elecnor

Financial Statements and Directors´ Report 2020

CONTENTS

AUDITING

[*Logo*] KPMG KPMG Auditores, S.L.
Torre Iberdrola
Plaza Euskadi, 5
Planta 17
48009 Bilbao

Audit Report on Consolidated Annual Accounts issued by an Independent Auditor

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 company) and its subsidiary companies (the Group), which comprise the statement of financial position at 31 December 2020, the results account, the global result statement, the statement of changes in net worth, the cash flow statement and the notes to the consolidated annual accounts, all of them consolidated, for the year ended on that date.

In our opinion, the accompanying consolidated annual accounts express, in all the significant aspects, the true and fair picture of the equity and financial position of the Group at 31 December 2020, and of its results and cash flows, all of them consolidated, for the year ended on that date, in accordance with the International Financial Reporting Standards, adopted by the European Union (IFRS-EU), and other provisions of the regulatory framework for financial reporting that are applicable in Spain.

Basis for the opinion

We conducted our audit in accordance with the regulations governing the accounts auditing activity in force in Spain. Our responsibilities in accordance with those regulations are described below in the *Auditor's responsibilities in relation to the audit of the consolidated annual accounts* section of our report.

We are independent from the Group in accordance with the ethics requirements, including those regarding independence, applicable to our audit of consolidated annual accounts in Spain, as laid down in the regulations governing the accounts auditing activity. In this respect, we have not provided services other than those of accounts auditing, nor have there been situations or circumstances that, as set forth in the aforesaid regulatory standards, have affected the necessary independence so that it was compromised.

We believe that the audit evidence that we have obtained provides a sufficient and adequate basis for our opinion.

Susan Meredith
Traductora - Intérprete Jurada de Inglés
Nº 343

[*Logo*] KPMG

Key audit matters

Key audit matters are those that, in our professional opinion, were of most significance in our audit of the consolidated annual accounts for the current period. These matters were dealt with in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion about them, and we do not express an opinion separately on these matters.

Revenue from Construction contracts
See Note 3.u to the consolidated annual accounts

The key audit matter	*How the matter was addressed in our audit*
A large part of the revenues of the Elecnor Group are generated by construction and services provision contracts, in which the revenue is recognised over time by the resources method based on the costs incurred over the total costs expected, i.e. on the basis of the degree of performance of the contract at the end of each accounting period, it being necessary, for determining the revenue to be recognised, for the Group to make estimates of the costs and result foreseen for each of the contracts. The application of this method therefore requires a high degree of judgment on the part of the directors and exhaustive control of the estimates made and of the deviations that may occur throughout the duration of the contract. The estimates should take into account all the costs and revenues related to the contracts, including any additional cost to the one initially budgeted, and the risks or claims that are in dispute. In this respect, the revenues are only recognised when it is probable that the Group will receive economic profits from the transaction and the costs incurred and those to be incurred, and the degree of performance of the contract, on the closing date, **can be assessed reliably.** Because of the uncertainty associated with the aforesaid estimates and the fact that changes in them might give rise to material differences in the revenues registered, it was considered a key audit matter.	Our auditing procedures included, among others, the following: - Evaluating the design and implementation of controls related to the process of recognition and valuation of revenue by the resources method and with the budgetary control process and verification of the effectiveness of the key controls identified; - Checking that the methodology used by the Group for determining the revenue, calculated taking as a basis the proportion of services performed with respect to the total of services to be rendered, is one of the methodologies accepted by the applicable regulatory framework for financial information; - On the basis of certain quantitative and qualitative selection criteria, we selected a sample of the construction contracts in order to assess the estimates made in drawing up the forecast of results of the contract and in the recognition of revenue. In this respect, we obtained the contracts and the support documentation on which those estimates are based and the judgements made by the Group; - Retrospective analysis comparing the margin of the contracts completed in the year with the margin estimated in the previous year for those contracts; - On the basis of certain quantitative and qualitative selection criteria assessing whether the provisions recognised at the close of the year relating to each of the contracts reasonably reflect present obligations which will probably generate a departure from financial profits in future, as laid down in the contracts and obtaining the documentary support that accounts for their recognition and assessing the judgment applied by the Group in its estimates; and -/-

Susan Meredith
Traductora - Intérprete Jurada de Inglés
Nº 343

[*Logo*] KPMG

3

Revenue from Construction contracts See Note 3.u to the consolidated annual accounts	
The key audit matter	*How the matter was addressed in our audit*
	- Assessing whether the information disclosed in the consolidated annual accounts meets the requirements of the regulatory framework for financial information applicable to the Group.

Other information: Consolidated management report

The other information comprises exclusively the consolidated management report for the year 2020, the drawing up of which is the responsibility of the directors of the parent company and which does not form an integrated part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility for the information contained in the consolidated management report, as laid down by the rules regulating the accounts auditing activity, consists of:

a) Checking only that the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report, to which the Accounts Auditing Act refers, was provided in the manner provided for in the regulation applicable or otherwise to report on it.

b) Evaluating and reporting on the consistency of the rest of the information included in the consolidated management report with the consolidated annual accounts, and evaluating and reporting on whether the content and presentation of this part of the consolidated management report are in keeping with the regulations that prove to be applicable. If, on the basis of the work that we have carried out, we conclude that there are material misstatements, we are bound to report that fact.

On the basis of the work carried out, as described above, we have established that the information mentioned in sub-section a) above is furnished in the manner provided for in the regulations applicable and that the other information contained in the consolidated management report is consistent with that of the consolidated annual accounts for the year 2020 and its content and presentation are in line with the regulations that prove to be applicable.

Responsibility of the directors and the audit committee in relation to the consolidated annual accounts

The directors of the parent company are responsible for drawing up the accompanying consolidated annual accounts, so that they express the true picture of the equity, financial position and consolidated results of the Group, in accordance with the IFRS-EU and other provisions in the regulatory framework for financial information applicable to the Group in Spain, and for the internal control that they deem necessary to enable consolidated annual accounts to be prepared that are free from material misstatement, due to fraud or error.

Susan Meredith
Traductora - Intérprete Jurada de
Inglés
Nº 343

[*Logo*] KPMG

4

In preparing the consolidated annual accounts, the directors of the parent company are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as appropriate, the matters related to a going concern and using the going-concern accounting principle unless the aforesaid directors intend to wind up the Group or discontinue its operations, or there is no other realistic alternative.

The audit committee of the parent company is responsible for supervising the process of preparing and presenting the consolidated annual accounts.

Responsibilities of the auditor with respect to auditing consolidated annual accounts

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

Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with the regulations governing the accounts auditing activity that are in force in Spain will always detect a material misstatement when one exists. Misstatements may be due to fraud or error and are considered material if, individually or in aggregate, they can reasonably be expected to influence the economic decisions that users make on the basis of the consolidated annual accounts.

As part of an audit in compliance with the regulations governing the accounts auditing activity that are in force in Spain, we apply our professional judgment and maintain an attitude of professional scepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement in the consolidated annual accounts, whether due to fraud or error, we design and apply audit procedures to respond to those risks and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is higher than it is in the case of a material misstatement due to error, as fraud may involve collusion, forgery, deliberate omissions, intentionally erroneous statements or the circumvention of internal control.

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

- We evaluate the appropriateness of accounting policies applied and the reasonableness of accounting estimates and related information disclosed by the directors of the parent company.

Susan Meredith
Traductora - Intérprete Jurada de
Inglés
Nº 343

- We conclude on the appropriateness of the parent company directors' use of the going-concern accounting principle and, based on the audit evidence obtained, we conclude on whether or not 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 audit report to the related information disclosed in the consolidated annual accounts or, if such disclosures are inadequate, to express a modified opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. Nevertheless, future events or conditions may cause the Group to cease to be a going concern.

- We evaluate the overall presentation, structure and content of the consolidated annual accounts, including the information disclosed, and whether the consolidated annual accounts represent the underlying transactions and events in such a way that they manage to give the true picture.

- We obtain sufficient and appropriate 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 are solely responsible for our audit opinion.

We communicate with the parent company audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, as well as any significant deficiency in internal control that we identify during the audit.

We also provide the parent company audit committee with a statement to the effect that we have complied with the ethical requirements applicable, including those of independence, and have communicated with it to report matters that may reasonably be a threat to our independence and, where applicable, related safeguards.

Among the matters communicated to the parent company audit committee, we determine those that were of most significance in the audit of the consolidated annual accounts for the current period and which are, consequently, the key audit matters.

We describe those matters in our audit report unless the legal or regulatory provisions prohibit public disclosure of the matter.

Susan Meredith
Traductora - Intérprete Jurada de
Inglés
Nº 343 Si

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Additional report for the parent company audit committee

The opinion expressed in this report is consistent with what is stated in our additional report for the parent company audit committee dated 25 February 2021.

Period of engagement

The Ordinary General Meeting of Shareholders held on 20 May 2020 appointed us as the Group's auditors for the period of one year, counted from the year that ended on 31 December 2019.

Previously, we were appointed by resolutions of the General Meeting of Shareholders for the period of 3 years and renewed annually so we have been performing the account auditing work continuously since the year ended 31 December 2013.

KPMG Auditors, S.L.
Registered in the Official Register of
Accounts Auditors [*R.O.A.C.*] no. S0702

[*Signature mark*]
Alberto Fernández Solar
Registered in the *R.O.A.C.*: 22,472

25 February 2021

[*Sticker*] Auditors
Institute of Chartered
Accountants of Spain

KPMG AUDITORES, S.L.
2021 No. 03/21/00278
Corporate seal 96,00 EUR
Account audit report
subject to Spanish
or international account
auditing regulations
- - - - - - - - - - - - -

I, Susan Meredith,
Accredited Translator (Spanish-English), appointed by the Spanish Ministry of Foreign Affairs and for Cooperation, hereby certify that the translation above is a true and full rendering in English of a document drawn up in Spanish.

Madrid, 15 April 2021

Doña Susan Meredith,
Traductora/Intérprete Jurada de inglés,
nombrada por el Ministerio de Asuntos Exteriores
y de Cooperación, certifica que la que antecede
es traducción fiel y completa al inglés
de un documento redactado en español.

En Madrid, a 15 de abril de 2021

Susan Meredith
Traductora - Intérprete Jurada de
Inglés
Nº 343 Susan Meredith

ECONOMIC PROFILE OF THE ELECNOR GROUP

ELECNOR, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020 (THOUSANDS OF EUROS)

ASSETS	31 December 2020	31 December 2019
Non-current assets:		
Intangible assets-		
Goodwill (Note 9)	24,853	24,878
Other intangible assets (Note 10)	16,338	17,442
	41,191	42,320
Right-of-use assets (Note 12)	49,902	35,166
Property, plant and equipment (Note 11)	755,835	715,735
Equity-accounted investees (Note 13)	479,970	580,567
Non-current financial assets (Note 14)		
Investments	1,971	1,744
Other financial assets	44,489	40,227
Derivative financial instruments (Note 18)	180	24
	46,640	41,995
Deferred tax assets (Note 21)	80,555	103,427
Total non-current assets	1,454,093	1,519,210
Current assets:		
Inventories (Note 3.p)	5,892	5,759
Customer contract assets (Note 24)	338,880	306,129
Trade and other receivables (Note 15.a)	743,284	682,168
Trade receivables from related companies (Note 29)	32,317	15,119
Public entities, receivable	35,967	40,633
Current income tax assets	7,624	6,820
Other receivables	16,612	20,794
Current investments in related companies	141	128
Other short-term financial investments	9,594	6,429
Derivative financial instruments (Note 18)	830	3,873
Other current assets	9,463	8,345
Cash and cash equivalents (Note 15.b)	391,628	325,116
Non-current assets held for sale (Note 8)	306	38,721
Total current assets	1,592,538	1,460,034
Total assets	3,046,631	2,979,244

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

EQUITY AND LIABILITIES	31 December 2020	Restated (*) 31 December 2019
Equity (Note 16):		
Equity attributable to equity holders of the Parent		
Capital	8,700	8,700
Own shares (Note 16)	(21,899)	(21,963)
Other reserves	887,047	790,867
Translation differences (Note 16)	(345,957)	(179,813)
Valuation adjustments to equity (Note 16)	(25,126)	(13,569)
Profit/loss for the year attributable to the Parent	78,303	126,377
Interim dividend paid in the year (Note 5)	(4,987)	(4,987)
	576,081	705,612
Non-controlling interests (Note 16)	23,855	31,708
Total equity	599,936	737,320
Non-current liabilities:		
Official grants (Note 3.r)	5,218	6,448
Provisions for liabilities and charges (Note 19)	53,325	46,389
Financial liabilities for the issuance of bonds and other marketable securities (Note 17)	32,331	60,122
Financial liabilities on loans and borrowings (Note 17)	766,463	583,934
Derivative financial instruments (Notes 17 & 18)	10,676	14,132
Lease liabilities (Note 12)	43,484	32,710
Other non-current liabilities	14,343	19,634
Deferred tax liabilities (Note 21)	26,381	20,606
Total non-current liabilities	952,221	783,975
Current liabilities:		
Provisions for liabilities and charges (Note 19)	76,755	64,418
Financial liabilities for the issuance of bonds and other marketable securities (Note 17)	78,018	74,998
Financial liabilities on loans and borrowings (Note 17)	41,377	96,964
Derivative financial instruments (Notes 17 & 18)	7,455	5,722
Lease liabilities (Note 12)	12,090	7,410
Trade payables to associates and related companies (Note 29)	2	60
Trade and other payables-		
Trade payables for purchases or services	548,451	551,744
Advances from customers (Note 20)	113,618	89,013
	662,069	640,757
Customer contract liabilities (Note 24)	430,974	357,009
Current income tax liabilities	40,373	52,370
Other payables-		
Public entities, payable	47,495	56,002
Other current liabilities (Note 11, 20 and 24)	97,866	79,082
	145,361	135,084
Liabilities associated directly with non-current assets held for sale (Note 8)	-	23,157
Total current liabilities	1,494,474	1,457,949
Total liabilities and equity	3,046,631	2,979,244

The accompanying notes form an integral part of the consolidated annual accounts.
(*) Figures restated, see Note 2.e)

ELECNOR, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020 (THOUSANDS OF EUROS)

	2020	2019
Continuing operations:		
Net turnover (Note 24)	2,455,952	2,453,726
Changes in inventories of finished goods and work in progress	322	23
Self-constructed assets (Note 3.i)	41,909	24,240
Materials consumed (Note 24)	(1,238,235)	(1,195,013)
Other operating income (Note 3.r)	15,966	14,495
Personnel expenses (Note 24)	(708,571)	(669,018)
Other operating expenses (Note 24)	(341,242)	(381,931)
Expense for amortisation, depreciation, impairment and charges to provisions (Note 24)	(99,240)	(162,122)
Impairment and profit/loss on disposal of fixed assets (Note 2.f)	3,062	186,742
Profit/loss from equity-accounted investees (Notes 7 and 13)	16,639	(46,268)
Negative difference in business combinations (Note 7)	6	14,802
Operating income	**146,568**	**239,676**
Finance income (Note 24)	8,315	9,338
Finance expenses (Note 24)	(36,186)	(54,560)
Translation differences	5,418	(2,552)
Impairment and profit/loss on disposal of financial instruments	1,614	(2,235)
Changes in the fair value of financial instruments	203	410
Profit/Loss before taxes	**125,932**	**190,077**
Income tax (Note 22)	(43,150)	(59,412)
Profit/loss from continuing operations	**82,782**	**130,665**
Profit/loss for the year	**82,782**	**130,665**
Attributable to:		
Shareholders of the Parent	78,303	126,377
Non-controlling interests (Note 16)	4,479	4,288
Earnings per share (in Euros) (Note 31)		
Basic	0.92	1.49
Diluted	0.92	1.49

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 2020 (THOUSANDS OF EUROS)

	Notes to the Annual Accounts	2020	2019
CONSOLIDATED PROFIT/(LOSS)		82,782	130,665
Other comprehensive income:			
Items that will not be reclassified to profit or loss		-	-
Items to be reclassified to profit or loss			
- Cash flow hedges		249	53,089
- Translation differences of financial statements for businesses abroad		(66,703)	(4,785)
- Share of other comprehensive income of equity-accounted investees	Note 13	(116,434)	(15,051)
- Tax effect		(62)	(1,985)
Other comprehensive income for the year, net of tax		**(182,950)**	**31,268**
Total comprehensive income attributable to:		**(100,168)**	**161,933**
a) Equity holders of the Parent		**(99,398)**	**153,210**
b) Non-controlling interests		**(770)**	**8,723**

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 2020 (THOUSANDS OF EUROS)

