomena.

Its goal is to establish communication by means of text messages between terminals or to send an SOS by pressing a button on a communication component. This development endeavours to facilitate the communication of personnel when conducting public service, within tolerable safety margins, enabling intervention in an exact location and with the necessary means, all in the shortest possible time. Shortening the response time in the event of incidents means resolving them more quickly and efficiently, reducing unforeseen consequences.

15.9 Responsible management

Corporate governance GRI 102-18

The Elecnor Group meets the requirements established in Spanish Companies Act and is guided by the recommendations in the Code of Good Governance of Listed Companies issued by the National Securities Market Commission[10].

Corporate structure

In 2021, the General Shareholders' Meeting of Elecnor, S.A. (the "Spun-off Company") and that of Elecnor Servicios y Proyectos, S.A.U. (the "Beneficiary Company") have approved the joint spin-off project formulated by their management bodies, pursuant to the provisions of Law 3/2009, of 3 April, on structural modifications of commercial enterprises ("LME").

The partial spin-off operation involves the separation of the part of the assets of the Spun-off Company dedicated to the services and projects business activity, which undertakes the execution of all kinds of engineering, renewable energy, construction and services projects and which is conducted both directly and through branches and companies established in Spain and abroad in relation to the following sectors: electricity, power generation, gas,

[10] This information is available under Corporate Governance in the Shareholders and Investors section of the Elecnor Group corporate website.

telecommunications and systems, railways, maintenance and energy efficiency, installations, construction, water, environment and space.

Elecnor, S.A. continues to be the Group's listed parent company and the subsidiaries Elecnor Servicios y Proyectos, S.A.U. and Enerfín Sociedad de Energía, S.L.U., as well as the partner company Celeo Concesiones e Inversiones, S.L., report to it.

The purpose of this spin-off is to adapt the Group's corporate structure to the organisational reality in which the company has been working for years, as well as to enable the risks, assets employed or profits of the activities conducted by each of them to be adequately individualised and, in consequence, the added value of each of the Group's activities to be suitably differentiated.

Ownership structure

The company Cantiles XXI, S.L., comprising various family groups, holds a 52.76% interest in Elecnor, S.A., which gives it control of the company within the meaning of article 42 of the Code of Commerce.

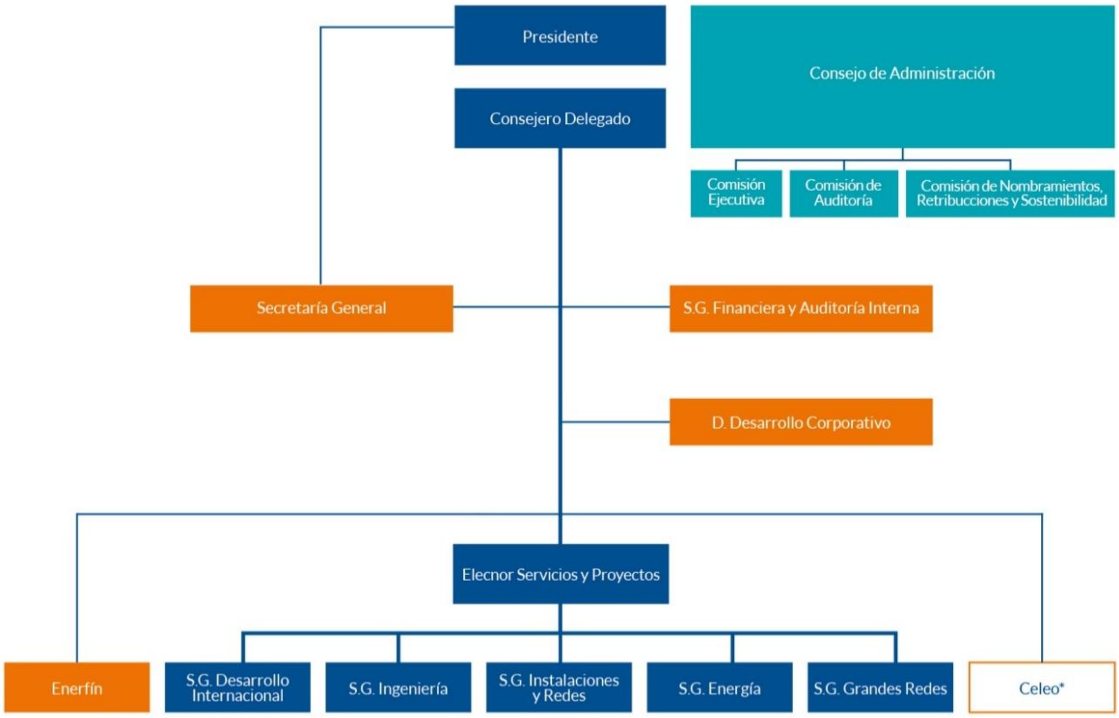
The heading "Other" in the chart includes shareholders with a non-material shareholding (less than 3%).

Governance structure

The governing bodies of the parent company (Elecnor, S.A.) are its General Shareholders' Meeting and the Board of Directors. The Executive Committee, Audit Committee and Appointments, Remuneration and Sustainability Committee report to the Board of Directors.

In 2021, the General Shareholders' Meeting was held exclusively online on 23 June, with an attendance rate of 80.31%.

Organisational structure at 31 December 2021 GRI 102-18



*Company co-managed by the Elecnor Group (51%) and APG (49%).

Board of Directors

15 directors

2 Female directors

10 Proprietary directors

3 Independent directors

1 Executive Director

1 External Director

12 Meetings
Board of Directors
100% attendance

Director name	Position on the Board	Category	Date last appointed
Jaime Real de Asúa Arteche	President (non-executive)	Proprietary	01 June 2018
Ignacio Prado Rey-Baltar	Vice-Chair	Proprietary	01 June 2018

Rafael Martín de Bustamante Vega*	Director and Chief Executive Officer	Executive	23 June 2021
Cristóbal González de Aguilar Alonso-Urquijo	Deputy-Secretary	Proprietary	22 May 2019
Fernando Azaola Arteche	Member	Other External	01 June 2018
Miguel Cervera Earle	Member	Proprietary	01 June 2018
Isabel Dutilh Carvajal	Member	Independent	22 May 2019
Joaquín Gómez de Olea y Mendaro	Member	Proprietary	20 May 2020
Irene Hernández Álvarez	Member	Independent	01 June 2018
Juan Landecho Sarabia	Member	Proprietary	01 June 2018
Santiago León Domecq**	Member	Proprietary	23 June 2021
Miguel Morenés Giles	Member	Proprietary	01 June 2018
Gabriel de Oraa y Moyúa	Member	Proprietary	01 June 2018
Rafael Prado Aranguren	Member	Proprietary	01 June 2018
Emilio Ybarra Aznar	Member	Independent	22 May 2019
Pedro Enrile Mora-Figueroa	Secretary non-director		24 June 2020

* Reappointed for four more years
** Appointed by cooptation by the Board of Directors on 28/10/2020. Ratified by the General Shareholders' Meeting on 23/06/21

Board of Directors' Committees

Executive Committee

The core functions of the Executive Committee are to prepare information on the issues to be addressed by the Board of Directors and the drafting of proposed resolutions; monitoring the implementation of the Elecnor Group's policies; and monitoring of the business of the company and its Group, which comprises confidential information due to its competitive sensitivity, which must be treated with the utmost safeguards on confidentiality. All of the foregoing is pursuant to the rules of operation of this Committee, as set forth in the deed of incorporation of the Committee.

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

Executive Committee	Number	% of total
Executive directors	1	16.7%
Proprietary directors	4	66.6%
External directors	1	16.7%
Committee meetings	21	

The following matters were raised at the meetings of the Executive Committee during the year:

- Spin-off project of the services and projects branch of activity.
- Processes of the possible onboarding of partners into certain projects.
- Main investment and divestment operations of the Elecnor Group.
- Progress of the Elecnor Group's main business subsidiaries, i.e., Elecnor Servicios y Proyectos, S.A.U. and Enerfín Sociedad de Energía, S.L.U., and the partner company Celeo Concesiones e Inversiones, S.L., including their priority issues and the monitoring of their goals.
- Reviewing impacts and managing risks arising from the COVID-19 pandemic.
- Actions on sustainability and climate change.
- Analysing changes in the regulatory environment.
- Studying the restructuring of the Elecnor Group's long-term financing sources, placing special emphasis on its sustainable and/or green rating.
- Monitoring the multi-currency promissory note programme in the MARF, amounting up to Euros 300 million.
- Dividend proposals.
- Assessment of the Committee itself.
- Progress of the Company's share price and shareholding

Comprehensive information of the Report on the Activities of the Executive Committee is contained in the Annual Corporate Governance Report, available in the Shareholders and Investors section on the Group's corporate website.

Audit Committee

The Audit Committee provides support to the Board in the supervision of financial and non-financial reporting, internal control and internal and external auditing, risk management and control, compliance with the company's corporate governance rules and internal codes of conduct, and it reports, among other matters, on related-party transactions.

Name	Position	Type
Irene Hernández Álvarez	President	Independent
Miguel Morenés Giles	Secretary	Proprietary
Isabel Dutilh Carvajal	Member	Independent
Ignacio Prado Rey-Baltar	Member	Proprietary
Emilio Ybarra Aznar	Member	Independent

Audit Committee	Number	% of total
Independent directors	3	60%
Proprietary directors	2	40%
Female directors	2	40%
Committee meetings	11	

The following matters were raised at the meetings of the Audit Committee during the year:

- The review of regular financial and non-financial information published in markets and the goals and forecasts at year end

The Committee supervises the preparation process and the integrity of the financial and non-financial information of the Company and the consolidated group. It reports favourably to the Board in that regards for subsequent submission to the authorities and the market, as well as for submission to the shareholders for approval at the General Meeting.

Prior to its submission to the Board of Directors, the Committee reviews the quarterly (March and September), half-yearly (June, subject to limited review by the Group's auditor) and annual (December, subject to review by the Group's auditor) financial information (and in the case of annual information, it also reports non-financial information) to be reported to the CNMV and published on the markets (key figures, evolution compared to the previous year, evolution of the main businesses and geographic areas, etc.). The annual report on non-financial information is also subject to independent verification by KPMG.

The Finance and Internal Audit General Sub-Directorate provides the Audit Committee with the appropriate explanations regarding the accounts. The accounting treatment of extraordinary transactions and the tax treatment of significant transactions are analysed, conferring with the Group's auditors and/or advisors.

The re-appraisals of targets and year-end forecasts are presented throughout the year, and deviations from targets are explained.

- The monitoring of the main risks with the potential impact on the income statement and other material matters relating to the annual accounts, the Risk Management System and the Internal Audit system.

The Committee performs ongoing monitoring on the main risks with a potential impact on the income statement, which, in order to analyse them better, are structured by general sub-directorates and business divisions and quantified in terms of exposure for the Group, as well as contingent balances with customers and debtor balances with public bodies. After reporting the risks, the suitability of their possible provisioning for accounting purposes is analysed on a case-by-case basis.

The Audit Committee also monitors the most relevant judgements and estimates impacting financial information, specifically those relating to impairment tests on goodwill, intangible and tangible assets, deferred tax assets and the recording, control and measurement of derivative financial instruments.

The Audit Committee monitors the main risks relating to tax matters and the effective application of the corporate tax policy and reviews the tax treatment of transactions with particular importance in this respect. The Group's transfer pricing policy has also been reviewed this year.

As regards related-party transactions, besides those related to the spin-off project of Elecnor, S.A.'s branch of activity to Elecnor Servicios y Proyectos, S.A.U., there were no related-party transactions in 2021 that had to be reviewed by the Committee.

The main risks to which the Group is exposed (governance, strategic and environmental, operational, information and compliance) are subject to ongoing monitoring through the supervision of the Risk Management System and, specifically, the risks identified, the assessment of their potential impact, the likelihood of their materialisation and the action plans outlined to improve their management.

The Audit Committee has adequately supervised the Internal Audit function, approving and monitoring its annual work plan and monitoring its monitoring and review of the main risks affecting the organisation, its processes and controls. The Audit Committee also receives, reviews and approves the corresponding Activity Report from Internal Audit annually.

- Monitoring and supervising the spin-off project of the branch of activity of Elecnor, S.A. in favour of Elecnor Servicios y Proyectos, S.A.U.

The Audit Committee has regularly and exhaustively monitored the spin-off project of the branch of activity of Elecnor, S.A. to Elecnor Servicios y Proyectos, S.A.U., supervising the progress of the various action plans established and the main risks of the project. In particular, at its meeting held on 1 March 2021, after an appropriate review, the Audit Committee decided to report favourably to the Board of Directors on —inter alia— the spin-off balance sheet (31 December 2020) and on the spin-off project itself, both of which were prepared by the Board of Directors at its meeting held on 2 March 2021.

- The relationship with the Group's external auditors, supervision of their independence and approval of fees.

The Audit Committee met three times with the Group's external auditors in 2021, all without the presence of other members of the Company or its Group.

The main matters addressed with the external auditors at these meetings are:

- Planning and strategy of the annual audit of the Company's individual accounts and the Group's consolidated accounts (materiality, scope, main audit risks identified, schedule, etc.).
- Outcome of the annual audit of the individual and consolidated annual accounts and of the limited review of the Group's half-yearly abridged financial statements.
- Internal control shortcomings identified and, where applicable, recommendations for improvement.
- Declaration and written confirmation by the external auditors of their independence and in-depth information on services additional to the audit.

The Audit Committee assesses the performance of the external auditor and its contribution to audit quality and the integrity of financial reporting on an annual basis.

As regards the supervision of the appropriate independence of the external auditor, according to the internal procedure established in that regard which regulates the process for the approval —from an independence perspective— of non-audit services to be provided by the external auditor, the Audit Committee delegates to the Group's head of internal audit the due approval of all such services, provided that such services are not prohibited by current legislation or do not compromise the auditor's independence, except in cases in which the amount of the fees proposed for the provision of the services submitted for approval represent a specific percentage of the fees for audit services rendered by the main auditor in the immediately preceding year, in which case the approval is made directly by the Audit Committee. The head of Internal Audit has regularly informed the Audit Committee of the services approved according to this procedure and always prior to the submission by the external auditor of its annual declaration of confirmation of independence, in which the external auditor sets out the fees charged to the Company and its related companies, broken down by item, both for audit and non-audit services, in the year in question both by the auditor itself and by other firms in its network.

For the approval of the corresponding non-audit services, the Audit Committee or, where applicable, the head of Internal Audit, relies on specific documentation, which should at least comprise a draft of the corresponding proposal for services and documentation accrediting the independence analysis conducted by the external auditor and its conclusion in that regard. Occasionally, and depending on the nature and the fees proposed, the Audit Committee seeks the appropriate explanations from both Internal Audit and other Group managers. In all cases, besides the determination of whether or not the proposed service is a prohibited service, the assessment process involves analysing threats to independence (self-interest, self-review, advocacy, familiarity or trust and intimidation) and, where applicable, the safeguards to be applied in that regard.

The Committee has concluded that the auditor of the Company's individual and consolidated accounts has performed its audit work independently and has reported to the Board of Directors in a timely manner.

The Audit Committee has also ensured that the external auditor has held a meeting with the full Board of Directors in order to report on the work conducted and on the development of the Company's accounting and risk situation.

The Audit Committee reviewed KPMG's proposal of fees to audit of the individual and consolidated annual accounts for 2021 and decided to submit it to the Board of Directors for approval.

Lastly, in view of the legal obligation to replace the Group's current auditor as from 2023, the Audit Committee decided at its September meeting to start the selection process for a new auditor for the years 2023 to 2025. Following the process conducted, at its meeting in December 2021, the Audit Committee decided to submit its proposal for appointment to the Board meeting held in the same month for submission to the General Shareholder's Meeting.

- Supervision of the Compliance System and the activities of the Compliance Committee

In line with the Group's comprehensive commitment to this matter, this is one of the activities to which it devotes an especially important effort. The Group's head of Compliance was present at six of the Committee meetings held in 2021, reporting on the activities of the Compliance Committee and the initiatives, actions and/or incidents that have taken place in the field of Compliance, seeking the approval of the Committee when necessary.

In short, the tasks conducted by the Audit Committee in this field in 2021 were as follows:

- Reviewing and approving the Annual Compliance Report for 2020.
- Monitoring the main compliance risks to which the Group is exposed.
- Approving and monitoring the compliance goals for 2021.
- Approving and monitoring the Compliance Training Plan for 2021.
- Reviewing the Elecnor Group's Code of Ethics and Conduct and its Compliance Policy, which have been reviewed and updated in 2021, and of the new policies undertaken in terms of anti-corruption and anti-trust, and submitting them to the Board for approval.
- Monitoring the processes of adapting the Group's Compliance System to the special circumstances and requirements of the various countries in which it operates (organisations and subsidiaries).
- Monitoring the complaints and/or concerns communicated through the Ethics Channel, analysing conclusions and deciding upon the measures to be taken.

Throughout 2021, the Audit Committee has conducted special monitoring of the operation of the new Compliance organisation, which was approved by it at the end of 2020 in order to strengthen, improve and continue to keep the Compliance System permanently operational.

Similarly, the Committee monitors the evolution of the various judicial and administrative proceedings with potential impact on the legal entities forming part of the Elecnor Group.

- Monitoring of the Group's Digital Transformation Project

The head of the Group's IT and Technology Area, together with the heads of the Financial General Sub-Directorate and Internal Audit, reported on the degree of progress of the key project on process re-engineering and digitalisation that has been under way since 2016 and that seeks operational excellence, meaning the capacity of the organisation, processes and systems to contribute to efficiency, information control, service quality and regulatory compliance.

Similarly, the Audit Committee has been kept informed of the key advances and projects in the area of Information Systems security, highlighting the progress made in the field of cybersecurity, both nationally and internationally, and the attainment of ISO 27001 certification for Information Security Systems in March 2021.

Additionally, the Audit Committee monitored the progress of the project headed by the Consolidation area to implement a computer application to support the Group's entire financial reporting and consolidation process, a project that was successfully completed within the established time frames.

- Information to the General Shareholders' Meeting

As a result of the special circumstances that occurred in 2021 due to the health crisis, the General Shareholders' Meeting held on 23 June 2021 was held online. Notwithstanding these limitations, Irene Hernández Álvarez, in her capacity as Chair of the Audit Committee, reported at the General Shareholders' Meeting on the activity conducted by the Committee in 2020 and up to that date.

- Supervision of compliance with the Company's Corporate Governance rules and internal codes of conduct. Assessment of the Committee

In the field of Corporate Governance, the Audit Committee has analysed the issues deriving from the assessment of the Committee by the Board of Directors, establishing its proposals for action in relation to this assessment. Similarly, the Audit Committee adequately supervises compliance with the Company's corporate governance rules and its internal codes of conduct.

It is also worth highlighting the work of the Audit Committee to review, update and amend several of the Company's operating Policies and Regulations in order to adapt them to the recommendations outlined in the Code of Good Governance of Listed Companies and other standards. In particular, during the year, the Committee reviewed the Regulation of the Audit Committee, reporting favourably on the proposed amendments in order for them to be definitively approved by the Board of Directors.

Comprehensive information of the Report on the Activities of the Audit Committee is contained in the Annual Corporate Governance Report, available in the Shareholders and Investors section on the Group's corporate website.

Appointments, Remuneration and Sustainability Committee

This committee, which changed its name from Appointments and Remuneration Committee to its current name by resolution of the Board of Directors on 24 November 2021, assesses the skills, knowledge and experience required on the Board. Additionally, it proposes and reviews the remuneration policy for Directors and Management, and reviews the corporate governance and sustainability of the company.

Name	Position	Type
Emilio Ybarra Aznar	President	Independent
Jaime Real de Asúa Arteche	Secretary	Proprietary
Miguel Cervera Earle*	Member	Proprietary
Isabel Dutilh Carvajal	Member	Independent

*Appointed 22/03/2021

Appointments, Remuneration and Sustainability Committee	Number	% of total
Proprietary directors	2	50%
Independent directors	2	50%
Female directors	1	25%
Committee meetings	8	

The following matters were raised at the meetings of the Appointments, Remuneration and Sustainability Committee during the year:

Over the course of the year, the Appointments, Remuneration and Sustainability Committee performed the following actions:

- With regard to the composition of the Board of Directors and its Committees

The Committee has reviewed the category of each of the Directors, concluding that the current categories remain fully in line with their circumstances.

Each year, the Committee conducts an ongoing process of analysing and studying the structure, composition and operation of the Board of Directors, and, in this regard, in 2021, the Committee has been advised by the Professor of Commercial Law Alberto Alonso Ureba, to continue the analysis conducted in 2017 by Spencer Stuart, as a leading international external consultant, and for the purpose of progressing with adapting said structure to the best practices and recommendations of good governance.

- With regard to selecting Directors and members of the management team

The Appointments, Remuneration and Sustainability Committee has performed a preliminary analysis of the needs of the Board of Directors including competencies, know-how and experience required by the Board, all of which was taken into account when compiling proposals and reports submitted to the Board concerning the appointment and re-election of Directors.

In particular, at the request of the Board of Directors, the Committee reported favourably on the proposal to re-appoint Rafael Martín de Bustamante Vega as Director, with the category of executive, for a four-year term, in addition to the proposal to ratify the appointment by cooptation, in October 2020, of Santiago León Domecq, as proprietary Director of the Company.

- With regard to Board positions

The Committee approved the Succession Plan for the Chairman of the Board of Directors and the Chief Executive Officer, and also reviewed the Succession Plan for the management team.

- With regard to the remuneration of Directors and members of the management team

The Appointments, Remuneration and Sustainability Committee proposed the annual fixed and variable remuneration for the Executive Director and compiled the 2020 Annual Report which the Board of Directors presented to shareholders at their General Meeting for an advisory vote.

Similarly, the Committee proposed the remuneration policy for the management team and its application, including its variable remuneration proposal, both short-term (yearly) and the long-term incentive system for the period 2020-2022.

Similarly, an external comparative analysis was conducted on the management team's remuneration, with the help of consultant Willis Towers Watson, WTW, a project that comprises a quantitative analysis of the remuneration to the Chief Executive Officer and the management team, and a diagnosis of the current policy in relation to the market and corporate governance best practices.

- With regard to reviewing corporate governance and sustainability

The Appointments, Remuneration and Sustainability Committee has been no stranger to the drive for sustainability on a global level and has taken measures associated with this field under its remit, following the creation of the Sustainability Committee comprising people from various business areas of the Company.

Similarly, as previously stated, the amendment to the Regulations of the Committee itself has been proposed to the Board, as well as the approval of the Elecnor, S.A. Corporate Governance Policies and of the Elecnor Group Structure Definition and of a new Related-Party Transactions Protocol, in order to adapt these texts to the abovementioned Spanish Companies Act reform.

- Other functions

The Committee has reviewed the situation in issues related to COVID-19, such as the influence on the Company's personnel and its performance in certain areas.

In relation to the self-assessment of the Board, the Committee has reviewed the templates for assessing the Board, the Chairman and its Committees in 2020, and conducted the assessment of the Committee itself, concluding that the applicable composition and operational requirements have been satisfactorily fulfilled.

Furthermore, as regards these assessment for 2021, and as three years have elapsed since the last time this process was conducted with an external consultant, the Commission has agreed to undertake this matter with the firm Russell Reynolds.

In the same way, it reviewed the questionnaire sent to all Directors in connection with possible conflicts of interest in 2021.

When necessary, the Commission has received consultancy from external experts, having previously analysed in these cases the potential conflicts of interest existing with them, and no risk situation has been detected.

Comprehensive information of the Report on the Activities of the Appointments, Remuneration and Sustainability Committee is contained in the Annual Corporate Governance Report, available in the Shareholders and Investors section on the Group's corporate website.

Diversity of the Board of Directors and Director selection GRI 405-1

The Elecnor Group's Policy for the Selection of Directors and for Board Diversity, available on the Group's website, outlines all the measures adopted in relation to the selection of Directors, diversity policies in connection with gender, age, experience, etc.

In December 2020, the Board of Directors agreed to amend this Policy to bring it in line with the reform of the Code of Good Governance of Listed Companies approved by the CNMV in June of the same year.

The Policy is governed by the following guiding principles:

- Adequate composition of the Board of Directors, for which purpose the Director selection processes must be grounded on a prior analysis of the competencies required by the Board.
- Fostering diversity in the Board and its Committees, among other aspects, in relation to know-how, experience, age and gender.
- Non-discrimination and equal treatment, whether on the grounds of race, gender, age, disability or any other reason.
- Transparency in selecting candidates for Directors, with the Board of Directors being obliged to provide all significant information in this regard, duly documenting the selection processes and including the main conclusions in the reports and proposals by competent bodies that must be made available to shareholders at their General Meeting.
- Compliance with applicable regulations and the principles of good corporate governance.

Said Policy establishes that the bodies in charge of ensuring the diversity of the Board of Directors and its Committees as well as of the processes of selection of members of the Board will be the Board of Directors and the Appointments, Remuneration and Sustainability Committee, without prejudice to the appointment powers of the General Meeting of Shareholders.

With regard to the recommendation of ensuring that the number of female directors represents at least 40% of members of the Board of Directors by the end of 2022 and thereafter, and no lower than 30% before then, the company intends to continue fostering an increased presence of female directors on the Board so as to fulfil the recommendation without affecting the normal functioning of the Board and the suitability of its members as a whole to discharge their duties.

In compliance with legal stipulations, the Board of Directors of Elecnor, S.A. compiled the Annual Corporate Governance Report for the year ended 31 December 2021. Said document is available on the websites of the CNMV and the Elecnor Group.

Remuneration Policy

On 27 March 2019, at the proposal of the Appointments, Remuneration and Sustainability Committee, the Board of Directors of Elecnor approved the Remuneration Policy corresponding to the years 2020, 2021 and 2022, which is a continuation of the Remuneration Policy in force until 2019.

As the foremost measure of the Remuneration Policy, the Board of Directors, after studying the prevailing legal and legislative context, agreed to amend the Bylaws (article 12) and the Regulations of the Board of Directors in relation to Directors’ remuneration. Article 12 establishes that the General Shareholders’ Meeting will determine and approve the maximum remuneration to be received as compensation by Directors for all items and all duties they perform, including both executive and non-executive functions.

This Policy aims to reduce mercantile and tax risks emerging in the future in relation to the remuneration of Directors in the event of a change of legislation, as occurred at non-listed companies.

The Policy is governed by the following guiding principles:

- Moderation: remuneration must be reasonable, in accordance with trends and references of similar companies and in proportion to the Company's situation and the economic context at each given time.
- Suitability: the Policy is designed to attract, motivate and retain directors. It rewards directors' quality, dedication, responsibility and knowledge of the business, as well as their professional track record and commitment to the Company.
- Profitability and sustainability: remuneration to directors performing executive duties will provide an incentive for performance and reward value creation in the long term.
- Transparency: the design, establishment and application of the Policy will be implemented in strict observance of transparency. In particular, the Company will make available to shareholders, at the General Meeting, this Policy and the related Report, and it will be outlined in both the notes to the Company's annual accounts and its Annual Corporate Governance Report.
- Safeguarding shareholders’ interests.

Without prejudice to the foregoing, the Board of Directors of Elecnor, S.A. intends to present to the upcoming Ordinary General Shareholders' Meeting in 2022 the proposal to amend the Directors’ remuneration policy to expressly incorporate the new provisions of the Code of Good Governance approved by the CNMV in June 2020 and of Law 5/2021, of 12 April, amending the revised text of the Spanish Companies Act, with regard to promoting long-term shareholder involvement in listed companies.

Total remuneration accrued by the Board of Directors in 2021 amounted to Euros 4,789.6 thousand (Euros 4,938.1 thousand in 2020), including remuneration deriving from their executive functions (CEO) and their non-executive functions.

The table below shows a breakdown of this amount, in thousands of Euros, on an individual basis for each member of Elecnor, S.A.’s Board of Directors. This breakdown is also available in the Annual Report on Remuneration to the Directors of the Company, published by the CNMV and on the Group's corporate website.

	Remuneration accrued within the Company					Remuneration accrued within companies in the Group					
Director name	Total cash remuneration	Gross profit on vested shares or financial instruments	Remuneration from savings schemes	Other items of remuneration	Total in 2021	Total cash remuneration	Gross profit on vested shares or financial instruments	Remuneration from savings schemes	Other items of remuneration	Group total in 2021	Company + Group total in 2021
Jaime Real de Asúa Arteche PROPRIETARY	481.5				481.5	20.0				20.0	501.5
Ignacio Prado Rey-Baltar PROPRIETARY	214.0				214.0	20.0				20.0	234.0
Rafael Martín de Bustamante Vega EXECUTIVE	1,690.0			5.2	1,695.2	20.0				20.0	1,715.2
Joaquín Gómez de Olea y Mendaro PROPRIETARY	174.0				174.0	20.0				20.0	194.0
Cristóbal González de Aguilar Alonso-Urquijo PROPRIETARY	199.0				199.0	20.0				20.0	219.0
Fernando Azaola Arteche EXTERNAL	197.5			2.5	200.0						200.0
Miguel Cervera Earle PROPRIETARY	183.4				183.4	20.0				20.0	203.4
Isabel Dutilh Carvajal INDEPENDENT	189.0				189.0						189.0
Irene Hernández Álvarez INDEPENDENT	181.5				181.5						181.5
Juan Landecho Sarabia PROPRIETARY	161.5				161.5	20.0				20.0	181.5
Santiago León Domecq PROPRIETARY	167.7				167.7	10.0				10.0	177.7
Miguel Morenés Giles PROPRIETARY	214.0				214.0	20.0				20.0	234.0
Gabriel Oraa y Moyúa PROPRIETARY	161.5			1.8	163.3	20.0				20.0	183.3
Rafael Prado Aranguren PROPRIETARY	161.5				161.5	20.0				20.0	181.5
Emilio Ybarra Aznar INDEPENDENT	194.0				194.0						194.0
Total	4,570.1			9.5	4,579.6	210.0				210.0	4,789.6

Board of Directors' Evaluation

The Company's Board of Directors evaluates, by means of various questionnaires to be completed by all of its members, its own activity and that of its Committees, as well as the activity and actions of its Chair, Secretary and Chief Executive Officer, pinpointing the strengths and areas for improvement and applying the adequate remedial measures. These questionnaires are reviewed by the respective Committees.