	Capital	Accumulated reserves	Own shares	Interim dividend paid in the year	Cash flow hedges	Translation differences	Net profit/loss for the year	Non-controlling interests	Total equity
Balances at 31 December 2018	**8,700**	**705,915**	**(21,884)**	**(4,795)**	**(51,717)**	**(199,459)**	**82,117**	**47,469**	**566,346**
Adjustments for changes in accounting policies (Note 2.e)	-	42,827	-	-	-	(42,827)	-	-	-
Adjustment for initial application of IFRS 16 (Note 2.b)	-	(5,308)	-	-	-	-	-	-	(5,308)
Adjustment for initial application of IFRIC 23 (Note 2.b)	-	(6,300)	-	-	-	-	-	-	(6,300)
Balances at 1 January 2019 (restated)	**8,700**	**737,134**	**(21,884)**	**(4,795)**	**(51,717)**	**(242,286)**	**82,117**	**47,469**	**554,738**
Total recognised income and expense for 2019	-	-	-	-	43,487	(16,654)	126,377	8,723	161,933
Distribution of profit:									
Reserves	-	55,383	-	-	-	-	(55,383)	-	-
Supplementary dividend (Note 5)	-	-	-	-	-	-	(21,939)	(16,222)	(38,161)
2018 interim dividend	-	-	-	4,795	-	-	(4,795)	-	-
Acquisition of own shares	-	-	(1,213)	-	-	-	-	-	(1,213)
Sale of own shares	-	189	1,134	-	-	-	-	-	1,323
Interim dividend paid in 2019	-	-	-	(4,987)	-	-	-	-	(4,987)
Changes in the consolidation scope (Note 2.f)	-	-	-	-	(5,339)	83,619	-	-	78,280
Capital reductions	-	-	-	-	-	-	-	(9,360)	(9,360)
Adjustments for hyperinflation	-	(3,569)	-	-	-	-	-	-	(3,569)
Other	-	(2,762)	-	-	-	-	-	1,098	(1,664)
Balances at 31 December 2019	**8,700**	**786,375**	**(21,963)**	**(4,987)**	**(13,569)**	**(175,321)**	**126,377**	**31,708**	**737,320**
Adjustments for changes in accounting policies (Note 2.e)	-	4,492	-	-	-	(4,492)	-	-	-
Balances at 1 January 2020 (restated)	**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:									
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	-	-	(1,588)	-	-	-	-	-	(1,588)
Sale of own shares	-	(83)	1,652	-	-	-	-	-	1,569
Interim dividend paid in 2020	-	-	-	(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**

ELECNOR, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020 (THOUSANDS OF EUROS)

	2020	2019
Cash flows from operating activities:		
Consolidated profit/(loss) for the year	82,782	130,665
Adjustments for:		
Depreciation and amortisation	72,096	86,723
Impairment and net profit/(loss) from disposals of property, plant and equipment and intangible assets	(2,867)	11,581
Changes in provisions for liabilities and charges and other provisions (Note 24)	26,949	81,457
Capital grants taken to income	(786)	(484)
Share in (profit)/loss for the year of equity-accounted investees (Note 13)	(16,639)	46,268
Impairment and net profit/(loss) from disposals of financial instruments and other fixed assets (Note 2.f)	(1,614)	(184,507)
Finance income and expenses (Note 24)	27,871	45,222
Translation differences	(5,418)	2,552
Other income and expenses	6,790	(9,761)
Corporate Income Tax	43,150	59,412
Funds generated from operations	**232,314**	**269,128**
Changes in working capital:		
Trade and other receivables	(140,628)	(101,437)
Inventories	(133)	2,451
Trade and other payables	94,764	90,052
Changes in other current assets and liabilities	31,062	6,077
Income tax paid	(23,394)	(35,505)
Net cash flows from (used in) operating activities (I)	**193,985**	**230,766**
Cash flows from (used in) investment activities:		
Payments for acquisition of Group companies, associates and jointly-controlled entities (Note 7)	-	(2,871)
Payments for acquisition of intangible assets (Note 10)	(4,051)	(3,477)
Payments for acquisition of financial assets	(10,545)	(7,206)
Payments for acquisition of property, plant and equipment (Note 11)	(225,629)	(118,343)
Payments for contributions to associates (Note 13)	(3,598)	(7,926)
Dividends received from associates (Note 13)	-	2,294
Interest received	8,315	9,338
Proceeds from disposal of Group companies, associates and jointly-controlled entities (Notes 2.f)	19,035	28,635
Proceeds from the sale of intangible assets and property, plant and equipment (Notes 10 and 11)	2,630	4,566
Proceeds from disposal of financial assets, net	4,242	15,503
Net cash flows from (used in) investment activities (II)	**(209,601)**	**(79,487)**
Cash flows from (used in) financing activities:		
Cash inflows from financial debt and other non-current borrowings (Note 17)	1,244,642	1,793,221
Interest paid	(32,193)	(57,222)
Repayment of financial debt and other non-current borrowings (Note 17)	(1,082,574)	(1,795,290)
Payments from lease liabilities (Note 12)	(13,897)	(7,873)
Dividends paid (Note 16)	(33,831)	(43,148)
Proceeds/payments from contributions/returns of funds by/to non-controlling shareholders, net (Note 16)	-	(9,360)
Cash inflows due to disposal of own shares (Note 16)	1,569	1,323
Cash outflows due to purchase of own shares (Note 16)	(1,588)	(1,213)
Net cash flows from (used in) financing activities (III)	**82,128**	**(119,562)**
Effect of changes in the consolidation scope (IV)	**-**	**-**
Net increase in cash and cash equivalents (I+II+III+IV)	**66,512**	**31,717**
Cash and cash equivalents at beginning of year	325,116	293,399
Cash and cash equivalents at year end	**391,628**	**325,116**

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

CONSOLIDATED ANNUAL ACCOUNTS

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

ELECNOR, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 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 through investments in other companies with a similar statutory activity, both in Spain and abroad. 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 Parent's bylaws and other related public information may be viewed on the 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 2020 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 2020 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 2020, authorised for issue on 24 February 2021, will be approved with no changes by the General Shareholders' Meeting.

The Elecnor Group's consolidated annual accounts for 2019 were authorised for issue by the General Shareholders' Meeting of Elecnor, S.A. at their annual general meeting held on 20 May 2020.

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 has applied the following interpretations for the first time to the consolidated annual accounts commencing on 1 January 2020:

- IAS 1(Amendment) and IAS 8 (Amendment) "Definition of Material"
- IFRS 3 (Amendment) "Definition of a Business"
- Modification to references of IFRS standards due to the conceptual framework.
- Interest rate benchmark reform - IBOR (amendments to IFRS 9, IAS 39 and IFRS 7)

These new standards did not imply a change in the Group's accounting policies. The Group has 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 2021 or subsequently, are:

- IFRS 16 (Amendment) "COVID-related rent concessions". The Company must apply this standard in its first IFRS financial statements for periods beginning on or after 1 June 2020.

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:

- IFRS 10 (Amendment) and IAS 28 (Amendment) "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture".
- IAS 1 (Amendment) "Classification of liabilities as current or non-current".

- IFRS 17 Insurance Contracts: Replacing IFRS 4. Setting out the principles for the recognition, measurement, presentation and detail of insurance contracts to ensure that the company provides relevant and reliable data enabling users of financial information to determine the effect of contracts on the financial statements.

- IAS 37 (Amendment) "Provisions, contingent liabilities and contingent assets: Onerous Contracts — Cost of Fulfilling a Contract".

The Group is in the process of reviewing these standards although, given the nature of its activities, 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.

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 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

- Adjustments due to customer insolvencies, the revision of individual balances based on the credit ratings of customers, current market trends and a historical analysis of insolvencies on an aggregate basis involve significant level of judgements. The Group individually analyses due balances pending collection.

- 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.

- Estimating the fair value of assets acquired and liabilities undertaken in business combinations and purchase price allocation in acquisitions requires Management to make significant judgements (Notes 7 and 13).

Moreover, although the estimates performed by the Parent's Directors were calculated based on the best information available at 31 December 2020, 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 (see section f), 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. 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 2020, we present, for comparative purposes, along with each item of the consolidated statements of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated annual accounts, in addition to the figures for 2020, those corresponding to the previous year, which differ from those approved by the Ordinary Annual General Shareholders' Meeting of the Parent company on 20 May 2020 due to the restatement of the previous year's figures in relation to the accounting treatment of translation differences in hyperinflationary economies, as explained below.

- Since 2018, the Group has chosen to recognise in Reserves the translation differences generated in the conversion of Euros in the re-stated financial statements of subsidiaries in Venezuela and Argentina, which were previously recognised under "Translation differences", since it understands that, in accordance with IAS 8, this provided more reliable and relevant information concerning its operations in Venezuela and Argentina.

  Pursuant to IFRIC interpretations published in the first half of 2020, companies must recognise in the Statement of Comprehensive Income the translation differences originating in hyperinflationary economies, so the Group has restated the information shown in the consolidated annual accounts for the previous year, reclassifying Euros 47,319 thousand and Euros 42,827 thousand from "Translation differences" to "Reserves" at 31 December 2019 and 1 January 2019, respectively. The reclassification corresponding to 1 January 2019 and 1 January 2020 is recognised as "Adjustments for changes in accounting policies" in the Consolidated Statement of Changes in Equity.

f) Changes to the consolidation scope-

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 (see Note 8). 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.

The most significant changes in the consolidation scope in 2019 were as follows:

- On 11 July 2019, 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 (see Note 8).

- On 31 July 2019, the Elecnor Group, via the company Celeo Termosolar, S.L., acquired 42.57% and 44.30% shareholdings in the companies Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., respectively, and now control those businesses whose corporate purpose is the construction and operation of three parabolic trough technology solar thermal power plants in Extremadura and Castilla La Mancha (see Note 7).

- On 20 December 2019, the Elecnor Group sold Tramperase, S.L., a company focusing on the development of projects, for Euros 11,774 thousand. The proceeds from this transaction were booked under "Impairment and profit/loss on disposal of fixed assets" in the accompanying consolidated income statement for 2019.

- On 17 December 2019, the Elecnor Group signed a shareholders' agreement with APG to jointly control the subgroup Celeo Concesiones e Inversiones, pursuant to which the ELECNOR Group would hold a 51% stake in Celeo Concesiones e Inversiones, S.L. This agreement implied a loss of the control hitherto held by the Elecnor Group over the subgroup Celeo Concesiones e Inversiones (see section d).

This new agreement was instrumented by means of the contribution by APG to the subgroup Celeo Concesiones e Inversiones of 49% of the interests it hitherto held in the subgroup Celeo Redes plus a cash payment of Euros 43 million to Elecnor, S.A., affording it a 49% stake in the subgroup Celeo Concesiones e Inversiones. Moreover, the parties agreed that decisions in connection with the subgroup Celeo Concesiones e Inversiones must be made collectively and therefore they would have joint control over the subgroup.

The summary of the main accounting impacts shown in the consolidated financial statements for 2019 is as follows:

- Derecognition of all assets and liabilities belonging to the subgroup Celeo Concesiones e Inversiones on the date of the loss of control at their carrying amount, which amounted to Euros 346,911 thousand (net assets).

- Recognition of the investment maintained in the subgroup Celeo Concesiones e Inversiones at its fair value on the date of the loss of control, amounting to Euros 560,624 thousand, estimated, on the one hand, based on a report by an independent expert (Deloitte) hired to estimate the fair value of the subgroup Celeo Redes (Euros 513,074 thousand) and, on the other hand, in accordance with the valuation agreed by the Elecnor Group and APG for the transmission of the rest of the subgroup Celeo Concesiones e Inversiones, which implied an additional payment of Euros 42,912 thousand by APG to the Elecnor Group. Since the date of relinquishing control, the Elecnor Group has booked this shareholding as an investment in a joint venture, as per the provisions of IAS 28 Investments in Associates and Joint Ventures.

- Recognition of all amounts previously booked in other comprehensive income (translation differences and valuation adjustments) in the consolidated income statement on the date of relinquishing control in the amount of Euros 83,619 thousand in expense and Euros 5,339 thousand in income, respectively.

- Recognition of the difference in income for the year attributable to the Elecnor Group in the amount of Euros 178,345 thousand, an amount booked under "Impairment and profit/loss on disposal of fixed assets" in the accompanying consolidated income statement for 2019.

The key assumptions used in the measurement of the shareholding maintained were as follows:

- The value was obtained using the discounted equity cash flows method, estimated in the respective functional currencies of the projects (US Dollar for projects in Chile and Brazilian Real for projects in Brazil).

- The discount rates used to convert the aforementioned flows to their current value corresponded to the respective costs of capital, estimated using the capital asset pricing model (CAPM), considering both the market circumstances at that time and those of the specific projects (7% for projects in Chile and 12% for projects in Brazil, approximately).

- The translation into Euros of the current value obtained was performed using the exchange rates on the operation's closing date (31 December 2019).

On the date of authorising the 2019 consolidated annual accounts for issue, the Elecnor Group was in the process of allocating the acquisition price of the shareholding in this Group based on the principles of IFRS 3 and this process was completed in 2020 without it being necessary to restate the amounts from 2019 since the date of relinquishing control was 17 December 2019 and the impact on the consolidated income statement for the year 2019 was not material (see Note 13).

The carrying amount of the assets and liabilities belonging to the subgroup Celeo Concesiones e Inversiones on the date of the loss of control is presented below (31 December 2019 was taken as a reference date since there were no significant variations with respect to 17 December 2019):

	Note	Thousands of Euros
Assets		
Goodwill	9	1,125
Other intangible assets	10	39
Right-of-use assets	12	20,517
Property, plant and equipment	11	644,271
Equity-accounted investees	13	266,733
Non-current financial assets	14	6,419
Deferred tax assets	21	78,422
Current assets		23,653
Liabilities		
Non-controlling interests	16.e	408
Non-current payables and other financial liabilities		640,471
Current liabilities		31,561
Deferred tax liabilities	21	21,828
Total net assets		**346,911**
Fair value of the shareholding maintained	13	560,624
Cash payment received		42,912

The Elecnor Group did not consider this loss of control as a discontinued operation since the subgroup Celeo Concesiones e Inversiones did not correspond to a segment of activity but was within the concessions segment of the Elecnor Group. Furthermore, the loss of control did not imply withdrawing from any geographical area where the Group was present.

g) Classification of Argentina and Venezuela as hyperinflationary economies-

During 2018, a number of factors surfaced in the Argentine economy that led the Elecnor Group to reconsider its procedure in connection with the conversion of the financial statements of its investee in that country.

In accordance with IFRS-EU, Argentina is considered to be a hyperinflationary economy for accounting purposes for the periods ending from 1 July 2018. IAS 29 applied for the first time in Argentina in the Group's consolidated annual accounts of 2018, in accordance with the following criteria:

- The comparative figures for 2017 were not modified.

- Hyperinflationary accounting applied to all assets and liabilities of the subsidiary Elecnor Argentina prior to translation.

- The historical cost of non-monetary assets and liabilities and the various items of equity of that company from the date of its acquisition or inclusion in the consolidated statement of financial position until the end of the reporting period were adjusted to reflect changes in the purchasing power of the currency as a result of inflation.

- Opening equity reported in the stable currency is affected by the cumulative effect of restating non-monetary items from the date they were first recognised and the effect of translating those balances at the closing rate.

The Group adjusted the 2018 income statement to reflect the relevant impact of inflation on net monetary assets.

The Group also has subsidiaries in Venezuela, which has been considered a hyperinflationary economy since 2009, and which remained so at the end of 2020.

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) Business combinations-

As permitted by IFRS 1 "First-time Adoption of International Financial Reporting Standards", the Group has only recognised business combinations that occurred on or after 1 January 2004, the date of transition to IFRS-EU, using the acquisition method. Entities acquired prior to that date were recognised in accordance with accounting principles prevailing at that time, taking into account the necessary corrections and adjustments at the transition date.

The Group applied IFRS 3 "Business combinations" revised in 2008 to transactions conducted from 1 January 2010 onwards.

In business combinations, the Group applies the acquisition method.

The acquisition date is the date on which the Group obtains the control of the acquired business.

The consideration paid for the business combination is determined on the acquisition date based on the sum of the fair values of the assets delivered, liabilities incurred or assumed, equity instruments issued and any contingent liabilities that depend on future events or compliance with certain conditions in exchange for the control of the acquired business.

The consideration paid excludes any disbursement that does not form part of the exchange for the business acquired. Cost relating to the acquisition are recognised as an expense as they are incurred.

The Group recognises the assets acquired and liabilities assumed on the acquisition date. Liabilities assumed include contingent liabilities insofar as they represent present obligations arising from past events and their fair value may be reliably measured. Moreover, the Group recognises indemnification assets granted by the seller at the same time and on the same basis as the indemnified item of the business acquired, considering, where appropriate, the collectibility of the indemnification asset and any contractual limitations on the indemnified amount.

Excepted from the application of this criterion are non-current assets or disposal groups of items classified as held for sale.

The excess between the consideration given and the value of net assets acquired and liabilities assumed, is recognised as goodwill. Any shortfall, having measured the amount of the consideration delivered and the identification and measurement of the net assets acquired, is recognised in a separate item of the consolidated income statement.

If the business combination can only be determined provisionally, the identifiable net assets are initially booked at their provisional values, recognising the adjustments made during the valuation period as though they had been known on the acquisition date, and restating, where appropriate, the comparative figures for the previous year. In any event, adjustments to provisional values include only that information that is relevant to the facts and circumstances on the acquisition date and which, had they been known, would have affected the amounts recognised on that date.

Once that period has elapsed, adjustments to the initial measurement are made only to correct errors.

In business combinations achieved in stages, the excess between the consideration given, plus the value assigned to non-controlling interests plus the fair value of the previous shareholding in the business acquired, and the value of net assets acquired and liabilities assumed, is recognised as goodwill. Any shortfall, after evaluating the consideration given, the value assigned to non-controlling interests, the previous shareholding and the identification and measurement of net assets acquired, is recognised in profit/loss. The Group recognises the difference between the fair value of the previous shareholding in the business acquired and the carrying amount in consolidated profit/loss or other comprehensive income. Moreover, the Group reclassifies deferred amounts in other comprehensive income corresponding to the previous shareholding to reserves or profit/loss, as appropriate.

If the Group did not hold a previous interest in the business acquired, the excess between the value assigned to non-controlling interests, and the net value of assets acquired and liabilities assumed, is recognised as goodwill. Any shortfall, after evaluating the value assigned to non-controlling interests and the identification and measurement of net assets acquired, is recognised in profit or loss.

Loss of control

When the Group loses its control over a subsidiary, it derecognises the subsidiary's assets (including goodwill) and liabilities and the non-controlling interest at the carrying amount thereof at the date on which control is lost. The consideration received and the interest retained in the company are recognised at fair value at the date on which control is lost, and any difference is recognised. Other comprehensive income relating to the subsidiary is reclassified to profit or loss or reserves depending on its nature.

Non-controlling interests

Non-controlling interests in subsidiaries acquired from 1 January 2004 onwards are recognised on the acquisition date by their percentage share of the fair value of identifiable net assets. Non-controlling interests in subsidiaries acquired prior to the transition date are recognised by the percentage holding in their equity on the date of first consolidation.

Non-controlling interests are presented in consolidated net equity separately from equity attributed to the shareholders of the Parent. 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 (Consolidated Statements of Comprehensive Income).

The Group's interest and non-controlling interests in consolidated profit and loss in the year (the consolidated total comprehensive income for the year) and in changes in the net equity of subsidiaries, having considered adjustments and eliminations deriving from consolidation, are determined on the basis of the ownership interest at year-end, not taking into account the possible exercise or conversion of potential voting rights and after discounting the dividend effect, agreed or not, of preferred shares with cumulative rights that have been classified in net equity. Nevertheless, the Group's interest and non-controlling interests are 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 subsidiaries.

Excess losses attributable to non-controlling interests generated prior to 1 January 2010, not imputable thereto due to exceeding the value of their contribution to the subsidiary's equity, are recognised as a reduction in the net equity attributable to the shareholders of the Parent, except in those cases in which the non-controlling interests have a binding obligation to assume part or all of the losses and have the capacity to make the necessary additional investment. Profits obtained in subsequent years are assigned to net equity attributed to the shareholders of the Parent until the amount of losses absorbed in previous years and corresponding to the non-controlling interests have been recovered.

From 1 January 2010, profit and loss and each component of other comprehensive income are allocated to net equity attributed to the shareholders of the Parent and to non-controlling interests in proportion to their interest, although this implies a payable from non-controlling interests. The agreements between the Group and non-controlling interests are recognised as a separate transaction.

c) 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).

d) 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.

The Group's acquisition of the initial and subsequent shareholding in a joint operation that constitutes a business is recognised by applying the criteria developed for business combinations by the percentage stake in the individual assets and liabilities. However, in the subsequent acquisition of an additional shareholding in a joint operation, the previous ownership interest in individual assets and liabilities is not subject to remeasurement, to the extent that the Group maintains joint control.

e) 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, from 1 January 2018, Argentina (see section g of Note 2).

At the 2020 and 2019 reporting dates the aforementioned financial statements were restated using the measuring unit current at 31 December 2020 and 2019. The financial statements of Venezuela and Argentina were prepared using the historical cost method and were restated applying a general price index, which in Venezuela's case was of 844.05% (9,589.49% in 2019). At 31 December 2020, the cumulative impact of this restatement on equity amounts to approximately Euros 424 thousand (approximately Euros 907 thousand at 31 December 2019).

f) Borrowing costs-

The Group recognises borrowing costs directly attributable to the acquisition, construction or production of qualifying assets as higher value thereof. Qualifying assets are those that require a substantial period before being used or disposed of. To the extent that the financing was obtained specifically for the qualifying asset, the amount of interest to capitalise is determined as a function of the actual costs incurred during the year less the returns obtained on temporary investments with said funds.

Capitalisation of interest starts when expenses related with the assets are incurred, interest is accrued and the necessary activities to prepare the assets or a portion thereof for their intended use or sale are being performed and ends when all or practically all of the activities necessary to prepare the assets or portions thereof for their intended use or sale have been completed. Nevertheless, the capitalisation of interest is suspended during periods in which activity development is interrupted over a significant period of time, unless the delay is necessary to place the asset in operating condition or prepare it for sale.

g) 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.

h) Intangible assets-

Goodwill

Goodwill is measured using the criteria outlined in the section on business combinations.

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 j) 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 j).

i) 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.

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. In this regard, since the Elecnor Group does not have to incur significant costs in relation to the closure of its facilities, the accompanying consolidated statement of financial position does not include any related provision, except for a provision for dismantling relating to the wind farm in Canada and for the wind farms in Brazil (Note 19).

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 2020, Euros 37,381 thousand was recognised for this item (Euros 21,495 thousand in 2019), booked under "Self-constructed assets" in the consolidated income statement, mainly relating to wind farms located in Brazil (wind farms in Spain in 2019).

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	
	2020	2019
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 j).

The Parent's directors consider that the carrying amount of the assets does not exceed their recoverable amount, which is calculated on the basis of the future cash flows that the assets will generate (See Note 3.j).

j) 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.

k) 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 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 0.70% 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.

Lease payments pending comprise fixed payments less any incentives receivable, variable payments that depend on an index or rate, initially measured using the index or rate as at the commencement date, the amounts expected to be payable under residual value guarantees, the exercise price of the purchase option if the lessee is reasonably certain to exercise that option, and the payment of penalties terminating the lease, provided that the lease term reflects the lessee exercising an option to terminate the lease.

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 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.

Nevertheless, the Group applied the practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. As a result, the Group recognises any change in lease payments as a result of concessions relating to COVID-19 in a manner consistent with any change that is not a modification, in other words, the aforementioned variable payments. The Group applied this practical expedient consistently to contracts with similar characteristics and in similar circumstances.

l) 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 2020 and 2019 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 2020			
	Thousands of Euros			
	Level 1	Level 2	Level 3	Total
Non-current financial assets				
Derivative financial instruments (Note 18)	-	180	-	180
Current financial assets				
Derivative financial instruments (Note 18)	-	830	-	830
Non-current liabilities				
Derivative financial instruments (Note 18)	-	(10,676)	-	(10,676)
Current liabilities				
Derivative financial instruments (Note 18)	-	(7,455)	-	(7,455)
	-	**(17,121)**	**-**	**(17,121)**

	Fair value at 31 December 2020			
	Thousands of Euros			
	Level 1	Level 2	Level 3	Total
Non-current financial assets				
Derivative financial instruments (Note 18)	-	24	-	24
Current financial assets				
Derivative financial instruments (Note 18)	-	3,873	-	3,873
Non-current liabilities				
Derivative financial instruments (Note 18)	-	(14,132)	-	(14,132)
Current liabilities				
Derivative financial instruments (Note 18)	-	(5,722)	-	(5,722)
	-	**(15,957)**	**-**	**(15,957)**

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.

Financial assets measured at cost

Investments in equity instruments for which there is insufficient information for their measurement or those in which there is a broad range of measurements and derivative instruments linked thereto that must be settled on delivery of said investments, are measured at cost. However, if at any time the Group may obtain a reliable measurement of the asset or the contract, they will be recognised at that time at fair value, booking profit or loss in income or other comprehensive income, if the instrument is designated at fair value through comprehensive income.

Impairment

The Group recognises in profit or loss an impairment for expected credit losses in financial assets measured at amortised cost, fair value through other comprehensive income, accounts receivable from finance leases, contract assets, loan commitments and financial guarantees.

For financial assets at fair value through other comprehensive income, the expected credit loss is recognised in other comprehensive income and does not reduce the fair value of the assets.

At each balance sheet date, the Group measures the impairment in an amount equal to the expected credit losses in the following twelve months, for financial assets for which credit risk has not significantly increased since initial recognition or when it considers that the credit risk of a financial asset has no longer significantly increased.

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;

Nevertheless, the Group recognises the expected credit loss throughout the life of the instrument for trade receivables or contract assets.

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.

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. The Group applies the aforementioned criteria to assess whether the original liability should be extinguished with trade creditors and a new liability should be recognised with the financial institutions. Trade payables the settlement of which is managed by the financial institutions are shown under trade and other payables, insofar as the Group has only assigned the management of payment to the financial institutions, but remains the primary party obliged to pay the debts to trade creditors.

Moreover, bank borrowings as a result of the sale of trade payables are recognised under trade payables due to confirming operations, in trade and other accounts payable in the consolidated statement of financial position.

m) 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 only designates as hedged items those that involve a party external to the Group.

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.

n) 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.

o) 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 2020 and 2019, basic earnings per share are the same as diluted earnings per share, since there were no potential shares outstanding during the years then ended.

p) 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 u.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.

The cost of items that are not ordinarily interchangeable is assigned by using specific identification of their individual costs; the weighted average cost is used for the remainder.

Net realisable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Details of the Elecnor Group's inventories for 2020 and 2019 are as follows:

	Thousands of Euros	
	31/12/2020	31/12/2019
Raw materials and other materials consumed	3,294	3,547
Goods for resale	957	529
Semi-finished and finished goods	1,641	1,683
	5,892	**5,759**

q) 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.

r) 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.

Capital grants

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 2020, the Elecnor Group had received capital grants amounting to Euros 5,218 thousand (Euros 6,448 thousand in 2019), which had not yet been recognised as income. Government capital grants recognised in 2020 amount to approximately Euros 786 thousand (Euros 484 thousand in 2019) 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 2020 and 2019 includes approximately Euros 3,774 thousand and Euros 3,241 thousand, respectively. Most operating grants received by the Elecnor Group in 2020 and 2019 related to the costs borne by Deimos Space, S.L.U. and its subsidiaries in carrying out their activities.

s) 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 (see Note 19), 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 19 and 23).

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 i).

t) 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.

u) Revenue from contracts with customers-

u.1 Revenue from the sale of construction contracts

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.

u.2 Rendering of services

Ordinary income from rendering services is recognised considering the degree of completion of the rendering at the balance sheet date, providing that the result of the transaction may be reliably estimated. This is the case when the amount of income, stage of completion, costs already incurred and those pending can be reliably measured and it is likely that the economic rewards deriving from rendering the service will be received.

u.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 the modification 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.

v) 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.

w) 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 2020 and 2019 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 2020 or 2019.

Net cash flows from investment activities in 2020 and 2019 stemmed mainly from the new investments in property, plant and equipment (see Note 11) and the net cash flows from certain corporate transactions carried out in both years, as described in Notes 2.f and 7.

Lastly, the main movements in cash flows from financing activities in both 2020 and 2019 correspond to new issues and redemptions of promissory notes issued in the Alternative Fixed Income Market (MARF), 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.

x) 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.

y) Environmental issues-

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 i).

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.

At 31 December 2020, if the Euro had depreciated/appreciated by 10% against the US Dollar, with all other variables remaining constant, consolidated profit after tax would have been Euros 5,861 thousand higher or Euros 4,795 thousand lower, respectively (Euros 4,305 thousand and Euros 3,522 thousand, respectively in 2019), due mainly to the translation of trade receivables and accounts payable.

The Group is exposed primarily to foreign currency risk from operations involving US Dollars.

The Group's main exposures to foreign currency risk at 31 December 2020 and 2019 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:

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	-	(1,056)
Other	-	7,866	834	(3,352)
Total	**7,994**	**248,926**	**85,883**	**(107,924)**

2019

Thousands of Euros	Long-term credits to Group companies	Trade and other receivables	Cash and cash equivalents	Trade and payables
MXN	-	567	809	-
EUR	-	1.500	1.178	(2.350)
USD	10.561	54.884	107.365	(16.138)
DZD	-	19.741	294	(17.012)
GBP	-	54	8	(14)
HTG	-	12.921	-	(2.601)
JOD	-	8.695	163	(5.082)
OMR	-	13.380	791	(786)
AOA	-	14.229	1.974	-
NOK	-	7.394	6.003	(4.158)
DOP	-	26.355	4.862	(11.429)
XAF	-	4.813	3.578	-
MAD	-	302	3.970	-
MRO	-	11.056	701	(2.048)
VES	-	-	-	(766)
GHS	-	5.778	239	(1.596)
HNL	-	4.195	611	(446)
XOF	-	3.028	865	(2.095)
Other	-	4.768	1.224	(3.332)
Total	**10.561**	**193.660**	**134.635**	**(69.853)**

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, which it does under project financing arrangements. This kind of arrangement requires under contract that interest rate risk be covered using hedging instruments.

In the case of both project and corporate financing, borrowings are arranged mainly at floating 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 2020 had been 5 basis points higher or lower and the rest of variables unchanged, consolidated profit before tax would have amounted to Euros 1,771 thousand and Euros 1,771 thousand higher/lower, respectively, mainly due to a higher/lower finance expense on borrowings at floating rates (Euros 2,241 thousand and Euros 2,241 thousand higher/lower, respectively, in 2019).

Other price risks-

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 occasionally uses hedging strategies.

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.

Note 17 provides details of the maturities of financial liabilities.

In March 2020, it became obvious that the pandemic would have an unforeseeable but in any case profound impact on global economic performance, especially in terms of:

1. Impact on global production volumes.
2. Major disruption in supply and distribution chains.
3. Financial impact on companies, affecting all sectors, albeit to very different degrees:
   - Cash stresses in the event of having insufficient liquidity.
   - Increase in perceived risk and in the cost of financing.

The financial department analysed the situation and the potential scenarios, in permanent contact with advisers and analysts from financial institutions. The main conclusions were

- Once governments and the ECB had announced measures (in the latter case, primarily the Euros 750 billion pandemic emergency purchase programme, or PEPP), a collapse of the financial system leading to widespread bank default or the application of market disruption clauses was considered highly unlikely.
- There was a market consensus concerning the importance of having considerable liquidity to tackle a period of maximum uncertainty, so Elecnor examined the various alternatives to raise its financing limits.

The conclusion was that the existing financing limits should be sufficient to tackle even the most adverse scenarios in cash forecasting, having updated the potential effects of COVID-19.

Nevertheless, it had to be taken into account that the financing sources include promissory notes issued in the MARF, and that, at the time, it was not possible to know if they could be renewed, so the company decided to arrange new bilateral loans.

Ultimately, the MARF did continue to provide financing, and although many issuers are struggling to place debt in this market, Elecnor is not among them, so its current financing limits exceed the forecasts and liquidity risk is negligible.

At 31 December 2020, 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 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 Energia, 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 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 are building certain assets for the Zonal Transmission System, a segment characterised by its lines and substations positioned to supply regulated customers in a specific geographical area. In this case, as in the case of assets in the National Transmission System, their remuneration is safeguarded by the CEN collection procedure.

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 15.a) includes a breakdown of the amount of trade and other receivables past due and the amount impaired at 31 December 2020 and 2019.

Regulatory risk-

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.

Other risks-

In addition to the risks outlined above, the Elecnor Group is exposed to various risk factors (governance, strategic, planning and economic environment, operating, reporting and compliance risks) linked to the sectors in which it operates and the long list of countries in which it operates, either consistently or by means of one-off projects. The Group uses its Risk Management System to continually manage and prevent 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. The pillars of this Risk Management System are the ongoing identification and assessment of the risks to which the Group is exposed, the improvement of related management mechanisms and tools and the permanent oversight and monitoring of the entire process.

The Group does not expect the UK's withdrawal from the EU (Brexit) to have a material impact on the consolidated financial statements considering that the Group's activity in that country is not significant in terms of the consolidated figures; it estimates that the main impact would in any case stem from exchange rate differences.

The means deployed to enable teleworking during the pandemic lockdowns have been mainly: over-dimensioning communications, immediately buying in laptops and distributing them at various work centres, establishing secure and robust VPN technologies, securing workplaces with next-generation anti-virus treatments, dual-factor authentication, training employees with regard to cybersecurity and, in particular, the human factor.

5. DISTRIBUTION OF PROFIT/LOSS

The proposed distribution of the Parent's 2020 profit/loss, to be presented to the General Shareholders' Meeting, is 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**

The appropriation of the Parent Company's profit and reserves for the year ended on 31 December 2019, approved by shareholders at their General Meeting of 20 May 2020, was as follows:

	Euros
Basis of distribution	
Profit for the year	30,123,118.03
Voluntary reserves	2,150,562.05
Total	**32,273,680.08**
Distribution	
Voluntary reserves	1,249,867.75
Capitalisation reserves Law 27/2014	2,150,562.05
Interim dividend	4,986,840.00
Supplementary dividend	23,886,410.28
Total	**32,273,680.08**

At the General Shareholders' Meeting held on 20 May 2020 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 2019 paid in December 2019.

At the meeting held on 28 October 2020, the Board of Directors of the Company agreed to distribute an interim dividend for 2020 of Euros 4,987 thousand (Euros 4,987 thousand for 2019), which was recognised as a reduction in equity under "Interim dividend" on the liability side of the accompanying balance sheet, and paid on 9 December 2020.

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 2020

(Excluding inventories and accruals)

	Thousands of Euros
Realisable values-	
Trade receivables	769,111
Other accounts	136,472
	905,583
Short-term payables-	
Suppliers	285,906
Short-term loans	307,860
Other accounts	176,108
	769,874
Total working capital	**135,709**
Cash available:	
Cash on hand and at banks (including foreign currency)	167,685
Total cash available	**167,685**
Gross interim dividend proposed-	
(Euros 0.05732 for 87,000,000 shares)	4,987
% of net profit at the end of the year	93.17%
% of working capital + cash available	1.64%

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 Infrastructure and Concessions. In each of these markets, the Group obtains revenue from the various business activities carried on by it.

The Concessions segment includes the concession and operating activities for wind farms, as the performance and monitoring of the results generated by both activities are measured and managed together; this is also the case for corporate decision-making.

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 "Corporate" in the information shown below.