They include the evaluation of areas such as the degree of compliance with targets, value creation and strategy, composition and dynamic of the Board, risk management, transparency and relations with shareholders, Corporate Governance and corporate social responsibility, the operation of the Board Committees and the performance of the duties of the Chairman and Secretary of the Board and the Chief Executive Officer.

Pursuant to the recommendations of the Code of Good Governance, it is worth noting that for the 2021 assessment, the external consultant Russell Reynolds has again been hired to review and update the assessment system, conducting individual interviews with each of the members of the Board of Directors as part of the assessment process.

Progress on the principles of good governance

The Group has a “Policy on communication of information, contacts and engagement with shareholders, institutional investors, asset managers, financial intermediaries, proxy advisers and other stakeholders” through which the Board of Directors of Elecnor, S.A. endeavours, in the corporate interest, to encourage the Company's ongoing dialogue with these groups, on the basis of transparency.

This Policy, which is published on the corporate website, establishes the Group’s general information and communication channels, as well as specific channels that enable dialogue and participation of shareholders, institutional investors, asset managers, financial intermediaries and proxy advisers, to ensure that they have adequate and up-to-date information concerning the Company.

The General Shareholders’ Meeting of Elecnor, S.A. held exclusively online in Madrid on 23 June 2021, approved the amendment to the Company's Bylaws and the Regulations of the General Shareholders’ Meeting.

At its meeting on 24 November, the Board of Directors unanimously agreed to approve the change of the current name of the Appointments and Remuneration Committee to “Appointments, Remuneration and Sustainability Committee”, thus strengthening the Company’s commitment to sustainability and pursuant to Recommendation 53 of the Code of Good Governance of Listed Companies.

In that regard, it is worth noting that this year, the aforementioned Appointments, Remuneration and Sustainability Committee submitted the Elecnor Group's Sustainability Strategy to the Board of Directors for approval. This strategy includes the company's commitments in ESG matters. Along these lines, the Committee has scheduled meetings to monitor and assess this matter in 2022.

Also on 24 November 2021, the Board of Directors unanimously approved the amendment to the Regulations of the Board of Directors, the Regulations of the Audit Committee and the Regulations of the Appointments, Remuneration and Sustainability Committee, in order to adapt them to the new provisions implemented by Law 5/2021, of 12 April, on the promotion of the long-term involvement of shareholders in listed companies, which transposes into Spanish law Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017, and which has amended, in addition to other regulations, the revised text of the Spanish Companies Act.

On 29 November 2021, the Elecnor Group sent its Equity Story to the CNMV, which encapsulates its value project and future investment proposal. This document is a tool for transparency and market positioning.

Lastly, according to the provisions of article 529 ter.1, sections c) and e) of the revised text of the Spanish Companies Act, the Board of Directors, at its meeting held on 15 December 2021, unanimously agreed to approve two new corporate policies, which are available on the Company's website: Elecnor Group Structure Definition Policy and Corporate Governance Policy.

Risk management GRI 205-1

Elecnor Group is exposed to various risk factors linked to the sectors in which it operates and the long list of countries in which it is present, either consistently or by means of one-off projects.

The Group continually manages and prevents these risks, reducing to acceptable levels the probability of their materialising and mitigating their potential impact, where applicable, on business volume, profitability and efficiency, reputation and sustainability.

For this purpose, the Group has a structured and dynamic Risk Management System the main pillars of which are as follows:

- Continuous risk identification and evaluation and prioritisation.
- Identification of the management and control mechanisms and tools in place in connection with the main risks and assessment of their efficacy.
- Continuous improvement of risk management by means of the development and implementation of initiatives and projects aimed at enhancing management mechanisms and tools.
- Permanent supervision and monitoring of the System.

These management and control mechanisms and tools are integrated in the organisation's various processes so as to operate continuously in the daily course of business, without prejudice to other standalone initiatives and actions that may be determined for each individual case.

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

- **Governance risks.** Relating to the organisation's governance structure and method (structure and composition of the governing body, risk management, social responsibility and sustainability strategy and management of stakeholders' expectations).
- **Strategic, planning and economic environment risks.** Those linked to the main strategic variables and decisions, with the manner in which the strategy is executed and with movements or changes in the economic environment that might have a material impact on the organisation's activities and compliance with its goals. These include:
    - Business model
    - Managing and fulfilling the changing requirements of customers
    - Growth
    - Sub-contracting strategy

- Business concentration
- Changes in the market, industry and competition
- Public health
- Laws and regulations
- Political or social situation
- Changes in exchange and interest rates

- **Operating risks.** Comprising the manner in which the organisation carries out its activity and administers its resources in accordance with the established processes and procedures. These include risks relating to the management of projects, management and maintenance of assets, supply chain, commercial management, financing, credit, liquidity, financial and budget planning, legal aspects, human resources, information systems, etc.
- **Reporting risks.** Risks relating to information at both internal and external level, including risks ranging from the capture and processing of information to the preparation of reports and distribution thereof to designated recipients, whether management reports or mandatory reports (annual accounts, reports and tax filings, etc.).
- **Compliance risks.** Relating to the mechanisms in place to ensure compliance with laws and regulations and with the organisation's policies and procedures, emphasising areas such as the promotion and consolidation of the culture of compliance, management of risks of this kind, communications or incident management.

As part of the process of review and ongoing improvement of the Risk Management System, in 2021 the Group has conducted an internal reflection and scheduled a series of actions geared towards making the system more operational and effective, chiefly with a greater focus on business risks and improving certain systematics for monitoring the main risks, identifying and reviewing the main associated management and control procedures and tools, and monitoring the related improvement projects.

As regards the risks arising from COVID-19, in 2020, the Group reviewed its Risk Management System and raised the level of importance of the public health risk, conducting an analysis of the potential impacts resulting from the outbreak and of the management mechanisms available. This enabled the Group to enhance monitoring of the various action plans put in place to manage the crisis, identify potential impacts with sufficient advance notice and design new prevention mechanisms.

Ethical management and regulatory compliance GRI 102-16 GRI 103-1, GRI 103-2, GRI 103-3

The Elecnor Group’s responsible management and ethical, honest and transparent conduct with stakeholders is underpinned by a firm commitment, solid corporate values and the implementation of robust ethical management and regulatory compliance systems. At present the company has the necessary tools to ensure compliance with legislation in force and responsible management in its relations with shareholders, employees, customers, suppliers, competitors and social representatives.

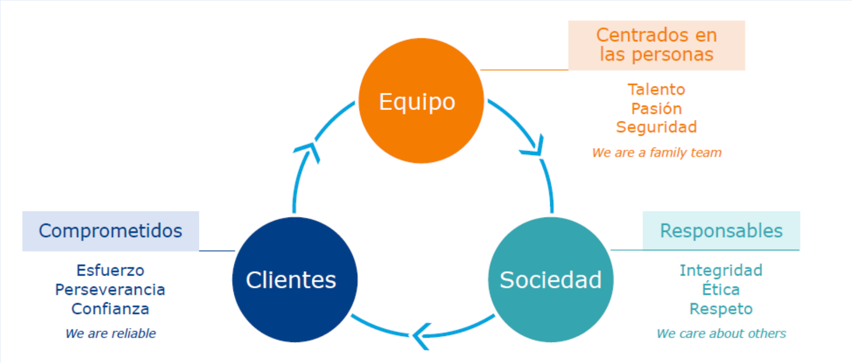
Our mission
We generate change and bring about progress by deploying infrastructure, energy and services to territories all over the world in order to develop their potential.

We place engineering and technology at the service of people's well-being.

Vision
A global enterprise whose purpose is developed through a people-centric business model and that believes in generating shared value and sustainability.

Efficiency, diversification and robustness are our levers for growth and expansion.

Values



From the outset, the Elecnor Group has remained unwaveringly committed to implementing the highest ethical standards in the course of its activities, a commitment that is the embodiment of its business culture and philosophy and the abovementioned solid values upon which its way of conducting business and relating to the environment rest.

The Elecnor Group's Code of Ethics and Conduct is the cornerstone of its ethical and compliance culture and is designed to serve as a guide for the personal and professional behaviour of everyone belonging to the organisation, as well as the rest of persons and companies collaborating and having relations with the Elecnor Group in the course of its activities.

This commitment to ethical behaviour and doing the right thing is not optional. No specific business circumstance may ever justify acting unlawfully or behaving in a manner that is contrary to its ethical values and standards. Everyone at the Elecnor Group must accept and foster the values and principles laid out in this Ethical Code.

Compliance system GRI 205-3, GRI 408-1, GRI 409-1

With a view to preventing and adequately managing the compliance-associated risks, the Elecnor Group has a fully operational Compliance System that is designed and operates according to the best national and international practices. This Compliance System applies to all the Group's subsidiaries and employees, and the company also expects all its business partners to act pursuant to its principles and values, which are mainly laid down in the abovementioned Code of Ethics and Conduct, and in the Group's Compliance Policy. The Elecnor Group takes a zero tolerance approach to malpractice in connection with ethics and integrity.

The Compliance System is certified according to the UNE-ISO 37001 anti-bribery management system standard and the UNE 19601 criminal compliance management system standard.

Certification to UNE-ISO 37001 anti-bribery management system standard

This is the most updated and stringent international standard on anti-bribery management systems and the adoption of compliance protocols in general.

Certification to UNE 19601 criminal compliance management system standard.

A national standard based on the requirements of UNE-ISO 37001. This standard establishes the requirements to implement, maintain and continuously improve the criminal compliance management system in order to prevent crimes being committed inside the organisation and to reduce criminal risk by fostering a culture of ethical behaviour and compliance.

The main elements of the Compliance System

- Código Ético y de Conducta
- Política de Cumplimiento, Anticorrupción y en materia de Defensa de la Competencia
- Manual del Sistema de Gestión de Cumplimiento
- Comité de Cumplimiento
- Mapa de Riesgos de Cumplimiento y Procedimientos y Controles internos de obligado cumplimiento
- Canal del Código Ético
- Política Anticorrupción
- Política en Materia de Defensa de la Competencia
- Guía de Cumplimiento en Materia de Competencia
- Código Ético y de Conducta de proveedores subcontratistas y colaboradores

The main policies and documents in relation to the Compliance System are available on the Group's various websites and on the corporate intranet.

The Compliance System of the Elecnor Group is based on and structured using the appropriate identification of compliance risks and the controls established or necessary to ensure their correct management.

As a basis for identifying these risks, the Group analyses, firstly, those situations in which, in accordance with the provisions of Spain's current Criminal Code and equivalent local regulations, legal persons may be criminally liable for certain offences committed by their employees or by certain related parties. Similarly, for each of them, the main areas in which the organisation may be exposed to them are identified, with the Group conducting impact and probability analyses in order to establish the degree of criticality associated with each of these areas of exposure, which facilitates the appropriate design of the corresponding procedures and controls and the effective allocation of resources for their management. In that regard, and in relation to corruption-related risks, for instance, special importance is given to tender processes (especially in the public sector), to those related to managing claims or collection procedures (for instance, with customers), and those related to administrative procedures or claims before public entities or the courts, in addition to others. With regard to human rights, the Group places special emphasis on working and employment conditions, both for Group employees and subcontracted workers who carry out work on the various projects under way.

The main risks associated with these offences potentially imputable to legal persons and that could potentially affect the Group are described below:

Type of risk (*)	Impact
Foreign citizens and human trafficking	Imposition of forced labour or services, slavery or similar practices and helping persons to remain unlawfully.
Bribery and corruption	Inducement to lack of impartiality or obtaining undue benefits by delivering or promising gifts, favours, etc.
Natural resources and environment	Failure to comply with laws, legal provisions or regulations.
Taxation authorities and Social Security	Evading taxes or Social Security contributions (including false accounting) and improperly obtaining grants, aid or funds.
Money laundering	Using, performing transactions with or concealing the unlawful origin of goods obtained through criminal activity.
Financing of terrorism	Performing activities with goods or securities in the knowledge that they will be used in terrorist activities.
Market and consumer fraud	Incurring in antitrust practices, deceiving in order to make a profit, changing prices, disseminating, revealing or passing on trade secrets and using insider information.
Industrial and intellectual property	Profit from goods protected by industrial and/or intellectual property rights without the rights holder's consent.
Discovery and revelation of secrets	Discovering secrets or breaching privacy or using private information without permission.
IT damage	Erasing or damaging computer data or hampering the operation of systems.
Illegal financing of political parties	Performing donations or making contributions to political parties or similar organisations in breach of the law.

* There have been no material changes in compliance risks this year

Due to the very nature of these risks, inasmuch as they imply a potential criminal liability, their possible impacts would be both short- and long-term, so the Group lays particular emphasis on preventive management in this regard.

With a view to reducing the Group's exposure to such risks and areas to an acceptable level, the Elecnor Group has specific controls, such as the publication and dissemination of the Code of Ethics and Conduct and Compliance, Anti-Corruption Policy and Anti-Trust Policy; specific compliance training; the Ethics Channel; procedures for procurement, payment management, comprehensive management of major projects, setting up temporary business associations/consortiums/joint ventures, etc.; compulsory models for contracts with subcontractors and collaboration agreements for joint bidding; centralised management and control of powers of attorney; various corporate policies; centralised process for selecting and hiring personnel; a supplier evaluation system, etc.

All these procedures and controls can be classified as financial and non-financial. The latter includes certain due diligence procedures, both in relation to Group employees and third parties.

The main due diligence measures for employees mainly involve the design of the personnel recruitment process and compliance training and awareness-raising activities. Similarly, the Elecnor Group has a well-defined structure of powers and responsibilities.

With regard to the third parties with which the Group has relations (business partners), the corresponding due diligence measures are devised according to the assessment of the risk associated with each of them. Thus, at present, the main due diligence measures with third parties are intended for possible partners with whom collaboration agreements, temporary business associations or joint ventures are signed, for consultants of a commercial nature and for subcontractors.

As regards the first two groups, the Elecnor Group has specific procedures for requesting the contracting or agreement, due diligence, approval and contracting or signing the agreement. The main characteristics of such procedures are as follows: i) making a centralised request for contracting or agreement through the legal counsel; ii) obtaining compliance reports on the third party through a specialised external entity; iii) obtaining express statements from the third party with regard to its adherence to Elecnor's Code of Ethics and the highest ethical standards; iv) having models of contracts and agreements with specific clauses on ethics and anti-corruption; v) gaining approval for the contract or agreement at the highest level following a report prepared by legal counsel; and vi) restrictive powers of attorney for signing the corresponding contracts or agreements.

As regards subcontractors, the Elecnor Group has a specific contracting, control and monitoring procedure, the main characteristics of which are as follows: i) centralised request for the preparation of contracts through the respective management areas of the various business units; ii) models of contracts and agreements with specific clauses on ethics and anti-corruption; iii) restrictive powers of attorney for signing the corresponding contracts; and iv) centralised control, validation and monitoring of the necessary documentation to be provided by subcontractors.

With respect to other suppliers, the Elecnor Group's General Procurement Conditions, which must be signed by all suppliers, include a specific clause on ethics and anti-corruption.

Similarly, and when circumstances may determine the existence of a higher-than-normal risk with regards to the supply chain (for instance, in certain projects in new countries), in each case, Elecnor assesses the advisability of strengthening such procedures for suppliers and subcontractors.

In any case, and within the framework of the policy of ongoing improvement of its processes and procedures, the Elecnor Group is in the process of completing a project conducted mainly during 2021 intended to improve its compliance due diligence procedures in relation to its supply chain. The measures designed within the framework of this project are expected to be fully operational during the first six months of 2022. It is worth highlighting, in that regard, the recent publication of the Elecnor Group's Code of Ethics and Conduct for Suppliers, Subcontractors and Collaborators and its incorporation into the Group's procurement platform to be accepted by suppliers and subcontractors.

The Compliance System of the Elecnor Group is subject to an ongoing improvement process to guarantee the adequate management of the risks identified in terms of prevention and detection, correction and monitoring, which, among other matters, encompasses the implementation and/or review and ongoing improvement of its procedures and controls. The

Elecnor Group uses certain KPIs to conduct better monitoring on the correct operation and performance of its Compliance System. The key indicators in that regard are geared towards aspects such as training and the activity of the Ethics Channel, without prejudice to the indicators that may be established each year in order to better monitor the annual goals in the field of compliance.

The head of Compliance and the Compliance Committee are responsible for the ongoing improvement and correct operation of the Compliance System, by delegation of the Audit Committee and the Board of Directors.

The Compliance Committee, which functionally reports to the Audit Committee, is entrusted with the duties of ongoing improvement and ensuring the correct operation of the Compliance Management System, through its appropriate supervision, monitoring and control. The Committee is headed by the Group's head of Compliance and currently comprises him and eight other members representing the fields of general services, human resources and legal counsel. In 2021, the Compliance Committee held a total of 5 meetings.

The main actions that guarantee the ongoing improvement and correct operation of the Compliance System are as follows:

- Establishing on an annual basis and conducting ongoing monitoring on compliance goals, which are reported to and approved by the Audit Committee.
- Regularly reporting to the Audit Committee on any aspect or matter related to compliance (ongoing projects, initiatives, etc.).
- Designing, developing and deploying the annual compliance and awareness training plan.
- Operating the whistleblowing channel and regularly reporting to the Audit Committee regarding the communications received and, where applicable, the investigations in progress and the conclusions reached.
- Conducting an ongoing review and audit of identified key controls related to compliance risks.
- Two annual external audits of the Compliance System conducted by two different audit/consultancy firms.

The Compliance Committee compiles an Annual Compliance Report describing the main actions conducted during the year in the spheres of prevention and monitoring of and response to compliance risks, which is submitted to the Audit Committee and the Management to help them in their duties of supervision of the System.

The Elecnor Group provides its professionals and/or third parties with a legitimate interest with a confidential channel through which to report any questions regarding the interpretation of this Code of Ethics and Conduct or its implementing regulations, to propose improvements in the existing internal control systems, and to report in good faith any conduct that is unlawful or contrary to the provisions of the abovementioned Code, the regulations on which it is based, its implementing policies and/or procedures or the prevailing legislation.

All Elecnor Group professionals are obliged to immediately report any irregular practice or unlawful or unethical conduct of which they become apprised or which they witness. This channel may be accessed via the email address codigoetico@elecnor.com or post office box 26-48080.

In 2021, no complaints were received in the sphere of human rights, in particular, in connection with respect for freedom of association and the right to collective bargaining, the abolition of forced or compulsory labour or the effective abolition of child labour through the Ethics Channel or other available channels. Likewise, neither were any complaints received through the Ethics Channel in connection with corruption, bribery or money laundering.

The fourteen complaints received in 2021 via the Ethics Channel and managed by the corresponding people on the Compliance Committee refer mainly to job-related issues. At the time of completing this report, there were no complaints pending resolution.

Actions 2021 GRI 205-2, GRI 412-2

- Review of the Code of Ethics and Conduct and the Compliance Policy, and issuance of the Elecnor Group's Anti-Corruption Policy and Anti-Trust Policy. All these documents were approved by the Board of Directors of the company at its meeting on 28 July and communicated to the entire organisation. They are available on the Group's various websites and corporate intranet.
- Preparing and disseminating the Quick Guide to Anti-Trust Compliance, in order to facilitate the organisation's understanding of competition law regulations and the corresponding compliance risks.
- Compliance Training:
    - In 2021, and without prejudice to other training actions conducted in the Group's various organisations and subsidiaries, a total of almost 250 professionals corresponding to the Group's management team, both nationally and internationally, received specific anti-trust training. For the preparation and delivery of these training sessions, the company partnered with a specialised firm (Deloitte).
    - Furthermore, a specific digital training module on compliance that must be completed by all new Structure personnel in Spain in the on boarding phase, has been in operation since April. In 2021, a total of 457 employees have completed this training module.

The Elecnor Group allocates significant investment to raising awareness and training its staff in connection with compliance issues. Below are details of the number of employees who have received this kind of training in the last 3 years (from the end of 2018 up to the present), broken down by professional category and geographical area:

	Management		Executive		Technician	
	No. employees	%	No. employees	%	No. employees	%
Spain	125	94.0	712	83.9	2,014	93.5
Europe	2	1.5	23	2.7	18	0.8
America	5	3.8	51	6.0	47	2.2
Africa	1	0.7	41	4.8	64	3.0
Asia	-	-	5	0.6	3	0.1
Oceania	-	-	17	2.0	8	0.4
Total (*) (**)	133	100.0	849	100.0	2,154	100.0

(*) Compliance training is intended for staff in Structure. Staff in Works, given their lower exposure to compliance risk, are not included in these specific training plans.

(**) Includes a total of 457 employees (chiefly geographical area "Spain" and professional category "Technician") who have joined the Elecnor Group in Spain since April and who have received specific training on compliance as part of the on boarding phase training.

- Review and improvement of the compliance risk assessment and due diligence procedures in relation to third parties (mainly suppliers and subcontractors). The following actions, inter alia, have been conducted throughout 2021:
    - Preparing and disseminating the Elecnor Group's Code of Ethics for Suppliers, Subcontractors and Collaborators, which must be accepted by suppliers and subcontractors through the procurement platform.
    - Incorporating a specific compliance due diligence questionnaire (in the process of being implemented), as part of the supplier approval process.
    - Enhancing the capabilities and scope of the platform for conducting third-party compliance risk analysis.
- Executing the IE-Elecnor work plan Observatory on Sustainable Compliance Cultures, notably featuring:
    - Preparing the first study on "Radiography of the sustainable compliance culture in Spanish SMEs. Current status and drivers".
    - Holding two events broadcast via streaming and featuring the participation of various compliance experts from both the business and academic spheres.
    - Consolidating the Observatory website.
    - Launching a new initiative consisting of the recording and broadcasting of videopodcasts ("Compliance Matters") with various personalities from the business, academic and legal worlds, etc. in order to discuss various aspects related to business ethics, compliance and sustainability, culture in organisations, etc.

  This initiative has been acknowledged by the 3rd edition of Expansión's "Compliance" Awards as one of the five finalist initiatives in the Best Ethical Initiative Category.
- Reviewing compliance indicators (KPI) and improving the review and monitoring process.
- Reviewing and strengthening the procedure for participation in associations.
- Consolidating the large projects integrated management procedure (opportunity, bid and contract), aimed at improving the system, risk assessment (including compliance risk) and coordination between departments as soon as a major project opportunity arises and until the relevant contract is signed.
- Continuing the consolidation and improvement of the Compliance System at the various subsidiaries and organisations belonging to the Group, in accordance with the Compliance System Rollout Plan. In that regard, the progress made in the wind power subsidiary Enerfín is noteworthy.

Goals in 2022

In 2022, work will be continued in relation to the following goals in terms of compliance, among others:

- Consolidating the improvements implemented in 2021 in relation to compliance risk analysis and due diligence procedures of third parties (mainly suppliers and subcontractors).
- Improving the system for outlining training needs and for designing, developing and implementing training initiatives.

- Improving the systematic approach to the design, development and implementation of awareness-raising initiatives.
- Preparing and publishing the second study as part of the collaboration with the IE Law School through the IE-Elecnor Observatory on Sustainable Compliance Cultures and implementing the rest of the planned activities.
- Completing the project to improve systems relating to the preparation, issuance and approval, dissemination, review and monitoring of the mandatory Corporate Policies and Procedures.
- Improving integration between the Compliance and Integrated Management Systems.
- Continuing the Compliance System Rollout Plan.

The Elecnor Group has partnered various sector associations in order to continue driving the sectors of activity in which it operates. In accordance with its Compliance System, it does not make financial contributions that are unlawful or aimed at obtaining special treatment. In 2021, the Elecnor Group contributed Euros 1.2 million to sector associations (Euros 1.1 million in 2020).

Committed to fighting corruption, bribery and money laundering

The Elecnor Group's Compliance System is its main tool to combat corruption, bribery and money laundering. The effectiveness of the system has led to the company being certified in accordance with the UNE-ISO 37001 and UNE 19601 standards, as mentioned above.

Pursuant to the principles and values in force since its incorporation in 1958, the Elecnor Group is firmly committed to ensuring strict compliance with anti-bribery and anti-corruption regulations, and one of its priorities is to develop a solid corporate culture of regulatory compliance that permeates the daily decision-making processes by its Directors, executives and employees, as well as any other natural or legal persons acting on behalf of the Group, enabling them, within the scope of their respective functions and responsibilities, to detect and prevent practices that might constitute acts of corruption or bribery.

This commitment is not optional. The Elecnor Group implements the principle of zero tolerance to practices that contravene any provisions concerning ethics and integrity, and in particular concerning bribery and corruption, and expects its professionals and third parties with whom it has dealings to always act and behave in a manner consistent with the principles and values established in its Code of Ethics and Conduct, in its Compliance Policy and, specifically, in the Group's Anti-Corruption Policy.

Under no circumstances shall the employees of the Elecnor Group and its partners resort to unethical practices that could be construed as being conducive to a lack of impartiality, transparency and integrity in the decisions of any third party with whom they have dealings, whether they belong to the public sector (authorities, civil servants or persons involved in the performance of public duties) or the private sector.

In particular, the Elecnor Group strictly prohibits:

- Offering, promising or granting, directly or indirectly, bribes to any third party, whether in the public or private sector.
- Offering, promising or granting, directly or indirectly, facilitation payments to commence or facilitate administrative processes or procedures.

- Offering, promising or granting, directly or indirectly, gifts, presents or courtesies to any third party who breaches the provisions of the "Elecnor Group's Policy on Gifts, Presents and Courtesies".
- Offering, promising or performing, directly or indirectly and on behalf of the Elecnor Group, contributions for political purposes.
- Using sponsorships or donations as a means of obtaining favourable treatment.
- Requesting, accepting or receiving any kind of unwarranted benefit or advantage with a view to unduly favouring a third party in the acquisition or sale of products, contracting of services and any other commercial or business dealings.
- Establishing business relationships with third parties without complying with the duty of minimum due diligence in getting to know them.

In order to promote respect for these action principles, the Elecnor Group is firmly committed to:

- Acting and requiring others to act at all times in accordance with the provisions of the applicable legislation on combating bribery and corruption, its Anti-Corruption Policy and the rest of regulations, policies and complementary internal procedures, applying, where necessary, the applicable disciplinary framework, in accordance with labour regulations and collective bargaining agreements in force, in the event of non-compliance in this sphere.
- Disseminating the organisation's commitment to strict compliance with legislation, in particular in combating bribery and corruption, among both its employees and its partners.
- Disseminating among its employees, by means of suitable communication and training programmes, the importance of discharging their duties and responsibilities in accordance with the highest ethical standards and in strict compliance with the law.
- Providing Elecnor Group employees the necessary knowledge and tools to detect, prevent and properly manage any situations that may lead to a breach of the law or that may contravene the principles and values of the Elecnor Group and the Anti-Corruption Policy.
- Encouraging and requiring its partners to have the utmost respect for the principles and values of the Elecnor Group.
- Making available to its employees proper communication channels to enable them to convey any queries they may have in connection with the Anti-Corruption Policy and to fulfil their duty to report and inform of any irregular conduct of which they are aware or which they suspect.

In that regard, and among the dynamics and practices established to foster and disseminate this commitment among employees, it is worth noting that all meetings of the Board of Directors, Executive Committee, Management Committee and other major committees have included a specific item on the agenda on compliance issues ("Compliance Contact") since the end of 2018, at the proposal of the Board of Directors.

As regards money laundering, and as previously stated, the corresponding associated risks are identified among the risks that are monitored by the Elecnor Group's Compliance System. In that regard, the Elecnor Group's Code of Ethics and Conduct expressly states that "*The Elecnor Group is firmly committed to the prevention of money laundering. Under no circumstances will we engage in activities aimed at affording the appearance of legitimacy or legality to property or assets obtained through criminal actions*".

In the same manner, the Compliance Policy states that "*…under no circumstances shall the Elecnor Group's staff or the related persons acquire, own, use, convert or transfer goods if it is known that they arise from crime, irrespective of whether the criminal activity was carried out on national territory or abroad. Likewise, the performance of any act to hide or conceal its illegal origin, or to help someone who has participated in such breach by avoiding the legal consequences of his actions, is expressly prohibited. Elecnor Group's staff shall therefore be extremely cautious and diligent in their transactions with third party providers of goods and services, to assure that they do not arise from a criminal activity.*"

The Elecnor Group has procedures and controls in place to prevent and manage such risk.

Human Rights GRI 102-12, GRI 103-1, GRI 103-2, GRI 103-3

Since it commenced its activities, the Elecnor Group has been fully committed to supporting, respecting and safeguarding human rights in all spheres of action, based on its ethical principles and its corporate social responsibility.

As outlined in its Human Rights Policy, all the Group's companies are unwaveringly committed to compliance with and defence of human rights in developing their activities in all of the countries where they operate. Moreover, this Policy extends to all the Company's stakeholders with a view to sharing and requiring the same exacting level of commitment in its relationships with them.

This Policy is fully aligned with the Group's Corporate Social Responsibility Policy and its Ethical Code, as well as with the UN Universal Declaration of Human Rights, the principles of the UN Global Compact and the Sustainable Development Goals, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises.

The Human Rights Policy lays particular emphasis on equality of opportunities regardless of people's characteristics, as well as the abolition of child labour and forced labour and respect for the rights of ethnic or indigenous minorities.

Furthermore, as a Signatory of the United Nations Global Compact, the Group has undertaken to incorporate the 10 principles in relation to human rights, labour, environment and anti-bribery into its corporate strategy, and to promote the Sustainable Development Goals (SDGs).

The companies co-owned by the Elecnor Group, Celeo Redes in Chile and Brazil, have also subscribed to the Global Compact.

Fiscal transparency GRI 207-1, GRI 207-2, GRI 207-3

The Elecnor Group's Board of Directors decided to approve a governance framework for tax matters in order to ensure that the Group's actions and operations are governed by clear principles, values and standards, to enable any employee, person or entity having a relationship with the Group, when appropriate, and the Board itself to adopt suitable decisions so as to comply with tax legislation. This framework is fully aligned with the principles and criteria on which the Group's Risk Management and Control System is based.

Accordingly, the Elecnor Group's Tax Policy reflects the Group's fiscal strategy and its commitment to the application of best tax practices. The strategy consists of ensuring compliance with applicable tax regulations and seeking to properly coordinate the fiscal practices followed by Group companies, for the corporate interest and in support of a long-term business strategy that avoids tax risks and inefficiencies in executing business decisions.

The Group's tax strategy is based on the following principles:

1. Fulfilling their tax obligations with the utmost diligence in the various countries and territories in which the Group operates.
2. Submitting all the Group's tax filings in a timely manner, including those that do not involve tax payments.
3. Paying in a proper and timely manner all taxes payable in accordance with the applicable laws.
4. Making tax decisions on the basis of a reasonable interpretation of the regulations, refraining from taking material tax risks, without relinquishing legitimate tax efficiency to maximise the Group's value for shareholders.
5. Paying particular attention, when applying tax law, to the interpretation thereof emanating from the courts in relation to each of the operations or matters that have a tax impact.
6. Preventing and minimising, to the extent possible, the tax risks associated with the Group's strategic operations and decisions.
7. Defining and implementing frameworks for the supervision, review and control of the tax function.
8. Informing the management bodies in regard to the main tax implications of the operations or matters submitted for their approval, when they constitute a significant factor in determining their intentions.
9. Fostering an open relationship with the tax authorities based on respect for the law, loyalty, trust, professionalism, collaboration, reciprocity and good faith, without prejudice to any legitimate disputes that, upholding the above principles and in defence of the corporate interest, may emerge with said authorities in connection with the interpretation of the regulations.

The Elecnor Group's Tax Policy is available on the corporate website and intranet.

The Elecnor Group publishes its tax information in an exercise of reporting transparency. The taxes paid by the Group in the countries and territories where it operates constitute one of its main contributions to society.

In 2021, the Elecnor Group has submitted the 2020 Country by Country Report, which can be found in Appendix I hereto. The full list of Elecnor Group companies and their main activities is published annually in Appendix I of the Consolidated Annual Accounts.

Profit before tax by country

Figures in thousands of Euros

Country	2020	2021
Germany	219	-69
Angola	11,777	6,352
Algeria	9,561	-1,625
Argentina	1,299	1,231
Australia	-325	11,704
Belgium	-3,636	1,228
Bolivia	-178	-23
Brazil	65,936	83,400
Cameroon	-2,064	2,679
Canada	2,734	-121

Country	2020	2021
Chile	18,611	4,931
Colombia	-1,345	-4,062
Ivory Coast	-2	-1,404
Ecuador	1,469	571
El Salvador	741	88
Spain	2,144	-2,864
United States	8,128	12,317
Finland	919	-321
France	-20	-15
Ghana	-1,647	-1,556
Guatemala	47	-
Guinea	-	-76
Honduras	2,737	2,985
Italy	-2,446	-4,161
Jordan	-1,248	310
Kuwait	-5	-15
Lithuania	1,460	3,278
Morocco	-33	-17
Mauritania	-1,171	-1,283
Mexico	8,888	11,497
Mozambique	-135	-898
Norway	6,634	8,256
Oman	-2,316	3,883
Panama	-1,729	-2,896
Paraguay	2	-23
Peru	206	2,405
Portugal	-2,185	2,695
UK	4,375	2,795
Dominican Republic	-1,001	390
Romania	60	70
Senegal	-1,234	185
South Africa	1	8
Uruguay	1,062	391
Venezuela	-359	-203
Zambia	-	31
Total	125,931	142,049

Payment of income tax

Figures in thousands of Euros

Country	2020	2021
Angola	1,128	1,163
Argentina	429	445
Australia	483	-3
Bolivia	50	0
Brazil	17,274	19,593
Cameroon	4	0
Canada	86	0
Chile	760	952
Colombia	3	239
Ecuador	227	376

Country	2020	2021
El Salvador	28	69
Spain	1,206	11,202
United States	57	1,001
France	140	0
Ghana	6	17
Equatorial Guinea	6	10
Honduras	13	-55
Italy	18	109
Jordan	73	0
Kuwait	13	25
Lithuania	0	6
Morocco	0	435
Mauritania	229	68
Mexico	-225	1,552
Mozambique	0	4
Norway	0	1,080
Panama	656	0
Peru	0	0
Portugal	153	102
UK	36	-116
Dominican Republic	263	0
Romania	2	5
Senegal	2	0
Uruguay	274	207
Venezuela	0	46
Total	23,394	38,532

The Elecnor Group has made its best estimate of the breakdown of results by country, as well as the payments made in income tax by country, based on the data available at the time of preparing these Annual Accounts. For this breakdown by country, the same criteria were used as those applied to preparing the Consolidated Annual Accounts, likewise breaking down harmonisations and removals as required for the presentation of the Consolidated Income Statement.

Estimated corporate income tax payments in countries in which the Group operates, correspond mainly to the final settlement of taxes accrued in 2020, and to payments on account of taxes accrued in 2021 which will be settled in 2022.

Public grants received GRI 201-4

In 2021, the Elecnor Group received public grants amounting to Euros 3,307 thousand, compared with Euros 3,744 thousand in the previous year, as detailed below.

Figures in thousands of Euros

Country	2020	2021
Spain	2,499	2,348
Canada	117	178
Italy	-	29
UK	340	110
Portugal	788	491
Romania	30	151

Total	3,774	3,307

15.10 Social impact

Through its various initiatives, the Elecnor Group has a direct impact on employment, progress and social welfare. It also acts as a driving force for development in the countries in which it operates, while contributing to resolving specific major global challenges reflected in the 2030 Agenda, such as the fight to combat climate change, the reduction of the energy gap and secure access to essential resources such as energy and drinking water, among others.

Furthermore, the Elecnor Group generates value and distributes it among its main stakeholders as a result of its sustained growth.

The Group's social commitment is chiefly coordinated though the Elecnor Foundation with social infrastructure projects in the places most in need and through a commitment to the training, research and employability of young people.

Moreover, by means of the main Group companies, numerous social and/or environmental programmes are implemented with local communities.

Value creation GRI 102-7, GRI 103-1, GRI 103-2, GRI 103-3, GRI 203-2

Direct financial value generated and distributed GRI 201-1

The information continued in this report concerning the creation and distribution of the financial value shows how the Elecnor Group continues to generate wealth for its stakeholders.

In thousands of Euros	2020	2021
Generated financial value	**2,549,406**	**3,165,816**
Income[1]	2,549,406	3,165,816
Distributed financial value	**2,485,785**	**3,028,382**
Operating costs[2]	1,683,196	2,035,937
Personnel expenses[3]	708,571	868,281
Payments to capital providers[4]	70,017	84,981
Tax contribution[5]	23,394	38,532
Investment in the community[6]	607	652

Source. Figures from the income statement in the Consolidated Annual Accounts for 2021, except for dividend payments and income tax payments shown in the statement of cash flows included in the Consolidated Annual Accounts.

1 Includes: Amount of turnover + change in inventories + self-constructed assets + other operating income + finance income.
2 Includes: Materials consumed + external services + taxes + other management expenses.
3 Includes: Personnel expenses.
4 Includes: Finance expenses + dividend payments (statement of cash flows).
5 Includes: Income tax payments (from the statement of cash flows).
6 Includes: Contributions to the Elecnor Foundation and to various non-profit organisations, associations and foundations.

Job creation

With a team of more than 21,000 people in over 50 countries, people are the main asset for the Elecnor Group, being crucial to the optimum execution of its activities.

At the end of 2021, the Group's workforce had increased by 3,228 people (up 18% on the previous year).

Workforce	2020	2021	Changes
Domestic	10,542	11,103	5%
International	7,661	10,328	35%
Total	18,203	21,431	18%

The Elecnor Group contributes to the development and well-being of local communities by means of direct job creation by contracting local employees and suppliers.

Local employment

	2020		2021	
Location	Employees	Local employment	Employees	Local employment
Spain	10,542	95%	11,103	94%
Europe	1,033	78%	1,253	79%
America	4,861	97%	6,396	97%
Africa	1,683	93%	2,378	95%
Asia	44	82%	188	43%
Oceania	40	58%	113	73%
Total	18,203	94%	21,431	94%

Procurements from local suppliers GRI 204-1

As introduced in the chapter on Operational Excellence of this NFIS, the Elecnor Group is focused on the ongoing optimisation of the supply chain. In that regard, and whenever possible, it gives priority to hiring local suppliers to foster the economy in the countries in which it operates.

The table below shows the percentage of the volume of purchases made from local suppliers:

	2020	2021
Spain	88%	93%
Brazil	95%	100%
Chile	54%	74%
United States	100%	100%
Mexico	81%	87%
UK	66%	80%
Other	75%	77%
Total	87%	90%

Profitability for shareholders

Elecnor, S.A.'s shares are traded in Spain's SIBE electronic trading system, where shares in the leading Spanish companies are traded, and the market with the largest trading volume in Spain.

The Company has been able to consistently create value for its shareholders in the last few years. In 2021, the dividend yield has been maintained compared to the previous year.

Stock market indicators	2020	2021
Closing share price (€)	11.00	10.50
Dividend yield	3.1%	3.1%

In 2021, two dividends were paid to shareholders: a supplementary dividend against 2020 profit in a gross amount of Euros 0.27455644 per share (Euros 0.28207889 including the pro-rata distribution of treasury shares); and an interim dividend against 2021 profit in a gross amount of Euros 0.05961779 per share (Euros 0.06125324 including the pro-rata distribution of treasury shares).

The Elecnor Group's social action GRI 103-1, GRI 103-2, GRI 103-3, GRI 203-1, GRI 413-1

The Group's social action is mainly coordinated by means of the Elecnor Foundation.

In 2021, the Elecnor Group donated a total of Euros 651,604 to various associations, foundations and non-profit entities to support a range of social causes (Euros 607,479 in 2020). Of that amount, the Group contributed Euros 600,000 to the Elecnor Foundation (600,000 in 2020).

Elecnor Foundation. Generators of change and well-being

Since its launch, the Foundation's mission has been closely linked to the Elecnor Group's own activities, with the aim of helping to improve people's living standards and powering the economic and social progress of the communities in which Elecnor has a stable presence.

Throughout its history spanning more than 60 years, the Elecnor Group has built a corporate culture based on conducting its activity in a responsible and committed manner, voluntarily incorporating social and environmental criteria into business practice.

With the Elecnor Foundation, the company took another step forward in this strategy, expanding the scope of its commitment to the environments in which it operates and to key aspects of today's society, such as training and research. In that regard, the work of the Foundation is strongly tied to the Elecnor Group's own activity, with the priority areas of action being countries in which the company is present and projects related to its lines of business.

Since its creation in 2008, the Elecnor Foundation has been projecting the more human side of engineering with solid values through all its actions, geared towards:

- The development of water and energy infrastructure for social purposes to benefit those who most need it as well as the environment.
- Fostering training and research to nurture the professional development and projection of young people.

Since its incorporation, the Foundation has been present in Spain, Honduras, Dominican Republic, Ghana, Chile, Uruguay, Peru, Angola, Nicaragua, Cameroon, Mexico, Senegal and Republic of Congo. The Elecnor Group has allocated funds amounting to Euros 6.7 million. Moreover, the Foundation has obtained other funds totalling Euros 5.8 million. Accordingly, the Elecnor Foundation has led projects worth a total of Euros 12.5 million.

In 2021, the Foundation invested Euros 674,769 in the various projects.

Social infrastructure projects

In 2021, the Foundation has worked on four social infrastructure projects in Spain, Ghana, Senegal and Brazil. Two of them will be executed during 2022.

› *Nos importa el aire que respiras*, Spain

This project (titled "We care about the air you breathe") is an indoor air treatment project at the Ronald McDonald House in Madrid with the goal of boosting the health of particularly vulnerable children living in the house and minimising their possible exposure to COVID-19 to the extent possible.

Along with its technological partner Aire Limpio, the Foundation has implemented a project chosen by the CDTI in its call for proposals for "RDI and Investment projects to tackle the health emergency declared as a result of COVID-19".

The innovative project also includes smart systems for counting people and taking temperatures and, once executed, it will be scalable for deployment at elderly care homes, hospitals, etc.

The Elecnor Foundation has been a member of the Board of Trustees of the Ronald McDonald House in Madrid since 2013, the year in which Elecnor built this home for 30 families and implemented an energy efficiency project at the facility. Fundación Infantil Ronald McDonald offers a "home away from home" to families who have travelled from their habitual place of residence so that their children can receive medical treatment.

› Solar for health. Ghana

In 2013, the Elecnor Foundation, along with the Congregation of Sisters of Charity of Saint Anne and Congregation of Sisters Hospitallers of the Sacred Heart of Jesus, launched the Solar Back-Up Systems project. The aim of this initiative was to strengthen the electricity supply and mitigate the severe problem facing hospitals and health centres due to the obsolescence of their electrical installations, resulting in a high risk of disruption or deficient operation of equipment due to a faulty electricity supply.

As a result of this project, both institutions have identified the need to implement new photovoltaic systems in order to improve healthcare, especially in the ICUs of the following hospitals, which benefit more than 200,000 people per year.

Congregation of the Sisters Hospitallers of the Sacred Heart of Jesus:

- St. Francis Xavier Hospital in Assin Fosso (60 kWp).
- Adjacent training centre (25 kWp).
- Benito Menni health centre in Dompoase (25 kWp).

Congregation of Sisters of Charity of Saint Anne

- Our Lady of Grace Hospital in Asikuma (60 kWp).
- Our Lady of Rocío Clinic in Walewale (25 kWp).

The Solar for health project was launched in November 2021.

Looking ahead to the upcoming year, two more projects combining water and energy are being undertaken. On the one hand, Heath Energy, in Senegal, a solar photovoltaic project seeking to reduce energy consumption and ensure a sustainable and adequate electricity supply to the medical services of Hospital St Jean De Dieu in the city of Thiés.

And on the other, in Brazil, a second implementation of the H_2OMe project is being designed (the first was in Angola), which seeks to improve the standard of living of the Quilombola community around a rural school located in the municipality of Óbidos. H_2OMe will filter and purify the school's groundwater, relying on green and environmentally friendly energy from a photovoltaic solar farm.

Training and Research Projects

› IE - Elecnor Observatory on Sustainable Compliance Cultures

This Observatory was created at the end of 2019 by the Elecnor Foundation and the Instituto de Empresa Foundation, in partnership with the law firm Eversheds Sutherland. It is geared towards fostering a compliance culture and progress in the fight to combat corruption in business, in the defence of competition law, human and labour rights and respect for the environment, placing special emphasis on small and medium-sized enterprises.

This year, the following actions were performed:

- "Compliance in times of uncertainty" event. An event that brought together experts and professionals to discuss, on the one hand, the specific challenges facing small and medium-sized enterprises to foster a culture of compliance and, on the other hand, the various strategic ways to implement it.
- Presentation of the report "Radiography of the sustainable compliance culture in Spanish SMEs", current status and drivers. This report sheds light on the incipient state of the management of aspects relating to ESG and compliance in companies of this size, the need for basic tools, such as the code of conduct and whistleblowing channels, people's feeling of psychological security, as a key factor, besides other conclusions.

› Corporate Leadership in Entrepreneurship and Innovation programme. Deusto Business School.

The Elecnor Foundation has a collaboration agreement with Deusto Business School and Icade Business School to collaborate in the development of this programme, which includes the most innovative entrepreneurial initiatives of major corporations explained by the executives who have led them.

› Growing in prevention: the journey of emotions.

Growing in Emotional Prevention is intended for 3rd, 4th and 5th year Primary School pupils and their teachers. It undertakes an educational project on emotional risk prevention through the digital environment and classroom activities.

These are its goals:

- Raising awareness among pupils and the education community regarding the importance of educational orientation and the prevention of emotional risks in all the areas and facets of their lives, so that they can integrate these lessons into their daily routines and future careers.
- Providing educational resources to teachers and students in order to work on the importance of emotional risk prevention in students' most everyday contexts: home, outside and school.

- Fostering emotional risk prevention in the family context by families being involved and participating in students' educational and training process.

By 2021, 14,000 children in the Madrid and Extremadura regions will have benefited from this educational project.

› Specialist course in medium- and low-voltage electrical installations. Vocational training at Colegio Salesianos Deusto

In 2021, the Elecnor Foundation continued to collaborate with Colegio Salesianos Deusto's vocational training. The ninth edition of the course was held this year.

Currently, three students who have completed this training are working at the Elecnor Group in the field of electrical distribution.

› Advanced qualification in renewable energies. Dual vocational training.

Dual vocational training enables students to train both in the classroom and in the company under the supervision of a tutor. With this programme, the Elecnor Foundation fosters the development of young people who could later occupy leadership positions in the Group's projects.

Thus, two agreements have been signed with two centres of the Regional Government of Extremadura:

- IES Javier Garcia Téllez (Cáceres). One student has completed his internship at the Astexol-2 Solar Thermal Power Plant.
- IES Cuatro Caminos (Don Benito, Badajoz). In 2022, five students are expected to carry out internships at Elecnor Group facilities.

› Master's thesis grants. Valencia's Polytechnic University (UPV).

The Elecnor Foundation, as part of its collaboration with the UPV spanning more than 30 years, has awarded five scholarships for 2020-2021, acknowledging the talent of students who have developed their work in various areas of knowledge linked to the Elecnor Group's activities.

› Agreement with the Jaume I University of Castellón.

The Jaume I University of Castellón, the Elecnor Foundation and Elecnor signed a general collaboration agreement to establish and develop academic, cultural and scientific relations between the three entities.

Other social projects

The Elecnor Group has a clear commitment to the communities where it operates, and programmes to foster social, environmental and economic development in the surrounding communities have become especially significant. Furthermore, it has continued to actively contribute to the health and social emergency caused by COVID-19.

Below are some of the initiatives launched by the Concessions companies Celeo and Enerfín.

Brazil

The Group's wind power subsidiary, Enerfín, approved by the Brazilian government and in compliance with tax incentive legislation, has contributed to social development, culture and sport. Some of these initiatives were being undertaken in 2020 and have been maintained during 2021.

› Visitors' centre at the Osorio wind complex.

Following the visitor centre's construction in 2016, visits are received each year from different groups, mainly schoolchildren between 7 and 18 years of age, and content is provided on wind energy and the sustainability of this wind farm complex. In 2021, 168 visitors were received.

› Banco do Nordeste's Together for Life Campaign

Action undertaken by Banco do Nordeste seeking to collect food and hygiene items for communities in need living in the regions surrounding the Ventos de São Fernando wind farm complex. This initiative had the backing of the complex, which donated 200 food baskets and 200 hygiene and cleaning kits purchased from small businesses in the region.

› Brasil Brasileiro - Popular Art

This is a project designed by a leading Brazilian photographer in order to showcase the popular art produced from the south to the north of the country.

› Annual activities schedule with Fundação Iberê Camargo

The Iberê Camargo foundation is a highly representative cultural institution in Porto Alegre. Its goal is to foster the interaction of the general public with art, culture and education through interdisciplinary programmes. Currently, the Foundation conserves its collection, fosters the study and dissemination of Iberê Camargo's work, and also presents temporary exhibitions of modern and contemporary art and a permanent parallel programme.

› Restoration and conservation of the Military Brigade Museum's bibliographic collection

This is a project undertaken by the Military Brigade, an institutional body responsible for public security, and the Rio Grande do Sul State Highway Police. The goal is to restore and conserve the Museum's bibliographic collection. It is also hoped that the information can be digitalised and made available on the website.

› The saga of Giuseppe Garibaldi in Capivari do Sul

This project coordinated by the municipality of Capivari do Sul, a region of interest for wind purposes, consists of recreating the saga of Giuseppe Garibaldi and its representation throughout the region.

› Projeto Virada Sustentável POA

This is a very popular event in Porto Alegre, especially among young people, which tackles topics relating to conservation and environmental sustainability. This year's edition of Festival Virada Sostenible Porto Alegre consisted of visual art actions and urban art interventions, concerts and musical shows, and a number of theatrical and artistic-literary representations.

Furthermore, numerous social projects were conducted throughout 2021, including the following are examples:

› Hospital São Lucas da PUC (RS)

The Physical Activity Incentive Programme for the Elderly (PIAFI) comprises a set of actions intended for people over 60 years of age to take physical exercise, in order to foster and improve the physical condition of the elderly and their quality of life. This project seeks to fulfil the new and growing demands arising from the ageing of the population.

- Checkmate for All - Brazilian Chess Federation for the Visually Impaired (Porto Alegre/RS)

This project seeks to foster the practice of chess for 80 visually impaired people throughout Brazil, between 8 and 80 years of age, seeking to improve individual health and well-being. Besides to the activities planned in the various stages of the project, an integration event will be held for the fellowship of all participants. The event is set to be held at the Centro Paralímpico de São Paulo, a venue that will be assigned to the entity.

Celeo implemented several social actions, including the following:

- Launch of the Celeo in the Community programme seeking to contribute to the quality of life and the development of local human capital by undertaking social projects. For the years to come, a youth education project is scheduled in São João do Piauí (Piauí), and a project on environmental education and the SDGs in practice in Atibaia (São Paulo), an area of influence of the CANTE transmission line.

- Completion of the Viver bem em Caetetuba project comprising the renovation and construction of an annex to the Caetetuba train station (Atibaia, São Paulo) in order to install a social assistance centre (CRAS) that will also be used to provide vocational training courses. It will benefit around 20,000 people in situations of high social vulnerability.

- Launch of the initiative #Cestou Celeo. Internal campaign for the donation of hampers of basic necessities to support the most vulnerable people in the health crisis. In total, 186 hampers were collected from employees, added to another 186 purchased by Celeo, which had committed to make a contribution equivalent to that made by the employees.

- Donation of hospital equipment to the municipalities of São João do Piauí (Piauí) and Parintins (Amazonas).

Canada

Enerfín performed the following actions:

- Guided tours of the L'Erable wind farm. These visits are organised in partnership with the local tourism office, but in a new format for small, independent groups as a result of the health restrictions.

- Providing support to community organisations and events in the municipalities of Saint Ferdinand, Saint-Pierre-Baptiste and Sainte-Sophie-d'Halifax. Although many of the events that received support have been cancelled due to the health measures in place to combat COVID-19, support has been given to these entities this year in order to maintain assistance for schoolchildren with difficulties, and to build a permanent stage where concerts and exhibitions can be held.

Chile

Celeo's social projects are mainly geared towards environmental education. In 2021, the environmental education programmes were continued in the Corel and Charrúa schools, and the programme was launched in two further schools, with workshops on environmental awareness, flora, fauna and conservation.

Furthermore, in coordination with the Celeo Sports Club, 80 sanitary material kits for protection against COVID-19 were delivered to various organisations in the commune of Colbún and Rincón de Pataguas.

Spain

As part of its corporate social responsibility, Celeo Spain has agreed the following two actions to be implemented in the first quarter of 2022. Both initiatives have been duly reviewed and authorised by the Compliance Committee.
On the one hand, it will make a contribution to the Madrid Food Bank; and, on the other, to the Padre Piquer Training Centre to collaborate with its Scholarship School programme.

Dialogue with local communities

Communication, ongoing dialogue and proper management of impact on local communities are essential to maintain social legitimacy and ensure the success of the Group's projects.

In the context of the Environmental Assessment Studies of the projects, there are stakeholder outreach processes, the goal of which is to outline the main characteristics of projects, their design and planning to communities that might be affected. Queries are also fielded and their comments taken on board so as to minimise the projects' impact on their territory.

Chile

For the Los Lagos wind farm project, Enerfín has conducted a social impact assessment, which is necessary to complete the Environmental Impact Study. Nine indigenous communities and stakeholders close to the project have been identified in this process. The company has held interviews and informative meetings to inform the communities about the project and its progress, and the latter have raised their concerns, doubts and expectations with the company, discussing voluntary commitments associated with the possible impacts arising from the project.

Having initiated the meetings, work will continue through negotiation tables with the communities until the Environmental Impact Study is presented and approved by the corresponding administrations.

In turn, Celeo conducted a Community Diagnosis in the Diego Almagro area in order to generate links with the community through the development of a project for the benefit of the community. Thanks to this exercise and the development of strategic lines of social investment, the first social investment projects of Celeo Chile were conducted in the commune. The first edition of the Water and Energy Efficiency Workshop was held with the support of EcoGen Recycling, a local enterprise, and an agreement was signed with the fire brigade of the city of Diego de Almagro.

Furthermore, in the context of the CASTE and MATE projects, certain social initiatives will be implemented on the basis of results obtained from the PAC (Citizen Participation Process), which are currently in the assessment phase.

Canada

Through its various subsidiaries, Enerfín belongs to various associations that foster renewable energy and optimise its integration into the environment and rural communities. At a national level, these initiatives include the Canadian Renewable Energy Association (CANREA), and at a provincial level L'Association des Producteurs d'Énergie Renouvelable du Québec (AQPER).

Mexico

Enerfín held informative meetings with the Agreement Monitoring Committees of the five Mayan communities in the area of influence of the projects it has in progress in Yucatan.

Brazil

Celeo has a stakeholder engagement process called the Integra Project. This voluntary project is chiefly geared towards:

- Minimising risks.
- Fostering stakeholder awareness of environmental conservation, burning and forest fires.
- Training the Operation and Maintenance teams in approaching and communicating with local stakeholders.
- Increasing transparency.
- Understanding stakeholder concerns and interests and bringing them into its processes and activities.
- Enhancing the way it communicates and interacts with stakeholders.

The main channels of communication are open meetings with the local community, landowners and other people affected by the projects.

Respect for indigenous communities

The Elecnor Group sometimes executes projects close to indigenous communities or areas with other social minorities. In these cases the social and/or environmental impacts on the affected areas are analysed and, where necessary, measures are implemented to mitigate them.

Chile

As part of the preparation of the Environmental Impact Study for the Los Lagos Project, Enerfín is analysing the area of influence and determining the degree of impact on indigenous communities.

Colombia

In the context of the El Ahumado, Musichi, Trupillo, Dividivi and Brisas del Caribe wind farm projects, since 2018, Enerfín has achieved 82 Preliminary Consultation processes and obtained the free and informed consent of them.

In 2021, agreements have been obtained in 17 processes with Wayuu indigenous communities for the Brisas del Caribe Wind Farm project. These participatory processes were conducted in several meetings and were accompanied by various Colombian state entities.

In order to guarantee the social participation of the communities in the various projects, the company has held more than 70 meetings in the territory, opening permanent communication channels with the local communities.

Similarly, follow-up meetings have been held by the Colombian government on the agreements reached at the El Ahumado wind farm, demonstrating compliance with the commitments and the company's socially responsible actions with the communities.

Pursuant to ILO Convention 169 (Right to Preliminary Consultation), Enerfín conducted 23 consultation processes for the Brisas del Caribe wind farm, of which 20 reached an agreement and 3 remain ongoing. As a result of the Preliminary Consultation process, actions to prevent, mitigate, correct or offset each of the impacts identified were outlined together with the community.

Furthermore, in 2021, various activities were conducted to provide support to the 90 indigenous communities with which there is a relationship due to the projects being undertaken in the Colombian department of La Guajira. These notably include the following:

- Social and cultural support. Donation for the purchase of food, medicines, materials, biosecurity (COVID-19), etc.
- Giving of Christmas gifts. 2,300 gifts were given to the children of the indigenous communities.
- Providing support to the Mayor's Office of Uribia (Guajira). Food and gifts were donated for distribution among the indigenous communities in the area.

In the social dialogue processes with the Colombian indigenous communities, strict compliance with the security protocols laid down by the government remains in place.

Brazil

IN the context of its environmental legislation, Celeo Brazil conducted Indigenous Component Studies (ICS) or Quilombola Component Studies (QCS), to gauge the specific impacts of the project on these communities. Subsequently, control and mitigation measures are conducted for each impact identified in a Basic Indigenous Environmental Plan (BIEP) or Quilombola (BQEP).

During the year, the company has been monitoring the studies and plans pending assessment and approval by the corresponding bodies.

Elecnor, committed to the SDGs GRI 102-12

The goal of the Elecnor Group is to ensure that its actions, together with those of the Foundation, are in keeping with the challenges presented by the 2030 Agenda Sustainable Development Goals.

Because of the nature of its activity, the Elecnor Group is a key player in society's development and progress. Its infrastructure, renewable energy, water and environmental projects contribute solutions to some of the current and future challenges such as climate change, the reduction of inequalities, and the energy gap, among others.