Information on these operating segments is presented below:

a) Details of the consolidated income statement items by segment at 31 December 2020 and 2019 are as follows:

2020

Thousands of Euros	Infrastructure	Concessions	Corporate	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)
Changes 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

2019

Thousands of Euros	Infrastructure	Concessions	Corporate	Intersegment	Total at 31/12/2019
Income statement					
Net turnover	2,279,501	190,769	-	(16,544)	2,453,726
Operating income	119,585	87,474	38,978	(6,361)	239,676
Finance income	6,392	2,946	-	-	9,338
Finance expenses	(17,837)	(36,723)	-	-	(54,560)
Changes in fair value of financial instruments	(3)	413	-	-	410
Translation differences	(2,484)	(68)	-	-	(2,552)
Impairment and profit/loss on disposal of financial fixed assets	(655)	(1,580)	-	-	(2,235)
Income tax	(38,385)	(11,543)	(9,418)	(66)	(59,412)
Attributable to non-controlling interests	(94)	(4,194)	-	-	(4,288)
Consolidated profit/loss attributable to the Parent	66,519	36,726	29,560	(6,428)	126,377
EBITDA	176,717	144,712	72,637	(7,070)	386,996

b) Details of assets and liabilities by segment at 31 December 2020 and 2019 are as follows:

2020

Thousands of Euros	Infrastructure	Concessions	Corporate	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	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 and equity-					
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
Liabilities associated with non-current assets held for sale	-	-	-	-	-
Other liabilities (*)	42,758	27,012	541,316	(11,148)	599,938
Total liabilities	**1,544,892**	**558,274**	**954,613**	**(11,148)**	**3,046,631**

(*) Includes mainly "Cash and cash equivalents".

2019

Thousands of Euros	Infrastructure	Concessions	Corporate	Intersegment	Total at 31/12/2019
Assets-					
Property, plant and equipment	143,121	582,390	-	(9,776)	715,735
Intangible assets	29,692	12,628	-	-	42,320
Right-of-use assets	19,284	15,882	-	-	35,166
Deferred tax assets	69,924	13,421	17,085	2,997	103,427
Inventories	5,647	112	-	-	5,759
Receivables	737,648	21,480	15,119	(368)	773,879
Customer contract assets	306,129	-	-	-	306,129
Equity-accounted investees	20,015	560,552	-	-	580,567
Non-current financial assets	17,710	19,301	4,984	-	41,995
Non-current assets held for sale	5,747	32,974	-	-	38,721
Other assets (*)	267,084	68,326	128	8	335,546
Total assets	**1,622,001**	**1,327,066**	**37,316**	**(7,139)**	**2,979,244**
Liabilities and equity-					
Non-current financial liabilities	26,231	355,009	276,948	-	658,188
Provisions for liabilities and charges	7,819	18,220	20,350	-	46,389
Deferred income and grants	4,683	1,765	-	-	6,448
Non-current lease liabilities	15,378	17,332	-	-	32,710
Other non-current liabilities	6,292	13,342	-	-	19,634
Deferred tax liabilities	6,909	13,079	618	-	20,606
Short-term provisions	60,062	4,356	-	-	64,418
Current financial debt	141,762	34,184	1,738	-	177,684
Current lease liabilities	5,208	2,202	-	-	7,410
Current non-financial debt	1,108,554	45,592	31,406	(272)	1,185,280
Liabilities associated with non-current assets held for sale	-	23,157	-	-	23,157
Other liabilities	53,627	109,899	587,515	(13,721)	737,320
Total liabilities	**1,436,525**	**638,137**	**918,575**	**(13,993)**	**2,979,244**

(*) Includes mainly "Cash and cash equivalents".

b) Information on products and services-

The Elecnor Group's business activities are as follows:

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

The generation of electricity (included in Energy Generation) 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. (subgroup Celeo Concesiones e Inversiones), in the case of solar thermal plants. Both activities belong to the Concessions segment.

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 Enerfín maintain that reasonable return for this period.

Lastly, 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 the year 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 approves 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.

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.

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 2020.

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 2020 and 2019:

Revenue

Thousands of Euros		
Country	2020	2019
Spain	1,238,600	1,168,656
Brazil	262,041	417,275
Angola	77,623	42,048
USA	226,946	205,373
Australia	22,065	32,114
Chile	67,313	83,247
Mexico	51,391	45,874
Panama	34,057	70,886
Dominican Republic	63,747	50,858
Italy	50,322	43,158
Ghana	41,696	12,232
Oman	39,898	1,590
UK	38,095	31,736
Other	242,158	248,679
	2,455,952	**2,453,726**

Non-current assets

Thousands of Euros	2020			
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**

Non-current assets

Thousands of Euros	2019			
Country	Intangible assets	Goodwill	Property, plant and equipment	Right-of-use assets
Canada	-	-	173,484	3,379
Brazil	34	-	289,719	2,821
Chile	-	-	1,190	-
Peru	-	-	1,404	-
UK	-	5,690	307	1,157
Ecuador	-	1,377	29,472	
USA	773	313	10,986	-
Spain	16,234	17,076	205,584	27,656
Other	401	422	3,589	153
	17,442	**24,878**	**715,735**	**35,166**

7. BUSINESS COMBINATIONS

On 31 July 2019, the Group, via the company Celeo Termosolar, S.L., acquired holdings of 42.57% and 44.30% in the companies Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., respectively. On that date the Group had a non-controlling interest in both companies (see Note 13). Both companies are domiciled in Madrid and their main activity is the construction and operation of three parabolic trough technology solar thermal power plants in Extremadura and Castilla-La Mancha.

In 2019, the acquired business generated revenue and consolidated loss of Euros 35,053 thousand and Euros 1,418 thousand, respectively, for the Group between the acquisition date and the end of the period.

Had the acquisition taken place on 1 January 2019, the Group ordinary revenues and consolidated profit/loss for the year ended on 31 December 2019 would have exceeded Euros 55,505 thousand and Euros 5,750 thousand, respectively.

The details of the consideration paid, the fair value of the net assets acquired and the excess of net assets acquired over the cost of the combination were as follows:

Thousands of Euros	Dioxipe Solar, S.L.	Aries Solar Termoeléctrica, S.L.
Consideration paid Cash paid	3,403	10,846
Total consideration paid	3,403	10,846
Non-controlling interests	735	-
Fair value of the prior investment in the business	12,910	24,169
Fair value of the net assets acquired	23,473	43,392
Excess of net assets acquired over the cost of acquisition	6,425	8,377

The excess of net assets acquired over the cost of acquisition was recognised under "Negative differences in business combinations" in the accompanying consolidated income statement for 2019.

The fair value measurement of 55% and 55.7% of the previous shareholding in the acquired businesses (Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., respectively), which amounted to Euros 46,332 thousand, implied the recognition of a loss totalling Euros 9,253 thousand, which was booked under "Profit/loss from equity-accounted investees" in the consolidated income statement for 2019.

In addition, the transfer to the income statement of the valuation adjustments held by the Elecnor Group in net equity on the date of taking control associated with the shareholdings in these companies implied the recognition of a loss totalling Euros 47,445 thousand, which was booked under "Profit/loss from equity-accounted investees" in the consolidated income statement for 2019.

The fair value of the main assets acquired is shown below:

Thousands of Euros	Dioxipe Solar, S.L.	Aries Solar Termoeléctrica, S.L.
Assets		
Right-of-use assets (Note 12)	-	19,159
Property, plant and equipment (Note 11)	214,191	410,083
Current assets	15,901	31,958
Other assets (Note 14)	4,358	125
Deferred tax assets (Note 21)	26,928	53,823
Liabilities		
Non-current payables and derivatives	215,967	420,020
Current liabilities	15,346	27,009
Other liabilities	2,773	8,596
Deferred tax liabilities (Note 21)	3,819	16,131
Total net assets	23,473	43,392
Amount paid in cash	3,403	10,846
Cash and cash equivalents of the acquiree	6,220	12,155
Effect of the cash from the acquisition	(2,817)	(1,309)

The criterion for calculating the main assets and liabilities on the date control is obtained is outlined below:

- Licence: 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 in measuring this intangible were EBITDA and a discount rate of 6.52%. This asset was measured at Euros 20 million and recognised along with property, plant and equipment.

- Property, plant and equipment: this was measured using the depreciated replacement cost.

- Deferred assets: measured in accordance with the best estimate of future taxable profit and based on fiscal legislation in force at the time of taking control.

8. NON-CURRENT ASSETS HELD FOR SALE

At 31 December 2019, the Group classified the assets and liabilities of waste water treatment plants as held for sale based on the sale agreements signed on 11 July 2019 (Note 2.f). The sale transactions were effective on 30 July 2020, having obtained all the relevant approvals, and implied a capital gain of approximately Euros 805 thousand.

The disposal group of items comprised assets with a net carrying amount of Euros 38,332 thousand and liabilities of Euros 23,157 thousand. Since the fair value less costs to sell of the disposal group were higher than the net carrying amount at 31 December 2019, it was not necessary to recognise any impairment loss.

Details of assets and liabilities held for sale and other comprehensive income relating to the waste water treatment plants at 31 December 2019 were as follows:

Thousands of Euros	
Non-current assets held for sale:	
Other intangible assets (Note 10)	24,607
Other non-current financial assets (Note 14)	1,584
Equity-accounted investees (Note 13)	3,522
Deferred tax assets (Note 21)	2,097
Other current assets	683
Cash and cash equivalents	5,839
Total assets	38,332
Liabilities associated with non-current assets held for sale:	
Financial liabilities on loans and borrowings (Note 17)	21,329
Other non-current liabilities	1,350
Trade and other payables	478
Total liabilities	23,157
Other comprehensive income	1,302

9. GOODWILL

Details, by company, of intangible assets - goodwill in the consolidated statements of financial position at 31 December 2020 and 2019 and of the changes therein in those years are as follows:

2020

Thousands of Euros	Balance at 31/12/2019	Impairment (Note 24)	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
- Parque Eólico Montañes, S.L.	10	-	-	-	10
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
	24,878	**-**	**(25)**	**-**	**24,853**

2019

Thousands of Euros	Balance at 31/12/2019	Impairment (Note 24)	Additions	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
- Parque Eólico Montañes, S.L.	-	-	10	-	10
Other businesses:					
- Deimos Space, S.L.U.	158	-	-	-	158
- Deimos Engenharia, S.A.	4,227	(4,227)	-	-	-
- 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
- Helios Inversión y Promoción Solar, S.L.U.	1,125	-	-	(1,125)	-
- Jomar Seguridad, S.L.U.	1,647	-	-	-	1,647
- Belco Elecnor Electric, Inc.	310	-	3	-	313
- IQA Operations Group Limited	5,690	-	-	-	5,690
- Wayraenergy, S.A.	-	-	1,377	-	1,377
	28,840	**(4,227)**	**1,390**	**(1,125)**	**24,878**

As indicated in Note 3.j, 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 45 million (Euros 53 million in 2019), 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 2020 are as follows:

- Revenues: based on internal estimates and, where applicable, external sources. The pool price applied for 2021 has been estimated at €42.90/MWh.
- Discount rate: 5.54% (*)
- Projection period: depending on the remaining useful life of the asset (Note 3.i.).

(*) The 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. These tests used net tax flows.

The results of these tests and of the sensitivity analyses performed by management using variations in accordance with the deviations in the main estimates from the previous year 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.

In 2019, the Group impaired the goodwill of Deimos Engenharia, S.A. in the amount of Euros 4,227 thousand based on the impairment test carried out in the year and considering that the operating cash flows had decreased by 5% with respect to 2018 and that the Group did not expect growth in the near term.

10. OTHER INTANGIBLE ASSETS

Movement under this heading of the consolidated statement of financial position in 2020 and 2019 was as follows:

Thousands of Euros	Development expenses	Industrial property	Computer software	Administrative concessions	Other intangible assets	Total
Balance at 1 January 2019	**1,656**	**3,149**	**15,162**	**51,630**	**27,501**	**99,098**
Changes in the consolidation scope (Note 2.f)	(1)	-	(59)	-	-	(60)
Additions	313	-	3,281	21	-	3,615
Disposals	-	-	(471)	-	-	(471)
Transfer to non-current assets held for sale (Note 8)	-	-	-	(51,218)	-	(51,218)
Translation differences	(1)	9	(248)	(3)	-	(243)
Balance at 31 December 2020	**625**	**2,947**	**22,703**	**424**	**27,501**	**54,200**
Additions	101	-	3,951	-	-	4,052
Disposals	(2)	(140)	(121)	-	-	(263)
Transfers	(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**
Accumulated amortisation Balance at 1 January 2019	**1,196**	**2,710**	**10,547**	**24,177**	**14,693**	**53,323**
Changes in the consolidation scope (Note 2.f)	-	-	(21)	-	-	(21)
Charge (Note 24)	46	89	2,393	2,582	1,972	7,082
Disposals	-	-	(253)	-	-	(253)
Transfer to non-current assets held for sale (Note 8)	-	-	-	(26,611)	-	(26,611)
Translation differences	-	3	(246)	-	2	(241)
Balance at 31 December 2019	**1,242**	**2,802**	**12,420**	**148**	**16,667**	**33,279**
Charge (Note 24)	46	88	2,928	30	1,972	5,064
Disposals	-	(140)	(141)	-	-	(281)
Transfers	(1,140)	-	1,140	-	-	-
Translation differences	-	(48)	(152)	-	-	(200)
Balance at 31 December 2020	**148**	**2,702**	**16,195**	**178**	**18,639**	**37,8622**
Net cost at 31 December 2020	**477**	**245**	**6,508**	**246**	**8,862**	**16,338**

"Other intangible assets" in the above table include a gross amount of Euros 27,501 thousand reflecting 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 2020 and 2019 amounted to approximately Euros 1,972 thousand, respectively.

"Administrative concessions" at 1 January 2019 include approximately Euros 27,160 thousand reflecting the estimated fair value (based on the fair value of the consideration given, i.e. the construction), less amortisation, of the investments made in various waste water treatment plants, which were built and

are operated under a concession arrangement pursuant to the administrative concessions granted by the Aragón Water Institute. Under these concessions, the Elecnor Group operated the aforementioned water treatment plants obtaining revenue on the basis of the volume of cubic metres of water treated. In 2019, these assets were transferred to non-current assets held for sale on the basis of the sale contracts arranged in that year. The sale transactions were effective on 30 July 2020, once all the relevant approvals were obtained.

In 2020, the income generated by these concessions amounted to approximately Euros 3,812 thousand (Euros 6,303 thousand in 2019), and was recognised under turnover in the accompanying consolidated income statement.

The cost of intangible assets in use, fully amortised at 31 December 2020 and 2019 is as follows:

Thousands of Euros	2020	2019
Development expenses	26	1,030
Industrial property	2,125	2,265
Computer software	11,792	8,220
	13,943	**11,515**

11. PROPERTY, PLANT AND EQUIPMENT

Movement under this heading of the consolidated statement of financial position in 2020 and 2019 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 2019	**29,719**	**1,173,916**	**18,786**	**9,742**	**15,645**	**39,415**	**12,867**	**1,019**	**1,301,109**
Changes in the consolidation scope (Note 2.f)	(39)	(663,094)	-	(262)	(118)	-	-	-	(663,513)
Business combinations (Note 7)	-	624,274	-	-	-	-	-	-	624,274
Additions	10	31,162	4,563	957	1,874	5,696	7,328	96,984	148,574
Disposals	(6)	(23,734)	(5,549)	(287)	(348)	(2,211)	(967)	(467)	(33,569)
Transfers	-	341	21	-	2	1,348	-	(1,714)	(2)
Translation differences	(2,105)	(21,016)	(67)	(841)	(766)	(14,170)	(66)	(1,724)	(40,755)
Balance at 31 December 2019	**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**
ACCUMULATED DEPRECIATION:									
Balance at 1 January 2019	**-**	**548,615**	**5,335**	**7,278**	**11,465**	**29,486**	**6,427**	**-**	**608,606**
Changes in the consolidation scope (Note 2.g)	-	(19,059)	-	(103)	(80)	-	-	-	(19,242)
Charge (Note 24)	-	62,922	1,072	534	1,802	3,222	3,727	-	73,279
Disposals	-	(16,447)	(765)	(239)	(334)	(1,929)	(668)	-	(20,382)
Transfers	-	3,057	(2)	-	-	(13)	(20)	-	3,022
Translation differences	-	(16,442)	(48)	(801)	(727)	(13,733)	(9)	-	(31,760)
Balance at 31 December 2019	**-**	**562,646**	**5,592**	**6,669**	**12,126**	**17,033**	**9,457**	**-**	**613,523**
Charge (Note 24)	-	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)	(1,132)	-	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**
IMPAIRMENT:									
Balance at 1 January 2019	**1,433**	**1,712**	**-**	**-**	**-**	**-**	**-**	**-**	**3,145**
Impairment losses	3,506	1,765							5,271
Irreversible impairment losses	-	(1,556)							(1,556)
Balance at 31 December 2019	**4,939**	**1,921**	**-**	**-**	**-**	**-**	**-**	**-**	**6,860**
Impairment losses	8	-	-	-	-	-	-	-	8
Irreversible impairment losses	-	-	-	-	-	-	-	-	-
Balance at 31 December 2020	**4,947**	**1,921**	**-**	**-**	**-**	**-**	**-**	**-**	**6,868**
Net cost at 31 December 2020	**22,579**	**611,414**	**12,570**	**2,710**	**3,882**	**15,231**	**19,407**	**68,042**	**755,835**

The heading "Buildings, technical installations and machinery" at 31 December 2020 includes mainly assets at wind farms operated by the Group in Brazil and Spain amounting to Euros 1,005,697 thousand (Euros 937,881 thousand at 31 December 2019).