Contribution to SDGs deriving from the main businesses

Contribution to the SDGs deriving from the Elecnor Foundation's social action

SDGs	Some projects and initiatives by the Elecnor Group and Elecnor Foundation
	**Enerfín** Social projects **Celeo** Social projects **Elecnor Foundation** Social infrastructure projects
	**Celeo** Social projects
	**Elecnor Group** Certification Safety Excellence Project (SEP) ISO 45001 certification Awareness campaigns Health and safety training plan **Elecnor Foundation** Social infrastructure projects
	**Elecnor Group** Collaboration with universities and vocational training centres **Enerfín** Training programmes in various projects **Celeo** Social initiatives **Elecnor Foundation** Education projects
	**Elecnor Group** Equality plan

Elecnor Group
Services specialising in water infrastructure
Audeca
Water and waste water treatment projects
Hidroambiente
Water treatment solutions
Elecnor Foundation
Social infrastructure projects

Elecnor Group
Renewable energy generation projects
Promotion of renewable energy
Energy efficiency projects and initiatives
Atersa
Development, production and distribution of solar photovoltaic products
Enerfín
Wind farms
Celeo
Energy transportation projects
Solar PV farms
Solar thermal plants
Elecnor Foundation
Social infrastructure projects

Elecnor Group
Creation and promotion of local employment
Hiring local suppliers
Signatories of the UN Global Compact
Elecnor Foundation
Training and research projects

Elecnor Group
Infrastructure development
Initiatives involving start-ups
Digital Transformation Plan
Innova calls for proposals
Innovation projects

Elecnor Group
Equality plan
Enerfín
Social projects
Celeo
Energy transportation projects
Social projects
Elecnor Foundation
Social infrastructure projects
Training and research projects

Elecnor Group
Energy efficiency projects
Smart Cities Projects
Managing street lighting
Audeca
Urban waste collection projects

12 PRODUCCIÓN Y CONSUMO RESPONSABLES	**Elecnor Group** Energy efficiency projects Smart Cities Projects Managing street lighting **Audeca** Urban waste collection projects **Enerfín** Wind farms **Celeo** Energy transportation projects Solar PV farms
13 ACCIÓN POR EL CLIMA	**Elecnor Group** Renewable energy projects: wind, solar PV, hydroelectric and biomass Climate change strategy Calculation and verification of the carbon footprint Emission reduction plan
14 VIDA SUBMARINA	**Audeca** Water and waste water treatment projects Projects to preserve natural spaces **Hidroambiente** Water treatment solutions
15 VIDA DE ECOSISTEMAS TERRESTRES	**Elecnor Group** Initiatives to foster biodiversity **Audeca** Projects to preserve natural spaces **Enerfín** Plan to monitor bird life in wind projects **Celeo** Environmental initiatives
16 PAZ, JUSTICIA E INSTITUCIONES SÓLIDAS	**Elecnor Group** Certification to UNE-ISO 37001 anti-bribery management system standard Certification to UNE 19601 criminal compliance management system standard Compliance Training **Elecnor Foundation** The IE-Elecnor Observatory on Sustainable Compliance Cultures
17 ALIANZAS PARA LOGRAR LOS OBJETIVOS	**Elecnor Group** Partnerships and collaborations with entities and associations - Participation in forums **Elecnor Foundation** Partnerships and collaborations with entities and associations

Other channels for engagement with society

Participation in associations GRI 102-13

The Elecnor Group is actively involved in flagship associations in the industries and countries where it operates. There follows a list of the most important of these for the Group:

Spain

ACEX, Asociación de Empresas de Conservación y Explotación de Infraestructura
ADEMI, Asociación de Empresas de Ingeniería, Montajes, Mantenimientos y Servicios Industriales
AEDYR, Asociación de Desalación y Reutilización del Agua
AEE, Asociación Empresarial Eólica
AeH2, Asociación Española del Hidrógeno
AELEC, Asociación de Empresas de Energía Eléctrica
AESPLA, Asociación Española de Servicios de Prevención Laboral
AIN, Asociación de Industria de Navarra
ANDECE, Asociación Nacional de la Industria del Prefabricado de Hormigón
ANESE, Asociación Nacional de Empresas de Servicios Energéticos
APIEM, Asociación Profesional de Instaladores Eléctricos y de Telecomunicaciones de Madrid
APPA Renovables - Asociación de Empresas de Energías Renovables
ASAGUA, Asociación Española de Empresas de Tecnologías del Agua
ASEALEN, Asociación Española de Almacenamiento de Energía
ATC, Asociación Técnica de Carreteras
CEOE, Confederación Española de Organizaciones Empresariales
CETRÉN, Asociación de Acción Ferroviaria
CONFEMETAL, Confederación Española de Organizaciones Empresariales del Metal
Enercluster, Cluster Eólico de Navarra
Plataforma enerTIC
EGA, Asociación Eólica de Galicia
FEMEVAL, Federación Metalúrgica Valenciana
FVEM, Federación Vizcaína de Empresas del Metal
Sedigás, Asociación Técnica Española de la Industria del Gas
SERCOBE, Asociación Nacional de Fabricantes de Bienes de Equipo
UNEF, Unión Española Fotovoltaica

Brazil

Spanish Chamber of Commerce in Brazil

Canada

Canadian Chamber of Commerce

Ecuador

Spanish Chamber of Commerce in Ecuador

Mexico

Spanish Chamber of Commerce in Mexico
Cámara Nacional de Manufacturas Eléctricas

Portugal

Associação Portuguesa Ind. Eng. Energetica
Associação Emp. Construção Obras Publicas e Serviços
Camara Comercio e Industria Luso Espanhola

Participation in forums

Throughout 2021, the Elecnor Group took part in various forums and events related to its fields of activity. Some of the most noteworthy ones are listed below:

- Africa 2023 Focus

Chief Executive Officer of the Group, Rafael Martín de Bustamante, took part in the presentation of the "Africa 2023 Focus" action programme held at La Moncloa.

The event was attended by the President of the Spanish Government, the President of Ghana, the President of the African Development Bank, the Government of Spain's Minister of Foreign Affairs, European Union and Cooperation, and the Minister of Foreign Affairs of Senegal.

Having spent four decades on the African continent, the Elecnor Group was the company chosen to talk about its experience in Africa and provide a Spanish business vision of the opportunities that this programme will promote.

- Energyear Mediterránea

This forum, held in Madrid, provided an in-depth examination of the challenges and opportunities of the Spanish renewable energy market. The Elecnor Group, as a leading player in this field, took part in the debate on the role of wind energy in reactivating Spain's economy.

- Summit Canal CEO

This congress, held by Canal CEO, brought together eighteen figures who have created their own style for leading and transforming the business horizon, achieving excellence in one of the ten essential competencies in the leaders of the future. The Chief Executive Officer of the Elecnor Group took part in a masterclass on well-being.

- *IE-Elecnor Observatory on Sustainable Compliance Cultures*

The Elecnor Group, together with IE, held two events broadcast via streaming and featuring the participation of various compliance experts from both the business and academic spheres.

Similarly, the Group's various subsidiaries have been present at forums in their sectors of activity. Some of the most relevant ones are set out below:

Spain

In Spain, it is worth highlighting Enerfín's participation in the following events:

- AIN Circular Platform. Event organised by AIN on circular economy, presenting the conclusions of the programme co-funded by the Government of Navarra and AIN. Enerfín was one of the five companies selected to participate in the programme and took part in the round table.
- CITE 2021: 2nd International Congress for Ecological Transition. Enerfín provided support the congress as a gold sponsor and participated in a round table together with other major companies (Nordex Acciona, Siemens Gamesa and Ingeteam).

Enerfín has also attended several events both in person (6th Spanish Wind Energy Congress - AEE in Madrid, 8th Solar Forum - UNEF in Madrid, Green Hydrogen Day in Galicia in Ferrol, Next Generation EU: Opportunities for the participation of local entities, GT NEGA: encontros de transferencia e innovación, the Navarre Green Hydrogen Agenda, etc.), as well as online (webinar by REE on access and connection, webinar on how to design a more profitable PV in difficult terrain, webinar ECOVOLTAICA: The path towards developing sustainable photovoltaic plants, webinar Decarbonisation of the industry: green hydrogen, in addition to others).

The subsidiary Audeca took part in the following initiatives:

- 16th Conference on Road Maintenance "The Road: Essential Infrastructure". Audeca took part in the trade fair held by ACEX and the Technical Road Association. It also collaborated with an informative talk on the SMS+ system that it has developed and won the 2021 ACEX Award.
- Digital Debate "New technologies applied to road maintenance". Audeca took part in this debate held by the Spanish Road Association, communicating its main R&D&I projects.
- National Symposium on Roads and Local Administration Works. Audeca has collaborated in this symposium held by the Spanish Road Association (AEC).
- Ecofira international event. This event is an international meeting point where companies and public bodies display the latest advances in efficient environmental management.

Brazil

In Brazil, Enerfín took part in WindPower 2021, the country's leading congress that brings together companies, federal bodies and other agents operating in the country's electricity sector, and in Enase 2021, a national meeting of professionals and agents in the Brazilian electricity sector.

Celeo also took part in Intersolar South America, the continent's largest solar sector event. The core goal of the event is to foster a space for global and local brands to present their cutting-edge technologies and to display the possibilities of profiting, saving and keeping up with the advances in the solar market. Celeo Brazil's head of business development, together with other specialists, discussed: "Large-scale solar PV projects - the main competitive factors: maximising return on investment - CapEX and OpEX".

Canada

Enerfín was present at the annual colloquium of the Quebec Association for the Production of Renewable Energy, theme of which was "Boosting our renewable energies, relaunching our economy".

Chile

Celeo took part in the FECI Science Festival, associated with the Explora programme, which is part of the science and society division of Chile's Ministry of Science, Technology and Innovation, implemented by the University of Atacama. The core goal of the project is to foster scientific culture in the school community and among the general public. At the fair, Celeo presented its Water Efficiency Workshop held in the community of Diego de Almagro.

Colombia

Enerfín was noteworthy with its participation as a panellist at:

- "Auctions: reactivating investment for renewables", within the International Renewable Energy Congress and Business Roundtable.
- "Sustainable transport and energy infrastructure as a pillar of economic recovery", in the context of the event held by the Colombian government through Procolombia "Colombia Investment Summit"

- "Wind energy: a driver of economic and social development in Colombia", as part of the Latam Future Energy Colombia 2021 event.

Africa

Enerfín was present at regular meetings held by the African Task Force of GWEC, congresses and talks organised by ALER and AMER, and several webinars held by ICEX, the Exporters Club and other foreign organisations on investments and the renewable energy sector in African markets.

Mexico

Enerfín took part in the 2021 Expo Foro Energía Yucatán, making a different-scale analysis of the electricity sector in Mexico. The purpose of the forum was to present the opportunities and challenges of the clean energy generation sector in the country for distributed generation, as well as for industry suppliers.

It was also present in the project "The challenges of graduates and students of renewable energy engineering" at the TecNM Campus Progreso, the goal of which is for the course graduates to present to students their study and work experience in the field of engineering.

Recognition

- The IE-Elecnor Observatory on Sustainable Compliance Cultures has been acknowledged by the 3rd edition of Expansión's "Compliance" Awards as one of the five finalist initiatives in the Best Ethical Initiative Category.
- The Elecnor Group has been recognised by Iberia in its 13th edition of the Awards for its best partners in 2021.
- Audeca was the winner of the 17th National ACEX Award for Safety in Conservation in the general category for its SMS+ project. Audeca has been a finalist 16 times and winner 7 times, proving its commitment to safety and innovation.
- Celeo Brazil and Celeo Chile took first and second place, respectively in their sector "Americas | Electricity Transmission Network | Maintenance and Operation" in the GRESB 2021 Sustainability Ranking.
- Celeo Chile has obtained the 2021 PEC Safety Excellence recognition and the Mutual COVID-19 Seal for its commitment and management associated with the health of all its workers.
- 3rd IBAMA Forum. Celeo's Environmental Education Programme (PEA) in Cantareira was acknowledged by IBAMA (Brazilian Institute of Environment and Renewable Natural Resources) as a national benchmark in the category of best socio-environmental impact mitigation programmes as part of environmental licensing.
- In the 17th Premios Corresponsables Awards, the Elecnor Foundation was a finalist in the category of non-profit organisations and social economy, with its initiative Growing in Prevention.

Appendix I

Supplementary information

Our people, our best asset GRI 102-8, GRI 405-1

Workforce data (year-end)

Geographical area and country	2020	2021	Changes
Spain	10,542	11,103	5%
Europe	1,033	1,253	21%
Germany	0	1	-
Belgium	1	1	0%
Finland	0	3	-
The Netherlands	0	1	-
Italy	396	627	-28%
Lithuania	16	19	3819%
Norway	65	68	-71%
Portugal	189	224	-64%
UK	350	286	-36%
Romania	16	23	44%
North America	805	759	-6%
Canada	5	6	20%
United States	800	753	-6%
Latin America	4,056	5,637	39%
Argentina	96	94	-2%
Brazil	2,461	4,283	74%
Chile	612	611	0%
Colombia	17	33	94%
Ecuador	3	3	0%
El Salvador	133	48	-64%
Honduras	42	41	-2%
Mexico	85	99	16%
Panama	168	75	-55%
Paraguay	1	1	0%
Peru	1	0	-100%
Dominican Republic	190	112	-41%
Uruguay	228	218	-4%
Venezuela	19	19	0%
Africa	1,683	2,378	41%
Angola	975	1,622	66%
Algeria	1	1	0%
Cameroon	346	473	37%
Ivory Coast	0	6	-
Ghana	300	113	-62%
Guinea Conakry	0	1	-

Geographical area and country	2020	2021	Changes
Mauritania	5	5	0%
Mozambique	31	140	352%
Senegal	25	17	-32%
Asia	44	188	327%
India	0	1	-
Jordan	5	3	-40%
Oman	39	184	372%
Oceania	40	113	183%
Australia	40	113	183%
Total	18,203	21,431	18%

Professional		2020			2021	
category	Male	Female	Total	Male	Female	Total
Structure	3,749	1,578	5,327	4,210	1,900	6,110
Management	145	21	166	141	20	161
Executive	1,102	231	1,333	1,110	233	1,343
Technician	2,502	1,326	3,828	2,959	1,647	4,606
Works	12,305	571	12,876	14,620	701	15,321
Basic*	12,305	571	12,876	14,620	701	15,321
Total	16,054	2,149	18,203	18,830	2,601	21,431

*The "Basic" professional category comprises mainly men as it corresponds to Works personnel.

By age

		2020			2021	
Staff in Structure	Male	Female	Total	Male	Female	Total
>50	576	158	734	653	189	842
From 30 to 50	2,443	1,018	3,461	2,733	1,212	3,945
<30	730	402	1,132	824	499	1,323
Total	3,749	1,578	5,327	4,210	1,900	6,110

		2020			2021	
Staff in Works	Male	Female	Total	Male	Female	Total
>50	2,430	55	2,485	2,930	86	3,016
From 30 to 50	7,937	376	8,313	9,209	439	9,648
<30	1,938	140	2,078	2,481	176	2,657
Total	12,305	571	12,876	14,620	701	15,321

Breakdown of information by contract type

By age	2020	2021	Changes
Open-ended	11,150	14,160	27%
>50	2,298	2,971	29%
From 30 to 50	7,257	9,039	25%
<30	1,595	2,150	35%
Temporary	7,053	7,271	3%
>50	921	887	-4%
From 30 to 50	4,517	4,554	1%
<30	1,615	1,830	13%
Total	18,203	21,431	18%

Average by age	2020	2021	Changes
Open-ended	10,451	12,705	22%
>50	2,292	2,929	28%
From 30 to 50	6,857	8,122	18%
<30	1,302	1,655	27%
Temporary	6,314	7,929	26%
>50	888	1,222	38%
From 30 to 50	4,139	5,107	23%
<30	1,287	1,600	24%
Total	16,765	20,634	23%

By geographical area	2020	2021	Changes
Open-ended	11,150	14,160	27%
Spain	6,182	7,487	21%
Europe	676	838	24%
North America	290	297	2%
Latin America	3,493	5,105	46%
Africa	472	375	-21%
Asia	4	5	25%
Oceania	33	53	61%
Temporary	7,053	7,271	3%
Spain	4,360	3,616	-17%
Europe	357	415	16%
North America	515	462	-10%
Latin America	563	532	-6%
Africa	1,211	2,003	65%
Asia	40	183	358%
Oceania	7	60	757%
Total	18,203	21,431	18%

By professional category	2020	2021	Changes
Open-ended	11,150	14,160	27%
Management	166	161	-3%
Executive	1,139	1,160	2%
Technician	2,597	3,220	24%
Basic	7,248	9,619	33%
Temporary	7,053	7,271	3%
Management	0	0	-
Executive	194	183	-6%
Technician	1,231	1,386	13%
Basic	5,628	5,702	1%
Total	18,203	21,431	18%

Average by professional category	2020	2021	Changes
Open-ended	10,451	12,705	22%
Management	170	162	-5%
Executive	1,058	1,147	8%
Technician	2,441	2,931	20%
Basic	6,782	8,465	25%
Temporary	6,314	7,929	26%
Management	0	0	-
Executive	169	192	14%
Technician	1,083	1,405	30%
Basic	5,062	6,332	25%
Total	16,765	20,634	23%

By gender

Staff in Structure	2020	2021	Changes
Open-ended	3,902	4,541	16%
Male	2,681	3,072	15%
Female	1,221	1,469	20%
Temporary	1,425	1,569	10%
Male	1,068	1,138	7%
Female	357	431	21%
Total	5,327	6,110	15%

Staff in Works	2020	2021	Changes
Open-ended	7,248	9,619	33%
Male	6,893	9,173	33%
Female	355	446	26%
Temporary	5,628	5,702	1%
Male	5,412	5,447	1%
Female	216	255	18%
Total	12,876	15,321	19%

Average by gender

Staff in Structure	2020	2021	Changes
Open-ended	3,678	4,240	15%
Male	2,538	2,901	14%
Female	1,141	1,339	17%
Temporary	1,203	1,597	33%
Male	886	1,175	33%
Female	317	423	33%
Total	4,881	5,837	20%

Staff in Works	2020	2021	Changes
Open-ended	6,773	8,465	25%
Male	6,452	8,063	25%
Female	321	402	25%
Temporary	5,111	6,332	24%
Male	4,915	6,075	24%
Female	195	257	32%
Total	11,884	14,797	25%

Breakdown of information by employment type

By age	2020	2021	Changes
Full-time	17,981	21,209	18%
>50	3,068	3,713	21%
From 30 to 50	11,730	13,544	15%
<30	3,183	3,952	24%
Part-time	222	222	0%
>50	151	145	-4%
From 30 to 50	44	49	11%
<30	27	28	4%
Total	18,203	21,431	18%

Average by age	2020	2021	Changes
Full-time	16,535	20,333	23%
>50	3,015	3,999	33%
From 30 to 50	10,955	13,126	20%
<30	2,565	3,208	25%
Part-time	230	301	31%
>50	165	152	-8%
From 30 to 50	41	103	151%
<30	24	47	96%
Total	16,765	20,634	23%

By geographical area	2020	2021	Changes
Full-time	17,981	21,209	18%
Spain	10,339	10,915	6%
Europe	1,020	1,227	20%
North America	800	755	-6%
Latin America	4,055	5,635	39%
Africa	1,683	2,378	41%
Asia	44	187	325%
Oceania	40	112	180%
Part-time	222	222	0%
Spain	203	188	-7%
Europe	13	26	100%
North America	5	4	-20%
Latin America	1	2	100%
Africa	0	0	-
Asia	0	1	-
Oceania	0	1	-
Total	18,203	21,431	18%

By professional category	2020	2021	Changes
Full-time	17,981	21,209	18%
Management	165	160	-3%
Executive	1,317	1,329	1%
Technician	3,760	4,531	21%
Basic	12,739	15,189	19%
Part-time	222	222	0%
Management	1	1	0%
Executive	16	14	-13%
Technician	68	75	10%
Basic	137	132	-4%
Total	18,203	21,431	18%

Average by professional category	2020	2021	Changes
Full-time	16,535	20,333	23%
Management	167	160	-4%
Executive	1,213	1,324	9%
Technician	3,461	4,260	23%
Basic	11,694	14,589	25%
Part-time	230	301	31%
Management	3	2	-33%
Executive	15	16	7%
Technician	63	75	19%
Basic	149	208	40%
Total	16,765	20,634	23%

By gender

Staff in Structure	2020	2021	Changes
Full-time	5,242	6,020	15%
Male	3,701	4,160	12%
Female	1,541	1,860	21%
Part-time	85	90	6%
Male	48	50	4%
Female	37	40	8%
Total	5,327	6,110	15%

Staff in Works	2020	2021	Changes
Full-time	12,739	15,189	19%
Male	12,176	14,503	19%
Female	563	686	22%
Part-time	137	132	-4%
Male	129	117	-9%
Female	8	15	88%
Total	12,876	15,321	19%

Average by gender

Staff in Structure	2020	2021	Changes
Full-time	4,801	5,744	20%
Male	3,377	4,018	19%
Female	1,424	1,726	21%
Part-time	81	93	15%
Male	47	57	21%
Female	34	36	6%
Total	4,881	5,837	20%

Staff in Works	2020	2021	Changes
Full-time	11,734	14,589	24%
Male	11,228	13,952	24%
Female	506	637	26%
Part-time	149	208	40%
Male	139	187	35%
Female	10	22	120%
Total	11,884	14,797	25%

Workforce turnover [11] GRI 401-1

By age range, gender and geographical area

Location	Departures	Average employment	Turnover in 2021	Turnover in 2020	Change in Turnover 2021 vs. 2020
Spain	1,964	11,014	18%	16%	2%
Male	1,793	9,658	19%	17%	2%
>50	341	2,685	13%	15%	-2%
From 30 to 50	1,100	6,098	18%	16%	2%
<30	352	875	40%	28%	12%
Female	171	1,356	13%	10%	3%
>50	15	201	7%	7%	0%
From 30 to 50	107	923	12%	9%	3%
<30	49	232	21%	18%	3%
Europe	571	1,252	46%	25%	21%
Male	461	1,063	43%	26%	17%
>50	82	246	33%	29%	4%
From 30 to 50	269	601	45%	24%	21%
<30	110	216	51%	26%	25%
Female	110	189	58%	18%	40%
>50	18	34	53%	31%	22%
From 30 to 50	60	108	56%	15%	41%
<30	32	47	68%	19%	49%
North America	262	795	33%	48%	-15%
Male	252	741	34%	49%	-15%
>50	40	181	22%	49%	-27%
From 30 to 50	157	430	37%	44%	-7%
<30	55	130	42%	62%	-20%
Female	10	54	19%	32%	-13%
>50	1	7	14%	88%	-74%
From 30 to 50	5	34	15%	22%	-7%
<30	4	13	31%	20%	11%
Latin America	4,424	5,231	85%	82%	3%
Male	4,202	4,752	88%	86%	2%
>50	439	626	70%	72%	-2%
From 30 to 50	2,640	3,062	86%	82%	4%
<30	1,123	1,064	106%	103%	3%
Female	222	479	46%	44%	2%
>50	12	33	36%	52%	-16%
From 30 to 50	128	298	43%	43%	0%
<30	82	148	55%	45%	10%
Africa	710	2,142	33%	20%	13%
Male	636	1,827	35%	21%	14%

[11] Turnover is determined as total departures (sum of voluntary redundancies, leaves of absence, retirements, deaths, dismissals, end-of-contract and other kinds of departure)/average employment * 100

Location	Departures	Average employment	Turnover in 2021	Turnover in 2020	Change in Turnover 2021 vs. 2020
>50	33	93	35%	20%	15%
From 30 to 50	454	1,335	34%	21%	13%
<30	149	399	37%	21%	16%
Female	74	315	23%	14%	9%
>50	2	10	20%	22%	-22%
From 30 to 50	42	213	20%	12%	8%
<30	30	92	33%	18%	15%
Asia	4	111	4%	38%	-34%
Male	3	105	3%	43%	-40%
>50	1	11	9%	0%	9%
From 30 to 50	0	72	0%	55%	-55%
<30	2	22	9%	43%	-34%
Female	1	6	17%	20%	-3%
>50	0	0	0%	0%	0%
From 30 to 50	1	4	25%	100%	-75%
<30	0	2	0%	0%	0%
Oceania	33	89	37%	13%	24%
Male	28	67	42%	15%	27%
>50	14	19	74%	0%	74%
From 30 to 50	12	39	31%	18%	13%
<30	2	9	22%	20%	2%
Female	5	22	23%	0%	23%
>50	1	6	17%	0%	0%
From 30 to 50	4	11	36%	0%	36%
<30	0	5	0%	-	-
Total Group	7,968	20,634	39%	33%	6%

By geographical area, gender and type of employee

2020

Structure			Works	
Male	Female	Location	Male	Female
9%	8%	Spain	19%	18%
26%	19%	Europe	26%	9%
22%	16%	North America	57%	129%
24%	28%	Latin America	99%	86%
19%	18%	Africa	21%	12%
0%	33%	Asia	100%	0%
11%	0%	Oceania	0%	50%
14%	13%	Total	41%	30%

2021

Structure			Works	
Male	Female	Location	Male	Female
13%	11%	Spain	20%	21%
36%	56%	Europe	45%	0%
17%	23%	North America	41%	0%
36%	34%	Latin America	99%	75%
25%	14%	Africa	36%	28%
0%	17%	Asia	6%	0%
40%	20%	Oceania	60%	0%
20%	19%	Total	46%	38%

New hirings GRI 401-1

By gender and geographical area

Staff in Structure

Location	2020	2021	Changes
Spain	579	645	11%
Male	419	450	7%
Female	160	195	22%
Europe	146	166	14%
Male	93	79	-15%
Female	53	87	64%
North America	86	45	-48%
Male	71	38	-46%
Female	15	7	-53%
Latin America	377	485	29%
Male	242	314	30%
Female	135	171	27%
Africa	144	100	-31%
Male	93	70	-25%
Female	51	30	-41%
Asia	22	48	118%
Male	14	46	229%
Female	8	2	-75%
Oceania	32	84	163%
Male	29	63	117%
Female	3	21	600%
Total	1,386	1,573	13%

Staff in Works

Location	2020	2021	Changes
Spain	1,707	1,476	-13%
Male	1,662	1,441	-13%
Female	45	35	-22%
Europe	323	503	56%
Male	295	437	48%
Female	28	66	136%
North America	545	237	-57%
Male	532	233	-56%
Female	13	4	-69%
Latin America	3,545	4,353	23%
Male	3,446	4,220	22%
Female	99	133	34%
Africa	868	1,106	27%
Male	747	1,016	36%
Female	121	90	-26%
Asia	19	14	-26%
Male	14	14	0%
Female	5		-100%
Oceania	4	8	100%
Male	2	5	150%
Female	2	3	50%
Total	7,011	7,697	10%

By gender and age range

Staff in Structure

Age	2020	2021	Changes
>50	96	104	8%
Male	86	85	-1%
Female	10	19	90%
From 30 to 50	709	807	14%
Male	510	552	8%
Female	199	255	28%
<30	581	662	14%
Male	365	423	16%
Female	216	239	11%
Total	1,386	1,573	13%

Staff in Works

Age	2020	2021	Changes
>50	792	812	3%
Male	768	776	1%
Female	24	36	50%
From 30 to 50	4,301	4,718	10%
Male	4,115	4,533	10%
Female	186	185	-1%
<30	1,918	2,167	13%
Male	1,815	2,057	13%
Female	103	110	7%
Total	7,011	7,697	10%

Dismissals

Dismissals in the Elecnor Group are displayed, referring to the non-voluntary termination of the employment contract due to application of the disciplinary code governing the employee, regardless of whether it is declared proper or whether the company acknowledges that the dismissal is improper when so declared by a court.

The following data includes information from Angola, Argentina, Brazil, Cameroon, Chile, Colombia, Ivory Coast, El Salvador, Ghana, Italy, Mauritania, Mozambique, Norway, Panama, Peru, Portugal, Senegal, Spain, the United Kingdom and the United States.

By gender and professional category

	2020			2021			
Category	Male	Female	Total	Male	Female	Total	Changes
Structure	78	17	95	85	41	126	33%
Management	4	0	4	6	1	7	75%
Executive	17	3	20	20	4	24	20%
Technician	57	14	71	59	36	95	34%
Works	363	9	372	718	35	753	102%
Basic	363	9	372	718	35	753	102%
Total	441	26	467	803	76	879	88%

By gender and age

Staff in Structure

	2020			2021			
Age	Male	Female	Total	Male	Female	Total	Changes
>50	15	2	17	19	4	23	35%
From 30 to 50	48	10	58	56	28	84	45%
<30	15	5	20	11	9	20	-5%

Total	78	17	95	86	41	127	33%

Staff in Works

	2020			2021			
Age	Male	Female	Total	Male	Female	Total	Changes
>50	62	3	65	84	3	87	34%
From 30 to 50	237	5	242	491	17	508	110%
<30	64	1	65	142	15	157	143%
Total	363	9	372	717	35	752	102%

Remunerations Policy

Fixed average remuneration by gender, age and professional category

2020

	Structure						Works	
	Management		Executive		Technician		Basic	
Age	Male	Female	Male	Female	Male	Female	Male	Female
Spain								
>50	143,087	98,460	56,647	57,662	34,262	29,820	23,151	22,697
From 30 to 50	96,868	92,929	47,470	46,521	31,636	27,504	21,577	21,624
<30			36,356	38,159	27,449	25,575	19,194	19,808
Europe (Italy, Norway, Portugal, United Kingdom and Romania)								
>50	-	-	51,677	49,260	41,897	29,445	29,409	33,588
From 30 to 50	-	-	50,318	33,785	37,692	31,770	27,941	28,031
<30	-	-	26,463	21,173	30,758	23,295	22,692	26,021
North America (United States and Canada)								
>50	164,073	*	106,262	*	111,685	54,211	84,125	*
From 30 to 50	151,599	-	101,544	72,185	70,050	49,788	80,684	69,663
<30		-	70,170	43,565	51,469	39,959	67,400	51,775
Latin America (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Honduras, Mexico, Panama, Peru, Dominican Republic and Uruguay)								
>50	-	-	44,942	34,248	24,145	8,160	9,589	7,273
From 30 to 50	-	-	41,151	35,849	19,749	13,886	7,612	4,713
<30	-	-	*	-	11,738	6,996	5,403	6,571
Africa (Angola, Algeria, Cameroon, Ghana, Mauritania and Senegal)								
>50	-	-	*	-	17,974	10,666	5,637	2,000
From 30 to 50	-	-	36,526	28,317	16,838	5,555	5,917	1,938
<30	-	-	*	5,093	4,614	5,251	2,733	1,795
Asia (Jordan and Oman)								
>50	-	-	-	-	52,372	-	28,280	-
From 30 to 50	-	-	78,867	-	25,542	*	16,307	-
<30	-	-	-	-	19,979	20,495	15,227	*
Oceania (Australia)								
>50	-	-	71,359	*	59,476	*	*	-

From 30 to 50	-	-	91,270	-	80,877	44,324	-	46,158
<30	-	-	-	-	57,983	-	*	-

* This information is not shown in the interest of protecting the data of the persons represented, since there is only one employee in that professional category.