At 31 December 2020, the heading "Assets under construction" in the table above corresponds mainly to investments in the year to refurbish and commission wind farms in Brazil amounting to Euros 63,314 thousand (Euros 15,125 thousand to commission oil wells for drilling and Euros 77,786 thousand in investment in wind farms at 31 December 2019). The heading "Other current liabilities" at 31 December 2020 includes an amount of Euros 10,118 thousand corresponding to suppliers of fixed assets in relation to investments performed in 2019 in oil wells (Euros 19,824 thousand at 31 December 2019).

The main additions to property, plant and equipment in 2020 and 2019 were investments in wind farms in Brazil and Spain (also in oil wells in 2019), as explained in the previous paragraph.

At 31 December 2020, the carrying amount, before depreciation, of the property, plant and equipment pledged to secure certain bank loans, mainly to finance the wind power projects undertaken by Group companies, amounted to approximately Euros 109,686 thousand (Euros 147,096 thousand in 2019) (Note 17).

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 2020 and 2019, is fully depreciated and in use is as follows:

Thousands of Euros	2020	2019
Buildings, technical installations and machinery	71,125	60,379
Furniture and fixtures	3,648	3,360
Information technology equipment	6,183	6,531
Motor vehicles	11,745	5,674
	92,701	**75,944**

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.

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The details and movements by class of right-of-use assets in 2020 and 2019 were as follows

a) Nature of lease agreements-

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 depreciation at 1 January 2020	**10,321**	**10,537**	**-**	**815**	**833**	**22,506**
Charge (Note 24)	1,138	3,784	624	5,034	540	11,120
Transfers	(206)	206	-	-	-	-
Disposals	-	(2,353)	-	(686)	-	(3,039)
Accumulated depreciation 31 December 2020	**11,253**	**12,174**	**624**	**5,163**	**1,373**	**30,587**
Balance at 31 December 2020	**13,714**	**19,456**	**608**	**15,256**	**868**	**49,902**

2019

Thousands of Euros	Land	Buildings	Motor vehicles	Other	Total
Balance at 1 January 2019	**21,796**	**23,940**	**1,785**	**3,312**	**50,833**
Additions	6,657	5,226	1,102	128	13,113
Disposals	-	(2,430)	(1,068)	-	(3,498)
Value adjustments	15	66	39	2	122
Business combination (Note 7)	19,159	-	-	-	19,159
Translation differences	(71)	58	-	-	(13)
Derecognitions from the consolidation scope (Note 2.f)	(20,676)	-	-	(1,368)	(22,044)
Balance at 31 December 2019	**26,880**	**26,860**	**1,858**	**2,074**	**57,672**
Accumulated depreciation at 1 January 2019	**9,623**	**9,625**	**976**	**859**	**21,083**
Charge (Note 24)	1,477	3,317	846	722	6,362
Disposals	-	(2,405)	(1,007)	-	(3,412)
Derecognitions from the consolidation scope (Note 2.f)	(779)	-	-	(748)	(1,527)
Accumulated amortisation at 31 December 2019	**10,321**	**10,537**	**815**	**833**	**22,506**
Net cost at 31 December 2019	**16,559**	**16,323**	**1,043**	**1,241**	**35,166**

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 2020, accrued charges amounting to Euros 68,790 thousand (Euros 71,721 thousand at 31 December 2019) 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 2020 was as follows:

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 2020 and 2019, is as follows:

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

2019	Thousands of Euros
Up to six months	3,761
Six months to one year	3,649
From one to two years	3,379
From two to three years	2,919
From three to four years	2,563
More than four years	23,849
	40,120

13. EQUITY-ACCOUNTED INVESTEES

Details of the Elecnor Group's investments in associates and joint ventures at 31 December 2020 and 2019, which are accounted for using the equity method (see note 3.c), are as follows:

Thousands of Euros Company	2020	2019
Woolsthorpe Holding TRUST	(35)	(140)
Cosemel Ingeniería, A.I.E	1	46
Parque Eólico Gaviota, S.A.	54	68
Gasoducto de Morelos, S.A.P.I. de C.V.	19,364	19,666
Morelos O&M, SAPI de C.V.	291	261
Morelos EPC, SAPI de C.V.	77	87
Celeo Concesiones e Inversiones subgroup (Note 2.f)	460,260	560,624
Other	(42)	(45)
	479,970	**580,567**

Details of the key figures of equity-accounted investees are provided in Appendix III.

On 17 December 2019, as explained in Note 2 f) 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 allocation 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 at 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 investees	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 Elecnor Group has not restated the figures for 2019 as the date of relinquishing control of the subgroup Celeo Concesiones e Inversiones was 17 December 2019 and the impact on the income statement, primarily due to the higher amortisation and depreciation of fixed assets between 17 December 2019 and 31 December 2019, was not material.

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 is 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: 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).

In 2019, as a result of taking control on 31 July 2019 of the companies Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., the Elecnor Group derecognised these equity-accounted investments (see Note 7), whose total value on said date was Euros 46,332 thousand.

Lastly, as a result of the agreements signed in 2019 for the sale of the investment in Sociedad Aguas Residuales Pirineos, S.A., the Elecnor Group transferred its equity-accounted investment to non-current assets held for sale, since the sale was expected to be effective during 2020. The transaction was ultimately completed on 30 July 2020, having obtained all the relevant approvals (see Note 8).

Movement in this heading of the consolidated statement of financial position in 2020 and 2019 is as follows:

Thousands of Euros	2020	2019
Opening balance	**580,567**	**339,718**
Capital increase	2,192	7,926
Capital reductions	-	(818)
Transfers to assets held for sale (Note 8)	(250)	(3,522)
Departures from the consolidation scope (Notes 2.f and 7)	-	(313,065)
Entries in the consolidation scope (Note 2.f)	-	560,624
Share in profits/(losses)	16,639	10,430
Impairment losses	-	(1,166)
Translation differences	(104,729)	(7,504)
Dividends received	-	(1,476)
Share in other comprehensive income	(11,705)	(7,547)
Impact of IFRS 16	-	(1,190)
Other movements	(2,744)	(1,843)
Closing balance	**479,970**	**580,567**

Translation differences correspond mainly 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.

Considering the importance of the subgroup Celeo Concesiones e Inversiones, information is presented below showing certain 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, such as project debt and project EBITDA:

	Thousands of Euros		
	EBITDA (*)	Debt	% shareholding
Brazil:			
Celeo Redes Transmissão de Energia, S.A.	1,108	67,523	51%
Pedras Transmissora de Energia, S.A.	2,063	3,354	51%
Coqueiros Transmissora De Energia, S.A.	901	1,000	51%
Encruzo Novo Transmissora De Energia, S.A.	1,984	3,914	51%
Linha De Transmissão Corumbá, S.A.	3,614	7,999	51%
Integraçao Maranhense Tranmissora de Energia, S.A.	5,088	12,364	26.01%
Caiuá Transmissora De Energia, S.A.	2,975	7,885	26.01%
Cantareira Transmissora de Energia, S.A.	16,759	83,329	26.01%
Serra De Ibiapa Transmissora de Energia, S.A. - SITE	1,118	98,824	51%
Grupo Celeo São João Do Piauí	9,367	58,547	51%
Jaurú Transmissora de Energia, S.A.	9,035	26,168	66.67%
Brilhante Transmissora de Energia, S.A.	5,732	29,654	25.5%
Brilhante II Transmissora De Energia, S.A.	616	-	25.5%
Cachoeira Paulista Transmissora de Energia, S.A.	8,663	12,300	25.5%
Chile:			
Celeo Redes Operaciones Chile, S.A.	23,935	460,012	51%
CRC Transmision, SPA	4,955	90,084	25.5%
Spain:			
Celeo Fotovoltaico, S.L.U.	4,650	33,801	51%
Dioxipe Solar, S.L.	17,372	212,009	49.76%
Aries Solar Termoeléctrica, S.L.	36,491	385,382	51%
	156,426	**1,594,149**	

(*) EBITDA excluding IFRS or the impact of IFRIC 12 since it best reflects the cash flow generation capacity of each project.

14. NON-CURRENT FINANCIAL ASSETS

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

Thousands of Euros	2020	2019
Financial assets at fair value		
Equity instruments	1,971	1,744
Hedge derivatives (Note 18)	180	24
Total financial assets at fair value	**2,151**	**1,768**
Financial assets at amortised cost		
Non-current loans (Note 29)	7,994	10,561
Trade and other receivables	-	30
Other non-current assets	36,495	29,636
Total financial assets at amortised cost	**44,489**	**40,227**
Total non-current financial assets	**46,640**	**41,995**

a) Non-current loans-

"Non-current loans" in the above table at 31 December 2020 and 2019 basically include various loans extended to associates of the Elecnor Group.

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 and 2019 amounted to Euros 7,994 thousand and Euros 10,561 thousand, respectively (USD 8,963 thousand and USD 11,801 thousand, respectively), and which accrue interest at an annual rate of 7.5%. In 2020 the Group received approximately Euros 1.7 million in payments relating to these credits (Euros 5.8 million in 2019).

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 the amount of Euros 25 million. 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.

c) Other non-current assets-

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

Thousands of Euros	2020	2019
Debt service reserve account	16,161	12,461
Guarantees	4,445	4,067
Other	15,889	13,108
	36,495	**29,636**

The heading "Debt service reserve account" at 31 December 2020 and 2019 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 17).

The deposits accrue interest at market rates.

In addition, at 31 December 2020, Elecnor, S.A. holds security and other deposits mainly relating to leases amounting to approximately Euros 4,400 thousand (Euros 4,022 thousand at 31 December 2019).

At 31 December 2020 and 2019, non-current assets are recognised at amortised cost, except in the case of derivative instruments, which are recognised at fair value.

15. CURRENT FINANCIAL ASSETS

a) Trade and other receivables-

"Trade and other receivables" under current assets on the accompanying consolidated statement of financial position include the Group's receivables arising as a result of transactions with third parties.

Retentions on payments made by customers in 2020 amount to Euros 29,635 thousand (Euros 26,313 thousand in 2019) and are recognised in "Trade and other receivables" under current assets on the accompanying consolidated statement of financial position.

At 31 December 2020 and 2019 the Group had no construction contracts with negative margins the loss of which could be deemed significant (see Note 19).

At 31 December 2020 and 2019, unimpaired past-due receivables amounted to Euros 182,676 thousand and Euros 112,605 thousand, respectively.

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

Thousands of Euros Description	2020	2019
Unmatured balances	560,608	569,563
Up to 6 months	108,472	48,295
Between 6 and 12 months	27,781	40,298
Over 12 months	46,423	24,012
Total	**743,284**	**682,168**

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. Provision is made on the basis of the best estimates of future cash flows at year end.

Details of impairment losses on accounts receivable at 31 December 2020 and 2019 and movement in 2020 and 2019 are as follows:

Thousands of Euros	31/12/2019	Charge (Note 24)	Application	Reversal (Note 24)	Reclassifications	Translation differences	31/12/2020
Impairment	90,432	17,149	(6,401)	(4,774)	145	(192)	96,359

Thousands of Euros	01/01/2019	Charge (Note 24)	Application	Reversal (Note 24)	Reclassifications	Translation differences	31/12/2019
Impairment	98,421	23,471	(30,532)	(774)	-	(154)	90,432

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	2020	2019
Cash equivalents	73,877	131,485
Cash	317,751	193,631
	391,628	**325,116**

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

At 31 December 2020, this heading includes Euros 33,755 thousand contributed mainly by wind farms (Euros 48 million at 31 December 2019 from wind and solar PV farms).

At 31 December 2020 and 2019, the Group did not have cash and cash equivalents that were unavailable for use.

16. EQUITY

a) Share capital-

At 31 December 2020 and 2019, 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 2020 and 2019, the Parent's shares were held as follows:

	Interest % 2020	Interest % 2019
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 2020 and 2019 was as follows:

Thousands of Euros	Restated 31 December 2018	Change in market value	Settlement of derivatives	Business combination (Nota 7)	Removals from the consolidation scope (Note 2.f)	31 December 2019	Change in market value	Settlement of derivatives	Removals from the consolidation scope (Nota 2.f)	31 December 2020
Fully consolidated companies-										
Cash flow hedges:										
Interest rate swaps (Note 18)	(9,676)	(1,387)	3,380	-	(3,720)	(11,403)	(5,180)	2,216	1,935	(12,432)
Exchange rate insurance (Note 18)	(3,597)	(7,195)	-	-	-	(10,792)	7,097	76	-	(3,619)
Energy price	(3,729)	3,489	3,729	-	-	3,489	(2,370)	(3,489)	-	(2,370)
Other	475	593	-	-	492	1,560	-	-	-	1,560
	(16,527)	(4,500)	7,109	-	(3,228)	(17,146)	(453)	(1,197)	1,935	(16,861)
Deferred taxes arising on valuation adjustments to equity (Note 21)	4,398	1,906	(781)	-	-	5,523	26	241	(484)	5,306
Total adjustments in equity due to accounting by full consolidation method	**(12,129)**	**(2,594)**	**6,328**	**-**	**(3,228)**	**(11,623)**	**(427)**	**(956)**	**1,451**	**(11,555)**
Equity-accounted investees	**(39,835)**	**(7,093)**	**(455)**	**47,445**	**(2,111)**	**(2,049)**	**(12,024)**	**662**	**-**	**(13,411)**
Non-controlling interests	**247**	**(144)**	**-**	**-**	**-**	**103**	**(263)**	**-**	**-**	**(160)**
Total adjustments in equity adjustments	**(51,717)**	**(9,831)**	**5,873**	**47,445**	**(5,339)**	**(13,569)**	**(12,714)**	**(294)**	**1,451**	**(25,126)**

c) Other reserves-

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

Thousands of Euros	2020	2019
Legal reserve	1,743	1,743
Goodwill reserve	516	619
Capitalisation reserve	6,559	4,408
Reserves from translation to Euros	15	15
Total	**8,833**	**6,785**

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 2020 and 2019, the Parent has appropriated to this reserve the minimum amount required by the Revised Spanish Companies Act.

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 has 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.

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 2020 and 2019, the Parent held own shares amounting to Euros 21,899 thousand and Euros 21,963 thousand, respectively, which are booked under "Own shares" in equity in the consolidated statement of financial position.

Details of own shares and movement in 2020 and 2019 are as follows:

	No. of Shares
Own shares at 1 December 2019	**2,336,496**
Acquisition of own shares	104,509
Sale of own shares	(120,196)
Acciones propias a 31 de diciembre de 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**

The purchase and sale of own shares at 31 December 2020 amounted to approximately Euros 1,588 thousand and Euros 1,569 thousand, respectively (approximately Euros 1,213 thousand and Euros 1,323 thousand, respectively, at 31 December 2019), giving rise to a loss of Euros 83 thousand, recognised directly in reserves (capital gain of Euros 189 thousand in 2019).

All the own shares held by the Parent company at 31 December 2020 and 2019 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 2020 and 2019 are as follows:

Thousands of Euros	2020	2019
Sociedad Aragonesa de Estaciones Depuradoras, S.A.	-	1,496
Ventos Do Sul Energia, S.A.	2,101	253
Parque Eólico Malpica, S.A.	450	485
Galicia Vento, S.L.	675	916
Páramo de Poza, S.A.	1,778	2,484
Parques Eólicos Palmares, S.A.	4,208	5,621
Ventos do Litoral Energía, S.A.	3,964	4,863
Ventos da Lagoa, S.A.	3,948	4,935
Éoliennes de L'Érable, SEC.	4,264	6,603
Ventos dos Índios Energía, S.A.	2,515	3,600
Betonor, Ltda.	70	103
Elecnor Angola Group	28	46
Other	(146)	303
	23,855	**31,708**

Movement in non-controlling interests in 2020 and 2019 is as follows:

	Thousands of Euros
Balance at 1 January 2019	**47,469**
- Share in profits/(losses)	4,288
- Change in market value of hedging instruments	70
- Dividends paid	(16,222)
- Translation differences	4,365
- Capital reduction	(9,360)
- Other	1,098
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**

The information relating to significant non-controlling interests in subsidiaries at 31 December 2020 and 2019 is as follows (financial information is disclosed prior to carrying out intragroup eliminations):

Thousands of Euros	2020	2019
	Eoliennes de L'Erable	Eoliennes de L'Erable
Current assets	7,499	7,822
Non-current assets	157,111	176,822
Current liabilities	14,480	20,124
Non-current liabilities	141,397	151,013
Revenue	28,376	29,684
Profit/loss for the year	2,055	2,449
Total comprehensive income	2,361	2,036

f) Translation differences-

The cumulative translation differences recognised in equity at 31 December 2020 and 2019 for each of the main currencies are as follows:

Thousands of Euros		
Translation differences	2020	Restated 2019
Brazil	(260,115)	(120,714)
Canada	(8,043)	(7,674)
Chile	(24,181)	(4,296)
USA	(1,720)	1,543
Argentina	(5,401)	(4,696)
Venezuela	(42,748)	(42,717)
Other	(3,749)	(1,259)
Total	**(345,957)**	**(179,813)**

The Group maintains investments in businesses denominated in Brazilian Reals, so any fluctuations in the exchange rate of this currency against the Euro have the related 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.

17. FINANCIAL DEBT

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 in project financing format. 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.