2021

	Structure						Works	
	Management		Executive		Technician		Basic	
	Men	Women	Men	Women	Men	Women	Men	Women
Spain								
>50	141,357	111,793	54,599	55,235	32,021	28,277	22,816	21,749
From 30 to 50	98,311	88,054	48,637	47,491	32,234	27,856	21,713	21,458
<30			36,273	38,423	27,609	26,271	19,312	19,864
Europe (Italy, Norway, Portugal, United Kingdom and Romania)								
>50			71,381	62,575	41,064	32,959	27,546	36,345
From 30 to 50			47,055	38,293	35,717	32,968	27,160	33,377
<30			25,250	19,854	28,584	23,988	21,212	35,014
North America (United States and Canada)								
>50	173,089		119,846	90,056	125,808	58,139	92,419	77,757
From 30 to 50	178,111	149,966	109,555	81,168	79,149	50,556	86,975	69,556
<30			80,165	51,862	52,708	43,405	77,476	60,728
Latin America (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Honduras, Mexico, Panama, Peru, Dominican Republic and Uruguay)								
>50			51,344	38,646	22,778	10,734	8,547	8,177
From 30 to 50			41,299	35,250	17,813	12,405	6,722	5,019
<30			20,784		9,092	6,365	4,494	3,912
Asia (Jordan and Oman)								
>50					62,689		23,546	
From 30 to 50			45,322		19,459	21,575	13,454	
<30					14,244	17,836	11,756	
Africa (Angola, Algeria, Cameroon, Ghana, Mauritania and Senegal)								
>50			71,246		28,868	14,350	6,262	2,626
From 30 to 50			35,136	36,202	13,272	7,536	5,036	2,376
<30			4,131	5,237	4,530	5,110	2,517	2,315
Oceania (Australia)								
>50			88,634	46,793	100,581	63,297		*
From 30 to 50			105,652		79,719	49,154	87,488	
<30					51,936	51,406	59,183	

* This information is not shown in the interest of protecting the data of the persons represented, since there is only one employee in that professional category.

Fixed average remuneration by geographical area, gender and type of employee

2020

	Structure		Works	
	Male	Female	Male	Female
Spain	40,795	32,018	21,791	21,549
Europe (Italy, Norway, Portugal, United Kingdom and Romania)	38,014	29,270	27,212	28,149
North America (United States and Canada)	90,125	55,734	84,199	60,575
Latin America (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Honduras, Mexico, Panama, Peru, Dominican Republic and Uruguay)	21,992	12,627	7,226	5,506
Africa (Angola, Algeria, Cameroon, Ghana, Mauritania and Senegal)	15,630	6,786	5,041	1,894
Asia (Jordan and Oman)	31,565	18,908	18,934	12,083
Oceania (Australia)	72,167	46,758	71,061	46,158

2021

	Structure		Works	
	Male	Female	Male	Female
Spain	40,565	31,731	21,851	21,348
Europe (Italy, Norway, Portugal, United Kingdom and Romania)	35,991	30,809	26,144	34,521
North America (United States and Canada)	112,062	61,976	85,803	68,374
Latin America (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Honduras, Mexico, Panama, Peru, Dominican Republic and Uruguay)	19,931	11,401	6,319	4,832
Asia (Jordan and Oman)	23,837	20,507	13,966	0
Africa (Angola, Algeria, Cameroon, Ghana, Mauritania and Senegal)	13,833	8,777	4,416	2,367
Oceania (Australia)	82,336	53,708	78,053	*

* This information is not shown in the interest of protecting the data of the persons represented, since there is only one employee in that professional category.

Management of biodiversity and protection of the natural environment GRI 304-1

Projects located in or near protected and high-value areas

		Proximity to protected areas or zones of great value for biodiversity		
Country	**Project/Activity**	**Type and name of protected area affected**	**Location with respect to the protected area (interior, adjacent, partial)**	**Area/Length affected**
Spain	Baza – Caparacena 400 kV Transmission Line Project	Critical area for the conservation of birds of prey living among the rocks	Part-time	6,020 m
Spain	220 kV Trives - Aparecida Transmission Line Dismantling Project	Some support provided is located in the following protected areas: "Macizo Central" (Code ES1130002). "Pena Trevinca" (Code ES11330007)	Part-time	The area to be restored spans approximately 31,975 m^2
Spain	Gecama Wind Farm 400 kV transmission line	"Hoces de Alarcón" Site of Community Importance (SCI)	Adjacent	N/A
Australia	Bungala Solar Farm	The Dutchmans Stern Conservation Park - approximately 10 km to the North East	Adjacent	N/A
Brazil	PATE- LT230 kV Oriximiná-Juruti-Parintins e Subestações Associadas	Áreas Prioritárias para a Conservação da Biodiversidade: Várzeas do Médio Amazonas, Rio Amazonas, Várzea Médio Amazonas e Cachoeira do Aruã	Adjacent	N/A
Brazil	Complexo Solar Fotovoltaico Lar do Sol – Casablanca	Próxima a APCB Buritizeiro/Pirapora e a APCB Rio São Francisco e Grandes Afluentes	Adjacent	N/A
Spain	Malpica wind farm	Costa da Morte (ZEPA)	Adjacent	N/A
Spain	Malpica wind farm	Costa da Morte Site of Community Importance (SCI)	Part-time	The total estimated impact (interior roads, underground MV lines and control building) is 20,308 m^2

Country	Project/Activity	Proximity to protected areas or zones of great value for biodiversity: Type and name of protected area affected	Location with respect to the protected area (interior, adjacent, partial)	Area/Length affected
Spain	Aerosur wind farm	"La Janda" lagoon, Migratory route between Africa and Europe (Strait of Gibraltar)	Adjacent	N/A
Spain	Construction of a cage for capercaillies, in Caboalles de Arriba, Villablino (León) Castile and León Natural Heritage Foundation	Valle de Laciana Biosphere Reserve	Domestic	2 ha
Spain	Conservation of the grey partridge by diversifying its natural habitat, in the Sanabria Lake Natural Park and Segundera and Porto mountain ranges	Sanabria Lake Natural Park	Domestic	45.8 ha
Spain	Regeneration of pasture land and other physical assets of forest land. Various mountains of the Sierra de Gata, Government of Extremadura	Special Protection Area for Birds "Sierra de Gata y Valles de las Pilas" and in the "Sierra de Gata" Special Conservation Area	Domestic	368 ha
Spain	Expansion of the Sevilla la Nueva WWTP, in the municipality of Sevilla la Nueva, promoted by Canal de Isabel II	Regional Park of the Middle Course of the Guadarrama River and its Surrounding Area	Domestic	10 ha
Spain	Adapting and improving the Fuenteheridos WWTP (Huelva)	Sierra de Aracena and Picos de Aroche Natural Park	Domestic	5 ha
Spain	Actions for public use in the Sierra de la Culebra Regional Hunting Reserve (Zamora)	Sierra de la Culebra Regional Hunting Reserve (Zamora)	Domestic	2 ha

Projects including monitoring of species appearing on the International Union for Conservation of Nature (IUCN) Red List GRI 304-3

		Classification according to IUCN					
Country	**Project**	**CR***	**EN***	**VU***	**NT***	**LC***	**Other**
Spain	Baza – Caparacena 400 kV Transmission Line Project					2	
Spain	Gecama Wind Farm 400 kV transmission line					4	
Colombia	Guajira I wind farm					7	
Australia	Bungala Solar Farm					13	
Chile	Llanos del Viento wind farm project	1				2	
Chile	PFV Caracas Medium-Voltage Line Project					1	
Chile	PFV Sunhunter Medium-Voltage Line Project					2	
Chile	PFV Anakena Medium-Voltage Line Project					2	
Chile	Guardiamarina 110/23 - 13 kV Substation					1	
Brazil	Complexo Solar Fotovoltaico Lar do Sol – Casablanca	2			1		9
Spain	Malpica wind farm						20
Spain	Aerosur wind farm		1	1		1	
Brazil/Celeo	PATE- LT230 kV Oriximiná-Juruti-Parintins e Subestações Associadas	3	2	7	7	18	178
Brazil/Celeo	SITE and PATE		4	12		50	
Chile/Celeo	AJTE and CHATE			3	1		
Chile/Celeo	CHATE					1	
	Total	**6**	**7**	**23**	**9**	**104**	**207**

*CR: Critically endangered
*EN: Endangered
*VU: Vulnerable
*NT: Near threatened
*LC: Least concern

Fiscal transparency

Country by Country Report 2020 GRI 207-4

Jurisdicción fiscal	Número de empleados	Ingresos procedentes de ventas a terceros (€)	Ingresos procedentes de transacciones intragrupo con otras jurisdicciones fiscales (€)	Beneficios o pérdidas antes de impuestos (€)	Activos tangibles distintos de efectivo y equivalentes de efectivo (€)	Impuesto sobre el beneficio pagado (€)	Impuesto sobre el beneficio devengado (€)	Diferencia entre impuesto devengado y el resultante de aplicar el tipo impositivo al resultado contable (notas explicativas*)
ALEMANIA	-	-	-	-3.720,89	7,00	-	-	4
ANGOLA	975,00	37.655.054,61	-	6.190.944,31	1.188.086,18	1.127.851,45	1.990.824,24	8
ARGELIA	83,42	13.377.337,73	-	-1.336.385,90	31.673,60	18.161,84	2.201.837,59	8
ARGENTINA	96,00	5.078.338,16	-	1.304.783,56	556.717,92	428.574,86	498.523,08	6
AUSTRALIA	36,00	21.460.330,18	104.318,95	-220.772,44	204.838,80	483.137,46	40.670,91	6, 11, 12
BELGICA	1,00	7.496.631,86	-	1.160.500,90	-	-	60.481,47	5
BOLIVIA	-	12.420,10	-	-272.873,54	9.750,91	49.906,45	49.906,45	9
BRASIL	2.458,75	158.287.217,00	155.635.783,54	58.503.944,82	344.208.173,04	11.095.640,24	16.789.201,53	10
CAMERUN	153,00	13.047.975,88	-	114.462,65	2.360.416,43	4.360,05	213.353,16	6
CANADA	5,00	28.564.184,99	905.771,26	12.228.188,38	154.270.771,53	239.189,06	996.828,81	5
CHILE	612,00	35.780.139,33	37.669.082,87	16.805.911,62	2.183.154,67	759.894,77	4.369.030,11	5
COLOMBIA	17,00	711.943,64	-	-1.149.582,01	234.328,32	3.029,87	1.667,39	6
COSTA DE MARFIL	-	12.602,23	-	0,00	8.220,19	-	-	N/A
DOMINICANA	275,00	17.091.806,61	-	-3.662.327,56	363.676,77	72.170,01	334.006,33	1, 6
ECUADOR	44,00	16.852.523,39	2.204.983,62	2.151.628,23	56.212.019,75	226.758,17	471.389,38	5
EEUU	800,00	226.271.575,89	529.955,72	13.747.278,72	12.497.062,98	57.444,94	1.198.398,64	5, 7
EL SALVADOR	133,00	7.523.963,78	-	584.898,72	835.397,72	55.374,26	-583,52	12
ESPAÑA	7.706,50	1.410.643.514,40	141.137.135,68	75.048.782,03	212.009.293,60	-962.512,61	10.467.442,97	5, 6, 7
FINLANDIA	15,00	4.518.125,58	-	919.081,46	145.369,68	-	-	12
FRANCIA	-	-4.390,98	-	-19.826,09	-	140.323,00	-4.252,33	4, 12
GAMBIA	5,00	830.263,08	-	-647.482,13	-	-	-	3
GHANA	300,00	10.531.572,47	-	-511.249,89	669.431,75	6.503,42	-	4
GUATEMALA	-	43,78	-	-2.274,13	-	-	-	4
GUINEA	7,50	3.284.983,27	-	24.432,41	176.591,88	6.240,00	2.688,54	1, 3
GUINEA BISSAU	4,00	1.851.008,54	-	-237.552,30	67,57	-	-	3
HAITI	3,00	-601.635,31	-	1.290.529,03	236.056,80	-	-	9, 12
HONDURAS	42,00	5.582.549,44	121.468,90	2.849.402,76	140.840,45	12.793,10	164.617,26	3
ITALIA	396,00	46.080.347,64	11.225,34	3.012.177,04	2.272.162,72	17.592,75	148.495,51	1
JORDANIA	5,00	2.119.201,97	689.033,58	-1.447.522,49	72.190,75	72.632,91	-910,15	3
KUWAIT	-	421.179,64	-	123.757,53	-	12.690,95	22.752,37	11, 12
LIBERIA	44,00	4.361.703,51	-	-	-	-	-	N/A
LITUANIA	16,00	2.977.230,01	-	1.459.714,69	89.932,20	-	-	12
MARRUECOS	-	26.163,89	-	-84.973,28	-	-	277,00	1
MAURITANIA	-	2.741.095,94	303.629,48	-1.212.127,67	218.067,41	228.898,05	41.556,14	1
MEXICO	21,00	45.584.689,72	5.578.029,43	-19.776.927,76	1.044.180,49	-224.565,13	995.816,85	11, 12
MOZAMBIQUE	31,00	1.450.987,88	-	-134.516,22	320.451,51	-	-	12
NORUEGA	65,00	21.983.499,99	15.749,38	6.345.569,32	195.992,10	-	374.092,25	2
OMAN	39,00	71.499.954,92	-	1.498.384,67	60.470.826,85	32.257,83	519.539,00	11, 12
PANAMÁ	187,00	19.132.024,09	-	-4.008.594,19	576.048,81	656.518,72	227.192,25	6
PARAGUAY	1,00	30,33	-	-21.546,79	-	-	-	4
PERU	2,00	1.578.362,63	-	564.273,80	162.720,64	3.511,37	847,90	7
PORTUGAL	189,00	13.523.327,77	2.034.809,67	-2.080.171,52	750.524,99	153.252,26	86.002,84	11, 12
REINO UNIDO	350,00	31.926.468,71	17.154.433,01	4.382.494,43	438.849,83	35.897,23	26.407,49	7
RUMANIA	16,00	789.239,37	8.961,55	59.574,47	3.065,76	1.668,22	1.499,52	7
SENEGAL	51,00	4.855.595,85	-	-849.992,54	3.270.543,21	1.791,29	7.003,01	1
SUDAFRICA	-	223,97	-	1.580,39	85,81	-	-	12
URUGUAY	228,00	14.082.050,38	29.273,67	1.063.735,36	558.616,44	274.327,72	92.635,06	1, 7
VENEZUELA	19,00	91.058,20	-	-164.230,17	642.817,92	22,10	44.256,32	11, 12
Total general	**15.432,17**	**2.311.084.516,07**	**364.133.645,63**	**173.591.381,80**	**859.629.024,99**	**15.091.336,61**	**42.433.495,37**	

*** Notas explicativas sobre las diferencias entre los tipos impositivos efectivos y los tipos nominales:**

1. Aplicación impuesto mínimo
2. Régimen especial que difere el pago del impuesto
3. Proyectos exentos de impuesto sobre el beneficio
4. País en el que no se ha ejercido actividad, o se han generado pérdidas, por lo que no se genera impuesto a pagar
5. Ajuste fiscal negativo (ingresos no tributables)
6. Ajuste fiscal positivo (Gastos no deducibles) y ajuste inflacionario
7. Aplicación de créditos fiscales
8. Aplicación de impuestos diferidos
9. Ejercicio fiscal distinto de año natural
10. Lucro presumido
11. La agrupación de sociedades de una misma jurisdicción fiscal con pérdidas antes de impuestos reduce la estimación del IS devengado
12. Ajustes por integración contable

Appendix II

Index of content required by Law 11/2018, of 28 December, concerning non-financial information and diversity.

Information required by Law 11/2018	Materiality	Page or section of the report responding to the requirement under Law 11/2018	Reporting criterion: GRI (2016 version unless otherwise stated)
General information			
A brief overview of the business model including the business environment, organisation and structure	Material	29, 128	GRI 102-2 GRI 102-7
Markets where it operates	Material	6-7, 42	GRI 102-3 GRI 102-4 GRI 102-6
The organisation's goals and strategies	Material	29	GRI 102-14
The main factors and trends potentially affecting future performance	Material	112	GRI 102-14
Reporting framework used	Material	21	GRI 102-54
Principle of Materiality	Material	24	GRI 102-46 GRI 102-47
Environmental issues			
Management approach: description and results of policies concerning these issues and the main risks relating thereto in connection with the Group's activities.	Material	70-72	GRI 103-2
Detailed general information			
Detailed information concerning current and foreseeable effects of the Company's activities on the environment and, where applicable, health and safety	Material	71	GRI 103-2
Procedures for environmental assessment or certification	Material	71-72	GRI 103-2
Resources allocated to preventing environmental risks	Material	72	GRI 103-2
Application of the precautionary principle	Material	66-67,70-71	GRI 102-11
Amount of provisions and guarantees for environmental risks	Material	72	GRI 103-2
Pollution			
Measures to prevent, reduce or remedy severe environmental emissions; taking into account any kind of atmospheric pollution specific to an activity, including noise and light pollution.	Not material	Not material	

Information required by Law 11/2018	Materiality	Page or section of the report responding to the requirement under Law 11/2018	Reporting criterion: GRI (2016 version unless otherwise stated)
Circular economy and waste prevention and management			
Prevention, recycling, re-use, other methods of waste recovery and elimination	Material	82-83	GRI 306-1 (2020) GRI 306-2 (2020) GRI 306-4 (2020) GRI 306-5 (2020)
Actions for combating food wastage	Not material	Not material	
Sustainable use of resources			
Water consumption and water supply in accordance with local constraints	Material	82	GRI 303-5 (2018)
Consumption of raw materials and measures implemented to boost efficiency in their usage	Material	82	GRI 103-2
Direct and indirect energy consumption	Material	79-81	GRI 302-1
Measures taken to boost energy efficiency	Material	79-80	GRI 103-2
Renewable energy use	Material	79-81	GRI 302-1
Climate change			
Greenhouse gas emissions generated as a result of the Company's activities, including the use of the goods and services it produces	Material	72-76	GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4
Measures implemented to adapt to the consequences of climate change	Material	72-75, 80	GRI 103-2 GRI 201-2
Targets established voluntarily in the medium and long term to reduce greenhouse gas emissions and the measures implemented for that purpose	Material	72-75, 174	GRI 305-5
Safeguarding biodiversity			
Measures implemented to preserve or restore biodiversity	Material	85-87, 163	GRI 304-3
Impacts of the activities or operations on protected areas	Material	85-87, 161-162	GRI 304-2
Social matters and issues concerning staff			
Management approach: description and results of policies concerning these issues and the main risks relating thereto in connection with the Group's activities.	Material	39-41	GRI 103-2
Employment			
Total number of employees and breakdown by country, gender, age and professional category	Material	42-43, 146-152	GRI 102-8 GRI 405-1

Information required by Law 11/2018	Materiality	Page or section of the report responding to the requirement under Law 11/2018	Reporting criterion: GRI (2016 version unless otherwise stated)
Total number and distribution of contract modalities and annual average numbers of open-ended, temporary and part-time contracts by gender, age and professional category	Material	146-152	GRI 102-8
Number of layoffs by gender, age and professional category	Material	44, 153-158	GRI 103-2 GRI 401-1
Average remuneration and evolution thereof by gender, age and professional category or equal value	Material	49, 158-160	GRI 103-2 GRI 405-2
Wage gap, remuneration of equal jobs or company average	Material	48-49	GRI 103-2 GRI 405-2
Average remuneration of directors and executives, including variable remuneration, per diem expenses, termination benefits, payments to long-term benefit schemes and any other items, broken down by gender	Material	48-49, 109-110	GRI 103-2 GRI 405-2
Policies to facilitate disconnection from work	Material	50-51	GRI 103-2
Number of disabled employees	Material	52	GRI 405-1
Organisation of work			
Organisation of work time	Material	50	GRI 103-2
Number of hours of absenteeism	Material	44	GRI 103-2
Measures aimed at facilitating work-life balance and fostering a mutually responsible approach thereto by both parents	Material	50-51	GRI 103-2
Health and Safety			
Occupational Health and Safety conditions	Material	57-65	GRI 403-1 (2018) GRI 403-2 (2018) GRI 403-3 (2018) GRI 403-4 (2018) GRI 403-5 (2018) GRI 403-6 (2018) GRI 403-7 (2018) GRI 403-8 (2018)
Workplace accidents, in particular their frequency and severity, as well as occupational illnesses; broken down by gender	Material	62-64	GRI 403-9 (2018) GRI 403-10 (2018) regarding occupational accidents, specifically their frequency and severity, as well as occupational diseases
Social relations			

Information required by Law 11/2018	Materiality	Page or section of the report responding to the requirement under Law 11/2018	Reporting criterion: GRI (2016 version unless otherwise stated)
Organisation of social dialogue, including procedures to inform and consult employees and to negotiate with them	Material	55	GRI 103-2
Percentage of employees covered by collective bargaining agreements by country	Material	55	GRI 102-41
Balance of collective bargaining agreements, especially in connection with occupational health and safety	Material	56	GRI 403-4 (2018)
Training			
Training policies implemented	Material	44-45	GRI 103-2
Total number of training hours by professional category	Material	40, 46-48	GRI 404-1
Universal access			
Universal access for disabled people	Material	52	GRI 103-2
Equality			
Measures implemented to promote equal treatment and equal opportunities for women and men	Material	51	GRI 103-2
Equality plans, measures adopted to promote employment, protocols against sexual harassment and gender-based harassment	Material	51	GRI 103-2
Policy against any kind of discrimination and, in the event, for managing diversity	Material	51-52	GRI 103-2
Respect for Human Rights			
Management approach: description and results of policies concerning these issues and the main risks relating thereto in connection with the Group’s activities.	Material	123-124	GRI 103-2
Application of due diligence procedures			
Application of due diligence procedures in connection with human rights and the prevention of risks of human rights breaches and, where applicable, measures to mitigate, manage and remedy potential abuse	Material	123-124	GRI 102-16 GRI 102-17
Complaints regarding human rights breaches	Material	51, 119	GRI 103-2 GRI 406-1
Measures implemented for the promotion and compliance with the provisions of ILO fundamental conventions relating to respect for freedom of association and the right to collective bargaining; elimination of discrimination in the workplace and occupation; elimination of forced or compulsory labour; effective abolition of child labour	Material	123-124	GRI 103-2

Information required by Law 11/2018	Materiality	Page or section of the report responding to the requirement under Law 11/2018	Reporting criterion: GRI (2016 version unless otherwise stated)
Combating bribery and corruption			
Management approach: description and results of policies concerning these issues and the main risks relating thereto in connection with the Group's activities.	Material	121-123	GRI 103-2
Measures implemented to prevent bribery and corruption	Material	113-115, 121-123	GRI 103-2 GRI 102-16 GRI 205-3
Anti-money laundering measures	Material	113-115, 121-123	GRI 103-2 GRI 102-16 GRI 205-3
Contributions to foundations and non-profit organisations	Material	121.130	GRI 102-13
Company information			
Management approach: description and results of policies concerning these issues and the main risks relating thereto in connection with the Group's activities.	Material	127	GRI 103-2
The company's commitment to sustainable development			
Impact of the business on society, with regard to jobs and local development	Material	127-138	GRI 103-2 GRI 203-2 GRI 204-1
The impact of the business on local communities and territory	Material	24-25, 127-138	GRI 102-43
Relations with the stakeholders in local communities and modalities of dialogue with them	Material	24-25, 27-28, 136	GRI 102-43
Association or sponsorship actions	Material	95, 121, 128, 130-136, 142	GRI 103-2 GRI 201-1
Subcontracting and suppliers			
Inclusion in procurements policy of social issues, equality and environmental considerations	Material	69-70	GRI 103-2
Consideration, in relations with suppliers and sub-contractors, of their social and environmental responsibility	Material	69-70	GRI 102-9 GRI 308-1 GRI 414-1
Supervisory system and audits, and findings thereof	Material	69-70	GRI 102-9
Consumers			
Measures to ensure consumer health and safety	Material	67-69	GRI 103-2

Information required by Law 11/2018	Materiality	Page or section of the report responding to the requirement under Law 11/2018	Reporting criterion: GRI (2016 version unless otherwise stated)
Complaints systems, complaints received and resolution thereof	Material	69	GRI 103-2
Tax information			
Profits obtained by country	Material	125-126, 164	GRI 207-1 (2019) GRI 207-2 (2019) GRI 207-3 (2019)
Income tax paid	Material	126-127, 164	GRI 207-1 (2019) GRI 207-2 (2019) GRI 207-3 (2019)
Public grants received	Material	127	GRI 201-4
EU Regulation (202/852) - Taxonomy			
Regulation requirement	Material	30-39	Elecnor Group's own methodology based on article 8 of the European Taxonomy

Appendix III

Index of GRI indicators GRI 102-55

General contents

GRI standard	Contents	Page of the report featuring response	Omissions
GRI 101: Foundation 2016			
GRI 102: General disclosures 2016			
Organisational disclosures			
102-1	Name of the organisation	21	
102-2	Activities, brands, products and/or services	3, 29	
102-3	Location of headquarters	Paseo de la Castellana, 81 - Planta 20 28046 - Madrid Spain	
102-4	Number of countries where the organisation operates	42	
102-5	Nature of ownership and legal form	21	
102-6	Markets served	6-7	
102-7	Scale of the organisation	128	
102-8	Information on employees	42, 146-152	
102-9	Supply chain	69	
102-10	Significant changes in the organisation and its supply chain	There have not been any significant changes	
102-11	Precautionary principle or approach	66-67,70-71	
102-12	Support for external initiatives	123-124, 138-141	
102-13	Membership of associations	141-142	
Strategy			
102-14	Statement from senior decision-maker	The Chairman's Letter is published in the 2021 Integrated Report available at https://www.grupoelecnor.com/annual-reports	
Ethics and integrity			
102-16	Values, principles, standards and norms of behaviour	113-114	
Governance			
102-18	The organisation's governance structure	96-98	
Stakeholder engagement			
102-40	List of stakeholder groups	27-29	
102-41	Collective bargaining agreements	55	
102-42	Identifying and selecting stakeholders	24	

GRI standard	Contents	Page of the report featuring response	Omissions
102-43	Approach to stakeholder engagement	24-25	
102-44	Key topics and concerns raised	24-25	
Reporting practices			
102-45	Entities included in the consolidated financial statements	21	
102-46	Defining report content and topic boundaries	24-25	
102-47	List of material topics	24-25	
102-48	Restatement of information	Not applicable	
102-49	Changes in reporting	There have not been any significant changes	
102-50	Reporting period	2021	
102-51	Date of most recent report	2020	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report	elecnor@elecnor.com	
102-54	Claims of reporting in accordance with GRI Standards	This report was prepared in accordance with the Essential option of GRI Standards	
102-55	GRI content index	171	
102-56	External assurance	185-187	

Material topics

GRI standard	Contents	Page of the report featuring response	Omissions
Economic performance			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	72, 127-128	
103-2	The management approach and its components	72, 127-128	
103-3	Evaluation of the management approach	72, 127-128	
GRI 201: Economic performance 2016			
201-1	Direct economic value generated and distributed	128	
201-2	Financial implications and other risks and opportunities due to climate change	73-74, 80	
201-4	Financial assistance received from government	127	
Indirect economic impacts			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	130	
103-2	The management approach and its components	130	
103-3	Evaluation of the management approach	130	

GRI standard	Contents	Page of the report featuring response	Omissions
GRI 203: Indirect economic impacts 2016			
203-1	Infrastructure investments and services supported	130-131	
203-2	Significant indirect economic impacts	128-129	
Acquisition practices			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	128	
103-2	The management approach and its components	128	
103-3	Evaluation of the management approach	128	
GRI 204: Procurement practices 2016			
204-1	Proportion of spending on local suppliers	129	
Anti-Corruption			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	113-123	
103-2	The management approach and its components	113-123	
103-3	Evaluation of the management approach	113-123	
GRI 205: Anti-Corruption 2016			
205-1	Operations assessed for risks related to corruption	112-113	
205-2	Communication and training about anti-corruption policies and procedures	119-120	
205-3	Confirmed incidents of corruption and actions taken	114-115	
Taxation			
GRI 207: Management approach 2019			
207-1	Explanation of the material topic and its boundary	124-127	
207-2	The management approach and its components	124-127	
207-3	Evaluation of the management approach	124-127	
GRI 207: 2019 taxation			
207-4	Country-by-country reporting	164	
Energy			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	79-81	
103-2	The management approach and its components	79-81	
103-3	Evaluation of the management approach	79-81	
GRI 302: Energy 2016			
302-1	Energy consumption within the organisation	79-81	
302-4	Reduction of energy consumption	74-75	
Water			
GRI 303: Management approach 2018			

GRI standard	Contents	Page of the report featuring response	Omissions
303-1	Interactions with water as a shared resource	81	
303-2	Management of water discharge-related impacts	81	
GRI 303: Water 2018			
303-3	Water withdrawal	82	
303-5	Water consumption	82	
Biodiversity			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	85	
103-2	The management approach and its components	85	
103-3	Evaluation of the management approach	85	
GRI 304: Biodiversity 2016			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	85-87, 161-162	
304-2	Significant impacts of activities, products, and services on biodiversity	85	
304-3	Habitats protected or restored	85, 163	
Emissions			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	72	
103-2	The management approach and its components	72	
103-3	Evaluation of the management approach	72	
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	76	
305-2	Energy indirect (Scope 2) GHG emissions	76	
305-3	Other indirect (Scope 3) GHG emissions	76	
305-4	GHG emissions intensity	75	
305-5	Reduction of GHG emissions	75, Note[12] in 174	
Waste			
GRI 103: Management approach 2016			
306-1	Waste generation and material waste-related impacts	82-83	
306-2	Management of material waste-related impacts	82	

[12] The GHGs encompassed in the Elecnor Group's carbon footprint are those which, among those considered in the Kyoto Protocol, are generated by the Group's activity. These are carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O) and, additionally, hydrofluorocarbons (HFCs) associated with refrigerant gas leaks. Given that sulphur hexafluoride (SF_6), nitrogen trifluoride (NF_3) and perfluorocarbons (PFCs) are not generated within the Group's equipment or activities, they have not been considered for the scope of the current carbon footprint.