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:

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

Corporation net financial debt 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	2020	2019
Non-current liabilities - Financial debt	413,551	284,147
Current liabilities - Financial debt	83,225	138,849
Current financial assets - Other financial investments	(8,963)	(10,161)
Cash and cash equivalents	(357,873)	(277,163)
Corporation net financial debt	**129,940**	**135,672**

At 31 December 2020 and 2019, "Current and non-current liabilities - Financial debt" relates mainly to total financial debt and derivatives in the following table, excluding all wind farm syndicated loans, financial liabilities due to the issuance of bonds and other marketable securities (wind farms), interest accrued associated with wind farms, derivatives associated with wind farms, derivatives associated with currency exchange hedges (Note 18), other borrowings relating to the Parent's forfaiting contracts, and adding Euros 4.4 million in loans granted by public entities that accrue interest booked under Other non-current liabilities (Euros 3.3 million) and Other current liabilities (Euros 1.1 million) in the accompanying consolidated statement of financial position (Euros 5.2 million in 2019, of which Euros 4.2 million under non-current and Euros 1.1 million under current).

At 31 December 2020, 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 33,755 thousand (Euros 48 million at 31 December 2019) (see note 15.b).

At 31 December 2020, 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 from projects funded through non-recourse financing amounting to Euros 1,602 thousand.

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 2020 and 2019, are as follows:

Thousands of Euros	2020		2019	
	Non-current	Current	Non-current	Current
Syndicated loans and credit facilities	358,346	-	258,638	-
Syndicated loans - wind farms	350,937	24,152	294,257	23,879
Loans secured with personal guarantee	746	2,491	1,240	6,524
Mortgage loans	4,435	707	5,825	980
Financial liabilities from issuing bonds and other marketable securities - promissory notes	-	69,969	-	69,989
Financial liabilities from issuing bonds and other marketable securities - wind farms	32,331	8,049	60,122	5,009
Other payables	13,303	1,600	15,948	1,713
Credit facilities	29,328	1,101	-	51,544
Unmatured bills and notes	-	30	-	30
Accrued interest payable				
Wind farms	-	7,157	-	8,747
Other	-	1,097	-	1,301
Finance lease payables (Note 11)	9,368	3,042	8,026	2,246
Derivative hedging instruments (Note 18)				
Wind farms	3,293	1	630	2
Other	7,383	7,454	13,502	5,720
Total	**809,470**	**126,850**	**658,188**	**177,684**

At 31 December 2020 and 2019, 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 2020 and 2019 are as follows:

			2020			
Type Company	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 IPCA + 3.25%	31 December 2025	71,172	8,049	32,331
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	IPCA + 2.18%	31 December 2039	42,029	1,491	39,443
Ventos de São Fernando II Energia	BRL	IPCA + 1.94%	15 July 2043	34,906	-	33,692
Ventos de São Fernando III Energia	BRL	IPCA + 1.24%	15 November 2036	10,873	-	9,676
Ventos de São Fernando IV Energia	BRL	IPCA + 0.79%	31 December 2040	29,858	-	29,858
					106,980	**741,580**

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

			2019			
Type Company	Currency	Interest rate	Due date	Nominal amount	Current	Non-current
Financial liabilities from issuing bonds and other marketable securities						
Elecnor, S.A.	EUR	-	2020	300,000	69,969	-
Ventos Do Sul, S.A.	BRL	70% pegged to the CDI + 0.75% 30% pegged to the IPCA + 3.25%	31 December 2025	71,172	5,009	60,122
Loans and borrowings						
Syndicated loans and credit facilities						
Elecnor, S.A. (*)	EUR	Euribor + spread	19 July 2024	334,200	-	223,557
Elecnor, S.A. (*)	USD	Libor + spread	19 July 2024	75,000	-	26,848
Electrificaciones del Ecuador, S.A. (*)	USD	Libor + spread	19 July 2024	75,000	-	8,233
Syndicated loans – wind farms						
Parque Eólico Malpica, S.A.	EUR	Euribor + 2%	24 June 2024	11,950	1,018	8,027
Ventos Do Litoral Energia, S.A.	BRL	TJLP + 2.34%	15 July 2029	23,083	2,040	17,188
Ventos Do Índios Energia, S.A.	BRL	TJLP + 2.45%	15 February 2032	23,059	1,964	21,095
Parque Eólico Palmares, S.A.	BRL	TJLP + 2.34%	31 July 2029	24,583	2,274	18,017
Ventos Do Lagoa, S.A.	BRL	TJLP + 2.34%	15 February 2029	23,512	2,126	17,364
Parque Éoliennes de L'Érable, SEC	CAD	5.015%	31 March 2033	169,929	7,594	117,697
Parque Éoliennes de L'Érable, SEC	CAD	7.123%	18 April 2033	23,790	734	20,593
Galicia Vento, S.L.	EUR	1.75% + Euribor	31 December 2024	38,500	6,515	24,979
Aerogeneradores del Sur, S.A.	EUR	1.75% + Euribor	31 December 2024	16,500	2,793	10,706
Ventos do São Fernando I Energia	BRL	IPCA + 2.1851%	15 January 2039	24,941	-	24,941
Parque Eólico Cofrentes, S.L.U.	EUR	Euribor	30 June 2038	35,775	-	13,650
					102,056	**613,017**

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

Details, by maturity, of the above debt for 2020 and 2019 are as follows:

Debts on 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**

Debts on maturing in	Thousands of Euros 31/12/2019
2021	60,031
2022	79,814
2023	74,773
2024 and thereafter	443,570
Total	**658.188**

Syndicated loans and credit facilities-

On 21 July 2014, Elecnor arranged syndicated financing of Euros 600 million with a group of 19 banks, which replaced the Euros 401 million that had been drawn down at that date in the syndicated financing arranged in 2012. 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.

On 27 June 2019, Elecnor signed a fifth novation of this agreement, subscribed by all 14 lenders. This renewal entailed 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.

The Company 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.

With respect to interest rate hedging, the 2019 novation did not alter the financing calendar, so no additional notional amount emerged subject to interest rate risk. Swaps had been arranged prior to the novation to cover 70% of the loan calendar generated by the novation of 2018. In June 2019, it was decided to hedge the interest rate risk of the remaining 30%, for which purpose another 8 interest rate swaps (IRSs) were arranged, with an initial notional amount of Euros 1.5 million and a maximum notional amount of Euros 54 million and a new basis swap with an initial notional amount of Euros 1.5 million and a maximum notional amount of Euros 54 million. At 31 December 2019, there were 39 IRSs and 5 basis swaps, assigned mainly to hedging interest rate risk in syndicated financing and, to a lesser extent, to hedging interest rate risk on promissory note issuance in the Alternative Fixed Income Market (MARF). The maturities and interest settlement dates of the swaps coincide with those of the financing agreements to which they are assigned.

In 2020, Elecnor did not arrange a novation of the syndicated loan, so the financing calendar remains unchanged. No new swaps were arranged in connection with the loan (since the calendar remains the same).

This syndicated financing bears interest pegged to Euribor or Libor (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 net financial debt/(EBITDA + dividends from projects) ratio. The Company has undertaken to comply with different ratios over the term of the bank financing agreement ((Net financial debt/EBITDA), (EBITDA/Net finance expenses), and (Net financial debt/Equity)), which will be calculated on the basis of the Elecnor Group's consolidated figures. Non-compliance could be cause for terminating the agreement, but at 31 December 2020 all the ratios were compliant.

At 31 December 2020, the drawn down amount of the syndicated financing agreement totals Euros 362 million and corresponds to 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 (Euros 265 million at 31 December 2019, Euros 200 million of the loan tranche, Euros 30 million of the credit tranche in Euros, Euros 27 million of the credit tranche in Dollars drawn down by Elecnor, S.A. and Euros 8 million of the credit tranche in Dollars drawn down by Elecdor).

The aforementioned syndicated financing agreement (loan tranche and credit tranche) in 2020 accrued interest at an average rate of 1.99%, amounting to a total of Euros 5,104 thousand in interest, considering the effect of the Euros 1,852 thousand in hedges booked by the Group under "Finance expenses" in the accompanying consolidated income statement for 2020 (Euros 5,182 thousand in interest in 2019, which included a finance expense for hedges totalling Euros 2,273 thousand).

Moreover, at 31 December 2020, the credit tranche accrued finance expenses relating to availability fees amounting to Euros 479 thousand (Euros 690 thousand in 2019).

Loans – wind farms-

For loans arranged in Brazilian Reals for the Parques Eólicos Palmares,S.A., Ventos da Lagoa,S.A., Ventos do Litoral,S.A. and Ventos dos Indos,S.A. companies through the Brazilian Development Bank BNDES, the applicable interest rate is the result of adding a spread to the country's long-term floating interest rate (TJLP). These loans entail an obligation to maintain coverage ratios to service debt within certain limits, and to deposit in a reserve account a sum covering at least three instalments of the principal and interest. The Parent's Directors consider that there have been no problems as regards complying with the covenants.

Moreover, the loan to the subsidiary Éoliennes de L'Érable, SEC accrued interest at a rate pegged to Canada government bond yield. The annual debt service coverage ratios (ADSCR) for this syndicated loan – under a project finance arrangement – must be higher than a minimum threshold throughout the term of the loan, pursuant to the financing loan deeds. In addition, this Canadian company signed a loan agreement with a third party subordinated to the senior financing described above.

To secure the loans of the subsidiaries P.E. Malpica, S.A., Aerogeneradores del Sur, S.A. and Galicia Vento, S.L., 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 2019 the Group arranged two new loans to finance the projects under construction in Brazil (Vento do São Fernando complex) and Spain (Cofrentes wind farm). The loans arranged in Brazilian Reals through BNB (Banco do Nordeste do Brasil) accrue an interest rate that is the result of adding a spread to the Brazilian inflation rate (IPCA). This financing was fully 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. It was necessary to arrange a bank guarantee with Bradesco to secure this financing. 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 established in the financing loan agreement and the setting up of a debt service reserve account (see Note 14).

The Directors consider that the companies are fulfilling all the conditions of the loans and that the project financing will be serviced on a normal basis, using the revenue generated from each wind power project.

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

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 (Euros 155 million in 2019). New issues in 2020 totalled Euros 996 million while maturities totalled Euros 996 million. The outstanding balance at 31 December 2020 was therefore Euros 70 million, reflecting 700 securities with a nominal value of Euros 100 thousand each.

At the beginning of 2019, Elecnor, S.A. had issued promissory notes on the Alternative Fixed Income Market (MARF) for an amount of Euros 155 million. New issues in 2019 totalled Euros 1,601 million while maturities totalled Euros 1,686 million. The outstanding balance at 31 December 2019 was therefore Euros 70 million, reflecting 700 securities with a nominal value of Euros 100 thousand each.

The promissory note programmes in force in 2020 and 2019 provided for a maximum number of outstanding issues at all times of Euros 300 million.

In 2020, these promissory notes accrued interest and fees totalling Euros 829 thousand (Euros 1,161 thousand in 2019) which the Group recognised under "Finance expenses" in the accompanying consolidated income statement.

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 IPCA plus a market spread. This financing was used to cancel the previous financing and the drawn down balance at 31 December 2020 amounted to Euros 40 million (Euros 65 million in 2019).

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.

Financing secured with personal guarantees-

At 31 December 2020, the Group keeps funding secured with a personal guarantee for the company Dunor Energía S.A.P.I de C.V. in the amount of Euros 1.5 million (Euros 4 million in 2019).

Other payables-

Other payables includes a financing agreement for Euros 9,200 thousand, arranged on 18 August 2017 with the European Energy Efficiency Fund, S.A., SICAV-SIF, maturing in 2031 and linked to the assignment of future credit rights of the Company. The amount outstanding at 31 December 2020 is approximately Euros 7,780 thousand (Euros 8,350 thousand at 31 December 2019).

Moreover, on 13 March 2018, the Parent Company arranged a financing agreement 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. The amount outstanding at 31 December 2020 is approximately Euros 8,168 thousand (Euros 9,311 thousand at 31 December 2019).

In 2020 these borrowings accrued interest of Euros 744 thousand (Euros 818 thousand in 2019).

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 11). The unmatured balance of this loan amounts to approximately Euros 5,106 thousand at 31 December 2020 (Euros 5,842 thousand at 31 December 2019).

Excluding tranche B of the syndicated loan, at 31 December 2020, Elecnor, S.A. had 14 open credit facilities with financial institutions (7 credit facilities in 2019), up to a maximum total of Euros 221 million (Euros 31 million and Euros 50 million drawn down, respectively). 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.

This bank financing accrued interest during 2020 of approximately Euros 462 thousand, which the Group recognised under "Finance expenses" in the accompanying consolidated income statement (approximately Euros 380 thousand in 2019).

Lastly, in 2020 the Parent company set up a Securitisation Fund 'Elecnor Eficiencia Energética 2020, Fondo de Titulización", 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 new structure, the Group obtains financing for investments in contracts assigned in the amount of Euros 50 million. The securitisation fund issued 7-year bonds worth Euros 50 million, which are subscribed and fully paid in, and which are trading in Spain's Alternative Fixed Income Market (MARF). The Group has not drawn down any of this financing as of 31 December 2020.

At 31 December 2020 and 2019, the Elecnor Group does not have any significant bank borrowings bearing interest at fixed rates, except for the hedging instruments described in Note 18.

18. 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 and interest rates, which affect the Group's profit/loss. Details of the balances reflecting the measurement of derivatives at 31 December 2020 and 2019 are as follows:

Thousands of Euros	2020				2019			
	Non-current assets (Note 14)	Current corriente	Non-current liabilities (Note 17)	Current liabilities (Note 17)	Non-current assets (Note 14)	Current corriente	Non-current liabilities (Note 17)	Current liabilities (Note 17)
INTEREST RATE HEDGES								
Cash flow hedges:								
Interest rate swap	180	-	10,230	3,680	-	292	6,873	1,512
EXCHANGE RATE HEDGES								
Cash flow hedges:								
Exchange rate insurance	-	391	446	3,775	24	92	7,259	4,210
ENERGY PRICE HEDGES	**-**	**439**	**-**	**-**	**-**	**3,489**	**-**	**-**
	180	**830**	**10,676**	**7,455**	**24**	**3,873**	**14,132**	**5,722**

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 2020 and 2019, the total nominal amount of the items for which exchange rate hedges had been arranged was as follows:

Currencies	31/12/2020	31/12/2019
Thousands of US Dollars (*)	7,961	15,256
Thousands of Chilean Pesos (*)	64,810,643	81,544,070
Thousands of Pounds Sterling (*)	-	120

(*) Figures expressed in the pertinent currency.

Of the nominal total hedged at 31 December 2020:

- Euros 6,558 thousand corresponded to sales insurance in US Dollars to cover 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,

Of the nominal total hedged at 31 December 2019:

- Euros 12,151 thousand corresponded to sales insurance in US Dollars to cover future payments to suppliers in US Dollars,
- Euros 95,608 thousand corresponded to purchases of Chilean Pesos against US Dollars to cover the risk of payments to suppliers in Chilean Pesos,
- Euros 1,502 thousand corresponded to purchases of US Dollars to cover future payments received in that currency,
- Euros 144 thousand corresponded to the purchase of Pounds Sterling to cover future payments received in that currency.

The equivalent Euro value of the nominal amount under exchange rate hedges at 31 December 2020 was approximately Euros 79,213 thousand (approximately Euros 109,405 thousand in 2019).

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 2020 and 2019 are as follows:

Thousands of Euros	Maturity 31/12/2020					
	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 the pertinent currency.

Thousands of Euros	Maturity 31/12/2019					
	2020	2021	2022	2023	2024 and thereafter	Total
Exchange rate hedge:						
USD sales (*)	12,078	1,500	-	-	-	13,578
Chilean Pesos purchases (*)	24,537,131	32,906,939	24,100,000	-	-	81,544,070
Purchases of Pounds Sterling (*)	120	-	-	-	-	120
USD purchases (*)	1,678	-	-	-	-	1,678

(*) Figures expressed 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 2020 the total nominal value of the liabilities hedged by interest rate hedges amounted to Euros 267,847 thousand (Euros 337,776 thousand in 2019).

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

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

Thousands of Euros	Maturity 31/12/2019					
	2020	2021	2022	2023	2024 and thereafter	Total
Interest rate hedges	56,506	40,690	30,315	40,586	169,679	337,776

The nominal amount of the interest rate swaps is, at most, equal to or lower than that of the outstanding principals of the hedged loans and their maturity and settlement dates are the same as those of the loans that are being hedged.

Neither in the case of exchange rate hedges or interest rate hedges did any circumstances arise in 2020 or 2019 that required changing the hedge accounting policy initially adopted for recognising the derivatives. In 2020 and 2019 the Elecnor Group did not have any derivatives that do not qualify for hedge accounting.

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, the Elecnor Group uses measurements provided by financial institutions, 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 a market interest rate, and the market value of future exchange rate contracts is determined by discounting the estimated future cash flows using the future exchange rates at year end.

This procedure is also used to determine the market value of loans and credits arising from cross currency swaps, through which the Group and the related bank exchange the flows from a loan in Euros for the flows from another loan in Dollars (Canadian/US) or Pounds. Any resulting differences are settled on maturity. At year end, the Group translates the loan into US Dollars (plus the accrued interest) at the closing exchange rate and compares it with the loan in Euros (plus the accrued interest), and the net value (i.e. the difference) is recognised under other current or non-current assets or financial debt, depending on whether the difference is positive or negative and on the maturity thereof, giving rise to a balancing entry under translation differences.

At 31 December 2020 and 2019 there were no remaining cross currency swaps in force.