GRI standard	Contents	Page of the report featuring response	Omissions
GRI 306: 2020 waste			
306-4	Waste not destined for disposal	83	
306-5	Waste destined for disposal	83	
Environmental compliance			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	71	
103-2	The management approach and its components	71	
103-3	Evaluation of the management approach	71	
GRI 307: Environmental Compliance 2016			
307-1	Non-compliance with environmental laws and regulations	Note[13], 175	
Supplier Environmental Assessment			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	69	
103-2	The management approach and its components	69	
103-3	Evaluation of the management approach	69	
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	69	
Employment			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	39	
103-2	The management approach and its components	39	
103-3	Evaluation of the management approach	39	
GRI 401: Employment 2016			
401-1	New employee hirings and employee turnover	44, 153-157	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	48	
Occupational Health and Safety			
GRI 403: Management approach 2018			
403-1	Occupational health and safety management system	57	
403-2	Hazard identification, risk assessment and incident investigation	57	
403-3	Occupational health services	57, 60	
403-4	Worker participation, consultation and communication on occupational health and safety	59	

[13] The Elecnor Group is not aware of having received any notification —through the channels enabled for this purpose— of the imposition of material fines or penalties for non-compliance with environmental laws or regulations

GRI standard	Contents	Page of the report featuring response	Omissions
403-5	Worker training on occupational health and safety	59	
403-6	Promotion of worker health	63	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked to business relationships	61	
GRI 403: Occupational Health and Safety 2018			
403-8	Workers covered by an occupational health and safety management system	59	
403-9	Work-related injuries	62-63	
403-10	Work-related ill health	63	Note[14]
Training and education			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	39	
103-2	The management approach and its components	39	
103-3	Evaluation of the management approach	39	
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	40, 46-48	
404-3	Percentage of employees receiving regular performance and career development reviews	41	
Diversity and Equal Opportunity			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	51	
103-2	The management approach and its components	51	
103-3	Evaluation of the management approach	51	
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	42, 52, 108, 146	
405-2	Ratio of basic salary and remuneration of women to men	49	
Non-discrimination			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	51	
103-2	The management approach and its components	51	
103-3	Evaluation of the management approach	51	
GRI 406: Non-Discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	51	
Child labour			
GRI 103: Management approach 2016			

[14] There is no systematised collection of the number of occupational illnesses and diseases by subcontractors.

GRI standard	Contents	Page of the report featuring response	Omissions
103-1	Explanation of the material topic and its boundary	123	
103-2	The management approach and its components	123	
103-3	Evaluation of the management approach	123	
GRI 408: 2016 child labour			
408-1	Operations and suppliers with a material risk of cases of child labour	69, 114	
Forced or compulsory labour			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	123	
103-2	The management approach and its components	123	
103-3	Evaluation of the management approach	123	
GRI 409: Forced or compulsory labour 2016			
409-1	Operations and suppliers with a material risk of cases of forced or compulsory labour	69, 114	
Human Rights Assessment			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	123	
103-2	The management approach and its components	123	
103-3	Evaluation of the management approach	123	
GRI 412: Human Rights Assessment 2016			
412-2	Employee training on human rights policies or procedures	119	
Local communities			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	130	
103-2	The management approach and its components	130	
103-3	Evaluation of the management approach	130	
GRI 413: Local communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	130	
Supplier Social Assessment			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	69	
103-2	The management approach and its components	69	
103-3	Evaluation of the management approach	69	
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	69	
Customer privacy			
GRI 103: Management approach 2016			

GRI standard	Contents	Page of the report featuring response	Omissions
103-1	Explanation of the material topic and its boundary	66, 89	
103-2	The management approach and its components	66, 89	
103-3	Evaluation of the management approach	66, 89	

KPMG Asesores, S.L.
Pº de la Castellana, 259 C
28046 Madrid

Independent Assurance Report on the Non-Financial Information Statement of Elecnor, S.A. and subsidiaries for 2021

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of Elecnor, S.A.:

Pursuant to article 49 of the Spanish Code of Commerce, we have performed a limited assurance review of the Consolidated Non-Financial Information Statement (hereinafter NFIS) of Elecnor, S.A. (hereinafter the Parent) and subsidiaries (hereinafter the Group) for the year ended 31 December 2021, which forms part of the accompanying consolidated Directors' Report of the Group.

The consolidated (Directors' Report) includes additional information to that required by the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), in its core option and prevailing mercantile legislation concerning non-financial information, which has not been the subject of our assurance work. In this respect, our work was limited exclusively to providing assurance on the information contained in the "Appendix II. Index of content required by Law 11/2018, of 28 December, concerning non-financial information and diversity" and "Appendix III. Index of GRI indicators" tables of the accompanying consolidated Directors' Report.

Directors' Responsibility

The Directors of the Parent are responsible for the content and authorisation for issue of the NFIS included in the Group's consolidated Directors' Report. The NFIS has been prepared in accordance with prevailing mercantile legislation and the GRI Standards, in its core option, based on each subject area in the "Appendix II. Index of content required by Law 11/2018, of 28 December, concerning non-financial information and diversity" and "Appendix III. Index of GRI indicators" tables of the aforementioned consolidated Directors' Report.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the NFIS is free from material misstatement, whether due to fraud or error.

The Directors of the Parent are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS was obtained.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Our firm applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. We conducted our review engagement in accordance with the requirements of the Revised International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines for assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management, as well as of the different units and areas of the Group that participated in the preparation of the NFIS, reviewing the processes for compiling and validating the information presented in the NFIS and applying certain analytical procedures and sample review tests, which are described below:

- Meetings with the Group's personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these matters and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the NFIS for 2021 based on the materiality analysis performed by the Group and described in the "2. Progressing in our commitment to sustainability" section, considering the content required by prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the NFIS for 2021.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2021.
- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2021 and whether it has been adequately compiled based on data provided by the information sources.
- Procurement of a representation letter from the Directors and management.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the NFIS of Elecnor, S.A. and subsidiaries for the year ended 31 December 2021 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and the GRI Standards, in its core option, based on each subject area in the "Appendix II. Index of content required by Law 11/2018, of 28 December, concerning non-financial information and diversity" and "Appendix III. Index of GRI indicators" tables of the aforementioned consolidated Directors' Report.

Emphasis of Matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment stipulates the obligation to disclose information on how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable in relation to climate change mitigation and climate change adaptation. This obligation applies for the first time for the 2021 fiscal year, provided that the Non-Financial Information Statement is published from 1 January 2022 onwards. Consequently, the attached consolidated Directors' Report does not contain comparative information on this matter. Additionally, certain information has been included in respect of which the Directors of Elecnor, S.A. have opted to apply the criteria that, in their opinion, best allow them to comply with the new obligation, and which are those defined in section "Implementation of the European Taxonomy on Sustainable Finance" in the accompanying consolidated Directors' Report. Our conclusion is not modified in respect of this matter.

Use and Distribution

This report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

(Signed on original in Spanish)

Patricia Reverter Guillot

24 February 2022

Appendix containing alternative performance measures

Elecnor presents the Alternative Performance Measures, according to the guidelines published by the ESMA (European Securities and Markets Authority). These measures are widely used by investors, securities analysts and other agents as performance measures that are supplementary, and should be considered as such, and in no case as a replacement.

Alternative measures of the Elecnor Group's performance

Key figures (thousands of euros)	2021	2020	Change (%)
Turnover	3,122,421	2,455,952	27.1%
Domestic	1,422,918	1,238,600	14.9%
International	1,699,503	1,217,352	39.6%
EBITDA	271,769	245,802	10.6%
Profit before tax	142,048	125,932	12.8%
Attributable consolidated net profit	85,883	78,303	9.7%

Turnover by segments (thousands of euros)	2021	2020	Change (%)
Services and Projects business	2,958,160	2,352,471	25.7%
Concessions business	166,593	145,232	14.7%
Subtotal Businesses	**3,124,753**	**2,497,703**	**25.1%**
Group Management and Other Adjustments	-	-	
Operations between segments	(2,332)	(41,751)	-
	3,122,421	**2,455,952**	**27.1%**

Turnover by activity (thousands of euros)	2021	2020	Change (%)
Electricity	1,260,553	982,949	28.2%
Power generation	685,292	470,708	45.6%
Telecommunications and space	267,522	233,301	14.7%
Facilities	209,434	213,434	-1.9%
Construction, environment and water	298,202	237,677	25.5%
Maintenance	194,514	170,770	13.9%
Oil & Gas	141,279	92,572	52.6%
Railways	65,625	54,541	20.3%
	3,122,421	**2,455,952**	**27.1%**

EBITDA
EBITDA is defined as operating income plus expense for amortisation, depreciation, impairment and charges to provisions. The group deems EBITDA to be a useful supplementary indicator that can be used in assessing the Group's operating performance.

	2021	2020	Change (%)
EBITDA = Gross Operating Profit:	**271,769**	**245,802**	10.6%
Operating income	178,684	146,568	
+ Expense for amortisation, depreciation, impairment, and charges to provisions, and negative difference in business combinations	93,085	99,234	

EBITDA by segments (thousands of euros)	2021	2020	Change (%)
Services and Projects business	165,838	161,708	2.6%
Concessions business	131,301	112,791	16.4%
Subtotal Businesses	**297,139**	**274,499**	**8.2%**
Group Management and Other Adjustments	(25,109)	(21,394)	
Operations between segments	(261)	(7,303)	
EBITDA	**271,769**	**245,802**	**10.6%**

Profit before income tax by segment (thousands of euros)	2021	2020	*Change (%)*
Services and Projects business	114,957	112,311	2.4%
Concessions business	54,465	44,265	23.0%
Subtotal Businesses	**169,422**	**156,576**	**8.2%**
Group Management and Other Adjustments	(27,956)	(24,055)	
Operations between segments	582	(6,589)	
Total Group	**142,048**	**125,932**	**12.8%**

Consolidated net profit attributable by segment (thousands of euros)	2021	2020	Change (%)
Services and Projects business	77,119	71,517	7.8%
Concessions business	34,876	30,970	12.6%
Consolidated net profits from the businesses	**111,995**	**102,487**	**9.3%**
Group Management and Other Adjustments	(26,533)	(19,815)	
Operations between segments	421	(4,369)	
Total Group	**85,883**	**78,303**	**9.7%**

Alternative measures of profit and loss of the holding company of the Elecnor Group

Key figures (thousands of euros)	2021	2020
Turnover	67,456	1,544,049
Operating income	16,109	20,752
Profit before tax	7,361	46,765
Profit after tax	9,196	31,633

	2021	2020
EBITDA = Gross Operating Profit	25,685	45,412
Operating income	16,109	20,752
+ Depreciation and amortisation of fixed assets in the income statement of Elecnor, S.A.	3,897	14,465
+ Losses, impairment and changes in trade provisions in the income statement of Elecnor, S.A.	-	10,195
+ Impairment and losses under the heading Impairment and profit/loss on disposals of financial instruments in the income statement of Elecnor, S.A.	5,679	-

Stock market information

	2021	2020
Closing share price (€)	10.5	11
Total volume of securities (million)	5.6	4.3
Total cash traded (€ million)	57.7	39.8
Number of shares (million)	87	87
Market capitalisation (€ million)	913.5	957
PER	10.6	12.2
Dividend yield	3.1%	3.1%

Group backlog

Pending backlog (thousands of Euros, at year-end)	2021	2020	Change (%)
Domestic	708,824	611,915	15.8%
International	1,798,144	1,661,166	8.2%
Total	**2,506,968**	**2,273,081**	
Growth percentage	10.3%	2.3%	

Alternative debt measures; indebtedness ratio

Net Financial Debt (thousands of Euros, at year-end)	2021	2020	Change (%)
Net Financial Debt with recourse	119,392	129,940	-8.1%
EBITDA	271,769	245,802	
With recourse	*138,284*	*144,591*	
Without recourse	*133,485*	*101,211*	
Ratio of Debt/EBITDA with recourse + projects div.	0.72	0.83	
Total Net Financial Debt	534,766	536,649	-0.4%
With recourse	*119,392*	*129,940*	
Without recourse	*415,374*	*406,709*	
EBITDA	271,769	245,802	
Ratio of Total Net Financial Debt/ EBITDA	1.97	2.18	

	2021	2020
Net Financial Debt with recourse *(Net Financial Debt in Note 16 of the Annual Accounts of Elecnor, S.A. and Subsidiaries)*	**119,392**	**129,940**
EBITDA	271,769	245,802
EBITDA without recourse (from projects financed via funding without recourse)	*133,485*	*101,211*
EBITDA with recourse	*138,284*	*144,591*
Dividends from projects financed via funding without recourse	43,931	25,403
Reversal of the effect on EBITDA with recourse of the application of IFRS 16	-17,001	-12,655
EBITDA with recourse + Dividends from projects without recourse net of the effect of IFRS 16	**165,215**	**157,339**
Indebtedness ratio = Net financial debt with recourse/(EBITDA with recourse + Dividends from projects)	**0.72**	**0.83**

Note: the purpose of eliminating the effect of IFRS 16 on Leases is to offset the impact of this standard —the impact increases the figures of EBITDA and Debt— and to comply with the method of calculating this figure contained in the financing contracts.

Calculation of Total Net Financial Debt

	2021	2020
+ Financial liabilities from issuing bonds and other marketable securities	134,581	110,349
+ Finance liabilities on loans and borrowings	789,598	807,840
+ Derivative financial instruments (non-current liabilities and current liabilities in the Consolidated Statement of Financial Position)	101,272	18,131
- Current investments in related companies	(323)	(141)
- Derivative financial instruments	(6,454)	(830)
- Cash and cash equivalents	(388,105)	(391,628)
- Other current financial investments	(11,214)	(9,594)
+ Loans granted by public entities (Note 16)	4,622	4,448
+ Derivative financial instruments (current assets in the Consolidated Statement of Financial Position) arising from exchange rate hedges (Note 17)	6,122	391
- Derivative financial instruments (non-current liabilities and current liabilities in the Consolidated Statement of Financial Position) arising from exchange rate hedges (Note 17)	(10,723)	(4,220)
- Derivative financial instruments (non-current liabilities and current liabilities in the Consolidated Statement of Financial Position) arising from exchange rate hedges (Note 17)	(84,610)	
- Reversal of the effect of the application of IFRS 9		1,903
Total Net Financial Debt	**534,766**	**536,649**
(increase on previous year's close)	-0.4%	8.6%

Other disclosures

Services and Projects business

(thousands of euros)	2021	2020	Change (%)
Turnover	2,958,160	2,352,471	25.7%
EBITDA	165,838	161,708	2.6%
Profit before tax	114,957	112,311	2.4%
Attributable net profit	77,119	71,517	7.8%

Concessions business

(thousands of euros)	2021	2020	Change (%)
Turnover	166,593	145,232	14.7%
EBITDA [(1)]	131,301	112,791	16.4%
Profit before tax	54,465	44,265	23.0%
Attributable net profit	34,876	30,970	12.6%

(1) EBITDA contributed by this business to the group comprises that contributed by ENERFIN (Euros 116,303 thousand) and that contributed by CELEO, which is consolidated using the equity method (Euros 14,998 thousand). For a better understanding of these figures, see Note 32 of the Notes to the Annual Accounts of Elecnor, S.A. and subsidiaries for the year ended 31/12/21 with the main projects.

Elecnor's workforce*

At 31 December each year	2021	2020	Change (%)
Domestic	11,103	10,542	5.3%
International	10,328	7,661	34.8%
	21,431	**18,203**	**17.7%**

*This calculation does not include directors who are not on the Group’s workforce.

ANNUAL CORPORATE GOVERNANCE REPORT 2021

ISSUER IDENTIFICATION DETAILS

YEAR END-DATE: 31/01/2021

TAX ID (NIF): A48027056

Company name: ELECNOR, S.A.

Registered office: C. del Marqués de Mondéjar, 33, 28028 Madrid

ELECNOR, 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 ELECNOR, S.A. (hereinafter Elecnor 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:

No ☒
Yes ☐ 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:
No ☒
Yes ☐

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., SGIIC	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 DOMECQ	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:

a) The appointment, ratification, re-appointment or dismissal of a director.
b) Any amendment to the Articles of Association, and each self-standing Article or group of Articles thereof.
c) 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				
	% physically present	% present by proxy	% distance voting		Total
			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 DOMECQ		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

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	**PROFESSIONAL AND BIOGRAPHICAL PROFILE** 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% **OTHER CURRENT POSITIONS HELD AND ACTIVITIES**

		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. **PROFESSIONAL CAREER** ELECNOR GROUP: - General Manager - General Manager of Networks and Installations - General Management Director - International Sales Management - National Sales Management. OUTSIDE THE ELECNOR GROUP: President of ADEMI (Association of Industrial Assembly Companies) **ACADEMIC EDUCATION** - 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
Mr Jaime Real de Asúa Arteche	CANTILES XXI, S.L.	**PROFESSIONAL AND BIOGRAPHICAL PROFILE** 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% **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 •
Mr Ignacio Prado Rey-Baltar	CANTILES XXI, S.L.	**PROFESSIONAL AND BIOGRAPHICAL PROFILE** 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% **OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES** ELECNOR GROUP: Board Member of ENERFÍN SOCIEDAD DE ENERGÍA, S.L.U. OUTSIDE THE ELECNOR GROUP: Board Member of GRUPO CELULOSAS MOLDEADAS, S.L. **PROFESSIONAL CAREER** 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.

		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. **ACADEMIC EDUCATION** - 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.
Mr Joaquín Gómez de Olea Mendaro	CANTILES XXI, S.L.	**PROFESSIONAL AND BIOGRAPHICAL PROFILE** 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% **OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES** ELECNOR GROUP: - Board Member of CELEO CONCESIONES E INVERSIONES, S.L. - Secretary-Counsellor of ENERFIN SOCIEDAD DE ENERGIA, S.L.U. OUTSIDE THE ELECNOR GROUP: Board Member and Chairman of CANTILES XXI, S.L. **PROFESSIONAL CAREER** ELECNOR GROUP: Secretary to the Board of Directors of ELECNOR, S.A. 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. **ACADEMIC EDUCATION** - Higher Industrial Engineer qualifying at the School of Industrial Engineers, Madrid (U.P.M.) - Languages: English •
Mr Cristóbal González de Aguilar Alonso-Urquijo	CANTILES XXI, S.L.	**PROFESSIONAL AND BIOGRAPHICAL PROFILE** 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% **OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES** ELECNOR GROUP: Board Member of ENERFIN SOCIEDAD DE ENERGIA, S.L.U. OUTSIDE THE ELECNOR GROUP: Alternate Director of CANTILES XXI, S.L. **PROFESSIONAL CAREER** ELECNOR GROUP: Board Member of CELEO CONCESIONES E INVERSIONES, S.L. 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 **ACADEMIC EDUCATION** - Higher Aeronautical Engineer from the School of Aeronautical Engineering of the Polytechnic - 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 - Languages: English and French. •
Mr Miguel Cervera Earle	CANTILES XXI, S.L.	**PROFESSIONAL AND BIOGRAPHICAL PROFILE** 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% **OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES** ELECNOR GROUP: Deputy Secretary of ENERFÍN SOCIEDAD DE ENERGÍA, S.L.U. 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. **PROFESSIONAL CAREER** 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.

		ACADEMIC EDUCATION - 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. - Languages: English. •
Mr Juan Landecho Sarabia	CANTILES XXI, S.L.	**PROFESSIONAL AND BIOGRAPHICAL PROFILE** 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% **OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES** ELECNOR GROUP: Board Member of ENERFIN SOCIEDAD DE ENERGIA, S.L.U. OUTSIDE THE ELECNOR GROUP: Board Member of CANTILES XXI, S.L. **PROFESSIONAL CAREER** ELECNOR GROUP: - Manager in several departments of Elecnor, S.A. - Belonged to INTERNACIONAL DE DESARROLLO ENERGETICO, S.A. 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. **ACADEMIC EDUCATION** - Degree in Economics and Business Administration from the Universidad Pontificia de Comillas, ICADE 2 - Languages: English. •
Mr Santiago León Domecq	CANTILES XXI, S.L.	**PROFESSIONAL AND BIOGRAPHICAL PROFILE** 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% **OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES**

		ELECNOR GROUP: Board Member of ENERFIN SOCIEDAD DE ENERGIA, S.L.U. OUTSIDE THE ELECNOR GROUP: - Board Member of TASDEY, S.A. - Board Member of PROBIGRAF, S.L. **PROFESSIONAL CAREER** ELECNOR GROUP: Board Member of DEIMOS SPACE, SL.U. 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. **ACADEMIC EDUCATION** - Law degree, University of Cadiz - MBA, University of Cadiz - Languages: English.
Mr Miguel Morenés Giles	CANTILES XXI, S.L.	**PROFESSIONAL AND BIOGRAPHICAL PROFILE** Position: Board Member Category: Proprietary Committees: - Member of the Executive Committee (18/03/2015) - Secretary of the Audit Committee (01/06/2018) Dates of appointment and re-election as a Board Member of Elecnor, S.A.: First appointed 23/07/1987 - 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 Holding in the share capital of Elecnor, S.A.: - Direct: 0.000% - Indirect: 1.011% **OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES** ELECNOR GROUP: - Board Member of ENERFÍN SOCIEDAD DE ENERGÍA, S.L.U. - Non-executive Chairman of CELEO CONCESIONES E INVERSIONES, S.L. OUTSIDE THE ELECNOR GROUP: - 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. **PROFESSIONAL CAREER** OUTSIDE THE ELECNOR GROUP: - 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. **ACADEMIC EDUCATION** - 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. - Languages: English and French.
Mr Gabriel de Oraa y Moyúa	CANTILES XXI, S.L.	**PROFESSIONAL AND BIOGRAPHICAL PROFILE** Position: Board Member Category: Proprietary Committees: N/A Dates of appointment and re-election as a Board Member of Elecnor, S.A.: - 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 Holding in the share capital of Elecnor, S.A.: - Direct: 0.000% - Indirect: 0.000% **OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES** ELECNOR GROUP: Board Member of ENERFIN SOCIEDAD DE ENERGIA, S.L.U. OUTSIDE THE ELECNOR GROUP: Board Member of CANTILES XXI, S.L. **PROFESSIONAL CAREER** ELECNOR GROUP: - 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. OUTSIDE THE ELECNOR GROUP: - Project engineer at ALSTHOM, S.A. (Paris).

		- Project Development Engineer at GENERAL ELECTRIC, Lynchburg and Roanoke, VA (USA). **ACADEMIC EDUCATION** - 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. - Languages: English and French.
Mr Rafael Prado Aranguren	CANTILES XXI, S.L.	**PROFESSIONAL AND BIOGRAPHICAL PROFILE** 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% **OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES** ELECNOR GROUP: Board Member of ENERFÍN SOCIEDAD DE ENERGÍA, S.L.U. 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. **PROFESSIONAL CAREER** 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. OUTSIDE THE ELECNOR GROUP: Held various positions of responsibility in the firms Alexander & Alexander and AON Gil & Carvajal **ACADEMIC EDUCATION** - 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. • Languages: English

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	**PROFESSIONAL AND BIOGRAPHICAL PROFILE** 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% **OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES** 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. **PROFESSIONAL CAREER** ELECNOR GROUP: Chairwoman of the Audit Committee 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) **ACADEMIC EDUCATION** - Degree n 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. Languages: English and French
Ms Irene Hernández Álvarez	**PROFESSIONAL AND BIOGRAPHICAL PROFILE** 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

<table>
<tr><td></td><td><u>Holding in the share capital of Elecnor, S.A.:</u>
- Direct: 0.007%
- Indirect: 0.000%

<u>OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES</u>

<u>OUTSIDE THE ELECNOR GROUP</u>:
- 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.

<u>PROFESSIONAL CAREER</u>

<u>ELECNOR GROUP</u>: Member of the Audit Committee.

<u>OUTSIDE THE ELECNOR GROUP:</u> J.P. Morgan.

<u>ACADEMIC EDUCATION</u>
- 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.</td></tr>
<tr><td>Mr Emilio Ybarra Aznar</td><td><u>PROFESSIONAL AND BIOGRAPHICAL PROFILE</u>
<u>Position</u>: Board Member
<u>Category</u>: Independent Director
<u>Committees</u>:
- Member of the Audit Committee (22/05/2019)
- Chairman of the Appointments, Remuneration and Sustainability Committee (22/05/2019)
<u>Dates of appointment and re-election as a Board Member of Elecnor, S.A.</u>:
- First appointed: 20/05/2015
- 1st re-election 22/05/2019
<u>Holding in the share capital of Elecnor, S.A.:</u>
- Direct: 0.011%
- Indirect: 0.000%

<u>OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES</u>

<u>OUTSIDE ELECNOR GROUP:</u>
- 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.

<u>PROFESSIONAL CAREER</u>

<u>ELECNOR GROUP</u>: Coordinating Director for the Chairman.

<u>OUTSIDE THE ELECNOR GROUP:</u>
- GRUPO VOCENTO:
  o General Manager of Communications and Institutional Relations at Vocento.
  o Chairman of Commercial Multimedia Vocento.
  o Deputy Chief Executive Officer and General Manager of Development at Diario ABC.</td></tr>
</table>

	○ General Manager of Diario El Correo, Bilbao. ○ General Manager at Diario La Rioja. ○ Marketing Director at CM XXI. ○ Deputy Sales Manager at Grupo Correo. - GRUPO PRISA: area of International expansion. - JP MORGAN: Analyst in Corporate Finance (Madrid, New York and London). **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.

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
______	______	______

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 Arteche	Does not own a shareholding that is considered as legally significant and was Executive Director of the Company up until 31/12/2016	______ ____	**PROFESSIONAL AND BIOGRAPHICAL PROFILE** 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% **OTHER CURRENT PROFESSIONAL POSITIONS HELD AND ACTIVITIES** ELECNOR GROUP: President of the Elecnor Foundation (13/11/2008) **PROFESSIONAL CAREER** 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. 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). **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.

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

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
______________________	________________________

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: (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. Nor are powers delegated to approve investments or transactions of any kind for a value of less than 6,000,000 euros each where such authorisation cannot be delegated by the Board of Directors and/or falls within the remit of the General Meeting. (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 Arteche	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
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 table

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)	0
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 Enerfín Sociedad de Energía
Mr Luis Alcíbar 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

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 tot 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.*

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 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
   (iv) 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

	Individual	Consolidated
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 Enerfín 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

Name	Position	Category
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. <u>Review of the regular financial and non-financial information disclosed to the markets and of the objectives and forecasts at year-end</u>

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. <u>Monitoring of the compliance system and activity of the Compliance Committee</u>

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. <u>Follow-up of the Group's Digital Transformation Project</u>

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) Regarding the selection of Directors and members of the management team:
   a) *Submitting to the Board of Directors proposals for the appointment of Independent Directors for appointment by co-option 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 yea."*

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. <u>Composition of the Board of Directors and its Committees</u>

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. <u>Selection of Directors and members of the management team</u>

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 be 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 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

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 interest

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 CO_2 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
The market risk due to exchange rate risk stems from the Group's operations in international markets in the course of its business. Part of the procurement revenue and costs are denominated in currencies other than the functional currency. Hence, there could be a risk that fluctuations in the exchange rates of these currencies against its functional currency could affect the Group's performance.

To manage and minimise this risk, Elecnor uses hedging strategies, given that the objective is to generate results exclusively through the development of the ordinary activities it carries out, and not by speculating on exchange rate fluctuations.

The instruments used to achieve this hedging are basically debt referenced to the contract's collection currency, exchange rate insurance and swaps through which Elecnor and the financial institution exchange the flows of a loan expressed in euro for the flows of another loan expressed in another currency, as well as the use of "baskets of currency" to cover mixed financing indexed to several currencies.