19. PROVISIONS

The breakdown of provisions for liabilities and charges, and their classification as current or non-current at 31 December 2020 and 2019, is as follows:

Thousands of Euros	2020		2019	
	Non-current	Current	Non-current	Current
Litigation and liabilities	18,926	27,641	15,785	22,257
Decommissioning	11,976	377	9,889	275
Other	22,423	48,737	20,715	41,886
Total	**53,325**	**76,755**	**46,389**	**64,418**

Details of "Provisions for liabilities and charges" in the accompanying consolidated statement of financial position, and movement in 2020 and 2019, are as follows:

Thousands of Euros	Litigation and liabilities	Decommissioning	Other	Total
Balance at 1 January 2019	**40,771**	**15,621**	**41,551**	**97,943**
Provisions charged to profit and loss (Note 24)	9,800	4,641	44,318	58,759
Reclassification	300	-	(186)	114
Translation differences	(538)	136	(95)	(497)
Application	(4,001)	-	(10,861)	(14,862)
Reversals (Note 24)	(8,290)	(10,234)	(12,126)	(30,650)
Balance at 31 December 2019	**38,042**	**10,164**	**62,601**	**110,807**
Provisions charged to profit and loss (Note 24)	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 24)	(11,354)	(168)	(2,436)	(13,958)
Balance at 31 December 2020	**46,567**	**12,353**	**71,160**	**130,080**

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 Directors of the Parent Company 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%.

The category "Other" includes provisions for construction contracts with negative margins for a total amount of Euros 23,673 thousand (Euros 25,897 thousand at 31 December 2019), the most significant of which was booked in 2019 in relation to the "Mataquito Transmisora de Energía" project developed in Chile, which at 31 December 2020 amounted to Euros 11,487 thousand (Euros 12,523 thousand 2019).

Reversals in 2020 and 2019 correspond to penalties and other contingencies in relation to the execution of various projects that were completed in 2020 and 2019, respectively, and that were resolved favourably for the Group.

Decommissioning provisions at 31 December 2020 and 2019 correspond to the provision for the wind farm owned by the Group in Canada and for the farms in Brazil.

Decommissioning provisions at 31 December 2018 included the provision for the Group's Canadian wind farm and the provision for the decommissioning of Elecnor Perú, S.A.C. relating to the estimate costs necessary to buy back the lands and roads affected in the development of the construction of the Gasoducto Sur Peruano (Southern Peruvian Gas Pipeline), which was reversed in 2019 on the basis of the analysis conducted by the company's management in cooperation with its legal advisers which finds that Elecnor Perú, S.A.C. fulfilled its contractual obligations in accordance with Consorcio Constructor Ductos del Sur.

20. 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 2020 includes an advanced payment received by the Parent company in respect of a project it will execute in conjunction with an external partner and amounting to Euros 36,310 thousand. The Parent company has received 100% of the advanced payment of Euros 72,620 thousand due to having presented all the guarantees (its own and those of the other party) and the Parent company expects to deliver its portion to its partner in 2021 once it has presented the guarantees corresponding to it, the amount being booked as other current liabilities.

21. 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 2020 and 2019, are as follows:

	31/12/18	Transfers	Credit / charge to the income statement	Credit / charge to the assets and liabilities valuation reserve	Translation differences	Business combination (Note 7)	Transfer to non-current assets held for sale (Note 8)	Changes in the consolidation scope (Note 2.f)
Deferred tax Assets:								
Measurement of derivative financial instruments (Note 18)	4,726	297	(1,873)	(2,207)	(278)	28,512	(484)	(23,067)
Property, plant and equipment and intangible assets	7,431	(119)	(386)	294	-	5,528	(1,526)	(5,872)
Tax credits	30,604	98	249	-	(53)	36,293	(87)	(36,293)
Deductions and credits pending application	5,523	375	(1,829)	-	(1)	-	-	(172)
Losses in external branches	(18)	-	-	-	-	-	-	-
Non-deductible provisions (Note 19)	36,956	(479)	14,409	-	(1,332)	-	-	-
Other deferred tax assets	10,604	(193)	1,079	-	(682)	10,418	-	(13,018)
	95,826	**(21)**	**11,649**	**(1,913)**	**(2,346)**	**80,751**	**(2,097)**	**(78,422)**
Deferred tax liabilities:								
Property, plant and equipment and intangible assets	13,534	-	(733)	-	(186)	13,100	-	(14,657)
Goodwill	1,773	-	(934)	-	-	-	-	-
Measurement of derivative financial instruments (Note 18)	328	-	-	(222)	(3)	-	-	-
Other deferred tax liabilities	6,462	(1,368)	4,026	(199)	6	6,850	-	(7,171)
	22,097	**(1,368)**	**2,359**	**(421)**	**(183)**	**19,950**	**-**	**(21,828)**

	31/12/2019	Transfers	Credit / charge to the income statement	Credit/charge to the assets and liabilities valuation reserve	Translation differences	31/12/2020
Deferred tax Assets:						
Measurement of derivative financial instruments (Note 18)	5,626	1,365	-	(2,096)	(170)	4,725
Property, plant and equipment and intangible assets	5,350	(247)	819	-	-	5,922
Tax credits	30,811	(2,679)	(3,551)	-	(694)	23,887
Deductions and credits pending application	3,896	677	(1,043)	-	(9)	3,521
Losses in external branches	(18)	-	-	-	-	(18)
Non-deductible provisions (Note 19)	49,554	(3,123)	(8,382)	-	(3,713)	34,336
Other deferred tax assets	8,208	27	(240)	-	187	8,182
	103,427	**(3,980)**	**(12,397)**	**(2,096)**	**(4,399)**	**80,555**
Deferred tax liabilities:						
Property, plant and equipment and intangible assets	11,058	5,523	(431)	-	(1,577)	14,573
Goodwill	839	251	(497)	-	-	593
Measurement of derivative financial instruments (Note 18)	103	343	74	(21)	-	499
Other deferred tax liabilities	8,606	(585)	2,730	-	(35)	10,716
	20,606	**5,532**	**1,876**	**(21)**	**(1,612)**	**26,381**

Deferred tax assets and liabilities that are expected to be realised or reversed in periods of less than 12 months are not significant.

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 15.a and 19).

At 31 December 2020 and 2019, the tax credits for capitalised tax loss carryforwards and the deferred tax assets and liabilities by entity/subgroup are as follows:

Thousands of Euros	2020		
	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**

Thousands of Euros	2019		
	Tax credits	Deferred tax assets	Deferred tax liabilities
Elecnor, S.A.	15,133	42,211	3,766
Aplicaciones Técnicas de la Energía, S.A.	3,421	4,492	-
Enerfín subgroup	6,696	15,871	13,079
Audeca, S.L.U.	-	87	2,946
Elecnor do Brasil, Ltda	-	10,224	-
Elecnor Chile, S.A.	-	12,459	-
Elecnor, Inc	5,546	-	-
Other	15	18,083	815
Total	**30,811**	**103,427**	**20,606**

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 2020 and 2019 are as follows:

2020	Unused, uncapitalised tax loss carryforwards	Expiry year
Aplicaciones Técnicas de la Energia, S.A.	4,430	Unlimited
Deimos Engineering and Systems, S.L.U.	2,744	Unlimited
Eólicas Páramo de Poza, S.A.	9,881	Unlimited
Enerfín Enervento, S.L.U.	4,003	Unlimited
Montelecnor, S.A.	7,910	2021
IQA Operations Group, Ltd.	2,320	Unlimited
Elecnor South Africa, Ltd.	2,266	Unlimited
Dunor Energía, Sapi De Cv	17,258	2029-2030
	50,812	

2019	Unused, uncapitalised tax loss carryforwards	Expiry year
Aplicaciones Técnicas de la Energia, S.A.	4,430	Unlimited
Deimos Engineering and Systems, S.L.U.	1,217	Unlimited
Eólicas Páramo de Poza, S.A.	7,432	Unlimited
Enerfín Enervento, S.L.U.	4,003	Unlimited
Montelecnor, S.A.	13,627	2020-2021
IQA Operations Group, Ltd.	5,896	Unlimited
Elecnor South Africa, Ltd.	2,463	Unlimited
Dunor Energía, Sapi De Cv	15,212	2029
	54,280	

22. 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 (*)	2014 - 2019
Value Added Tax	2015 - 2020
Personal Income Tax	2015 - 2020
Social Security	2015 - 2020
Capital Gains Tax	2015 - 2020
Non-residents	2015 - 2020

(*) 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 2020 will not be open to inspection until 25 July 2021.

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 rest of the national companies taxed under state regulations.

Inspections conducted by the Tax Authority's Large Taxpayers Division at the Parent company, which commenced by notification on 1 July 2016, concluded in 2018.

Said inspections encompassed the following taxes and periods:

- Corporate Income Tax for the tax periods 2011 to 2013,

- Value Added Tax for the tax periods 06/2012 to 12/2014,

- Withholdings and payments on account for earnings for personal work and professional activities for the tax periods 06/2012 to 12/2014,

- Withholdings and payments on account for capital gains for the periods 06/2012 to 12/2014,

- Withholdings and payments on account for real estate earnings for the tax periods 06/2012 to 12/2014,

- Withholdings on account for non-residents tax for the tax periods 06/2012 to 12/2014, 06/2012 a 12/2014 y,

Las actuaciones inspectoras indicadas anteriormente finalizaron en el ejercicio 2018 con la suscripción de actas en conformidad que supusieron un pago total de 10.915 miles de euros en concepto de cuotas impositivas, intereses de demora y, en su caso, sanciones, cuyo gasto fue reconocido en la cuenta de resultados consolidada del ejercicio 2018, así como con la suscripción de actas en disconformidad cuyos acuerdos de liquidación suponen una obligación de pago por un importe total de 14.208 miles de euros.

The aforementioned inspections concluded in 2018 and the Group signed statements of conformity for a total payment of Euros 10,915 thousand in tax, late payment interest and, where applicable, fines, the expense of which is recognised in the 2018 consolidated income statement; it also signed 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 company was notified that the files were accessible, and of the procedure for allegations, which were submitted on 17 December 2020.

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,

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 2020 and 2019 are as follows:

Thousands of Euros	2020	2019
Consolidated profit before income tax	**125,932**	**190,077**
Non-deductible expenses	13,509	66,539
Non-taxable income (**)	(7,039)	(205,796)
Profit/loss from equity-accounted investees (Note 13)	(16,639)	46,268
Other	2,140	(513)
Capitalisation reserve	84	(351)
Uncapitalised tax credits applied	(9,878)	(8,133)
Uncapitalised tax loss carryforwards (***)	18,864	32,408
Adjusted accounting profit/loss	**126,973**	**120,499**
Gross tax calculated at the tax rate in force in each country (*)	42,659	42,682
Tax deductions for incentives and other	(545)	(472)
Adjustment to prior year's Corporate Income Tax expense	(638)	1,836
Effect of tax rate changes on deferred taxes	-	(484)
Other adjustments	1,674	15,850
Income tax expense	**43,150**	**59,412**

(*) 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 and 2019 mainly reflected adjustments to the accounting profit for income from the sale of investments which are exempt from taxation (see Notes 2.f).

(***) Corresponding mainly, in 2020, to the companies Dunor Energia S.A.P.I de C.V., in the amount of Euros 6.8 million, and the Enerfin subgroup, in the amount of Euros 4.1 million (Dunor Energia S.A.P.I de C.V. in the amount of Euros 18 million and the Enerfin subgroup, in the amount of Euros 6.9 million, in 2019).

Details of the main components of the income tax expense accrued in 2020 and 2019 were as follows:

Thousands of Euros	2020	2019
Current tax		
Present year	27,841	51,016
Prior years' adjustments	(638)	1,836
Other adjustments	1,674	15,850
Deferred tax		
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	14,273	(9,290)
Income tax expense	**43,150**	**59,412**

Details follow (in thousands of Euros) of the amounts and expiry years of deductible temporary differences, tax losses or credits for which deferred tax assets have not been recognised in the consolidated statement of financial position at 31 December 2020 and 2019, since the Directors do not consider they are likely to be recovered in the future:

Unused tax loss carryforward	31/12/2020
Expiry year:	
2021	8,194
2022	658
2023	2,142
2024	360
2025	62
2029	8,696
2030	8,562
2031	683
Unlimited	31,259
Total	**60,616**

Unused tax loss carryforwards	31/12/2019
Expiry year:	
2020	4,087
2021	9,731
2022	920
2023	1,753
2024	97
2028	263
2029	15,212
Unlimited	20,004
Total	**52,067**

Unused tax credits for deductions and other items	31/12/2020
Expiry year:	
2027	589
2028	890
2029	451
2030	124
2031	141
2050	18
Unlimited	1,330
Total	**3,543**

Unused tax credits for deductions and other items	31/12/2019
Expiry year:	
2027	592
2028	890
2029	451
2030	124
2031	141
Unlimited	1,909
Total	**4,107**

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.

23. GUARANTEE COMMITMENTS WITH THIRD PARTIES AND CONTINGENCIES

Guarantee commitments with third parties-

At 31 December 2020 and 2019, details of the risk exposure relating to bank guarantees received and other bid, completion and performance bonds, extended mainly by the Parent, are as follows:

Thousands of Euros	2020	2019
Completion bonds	1,038,296	665,788
Advances on contracts:		
Current	362,303	213,881
To be cancelled	-	47
Performance bonds	237,153	193,060
Bid bonds	65,488	63,129
Other	22,446	39,181
Total	**1,725,686**	**1,175,086**

At 31 December 2020 and 2019, the Parent had provided guarantees to the customer Empresa de Transmisión Energía for Euros 67 million and Euros 33 million, respectively. It had also provided guarantees to the customer Toabré for Euros 26 million in both years.

Furthermore, in 2020 it provided guarantees to customers AB Lietuvos Gelezinkeliu, Mataquito Transmisora de Energía and Nesf in the respective amounts of Euros 84 million, Euros 65 million and Euros 74 million.

The remaining amount of the guarantees at 31 December 2020 and 2019 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 to Euros 11 million.

24. INCOME AND EXPENSES

Net turnover-

Details of this item in 2020 and 2019 are as follows:

Thousands of Euros	2020	2019
Construction contracts and services rendered	2,317,140	2,283,979
Sale of goods and energy	138,812	169,747
Total	**2,455,952**	**2,453,726**

The breakdown of the Group's turnover in 2020 and 2019, by both geographical areas and products, is as follows:

Thousands of Euros	2020	2019
By geographical area		
National	1,238,600	1,168,656
International	1,217,352	1,285,070
Total	**2,455,952**	**2,453,726**
By line of business		
Electricity	982,949	908,347
Power generation	470,708	573,375
Telecommunications and space	233,301	247,719
Construction, environment and water	237,677	181,276
Maintenance	170,770	171,830
Facilities	213,434	215,105
Gas	92,572	106,793
Railways	54,541	49,281
Total	**2,455,952**	**2,453,726**

Revenue from Contracts with Customers

Movement in assets and liabilities from contracts with customers in 2020 and 2019 is as follows:

Thousands of Euros	Assets	Liabilities
At 1 January 2020	306,129	(357,009)
Revenues recognised	(2,317,140)	(2,440,230)
Reclassification to income	2,359,482	2,359,482
Translation differences	(9,591)	6,783
At 31 December 2020	**338,880**	**(430,974)**

Thousands of Euros	Assets	Liabilities
At 1 January 2019	258,756	(320,310)
Revenues recognised	2,377,252	2,377,252
Reclassification to income	(2,325,392)	(2,419,727)
Translation differences	(4,487)	5,776
At 31 December 2019	**306,129**	**(357,009)**

Materials consumed-

Details of this item in 2020 and 2019 are as follows:

Thousands of Euros	2020	2019
Purchases of raw materials and other materials consumed	811,516	759,959
Work carried out by other companies	424,255	432,762
Changes in goods for resale, raw materials and other inventories	2,464	2,292
Total	**1,238,235**	**1,195,013**

Other operating expenses-

Details of this item in 2020 and 2019 are as follows:

Thousands of Euros	2020	2019
Leases	68,790	71,721
Repairs and maintenance	27,658	23,963
Independent professional services	89,293	122,005
Transportation	7,365	6,622
Insurance premiums	11,531	9,482
Banking services	11,772	10,740
Advertising and publicity	1,090	1,677
Utilities	34,975	41,702
Taxes	24,492	28,414
Other expenses	64,276	65,605
Total	**341,242**	**381,931**

Personnel expenses-

Details of this item in 2020 and 2019 are as follows:

Thousands of Euros	2020	2019
Salaries and wages	531,650	503,473
Termination benefits	5,076	7,033
Social Security payable by the Company	120,641	110,746
Other employee benefits expenses	51,204	47,766
Total	**708,571**	**669,018**

At 31 December 2020, the heading "Other current liabilities" includes approximately Euros 29 million in remuneration pending payment (Euros 29 million at 31 December 2019).

Depreciation, amortisation and provisions-

Details of this item in 2020 and 2019 are as follows:

Thousands of Euros	2020	2019
Depreciation charge for property, plant and equipment (Note 11)	55,912	73,279
Amortisation charge for intangible assets (Note 10)	5,064	7,082
Changes in provisions for risks and charges without decommissioning (Note 19)	28,879	33,702
Impairment of fixed assets (Note 11)	-	5,271
Depreciation charge for right-of-use assets (Note 12)	11,120	6,362
Change in impairment of receivables (Note 14.b) and 15)	14,291	47,755
Impairment of goodwill (Note 9)	-	4,227
Other	(16,026)	(15,556)
Total	**99,240**	**162,122**

The heading "Other" at 31 December 2020 and 2019 corresponds mainly to the application of provisions the Group recognises against this heading, taking expenses for provisioned payments at 31 December 2020 and 2019 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 2020 and 2019 consolidated income statements are as follows:

Thousands of Euros	2020	2019
Finance expenses from issuing bonds and other marketable securities	4,249	5,307
Finance expenses on loans and borrowings (*)	23,438	41,277
Finance expenses from lease liabilities	3,069	3,085
Other finance expenses	5,430	4,891
	36,186	**54,560**

(*) Arising mainly from project finance arrangements for wind farms, Elecnor, S.A.'s syndicated loans and interest rate swaps (see Notes 17 and 18).