Interest rate risk
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.

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 CEPSA came into force. Ventos do Sul Energía, S.A., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A., Ventos do Litoral Energía, S.A. and Ventos dos Indios Energía S.A. (Río 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 INFRASTRUTTURE 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 sanctions

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 who it deals 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 is 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.

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.)

KPMG Auditores, S.L.
Paseo de la Castellana, 259 C
28046 Madrid

Auditor's Report on the "Information concerning the System of Internal Control over Financial Reporting (ICFR)" of ELECNOR, S.A. for 2021

(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

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 ☐ Partially complies ☒ 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 ☐ Not 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 ☐ Not 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 ☐ Not 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 ☐ Not applicable ☐

29. That the company should establishes 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 ☐ Not 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 Arteche 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 ☐ Not 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 ☐ Not 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 ☐ Not 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 quindecies, 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 ☐ Not applicable ☐

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 ☐ Not applicable ☐

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 ☐ Not applicable ☐

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 ☒ Not applicable ☐

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 ☐ Not applicable ☐

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 ☐ Not applicable ☐

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 Enerfín 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 ☒

ANNUAL REPORT ON DIRECTOR REMUNERATION

2021

ISSUER IDENTIFICATION DETAILS

Year-end date: 31/01/2021

Tax ID (N.I.F.): A48027056

Company Name: ELECNOR, S.A.

Registered Office: C. del Marqués de Mondéjar, 33, 28028 Madrid

ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED COMPANIES

A) REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FINANCIAL YEAR (2022)

A.1.1 Explain the current director remuneration policy applicable to the year in progress. To the extent that it is relevant, certain information may be included in relation to the remuneration policy approved by the General Shareholders' Meeting, provided that these references are clear, specific and concrete.

Such specific determinations for the current year as the board may have made in accordance with the contracts signed with the executive directors and with the remuneration policy approved by the General Shareholders' Meeting must be described, as regards directors' remuneration both in their capacity as such and for executive functions carried out.

In any case, the following aspects must be reported, as a minimum:

a) Description of the procedures and company bodies involved in determining, approving and applying the remuneration policy and its terms and conditions.

b) Indicate and, where applicable, explain whether comparable companies have been taken into account in order to establish the company's remuneration policy.

c) Information on whether any external advisors took part in this process and, if so, their identity.

d) Procedures set forth in the current remuneration policy for directors in order to apply temporary exceptions to the policy, conditions under which those exceptions can be used and components that may be subject to exceptions according to the policy.

Remuneration policy in place for the current financial year:

As stated in Section A.2 below, the Company's Board of Directors, on the proposal of the Appointments, Remuneration and Sustainability Committee, intends to submit to the approval of the forthcoming Elecnor General Shareholders' Meeting a new Director Remuneration Policy applicable to the rest of 2022 and for the 2023, 2024 and 2025 financial years which, in accordance with article 529 r(1) LSC will apply as from the date of its approval.

Notwithstanding the foregoing, as of the date of the preparation of this Report — and up to the time of the approval of the new Remuneration Policy by the General Meeting — the Director Remuneration Policy for 2020, 2021 and 2022 will continue to apply, as explained below.

On 22 May 2019, the General Shareholders' Meeting of Elecnor, S.A. ("Elecnor" or the "Company") approved the "Director Remuneration Policy for 2020, 2021 and 2022" (the "Policy") with 95.07% of affirmative votes. This Policy had been previously approved by the Company's Board of Directors through a resolution passed on 27 March 2019, on a proposal and following a reasoned report by Elecnor's Appointments and Remuneration Committee (now, Appointments, Remuneration and Sustainability Committee), at its meeting of 18 February 2019.

Pursuant to the Company's Articles of Association and Board Regulation, the General Shareholders' Meeting must determine the maximum compensation to be received as the directors' remuneration for all of the functions they perform, in the discharge of both executive as well as of non-executive duties.

On the basis of the foregoing and of the principles regulating the Policy, the maximum amount of the annual remuneration for the directors overall is established at ten (10) million euros. This maximum amount will remain in force until such time as a change is approved.

A. Director remuneration system for the discharge of non-executive duties

Pursuant to the Company's Articles of Association and Board Regulation, there are three (3) cumulative remuneration systems for the directors overall for the discharge of non-executive duties:

a. a maximum amount of 7% of the profits obtained by the consolidated group in the year, determined after making the provision for the payment of taxes and following compliance with the legal requirements established to these effects and purposes, as well as

b. a fixed allocation in cash to be determined by the General Meeting, and

c. the attendance fees which, according to the circumstances, are to be allocated as compensation for the expenses of attendance and other costs to be met in the exercise of their offices and functions.

Likewise, and maintaining the foregoing remuneration policy, the remuneration will not necessarily be the same for all of the directors for the discharge of non-executive duties, and the distribution thereof will be agreed by the Company's Board of Directors according to article 12 of the Articles of Association, for which purpose the following will be taken into account:

a. membership on Board Committees or the holding of offices within them,

b. membership on the Boards of Directors of other companies belonging to the Elecnor Group and attendance at Board meetings,

c. the time devoted to their duties by the directors and the responsibility assumed by them, and

d. their functions and track record on the Board of Directors.

Consequently, to determine the remuneration of each director during the 2021 financial year, a basic remuneration was established for all of them as a fixed allocation, for their status as directors, to which the amounts corresponding to the various parameters listed previously have been added.

Likewise, on an exceptional basis, the Company, through a resolution passed by the General Meeting, may grant an additional fixed allocation to those directors who do not perform executive functions, as deemed appropriate for any reason whatsoever duly justified by the Board of Directors to the Company's General Shareholders' Meeting.

B. Director remuneration system for the discharge of executive duties

The remuneration of the directors for the discharge of executive duties is independent and compatible with the remunerations and compensations established for the performance of non-executive functions, as specified both in the Articles of Association, as well as in the contract signed between the directors and the Company, and in line with the Policy.

The directors entrusted with executive duties will receive the remuneration stipulated in their respective contracts for the discharge of such duties, according to the following items:

a. A fixed remuneration in cash, which may be modified during the period to which the Policy refers, through a resolution by the Board of Directors, provided that it does not exceed the maximum compensation to be received as the directors' remuneration for all of the functions they perform, for the discharge of both executive as well as of non-executive duties, determined by the General Meeting.

b. A variable remuneration, calculated on the basis of qualitative or quantitative reference indicators or parameters, tied to the degree of achievement of targets by the executive directors (agreed by the Board of Directors on the proposal of the Appointments and Remuneration Committee, such as turnover, operating profit, earnings after tax ("EAT"), contracting and debt, among others). The significance of the variable remuneration could be far superior to that of the fixed remuneration components.

c. A remuneration based on the handover of Company shares or share options.

d. The following benefits or remuneration in kind: (i) inclusion in the civil liability insurance policy for executives and directors arranged by the Company at all times; (ii) continuing entitlement to participate in the corporate welfare systems (for survivor, illness, accident coverage, etc.) in terms similar to those established at all times on a general basis for the executives of the Company; and (iii) also, the Executive Chairperson will continue to enjoy all of those benefits which, as the case may be, the Company makes available to its executives taken as a group.

e. As well as future compensation for the termination of their contract, provided that their termination does not stem from reasons of noncompliance with their duties.

In the drafting of the current Director Remuneration Policy, the Appointments and Remuneration Committee (now, Appointments, Remuneration and Sustainability Committee) and the Board of Directors had recourse to external consultancy provided by the Cuatrecasas law firm. Likewise, comparable companies, essentially in terms of invoicing and business sector, were taken into account for establishing the Company's Director Remuneration Policy.

A.1.2 Relative importance of variable remuneration items vis-à-vis fixed remuneration (remuneration mix) and the criteria and objectives taken into consideration in their determination and to ensure an appropriate balance between the fixed and variable components of the remuneration. In particular, indicate the actions taken by the company in relation to the remuneration system to reduce exposure to excessive risks and to align it with the long-term objectives, values and interests of the company, which will include, as the case may be, mention of the measures taken to ensure that the long-term results of the company are taken into account in the remuneration policy, the measures adopted in relation to those categories of personnel whose professional activities have a material impact on the risk profile of the company and measures in place to avoid conflicts of interest.

Furthermore, indicate whether the company has established any period for the accrual or vesting of certain variable remuneration items, in cash, shares or other financial instruments, any deferral period in the payment of amounts or delivery of accrued and vested financial instruments, or whether any clause has been agreed reducing the deferred remuneration not yet vested or obliging the director to return remuneration received, when such remuneration has been based on figures that have since been clearly shown to be inaccurate.

The Company has only one Executive Director, who is the only member of the Board of Directors considered for receiving a variable remuneration.

In this regard, and without prejudice to any changes as may be introduced into the new Remuneration Policy, as of the date of the preparation of this Report, the Executive Director's variable remuneration is tied to the Company's outcomes and to the Director's personal performance, calculated on the basis of qualitative or quantitative reference indicators or parameters, in relation to the degree of achievement of targets.

Thus, the Executive Director's variable remuneration for the 2021 financial year will be determined, in accordance with his Contract, in relation to the degree of achievement of a number of targets, which will be set by the Board of Directors, on the proposal of the Appointments and Remuneration Committee.

In terms of the relative importance of the variable remuneration items in comparison to the fixed items (remuneration mix), reference should be made to Section 7.2 of the current Director Remuneration Policy, which reads as follows:

> *"7.2. Variable remuneration*
>
> *In the case of the Executive Directors, the variable remuneration is tied to the outcomes of the Company and to the personal performance of each Director.*
>
> *Moreover, in accordance with the Articles of Association and their respective contracts, the remuneration of each Executive Director is established on the basis of the degree of achievement of a number of targets, such as, for example, turnover, operating profit, earnings after tax ("EAT"), contracting and debt, among others.*
>
> *The significance of the variable remuneration could be far superior to that of the fixed remuneration components."*

In addition to the above, it is noted that the Executive Director's fixed remuneration during the 2021 financial year accounted for 46.09% of his total remuneration, while the variable remuneration represented 53.91% of the total.

Also, in the process for the determination and approval of the Remuneration Policy, the Appointments, Remuneration and Sustainability Committee, made up exclusively by Non-Executive Directors and chaired by an Independent Director, proposes the Director Remuneration Policy to the Board of Directors. Such Policy must be clear, precise, verifiable and based on objective criteria, setting out the remuneration items of the Directors for their non-executive duties as well as the Executive Director's individual remuneration and other contract terms and conditions.

On the basis of the relevant legal provisions and in accordance with the remuneration system established in the Articles, the Appointments, Remuneration and Sustainability Committee is responsible for drawing up a Remuneration Policy proposal coherent with the particular circumstances of the Company, which, together with the mandatory report, is referred to the Board of Directors, who will decide on its submission to the General Meeting for approval, as a separate point on the agenda, pursuant to article 529 r LSC. The Remuneration Policy proposal, together with the specific report by the Appointments, Remuneration and Sustainability Committee, will be made available to shareholders on the Company's website as from the date of the call for the General Meeting, handing them over or sending them without cost to all those shareholders who so request. The Remuneration Policy approved by the General Shareholders' Meeting, together with the date and the result of the voting, is accessible on the Company's website.

Specifically, the current "Director Remuneration Policy for 2020, 2021 and 2022" was approved on 22 May 2019 by the General Shareholders' Meeting of Elecnor, S.A. (the "Policy") with 95.07% of affirmative votes. This Policy had been previously approved by the Company's Board of Directors through a resolution passed on 27 March 2019, on a proposal following a reasoned report by Elecnor's Appointments and Remuneration Committee (now, Appointments, Remuneration and Sustainability Committee), at its meeting of 18 February 2019.
Finally, the contract with the Executive Director includes a clawback clause, according to which the Executive Director must return to the Company those amounts received as variable remuneration or resulting from the settlement of incentive plans, if at any time during (1) year subsequent to the payment thereof, as a consequence of a culpable action or involving serious negligence by the Executive Director, the following circumstances would have arisen: (i) alterations or inaccuracies would have been evidenced in the business data which were relevant for calculating the variable remuneration or incentive plans and these are confirmed by the Company's external auditors; (ii) as a consequence of the preceding circumstance, the Company would need to significantly restate its accounts. The Executive Director must pay the amount notified by the Company within a time limit of forty-five (45) days following the date on which he was given notice to do so.

A.1.3 Amount and nature of fixed components due to be accrued during the year by directors in their capacity as such.

The annual fixed amount proposed for each of the directors for the discharge of their non-executive duties is 143,500 euros as annual fixed remuneration for each member of the Board of Directors (except for the Non-Executive Chairperson) and 1,500 euros as attendance fees for each Board meeting, plus an additional fixed remuneration to be paid on a yearly basis for their membership on the Committees of the Board of Directors as set out below:

For membership on the **Executive Committee**: 25,000 euros.

For membership on the **Audit Committee**
Member: 15,000 euros.
Chairperson: 20,000 euros.

For membership on the **Appointments and Remuneration Committee**
Member: 12,500 euros.
Chairperson: 17,500 euros.

Details of the annual remuneration paid for the exercise of offices on the **Board of Directors**, which is to remain unchanged from the previous financial year, are set out below:

Non-Executive Chairperson: 270,000 euros.

A.1.4 Amount and nature of fixed components due to be accrued during the year for the performance of senior management functions of executive directors.

Once the Annual Accounts for the 2021 financial year have been prepared, the Appointments and Remuneration Committee will propose to the Board of Directors the fixed amounts of the remuneration to be accrued by the Executive Director during the current year.

Notwithstanding the foregoing, in accordance with article 529 q(2) LSC, the new Remuneration Policy applicable to the rest of 2022 and for the 2023, 2024 and 2025 financial years, to be submitted by the Company's Board of Directors for approval by the forthcoming General Shareholders' Meeting, will establish the amount of the annual fixed remuneration of the Executive Director, the sole member of the Board of Directors who performs executive functions in Elecnor.

A.1.5 Amount and nature of any component of remuneration in kind that will accrue during the year, including, but not limited to, insurance premiums paid in favour of the director.

During the 2022 financial year, the Company will have the following insurance coverage in place for its directors:

- Life insurance, with an estimated premium for 2022 totalling 4,541 euros.
- Health insurance, with an estimated premium for 2022 totalling 5,490 euros.

A.1.6 Amount and nature of variable components, differentiating between those established in the short and long terms. Financial and non-financial, including social, environmental and climate change parameters selected to determine variable remuneration for the current year, explaining the extent to which these parameters are related to performance, both of the director and of the company, and to its risk profile, and the methodology, necessary period and techniques envisaged to be able to determine the effective degree of compliance, at the end of the year, with the parameters used in the design of the variable remuneration, explaining the criteria and factors applied in regard to the time required and methods of verifying that the performance or any other conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.

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

Notwithstanding the changes, if any, which may be introduced into the new Remuneration Policy, as of the date of the preparation of this Report, the only member of the Board of Directors paid variable remuneration is the Executive Director.

The Company has two variable remuneration schemes applicable to the Executive Director: short-term variable remuneration (annual) for the current financial year and long-term variable remuneration (multiannual 2020-2022).

The Managing Director's variable remuneration is tied to predetermined and measurable performance criteria making it possible to remunerate his continuing performance during a sufficient period of time for appraising his contribution to the creation of sustainable value. Such variable remuneration is established, in accordance with his Contract, on the basis of the degree of achievement of a number of targets, such as the amount of the consolidated earnings after tax ("EAT"), the volume of contracting of the Group, its debt, compliance with regulations and occupational risk prevention, the Board's evaluation, etc.

The Appointments and Remuneration Committee is the committee responsible for analysing the degree of achievement of the targets set for the Executive Director for payment of his variable remuneration and for informing the Board of Directors, who will examine the proposal by the Committee and approve the amount of such remuneration each year. As of the date of this report, the meeting of the Appointments, Remuneration and Sustainability Committee that analyses, reports on and proposes to the Company's Board of Directors the targets set for the payment of such variable remuneration had not yet been held.

A.1.7 Main characteristics of long-term savings schemes. Among other information, indicate the contingencies covered by the scheme, whether it is a defined contribution or a defined benefit scheme, the annual contribution that has to be made to defined contribution schemes, the benefits to which directors are entitled in the case of defined benefit schemes, the vesting conditions of the economic rights of directors and their compatibility with any other type of payment or indemnification for early termination or dismissal, or deriving from the termination of the contractual relationship, in the terms provided, between the company and the director.

Indicate whether the accrual or vesting of any of the long-term savings plans is linked to the attainment of certain objectives or parameters relating to the director's short- or long-term performance.

The Company does not have systems of this kind.

A.1.8 Any type of payment or indemnification for early termination or dismissal, or deriving from the termination of the contractual relationship, in the terms provided, between the company and the director, whether at the company's or the director's initiative, as well as any type of agreement reached, such as exclusivity, post-contractual non-competition, minimum contract term or loyalty, that entitles the director to any kind of remuneration.

There is no indemnification covenanted or paid in the event of the termination of duties as a director.

The only indemnification provided for or covenanted in favour of a director is the indemnification stipulated in the contract entered into between the Company and the Executive Director for the performance of his senior managerial functions, which will accrue for the Executive Director provided that termination of the contract is not a consequence of a breach of contact attributable to the Director or due to his exclusive initiative. This indemnification includes the Executive Director’s fixed remuneration and the short-term variable remuneration tied to the annual profits obtained by the Company, while it excludes the long-term variable remuneration tied to any additional incentive plans or programmes as the Company may implement.

The amount of the Executive Director’s indemnification is equivalent to two (2) years of his total remuneration. Nevertheless, on an exceptional basis, in the event that termination of the contract with the Executive Director is due to a change in the control of the Company in the context described in article 42 of the Commercial Code, or the split-off or transfer of all or a significant portion of its business or of its assets or liabilities to a third party or its inclusion in another business group, as well as a change in the current shareholders owning more than 50% of the share capital or in the Company’s reference shareholder, the Executive Director would be entitled to receive an additional amount equivalent to one (1) year of his total remuneration.

Likewise, the contract with the Executive Director includes a clawback clause, according to which the Executive Director must return to the Company those amounts received as variable remuneration or resulting from the settlement of incentive plans, if at any time during (1) year subsequent to the payment thereof, as a consequence of a culpable action or involving serious negligence by the Executive Director, the following circumstances would have arisen: (i) alterations or inaccuracies would have been evidenced in the business data which were relevant for calculating the variable remuneration or incentive plans and these are confirmed by the Company’s external auditors; (ii) as a consequence of the preceding circumstance, the Company would need to significantly restate its accounts.

The Executive Director must pay the amount notified by the Company within a time limit of forty-five (45) days following the date on which he was given notice to do so.

A.1.9 Indicate the conditions that the contracts of executive directors performing senior management functions should contain. Among other things, information must be provided on the duration, limits on amounts of indemnification, minimum contract term clauses, notice periods and payment in lieu of these notice periods, and any other clauses relating to signing bonuses, as well as compensation or golden parachute clauses for early termination of the contractual relationship between the company and the executive director. Include, among others, the pacts or agreements on non-competition, exclusivity, minimum contract terms and loyalty, and post-contractual non-competition, unless these have been explained in the previous section.

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

The contract entered into between the Executive Director and the Company is based on the following terms and conditions:

(a) Duration:
The Executive Director's contract will remain in force for as long as he continues in his office.

(b) Indemnification:
The contract with the Executive Director contains an indemnification clause in the event of termination, provided that termination is not a consequence of a breach of contact attributable to the Director or due to his exclusive initiative.

The amount of the Executive Director's indemnification is equivalent to two (2) years of his total remuneration, including the Executive Director's fixed remuneration and the short-term variable remuneration tied to the annual profit obtained by the Company, while it excludes the long-term variable remuneration linked to any additional incentive plans or programmes as the Company may implement. Nevertheless, on an exceptional basis, in the event that termination of the contract with the Executive Director is due to a change in the control of the Company in the context described in article 42 of the Commercial Code, or the split-off or transfer of all or a significant portion of its business or of its assets or liabilities to a third party or its inclusion in another business group, as well as a change in the current shareholders owning more than 50% of the share capital or in the Company's reference shareholder, the Executive Director would be entitled to receive an additional amount equivalent to one (1) year of his total remuneration.

(c) Compliance with the Company's corporate governance system
The Executive Director is under the obligation of strictly observing the rules and provisions contained in the Company's corporate governance system, as applicable.

(d) Exclusivity and post-contractual non-competition pact
The contract establishes an obligation of exclusivity and full dedication to the Company as well as of post-contractual non-competition during a maximum period of two (2) years as from termination of the contract.

(e) Confidentiality
The Executive Director's contract establishes a stringent duty of confidentiality. Moreover, upon termination of his relationship with the Company, the Director must return to the Company all of the documents and objects associated with his activity in his possession.

(f) Clawback clause
The contract with the Executive Director includes a clawback clause, according to which the Executive Director must refund to the Company those amounts received as variable remuneration or resulting from the settlement of incentive plans, if at any time during (1) year subsequent to the payment thereof, as a

consequence of a culpable action or involving serious negligence by the Executive Director, the following circumstances would have arisen: (i) alterations or inaccuracies would have been evidenced in the business data which were relevant for calculating the variable remuneration or incentive plans and these are confirmed by the Company's external auditors; (ii) as a consequence of the preceding circumstance, the Company would need to significantly restate its accounts.

The Executive Director must pay the amount notified by the Company within a time limit of forty-five (45) days following the date on which he was given notice to do so

A.1.10 The nature and estimated amount of any other supplementary remuneration that will be accrued by directors in the current year in consideration for services rendered other than those inherent in their position.

There is no such remuneration.

A.1.11 Other items of remuneration such as any deriving from the company's granting the director advances, loans or guarantees or any other remuneration.

There are none.

A.1.12 The nature and estimated amount of any other planned supplementary remuneration to be accrued by directors in the current year that is not included in the foregoing sections, whether paid by the company or by another group company.

During the current financial year, a number of the Company's directors (specifically, Jaime Real de Asúa, Ignacio Prado Rey-Baltar, Rafael Martín de Bustamante, Joaquín Gómez de Olea y Mendaro, Cristobal González de Aguilar Alonso-Urquijo, Miguel Cervera Earle, Juan Landecho Sarabia, Miguel Morenés Giles, Santiago León Domecq, Gabriel Oraa y Moyúa, and Rafael Prado Aranguren) will be paid €20,000 as remuneration for their membership on the Board of Directors of Enerfín Sociedad de Energía, S.L.U., a company 100%-owned by Elecnor, S.A.

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

a) A new policy or an amendment to a policy already approved by the General Meeting.

b) Significant changes in the specific determinations established by the board for the current year regarding the remuneration policy in force with respect to those applied in the previous year.

c) Proposals that the Board of Directors has agreed to submit to the general shareholders' meeting to which this annual report will be submitted and for which it is proposed that they be applicable to the current year.

Although no significant changes have been made to the current remuneration policy (2020-2022), the Appointments, Remuneration and Sustainability Committee intends to propose a new Director Remuneration Policy to the Board of Directors applicable to the rest of 2022 and for the 2023, 2024 and 2025 financial years, for the express purpose of incorporating into the Policy the new points introduced by the Good Governance Code for Listed Companies approved by the CNMV in June 2020 and Act 5/2021, of 12 April, amending the revised text of the Companies Act, for its subsequent submission to the General Shareholders' Meeting for approval.

A.3 Identify the direct link to the document containing the company's current remuneration policy, which must be available on the company's website.

https://www.elecnor.com/informes-anuales-sobre-remuneraciones-consejeros

A.4 Explain, taking into account the data provided in Section B.4, how account has been taken of the voting of shareholders at the General Shareholders' Meeting to which the annual report on remuneration for the previous year was submitted on a consultative basis.

Elecnor's annual report on remuneration for the 2020 financial year was approved by the General Shareholders' Meeting, through a consultative vote, with 93.53% of the share capital in attendance in person or by proxy voting in favour.

Voting on the resolution:

Votes in favour: 65,347,697
Votes against: 2,203,538
Abstentions: 0

In this regard, the great majority of the Company's shareholders have shown their support to the remuneration issues and matters raised at the General Meeting.

B) GLOBAL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED DURING THE YEAR LAST ENDED (2021)

B.1.1 Explain the process followed to apply the remuneration policy and determine the individual remuneration contained in Section C of this report. This information will include the role played by the remuneration committee, the decisions taken by the Board of Directors and the identity and role of any external advisors whose services may have been used in the process of applying the remuneration policy in the year last ended.

In the process for the determination and approval of the Remuneration Policy, the Appointments, Remuneration and Sustainability Committee, made up exclusively by Non-Executive Directors and chaired by an Independent Director, proposes the Director Remuneration Policy to the Board of Directors. Such Policy must be clear, precise, verifiable and based on objective criteria, setting out the remuneration items of the Directors for their non-executive duties as well as the Executive Director's individual remuneration and other contract terms and conditions.

On the basis of the relevant legal provisions and in accordance with the remuneration system established in the Articles, the Appointments, Remuneration and Sustainability Committee is responsible for drawing up a Remuneration Policy proposal coherent with the particular circumstances of the Company, which, together with the mandatory report, is referred to the Board of Directors, who will decide on its submission to the General Meeting for approval, as a separate point on the agenda, pursuant to article 529 r LSC. The Remuneration Policy proposal, together with the specific report by the Appointments, Remuneration and Sustainability Committee, will be made available to shareholders on the Company's website as from the date of the call for the General Meeting, handing them over or sending them without cost to all those shareholders who so request. The Remuneration Policy approved by the General Shareholders' Meeting, together with the date and the result of the voting, is accessible on the Company's website.

Specifically, the current "Director Remuneration Policy for 2020, 2021 and 2022" was approved by the General Shareholders' Meeting of Elecnor, S.A. on 22 May 2019 with 95.07% of affirmative votes, having been previously approved by the Company's Board of Directors through a resolution passed on 27 March 2019, on a proposal and following a reasoned report by Elecnor's Appointments and Remuneration Committee (now, Appointments, Remuneration and Sustainability Committee), at its meeting of 18 February 2019.

In the process for drawing up the current Director Remuneration Policy, the Appointments and Remuneration Committee (now, Appointments, Remuneration and Sustainability Committee) and the Board of Directors had recourse to external consultancy provided by the Cuatrecasas law firm. Likewise, comparable companies, essentially in terms of invoicing and business sector, were taken into account for establishing the Company's Director Remuneration Policy.

B.1.2 Explain any deviation from the procedure established for the application of the remuneration policy that has occurred during the year.

No deviations have occurred.

B.1.3 Indicate whether any temporary exception has been applied to the remuneration policy and, if so, explain the exceptional circumstances that have led to the application of these exceptions, the specific components of the remuneration policy affected and the reasons why the entity believes that these exceptions have been necessary to serve the long-term interests and sustainability of the society as a whole or ensure its viability. Similarly, quantify the impact that the application of these exceptions has had on the remuneration of each director over the year.

No exceptions have been applied.

B.2 Explain the different actions taken by the company in relation to the remuneration system and how they have contributed to reducing exposure to excessive risks, aligning it with the long-term objectives, values and interests of the company, including a reference to the measures adopted to ensure that the long-term results of the company have been taken into consideration in the remuneration accrued. Ensure that an appropriate balance has been attained between the fixed and variable components of the remuneration, the measures adopted in relation to those categories of personnel whose professional activities have a material effect on the company's risk profile and the measures in place to avoid any possible conflicts of interest.

See Section B.1. above in relation to the amendment of Articles approved by the General Meeting in May 2019, as well as the "Director Remuneration Policy for 2020, 2021 and 2022".

Furthermore, as set out in the preamble of the Remuneration Policy approved, with the approval of the Policy the Company seeks to reduce eventual business and tax risks that could materialise in the future in relation to such remuneration.

The Company has two variable remuneration schemes in place applicable to the Executive Director: short-term variable remuneration (annual) for the current financial year and long-term variable remuneration (multiannual 2020-2022).

<u>Short-term variable remuneration (annual)</u>:

The Executive Director's variable remuneration in 2021 accrues in relation to the achievement of previously determined targets, 80% of which refer to financial and non-financial issues of the Group, while 20% are parameters relating to the Executive Director's individual targets. In this regard:

- The 80% portion of the annual variable remuneration refers to the growth of certain financial parameters relating to the Group, 50% of which refer to the consolidated Earnings After Tax (EAT) of the Group, 10% to the level of contracting obtained by the Group, 10% to issues relating to Human Resources/Job Map/branch of business division project/Risk Map and an additional 10% to the level of Debt.

- The 20% portion of the annual variable remuneration refers to individual parameters, in particular, to: succession of the management team, prevention, performance management (with respect to the financing of growth in concessions, Celeo Concesiones e Inversiones, S.L., corporate development and Team achievement) and the evaluation, if any, made by the Board of Directors.

The Bonus target for 2021 is set at 922,947 euros. The limit of the potential overachievement is placed at 120% and, as regards the lower part of the range, EAT and contracting are key considerations, according to each case, and must reach at least 80% of the target in order to enable the application of this annual variable incentive.

<u>Multiannual variable remuneration 2020-2022</u>:

The conditions necessary for this incentive to be applicable are: (i) sales and EAT within the range established in the Long-Term Objectives Plan, (ii) compliance with the Financial Plan established (with the investments planned) for Net Financial Debt and Cash, (iii) minimum Cash Generation of the Group sufficient in order to finance the Long-Term Objectives Plan incentive according to the criteria of the Appointments, Remuneration and Sustainability Committee, and (iv) completion of the strategic projects, according to the evaluation made by the Long-Term Objectives Plan Team, the Appointments, Remuneration and Sustainability

Committee and the Board.

The Appointments, Remuneration and Sustainability Committee will evaluate the excellence of the Executive Director's performance with respect to the following parameters: Prevention, Compliance, Contingencies and Performance Evaluation.

The valuation of the assets of the subsidiary, Enerfín Sociedad de Energía, S.L.U. (15%), the valuation of the assets of the investee company, Celeo Concesiones e Inversiones, S.L. (15%), the cash in hand and in banks of Elecnor Servicios y Proyectos, S.A.U. (50%), compliance with ESG criteria — environment, social and good governance — (10%) and shareholder value (10%) will be taken into account for the calculation of the incentive. The maximum overachievement of each parameter will be 120%. The base of the incentive will be the average of the variable remuneration received by the Executive Director during the years of the Long-Term Objectives Plan 2020-22, applying an individual multiplication factor.

The incentive will be paid once the Board of Directors deems the Long-Term Objectives Plan to have been fulfilled, establishing the date of payment within a period of six months following the date of fulfilment, taking into account the Company's cash management needs.

B.3 Explain how the remuneration accrued and consolidated over the financial year complies with the provisions of the current remuneration policy and, in particular, how it contributes to the company's long-term and sustainable performance.

Furthermore, report on the relationship between the remuneration obtained by the directors and the results or other performance measures of the company in the short and long term, explaining, if applicable, how variations in the company's performance have influenced changes in directors' remuneration, including any accrued remuneration payment of which has been deferred, and how such remuneration contributes to the short- and long-term results of the company.

The remuneration accrued and consolidated in the year complies with the terms of the current Director Remuneration Policy. In this regard, the rules in relation to the procedure for determining the individual remuneration for each Director have been applied, in terms of both their non-executive as well as of their executive duties. The Directors have received solely the remuneration items expressly stipulated in the Articles and in the Policy, and within the maximum amount allowed by the latter.

The remuneration accrued by the Directors for their non-executive functions is calculated on a fixed basis according to the Remuneration Policy 2020-2022 and is limited by the maximum amount of 7% of the consolidated profits obtained by the Elecnor Group in the financial year, determined after making the provision for the payment of taxes and following compliance with the legal requirements established to these effects and purposes.

Through the application of this Policy, during 2021, the amount of the remuneration accrued by the Directors for the discharge of their non-executive duties (a fixed amount for membership on the Board of Directors, Committees, offices held, attendance fees and membership on the Boards of Group companies) totals 3,289,100 euros, thereby complying with the limit set in article 12 of the Articles of Association (and which the Policy includes) of not exceeding the maximum amount of 7% of the profits obtained by the consolidated group in the year, determined after making the provision for the payment of taxes and following compliance with the legal requirements established to these effects and purposes, which is estimated at approximately 85,883,000 euros.

Similarly, with respect to the Executive Director, the Company's current Remuneration Policy reads as follows:

"The directors entrusted with executive duties will receive the remuneration stipulated in their respective contracts for the discharge of such duties, according to the following items:

a. A fixed remuneration in cash, which may be modified during the period to which the Policy refers, through a resolution by the Board of Directors, provided that it does not exceed the maximum compensation to be received as the remuneration of the directors for all of the functions they perform, for the discharge of both executive as well as of non-executive duties, determined by the General Meeting.

b. A variable remuneration, calculated on the basis of qualitative or quantitative reference indicators or parameters, tied to the degree of achievement of targets by the executive directors (agreed by the Board of Directors on the proposal of the Appointments and Remuneration Committee, such as turnover, operating profit, earnings after tax ("EAT"), contracting and debt, among others). The significance of the variable remuneration could be far superior to that of the fixed remuneration components."

Consequently, the remuneration accrued by the Executive Director in 2021, both the fixed as well as the variable remuneration, conforms to the Company's current Remuneration Policy.

With respect to how the remuneration accrued and vested in 2021 by the Directors contributes to the sustainable and long-term performance of the Company and to the proportion between the remuneration obtained by the Directors and the results or other performance measurements in the short- and long-term, the criteria proposed by the Appointments, Remuneration and Sustainability Committee and approved by the Board of Directors in relation to the Executive Director's short-term variable remuneration are set out below:

- The 80% portion of the annual variable remuneration refers to the growth of certain financial and non-financial parameters relating to the Group, 50% of which refer to the consolidated Earnings After Tax (EAT) of the Group, 10% to the level of contracting obtained by the Group, 10% to issues relating to Human Resources/Job Map/branch of business division project /Risk Map and an additional 10% to the level of Debt.

- The 20% portion of the annual variable remuneration refers to individual parameters, in particular, to: succession of the management team, prevention, performance management (with respect to the financing of growth in concessions, Celeo, corporate development and Team achievement) and the evaluation, if any, made by the Board of Directors.

B.4 Report on the result of the consultative vote at the General Shareholders' Meeting on remuneration in the previous year, indicating the number of votes in favour, votes against, abstentions and blank ballots:

	Number	% of total
Votes cast	67,551,235	77.26%

	Number	% of votes cast
Votes against	2,203,538	3.26%
Votes in favour	65,347,697	96.74%
Blank ballots	0	0%
Abstentions	0	0%

Observations

B.5 Explain how the fixed components accrued and vested during the year by the directors in their capacity as such were determined, their relative proportion with regard to each director and how they changed with respect to the previous year.

The remuneration of the directors for the performance of their non-executive functions has been determined in accordance with the Remuneration Policy approved by the General Meeting. In particular, the annual fixed remuneration for each of the directors, for their non-executive functions, for membership on the Board of Directors, was 143,500 euros and 1,500 euros as attendance fees for each Board meeting, plus what they receive for their membership on Board Committees as set out below:

Remuneration for Committee membership:

- For membership on the **Executive Committee**: 25,000 euros.
- For membership on the **Audit Committee**
  Member: 15,000 euros.
  Chairperson: 20,000 euros.
- For membership on the **Appointments and Remuneration Committee**
  Member: 12,500 euros.
  Chairperson: 17,500 euros.

Details of the annual remuneration for the exercise of offices on the **Board of Directors** are shown below:

Non-Executive Chairperson: 270,000 euros.
Secretary: 9,200 euros (up to his voluntary resignation from the office of Secretary on 24 June 2020)

The aforementioned amounts were increased with respect to the previous financial year, in view of the fact that during 2020 the Board of Directors of Elecnor, S.A. decided to reduce the fixed remuneration of the Board, Chairperson and Secretary by 30% during the period in which the Temporary Workday Reduction Plans implemented by the Company to combat the COVID-19 crisis were in place (from 13 April to 31 May 2020). Similarly, the Directors' fees for attendance at the meetings held electronically during the months of April, May and June 2020 were eliminated.

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

The amount and the nature of the fixed components of the remuneration for the performance of senior management functions by the Executive Director will be as follows:
Rafael Martín de Bustamante Vega (Managing Director)

- Salary: 577,000 euros.

Consequently, this amount has increased 4.72% with respect to the previous financial year, although the reason for this increase was the 30% reduction in the Executive Director's fixed salary during 2020 to combat the COVID-19 crisis (from 13 April to 31 May 2020).

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

In particular:

a) Identify each of the remuneration plans that determined the different types of variable remuneration accrued by each of the directors in the year last ended, including information on their scope, date of approval, date of implementation, any vesting conditions that apply, periods of accrual and validity, criteria used to evaluate performance and how this affected the establishment of the variable amount accrued, as well as the measurement criteria used and the time needed to be able to adequately measure all the conditions and criteria stipulated, explaining the criteria and factors applied in regard to the time required and the methods of verifying that the performance or any other kind of conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.

In the case of share options and other financial instruments, the general characteristics of each plan must include information on the conditions both for acquiring unconditional ownership (vesting) of these options or financial instruments and for exercising them, including the exercise price and period.

b) Each director who is a beneficiary of remuneration systems or plans that include variable remuneration, and his or her category (executive director, external proprietary director, external independent director or other external director.

c) Information is to be provided on any periods for accrual, vesting or deferment of payment of vested amounts applied and/or the periods for retention/unavailability of shares or other financial instruments, if any.

Explain the short-term variable components of the remuneration systems
The only director to receive variable remuneration during 2021 was the Executive Director (Rafael Martín de Bustamante Vega). <u>Annual variable remuneration</u>: This amount can total up to 160% of the Executive Director’s annual fixed remuneration, in relation to the achievement of previously determined targets, 80% of which refer to financial and non-financial issues of the Group, while 20% are parameters relating to the Executive Director’s individual targets. In this regard: • The 80% portion of <u>the annual variable remuneration</u> refers to the growth of certain financial and non-financial parameters relating to the Group, 50% of which refer to the consolidated Earnings After Tax (EAT) of the Group, 10% to the level of contracting obtained by the Group, 10% to issues relating to Human Resources/Job Map/branch of business division project /Risk Map and an additional 10% to the level of Debt. • The 20% portion of <u>the annual variable remuneration</u> refers to individual parameters, in particular, to: succession of the management team, prevention, performance management (with respect to the financing of growth in concessions, Celeo, corporate development and Team achievement) and the evaluation, if any, made by the Board of Directors. The limit of the potential overachievement is placed at 120% and, as regards the lower part of the range, EAT and contracting are key considerations, according to each case, and must reach at least 80% of the target in order to enable the application of this annual variable incentive. For the 2021 financial year, the amount of the short-term variable remuneration totalled 914,000 euros.

Explain the long-term variable components of the remuneration systems
The only director to receive variable remuneration during 2021 was the Executive Director (Rafael Martín de Bustamante Vega). <u>Multiannual variable remuneration 2020-2022</u>: The conditions necessary for this incentive to be applicable are: (i) sales and EAT within the range established in the Long-Term Objectives Plan, (ii) compliance with the Financial Plan established (with the investments planned) for Net Financial Debt and Cash, (iii) minimum Cash Generation of the Group sufficient in order to finance the Long-Term Objectives Plan incentive according to the criteria of the Appointments, Remuneration and Sustainability Committee, and (iv) completion of the strategic projects, according to the evaluation made by the Long-Term Objectives Plan Team, the Appointments, Remuneration and Sustainability Committee and the Board. The Appointments, Remuneration and Sustainability Committee will evaluate the excellence of the Executive Director's performance with respect to the following parameters: Prevention, Compliance, Contingencies and Performance Evaluation. The valuation of the assets of the subsidiary, Enerfín Sociedad de Energía, S.L.U. (15%), the valuation of the assets of the investee company, Celeo Concesiones e Inversiones, S.L. (15%), the cash in hand and in banks of Elecnor Servicios y Proyectos, S.A.U. (50%), compliance with ESG criteria — environment, social and good governance — (10%) and shareholder value (10%) will be taken into account for the calculation of the incentive. The maximum overachievement of each parameter will be 120%. The base of the incentive will be the average of the variable remuneration received by the Executive Director during the years of the Long-Term Objectives Plan 2020-22 applying an individual multiplication factor. The incentive will be paid once the Board of Directors deems the Long-Term Objectives Plan to have been fulfilled, establishing the date of payment within a period of six months following the date of fulfilment, taking into account the Company's cash management needs. No long-term variable remuneration has accrued for the Executive Director during the 2021 financial year.

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

No amount whatsoever has been claimed or returned under the clawback clause contained in the contract signed between the Company and the Executive Director. At the present time, no "malus" (reduction) clauses are included in the contract with the Executive Director, although the Company is considering the possibility of incorporating such clauses for the payment of the variable remuneration. As of this day and date, the Company has not reached a decision as yet in this regard.

B.9 Explain the main characteristics of the long-term savings schemes where the amount or equivalent annual cost appears in the tables in Section C, including retirement and any other survivor benefit, whether financed in whole or in part by the company or through internal or external contributions, indicating the type of plan, whether it is a defined contribution or defined benefit plan, the contingencies covered, the conditions on which the economic rights vest in favour of the directors and their compatibility with any type of indemnification for early termination or cessation of the contractual relationship between the company and the director.

The Company does not have systems of this kind in place.

B.10 Explain, where applicable, the indemnification or any other type of payment deriving from the early cessation, whether at the company's or the director's initiative, or from the termination of the contract in the terms provided therein, accrued and/or received by directors during the year last ended.

There is no indemnification covenanted or paid in the event of the termination of duties as a director.

The only indemnification covenanted is the indemnification stipulated for the Executive Director in the contract signed by him with the Company, which will operate provided that termination is not a consequence of a breach of contract attributable to the Director or due to his exclusive initiative (except in cases of the Executive Director's death or invalidity).

The amount of the Executive Director's indemnification is equivalent to two (2) years of his total remuneration, including the Executive Director's fixed remuneration and the short-term variable remuneration tied to the annual profit obtained by the Company, while it excludes the long-term variable remuneration linked to any additional incentive plans or programmes as the Company may implement. Nevertheless, on an exceptional basis, in the event that termination of the contract with the Executive Director is due to a change in the control of the Company in the context described in article 42 of the Commercial Code, or the split-off or transfer of all or a significant portion of its business or of its assets or liabilities to a third party or its inclusion in another business group, as well as a change in the current shareholders owning more than 50% of the share capital or in the Company's reference shareholder, the Executive Director would be entitled to receive an additional amount equivalent to one (1) year of his total remuneration.

Notwithstanding the foregoing, the aforementioned indemnification has neither accrued nor been paid during the 2021 financial year.

B.11 Indicate whether there have been any significant changes in the contracts of persons exercising senior management functions, such as executive directors, and, if so, explain them. In addition, explain the main conditions of the new contracts signed with executive directors during the year, unless these have already been explained in Section A.1.

There have been no significant changes in the contract with the Executive Director during the 2021 financial year.

B.12 Explain any supplementary remuneration accrued by directors in consideration of the provision of services other than those inherent in their position.

No such remuneration exists.

B.13 Explain any remuneration deriving from advances, loans or guarantees granted, indicating the interest rate, their key characteristics and any amounts returned, as well as the obligations assumed on their behalf by way of guarantee.

No such remuneration exists.

B.14 Itemise the remuneration in kind accrued by the directors during the year, briefly explaining the nature of the various salary components.

During the 2021 financial year, the Company had the following insurance coverage in place for its directors: • Life insurance, with a premium totalling 4,325 euros in 2021. • Health insurance, with a premium totalling 5,189.59 euros in 2021.

B.15 Explain the remuneration accrued by any director by virtue of payments made by the listed company to a third company in which the director provides services when these payments seek to remunerate the director's services to the company.

There is no such remuneration.

B.16 Explain and detail the amounts accrued in the year in relation to any other remuneration concept other than that set forth above, whatever its nature or the group entity that pays it, including all benefits in any form, such as when it is considered a related-party transaction or, especially, when it significantly affects the true image of the total remuneration accrued by the director. Explain the amount granted or pending payment, the nature of the consideration received and the reasons for those that would have been considered, if applicable, that do not constitute remuneration to the director or in consideration for the performance of their executive functions and whether or not has been considered appropriate to be included among the amounts accrued under the "Other concepts" heading in Section C.

During the 2021 financial year, a number of the Company's directors (specifically, Jaime Real de Asúa, Ignacio Prado Rey-Baltar, Rafael Martín de Bustamante, Joaquín Gómez de Olea y Mendaro, Cristobal González de Aguilar Alonso-Urquijo, Miguel Cervera Earle, Juan Landecho Sarabia, Miguel Morenés Giles, Gabriel Oraa y Moyúa, and Rafael Prado Aranguren) were paid €20,000 as remuneration for their membership on the Board of Directors of Enerfín Sociedad de Energía, S.L.U., a company 100%-owned by Elecnor, S.A. Similarly, Santiago León Domecq received €10,000 for the same item.

C) ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Type	Period of accrual in 2021
JAIME REAL DE ASUA ARTECHE	NOMINEE	From 01/01/2021 to 31/12/2021
IGNACIO PRADO REY-BALTAR	NOMINEE	From 01/01/2021 to 31/12/2021
RAFAEL MARTIN DE BUSTAMANTE VEGA	EXECUTIVE	From 01/01/2021 to 31/12/2021
JOAQUIN GOMEZ DE OLEA Y MENDARO	NOMINEE	From 01/01/2021 to 31/12/2021
CRISTOBAL GONZALEZ DE AGUILAR ALONSO URQUIJO	NOMINEE	From 01/01/2021 to 31/12/2021
FERNANDO AZAOLA ARTECHE	EXTERNAL	From 01/01/2021 to 31/12/2021
MIGUEL CERVERA EARLE	NOMINEE	From 01/01/2021 to 31/12/2021
ISABEL DUTILH CARVAJAL	INDEPENDENT	From 01/01/2021 to 31/12/2021
IRENE HERNANDEZ ALVAREZ	INDEPENDENT	From 01/01/2021 to 31/12/2021
JUAN LANDECHO SARABIA	NOMINEE	From 01/01/2021 to 31/12/2021
SANTIAGO LEÓN DOMECQ	NOMINEE	From 01/01/2021 to 31/12/2021
MIGUEL MORENES GILES	NOMINEE	From 01/01/2021 to 31/12/2021
GABRIEL ORAA Y MOYUA	NOMINEE	From 01/01/2021 to 31/12/2021
RAFAEL PRADO ARANGUREN	NOMINEE	From 01/01/2021 to 31/12/2021
EMILIO YBARRA AZNAR	INDEPENDENT	From 01/01/2021 to 31/12/2021

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

a) Remuneration from the reporting company:

i) Remuneration accruing in cash (thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership on Board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnification	Other items	Total 2021	Total 2020
JAIME REAL DE ASUA ARTECHE/NOMINEE	143.5	18.0	37.5					282.5	481.5	460.8
IGNACIO PRADO REY-BALTAR/NOMINEE	143.5	18.0	40.0					12.5	214.0	185.3
RAFAEL MARTIN DE BUSTAMANTE VEGA/EXECUTIVE	143.5	18.0	25.0	577.0	914.0			12.5	1,690.0	1,926
JOAQUIN GOMEZ DE OLEA Y MENDARO/NOMINEE	143.5	18.0						12.5	174.0	173.3
CRISTOBAL GONZALEZ DE AGUILAR ALONSO-URQUIJO/NOMINEE	143.5	18.0	25.0					12.5	199.0	188.8
FERNANDO AZAOLA ARTECHE/EXTERNAL	143.5	16.5	25.0					12.5	197.5	191.3
MIGUEL CERVERA EARLE/NOMINEE	143.5	18.0	9.4					12.5	183.4	163.8
ISABEL DUTILH CARVAJAL/INDEPENDENT	143.5	18.0	27.5						189.0	179.1
IRENE HERNANDEZ ALVAREZ/INDEPENDENT	143.5	18.0	20.0						181.5	171.3
JUAN LANDECHO SARABIA/NOMINEE	143.5	18.0							161.5	152.2
SANTIAGO LEÓN DOMECQ/NOMINEE	143.5	18.0						6.2	167.7	40.4
MIGUEL MORENES GILES/NOMINEE	143.5	18.0	40.0					12.5	214	204.1
GABRIEL ORAA Y MOYUA/NOMINEE	143.5	18.0							161.5	153.4
RAFAEL PRADO ARANGUREN/NOMINEE	143.5	18.0							161.5	151.6
EMILIO YBARRA AZNAR/INDEPENDENT	143.5	18.0	32.5						194.0	183.8

Observations

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

Name	Name of Plan	Financial instruments at start of year n		Financial instruments granted during year n		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year n	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent / vested shares	Price of vested shares	EBITDA from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
Director 1	Plan 1											
	Plan 2											

Observations

iii) Long-term savings schemes.

	Remuneration from vesting of rights to savings schemes
Director 1	

Name	Contribution for the year by the company (thousands of euros)				Amount of the vested funds (thousands of euros)			
	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights		Year n		Year n-1	
	Year n	Year n-1	Year n	Year n-1	Schemes with vested economic rights	Schemes with non-vested economic rights	Schemes with vested economic rights	Schemes with non-vested economic rights
Director								

iv) Details of other items

Name	Life insurance premiums	Health insurance premiums	
JAIME REAL DE ASUA ARTECHE/NOMINEE			
IGNACIO PRADO REY-BALTAR/NOMINEE			
RAFAEL MARTIN DE BUSTAMANTE VEGA/EXECUTIVE	€4,325.0	€925.19	
JOAQUIN GOMEZ DE OLEA Y MENDARO/NOMINEE			

CRISTOBAL GONZALEZ DE AGUILAR ALONSO-URQUIJO/NOMINEE			
FERNANDO AZAOLA ARTECHE/EXTERNAL		€2,476.04	
MIGUEL CERVERA EARLE/NOMINEE			
ISABEL DUTILH CARVAJAL/INDEPENDENT			
IRENE HERNANDEZ ALVAREZ/INDEPENDENT			
JUAN LANDECHO SARABIA/NOMINEE			
SANTIAGO LEÓN DOMECQ/NOMINEE			
MIGUEL MORENES GILES/NOMINEE			
GABRIEL ORAA Y MOYUA/NOMINEE		€1,788.36	
RAFAEL PRADO ARANGUREN/NOMINEE			
EMILIO YBARRA AZNAR/INDEPENDENT			
TOTAL	**€4,325.0**	**€5,189.59**	

b) Remuneration of directors of the listed company for membership on the boards of subsidiary companies:

i) **Remuneration accruing in cash (thousands of euros)**

Name/ Type/ Accrual period Year 2019	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnification	Other items	Total 2021	Total 2020
JAIME REAL DE ASUA ARTECHE/NOMINEE	20.0								20.0	20.0
IGNACIO PRADO REY-BALTAR/NOMINEE	20.0								20.0	20.0
RAFAEL MARTIN DE BUSTAMANTE VEGA/EXECUTIVE	20.0								20.0	20.0
JOAQUIN GOMEZ DE OLEA Y MENDARO/NOMINEE	20.0								20.0	20.0
CRISTOBAL GONZALEZ DE AGUILAR ALONSO-URQUIJO/NOMINEE	20.0								20.0	20.0
FERNANDO AZAOLA ARTECHE/EXTERNAL										
MIGUEL CERVERA EARLE/NOMINEE	20.0								20.0	20.0
ISABEL DUTILH CARVAJAL/INDEPENDENT										
IRENE HERNANDEZ ALVAREZ/INDEPENDENT										
JUAN LANDECHO SARABIA/NOMINEE	20.0								20.0	20.0
SANTIAGO LEÓN DOMECQ/NOMINEE	10.0								10.0	
MIGUEL MORENES GILES/NOMINEE	20.0								20.0	20.0
GABRIEL ORAA Y MOYUA/NOMINEE	20.0								20.0	20.0
RAFAEL PRADO ARANGUREN/NOMINEE	20.0								20.0	20.0
EMILIO YBARRA AZNAR/INDEPENDENT										

Observations

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

Name	Name of Plan	Financial instruments at start of year n		Financial instruments granted during year n		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of year n	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/ vested shares	Price of vested shares	EBITDA from vested shares or financial instruments (thousands of euros)	No. of instruments	No. of instruments	No. of equivalent shares
Director 1	Plan 1											
	Plan 2											

Observations

Long-term savings schemes.

	Remuneration from vesting of rights to savings schemes
Director 1	

	Contribution for the year by the company (thousands of euros)				Amount of the vested funds (thousands of euros)			
Name	Savings schemes with vested economic rights		Savings schemes with non-vested economic rights		Year n		Year n-1	
	Year n	Year n-1	Year n	Year n-1	Schemes with vested economic rights	Schemes with non-vested economic rights	Schemes with vested economic rights	Schemes with non-vested economic rights
Director 1								

Observations

iii) Details of other items:

Name	Item	Amount of remuneration
Director 1		

Observations

c) Summary of remuneration (thousands of euros):

This summary must include the amounts corresponding to all the remuneration items included in this report that have accrued to each director, in thousands of euros.

	Remuneration accruing in the Company					Remuneration accruing in group companies					
Name	Total cash remuneration	EBITDA from vested shares or financial instruments	Remuneration by way of savings schemes	Other items of remuneration	Total 2021	Total cash remuneration	EBITDA from vested shares or financial instruments	Remuneration by way of savings schemes	Other items of remuneration	Total 2021 Group	Total 2021 Company + Group
JAIME REAL DE ASUA ARTECHE/NOMINEE	481.5				481.5	20.0				20.0	501.5
IGNACIO PRADO REY-BALTAR/NOMINEE	214.0				214.0	20.0				20.0	234.0
RAFAEL MARTIN DE BUSTAMANTE VEGA/EXECUTIVE	1,690.0			5.2	1,695.2	20.0				20.0	1,715.2
JOAQUIN GOMEZ DE OLEA Y MENDARO/NOMINEE	174.0				174.0	20.0				20.0	194.
CRISTOBAL GONZALEZ DE AGUILAR ALONSO-URQUIJO/NOMINEE	199.0				199.0	20.0				20.0	219.0
FERNANDO AZAOLA ARTECHE/EXTERNAL	197.5			2.5	200.0						200.0
MIGUEL CERVERA EARLE/NOMINEE	183.4				183.4	20.0				20.0	203.4
ISABEL DUTILH CARVAJAL/INDEPENDENT	189.0				189.0						189.0
IRENE HERNANDEZ ALVAREZ/INDEPENDENT	181.5				181.5						181.5
JUAN LANDECHO SARABIA/NOMINEE	161.5				161.5	20.0				20.0	181.5
SANTIAGO LEÓN DOMECQ/NOMINEE	167.7				167.7	10.0				10.0	177.7
MIGUEL MORENES GILES/NOMINEE	214.0				214.0	20.0				20.0	234.0
GABRIEL ORAA Y MOYUA/NOMINEE	161.5			1.8	163.3	20.0				20.0	183.3
RAFAEL PRADO ARANGUREN/NOMINEE	161.5				161.5	20.0				20.0	181.5
EMILIO YBARRA AZNAR/INDEPENDENT	194.0				194.0						194.0
Total:	4,570.1			9.5	4,579.6	210.0				210.0	4,789.6

Observations

C.2 Indicate the evolution in the last five years of the amount and percentage variation of the remuneration accrued by each of the directors of the listed company who have held this position during the year, the consolidated results of the company and the average remuneration on an equivalent basis with regard to full-time employees of the company and its subsidiaries who are not directors of the listed company.

	Total amounts accrued and % annual variation								
	2021	**% variation 2021-2020**	**2020**	**% variation 2020-2019**	**2019**	**% variation 2019-2018**	**2018**	**% variation 2018-2017**	**2017**
JAIME REAL DE ASUA ARTECHE/NOMINEE	501.5	4.31%	480.8	-7.5%	519.8	-0.33%	521.5	0.29%	520
IGNACIO PRADO REY-BALTAR/NOMINEE	234	13.98%	205.3	-9.68%	227.3	453.04%	41.1	n/a	n/a
RAFAEL MARTIN DE BUSTAMANTE VEGA/EXECUTIVE	1,715.2	-11.86%	1,946.0	6.96%	1,819.3	8.55%	1,676.0	6.38%	1,575.5
JOAQUIN GOMEZ DE OLEA Y MENDARO/NOMINEE	194	0.36%	193.3	-16.79%	232.3	-0.73%	234.0	0.64%	232.5
CRISTOBAL GONZALEZ DE AGUILAR ALONSO-URQUIJO/NOMINEE	219	4.89%	208.8	-12.01%	237.3	10.89%	214.0	0.70%	212.5
FERNANDO AZAOLA ARTECHE/EXTERNAL	200	4.55%	191.3	-3.87%	199	0.76%	197.5	-91%	2,197.0
MIGUEL CERVERA EARLE/NOMINEE	203	10.33%	183.8	-13.42%	212.3	151.84%	84.3	108.66%	40.4
ISABEL DUTILH CARVAJAL/INDEPENDENT	189	5.53%	179.1	-6.18%	190.9	-1.60%	194.0	0.78%	192.5
IRENE HERNANDEZ ALVAREZ/INDEPENDENT	181.5	5.95%	171.3	-4.62%	179.6	1,610.48%	10.5	n/a	n/a
JUAN LANDECHO SARABIA/NOMINEE	181.5	5.40%	172.2	-39.81%	286.1	-38.38%	464.3	-17.24%	561.0
SANTIAGO LEÓN DOMECQ/NOMINEE	177.7	339.85%	40.4	n/a	n/a	n/a	n/a	n/a	n/a
MIGUEL MORENES GILES/NOMINEE	234	4.42%	224.1	-11.18%	252.3	-0.08%	252.5	0%	252.5
GABRIEL ORAA Y MOYUA/NOMINEE	183.3	5.71%	173.4	-13.21%	199.8	-0.84%	201.5	0.75%	200.0
RAFAEL PRADO ARANGUREN/NOMINEE	181.5	5.77%	171.6	-14.11%	199.8	-0.84%	201.5	0.75%	200.0
EMILIO YBARRA AZNAR/INDEPENDENT	194	5.55%	183.8	-5.26%	194.0	0%	194.0	0.78%	192.5
Consolidated results of the Company	85,883	9.68%	78,303	-38.04%	126,377	70.18%	74,262	4.26%	71,227
Average employee remuneration	35,045	2.03%	34,347	7.14%	32,057	-5.80%	34,031	-1.20%	34,444

Observations

D) OTHER INFORMATION OF INTEREST

If there are any significant issues relating to directors' remuneration that it has not been possible to include in the foregoing sections of this report, but which it is necessary to include in order to provide more comprehensive and reasoned information on the remuneration structure and practices of the company with regard to its directors, list them briefly.

During the 2021 financial year, the Company took out a civil liability insurance policy for its directors and senior managers with a premium totalling 277,567 euros.

This annual report on remuneration was approved by the Board of Directors of the company at its meeting of 23 February 2022.

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

Yes No ☒

Name or company name of any member of the Board of Directors not voting in favour of the approval of this report	Reasons (against, abstention, non attendance)	Explain the reasons