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.

25. INTERESTS IN JOINT VENTURES

In 2020 and 2019 the balance sheets and income statements of Temporary Business Associations (known in Spain as UTEs) 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.

Details of UTEs and the Group's percentage ownership therein at 31 December 2020 and 2019, the amount of revenues from construction work performed in 2020 and 2019 and the order book at year end are included in Appendix II to these consolidated annual accounts.

The contribution of UTEs to the various headings in the accompanying consolidated statement of financial position and in the income statement at 31 December 2020 and 2019 are as follows:

Thousands of Euros					
ASSETS	2020	2019	LIABILITIES	2020	2019
Intangible assets	64	124	Profit/loss for the year	363	(23,069)
Property, plant and equipment	29,666	31,342	Long-term payables	14,810	3,359
Financial assets	1,336	1,589	Current trade payables	129,667	167,280
Inventories	4,836	2,399			
Receivables	68,579	78,535			
Temporary investments	160	1,083			
Cash	40,158	32,074			
Accruals	41	424			
Total	**144,840**	**147,570**	**Total**	**144,840**	**147,570**

Thousands of Euros		
Income statement	2020	2019
Net turnover	112,116	130,786
Materials consumed	(81,183)	(90,589)
Non-trading income	290	1,213
Personnel expenses	(11,041)	(11,849)
External services	(14,882)	(24,212)
Taxes	(962)	(1,902)
Losses, impairment and changes in trade provisions	(1,794)	(8,066)
Other operating expenses	(514)	(371)
Depreciation and amortisation charge	(2,578)	(3,788)
Impairment and profit/loss on disposal of fixed assets	620	(2)
Excess provisions	149	-
Finance income	608	1,847
Finance expenses	(2,265)	(6,901)
Translation differences	2,658	(8,275)
Foreign taxes	(859)	(960)
Total	**363**	**(23,069)**

26. ORDER BOOK

Details, by business line, of the Parent's order backlog at 31 December 2020 and 2019, excluding UTEs (see note 25), are as follows:

Thousands of Euros	2020	2019
By geographical area		
National	511,726	460,249
International	1,007,279	1,128,920
Total	**1,519,005**	**1,589,169**
By line of business		
Electricity	809,423	632,051
Power generation	171,438	288,748
Telecommunications	123,936	169,774
Construction, environment and water	197,310	314,918
Maintenance	26,238	28,559
Facilities	85,068	64,056
Gas	12,915	24,754
Railways	92,677	66,309
Total	**1,519,005**	**1,589,169**

At 31 December 2020 the order backlog of subsidiaries amounts to Euros 754,076 thousand (Euros 635,498 thousand in 2019) and mainly comprises work for companies in the electricity sector.

27. 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:

	2020	2019
Days		
Average supplier payment period	59	63
Transactions paid ratio	65	70
Transactions payable ratio	38	44
Expressed in thousands of Euros		
Total payments made	991,441	861,025
Total payments outstanding	254,974	248,389

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".

28. INFORMATION ON EMPLOYEES

The average headcount, by professional category (not including joint ventures), in 2020 and 2019 was as follows:

	Average headcount	
Category	2020	2019
Management	170	178
Executive	1,227	1,081
Technician	3,524	3,010
Basic	11,844	10,284
Total	**16,765**	**14,553**

Of the Group's average headcount in 2020, a total of 6,314 employees had temporary employment contracts (5,709 employees in 2019).

Moreover, the breakdown by gender at the end of 2020 and 2019, specified by professional category, of staff and Directors, not including joint ventures, is as follows:

	31/12/2020		31/12/2019	
Category	Male	Female	Male	Female
Directors	13	2	13	2
Management	145	21	145	19
Executive	1,102	231	897	201
Technician	2,502	1,326	2,125	1,120
Basic	12,305	571	9,895	453
Total	**16,067**	**2,151**	**13,075**	**1,795**

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

Category	2020	2019
Executive	5	6
Technician	8	7
Basic	35	34
Total	**48**	**47**

At the 2020 year end, Elecnor, S.A. had a headcount of 9,387 employees in Spain (8,374 in 2019), 51 of whom were disabled, representing 0.54% of the workforce in Spain (0.56% in 2019). Elecnor, S.A. has been granted exemption from this requirement through the adoption of alternative measures. Certified purchases made from Special Employment Centres amounted to Euros 4,020 thousand in 2020 (Euros 3,458 thousand in 2019), which is equivalent to hiring an additional 55% of disabled employees (31% of disabled employees in 2019). This would result in a total of 2.34%, thereby exceeding the mandatory quota (2.62% in 2019).

29. RELATED PARTY BALANCES AND TRANSACTIONS

29.1. 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 2020 and 2019 are as follows:

2020

Thousands of Euros	Sales and other operating income	Finance income
Equity-accounted investees:		
Gasoducto de Morelos, S.A.	88	813
Grupo Celeo Concesiones e Inversiones		
Dioxipe Solar, S.L.	5,948	-
Aries Solar Termoeléctrica, S.L.	8,274	-
Celeo Redes Chile, Ltda	209	-
Celeo Fotovoltaico, S.L.U.	332	-
Celeo Apolo Fv, S.L.	-	1
Casablanca Transmisora de Energía, S.A.	12,114	-
Mataquito Transmisora de Energía, S.A.	20,922	-
Diego de Almagro Transmisora de Energía, S.A.	670	-
Celeo São João Do Piauí FV I, S.A. (7 companies)	18,567	-
Integraçao Maranhense Tranmissora de Energia, S.A.	15	-
Caiuá Transmissora De Energia, S.A	1,811	2,120
Parintins Amazonas Transmissora de Energia, S.A.	21,338	-
Serra De Ibiapa Transmissora de Energia, S.A.	68,567	-
Total	**158,855**	**2,934**

2019

Thousands of Euros	Sales and other operating income	Finance income
Equity-accounted investees:		
Celeo Concesiones e Inversiones, S.L.U.	1	25
Gasoducto de Morelos, SAPI de CV	89	1,382
Grupo Celeo Concesiones e Inversiones		
Celeo Termosolar, S.L.	60	-
Dioxipe Solar, S.L.	5,602	-
Aries Solar Termoeléctrica, S.L.	9,421	-
Celeo Redes Chile, Ltda	965	-
Celeo Fotovoltaico, S.L.U.	317	-
Casablanca Transmisora de Energía, S.A.	5,009	-
Mataquito Transmisora de Energía, S.A.	12,938	-
Diego de Almagro Transmisora de Energía, S.A.	28,382	-
Celeo São João Do Piauí FV I, S.A. (7 companies)	127,901	-
Integraçao Maranhense Tranmissora de Energia, S.A.	159	-
Pedras Transmissora de Energia, S.A.	274	-
Serra De Ibiapa Transmissora de Energia, S.A.	54,517	-
Total	**245,635**	**1,407**

At 31 December 2020 and 2019, 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	2020			2019		
	Accounts receivable		Accounts payable	Accounts receivable		Accounts payable
	Other financial investments (Note 14)	Trade receivables from related companies	Trade payables to, associates and related parties	Other financial investments (Note 14)	Trade receivables from related companies	Trade payables to, associates and related parties
Equity-accounted investees:						
Dioxipe Solar, S.L.	-	2,136	-	-	2,289	-
Aries Solar Termoeléctrica, S.L.	-	2,101	-	-	2,387	-
Diego de Almagro Transmisora de Energía, S.A	-	1,172	-	-	-	-
Gasoducto Morelos S.A.P.I. de CV	7,994	174	-	10,561	379	-
Casablanca Transmisora de Energía, S.A.	-	5,746	-	-	-	-
Mataquito Transmisora de Energía, S.A.	-	3,209	-	-	-	-
Parintins Amazonas Transmissora de Energia, S.A.	-	3,848	-	-	-	-
Serra De Ibiapa Transmissora de Energia, S.A. - SITE	-	-	-	-	2,223	-
São João do Piauí	-	13,041	-	-	6,314	-
Other	-	890	2	-	1,527	60
	7,994	**32,317**	**2**	**10,561**	**15,119**	**60**

Moreover, at 31 December 2020 and 2019 the Parent company had an account payable to the Directors amounting to Euros 2,415 thousand and Euros 2,438 thousand, respectively.

29.2. Remuneration of the Board of Directors

a) Remuneration and other benefits-

In 2020 the members of the Parent's Board of Directors received remuneration amounting to Euros 4,938.1 thousand (Euros 5,199.6 thousand in 2019). This remuneration includes that earned in their capacity as management personnel.

The Parent has paid approximately Euros 13.1 thousand for life insurance arranged for former or current members of its Board of Directors in 2020 (Euros 4.1 thousand in 2019).

At 31 December 2020 and 2019, 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 2020 and 2019, the Board of Directors of the Parent company was formed by 15 individuals, two of whom were women in both years.

At 31 December 2020 and 2019, 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.

Moreover, and in line with the measures in place for the Group's employees, the members of the Board of Directors agreed to reduce their remuneration during this period.

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 2020 and 2019 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.

29.3. Remuneration to the Management Team

In 2020, the Company's Management Team received remuneration amounting to Euros 5,728 thousand (Euros 4,661 thousand in 2019).

The stated total remuneration includes fixed remuneration, annual variable remuneration and variable remuneration for compliance with the 2017-2019 Strategic Plan.

At 31 December 2020 and 2019, 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.

It should also be noted that the Management Team, on a voluntary basis, decided to reduce its fixed salary by 30% during the months of the furlough schemes and working hours reductions implemented by the Group to combat the COVID-19 crisis (from 13 April to 31 May 2020), in solidarity with the rest of the workforce.

30. 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 2020 and 2019:

Thousands of Euros Description	2020	2019
For audit services	320	334
For other accounting verification services	101	98
For other services	11	12
Total	**432**	**444**

The above amount includes all fees relating to services provided in 2020 and 2019, 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 2020 and 2019.

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 2020 and 2019.

Moreover, other affiliates of KPMG International invoiced the Group in the years ended on 31 December 2020 and 2019 for net fees relating to professional services, as follows:

Thousands of Euros Description	2020	2019
For audit services	165	170
For other verification services	15	38
For tax advisory services	-	4
For other services	1,108	1,356
Total	**1,288**	**1,568**

Other auditors also invoiced the Group in the years ended on 31 December 2020 and 2019 for net fees relating to professional services, as follows:

Thousands of Euros		
Description	2020	2019
Audit services	554	563
For other accounting verification services	-	80
Tax advisory services	-	54
Other services	12	541
Total	**566**	**1.,238**

31. EARNINGS PER SHARE

Details of basic earnings per share in 2020 and 2019 are as follows:

	2020	2019
Attributable net profit (thousands of Euros)	78,303	126,377
Total number of shares outstanding	87,000,000	87,000,000
Less - own shares (Note 16.d)	(2,320,942)	(2,320,809)
Weighted average number of shares outstanding	84,679,058	84,679,191
Basic earnings per share (Euros)	0.92	1.49

At 31 December 2020 and 2019 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.

32. 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 2020, 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 CO_2 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.

33. OTHER DISCLOSURES

On 11 March 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic, due to its rapid global spread, affecting more than 150 countries on that date. Most governments took restrictive measures to curb the spread, which include: isolation, lockdowns, quarantine and restrictions on the free movement of people, closure of public and private premises except those considered essential or relating to healthcare, border closures and drastic reductions in air, sea, rail and road transport. In Spain, the government approved Royal Decree 463/2020, of 14 March, declaring a state of emergency in order to manage the healthcare crisis unleashed by the COVID-19 outbreak.

This situation is having a significant impact on the global economy, due to the disruption or slowing of supply chains and the sizeable increase in economic uncertainty, evidenced by an increase in the volatility of asset prices, exchange rates and cuts in long-term interest rates.

In this complex environment, the Group has implemented a series of cost containment and employment flexibility measures that are making it possible to mitigate the risks that we face. This plan enabled the gradual return to full operating capacity of the workforce as some degree of normal economic activity was restored.

Our priority is to guarantee the safety of our employees, customers and suppliers, as well as to buttress the Group's financial strength. With these objectives in view, Elecnor has carried out and is carrying out some initiatives in line with the recommendations of the authorities, namely: the creation of a COVID-19 Monitoring Committee that has developed an Action Plan to protect health; the creation of a Special Contingency Plan that also defines the scope of action by Elecnor and its workers as an essential supplier of critical operators in the system; and, for a number of vulnerable groups and particularly at-risk workers, the "Occupational Health and Safety Service Action Procedure for exposure to SARS-CoV-2" has been activated.

1- Accounting estimates

Below are the estimates performed by the Elecnor Group on the basis of the best available information.

Impairment of non-financial assets

On the date of authorising for issue these consolidated annual financial statements, there were no signs that the COVID-19 pandemic has affected the long-term performance of the businesses in such a way as to affect the valuation of the company's non-financial assets.

Impairment of financial assets

Although general credit risk has increased due to COVID-19, it has not been necessary to significantly increase the estimated credit loss with which the provisions for unrecoverable receivables are calculated. On the date of these financial statements no indications were identified of significant changes in the credit terms of customers or in the capacity thereof to pay outstanding invoices when due.

However, although there is no indication of significant changes in credit risks other than those already recognised in the consolidated financial statements, the Elecnor Group intends to monitor the credit risk of its financial assets as new information becomes available that enables more accurate calculations to be performed of the estimated loss.

Provisions, contingent liabilities and onerous contracts

On the date of issuing these consolidated financial statements, no additional liabilities emerged in relation to contracts in force as a result of COVID-19 which might imply additional provisions at 31 December 2020.

Contracts with customers

In 2020, no significant contract modifications or cancellations were identified as a consequence of COVID-19 or any situations in which it was impossible for a customer to fulfil the contractual conditions, although there have been occasional delays in some projects which are expected to be recovered in the next few months. Furthermore, it was not considered necessary to update key estimates when recognising revenues using the degree of completion method as a result of the pandemic, although the margins of some contracts were affected by the measures implemented by the Group to ensure the safety of its employees, customers and suppliers.

2- Impacts on the accompanying consolidated financial statements

On the date of authorising for issue the consolidated financial statements, the impacts of this crisis were moderate, in terms of both revenues and costs, with the insolvency rate unchanged and a robust liquidity position as a result of boosting financing facilities, as described in the Consolidated Directors' Report.

With regard to the employment measures adopted by the Elecnor Group, we highlight those implemented in Spain. During this crisis, steps were taken in connection with the Group's employees to adapt their dedication and cost to the situation of projects underway. In this regard, it is important to distinguish between staff in Structure and staff in Works

Staff in Structure:

100% of staff in Structure has been affected. Specifically:

- Management staff: voluntary reduction in remuneration during the period from 13 April to 31 May 2020.
- Rest of staff: agreement with the Bargaining Committee (comprising various legal workers' representatives) for the implementation of a furlough scheme and working day reduction. The duration of this furlough scheme was the same as that of the remuneration reduction for management.

Staff in Works:

- Force Majeure Furlough: Approved by the Employment Authority and affecting 658 employees providing services in some of the activities that were legally prohibited due to the health crisis. Working days suspensions commenced on 20 March, and restrictions on the last workers were withdrawn on 31 May. The company, despite meeting the legal requirements, opted not to apply deductions on its Social Security contributions.
- Working hours suspension scheme for objective reasons (productive reasons): For the rest of activities, the company and the Bargaining Committee agreed to a maximum suspension of 52 calendar days between 13 April and 1 July. The number of suspended working days was considerably lower than the maximum agreed.

At the Group's work centres outside Spain, measures legally permitted in the various counties were taken in accordance with the framework explained above for Spain.

Moreover, and in line with the measures in place for the Group's employees, the members of the Board of Directors agreed to reduce their remuneration during this period.

Furthermore, all the Group's costs were monitored, and significant savings were achieved in various spheres.

Elecnor is not prohibited from paying dividends charged to 2020 pursuant to the provisions of Royal Decree-Law 18/2020 of 12 May, concerning social measures to safeguard employment, as the company previously paid the social security contributions from which it had been exempted as a result of the furlough schemes regulated in art. 1 of the aforementioned Royal Decree-Law.

3- Financial risks

The Elecnor Group is structurally subject to financial risks which it permanently supervises, monitoring the performance of the various financial markets in which it operates, in compliance with the risk limits established in its Risk Policies and anticipating risk situations in markets such as the one triggered by COVID-19.

Liquidity risk

At the onset of the COVID-19 outbreak and until central banks started implementing liquidity injections so as to stabilise the markets, there were liquidity restrictions which affected mainly entities with the lowest ratings.

The Elecnor Group's liquidity situation was solid prior to COVID-19, ensuring that its compliance with its commitments was not jeopardised even in a scenario of complete market closure.

However, in order to guarantee liquidity in the event of an additional deterioration in businesses' cash flow generation, the financing limits were raised, noting that, even in a context of liquidity shortage, the Elecnor Group received the support of both fixed income investors and banks at competitive prices.

At 31 December 2020, the Elecnor Group has a solid liquidity position, with sufficient cash and available credit facilities to comfortably meet liquidity requirements even if markets contract further.

Elecnor has not undertaken commitments that imply restrictions on the decisions to use the company's cash, such as on dividend payments, and neither is it expected to undertake commitments entailing such restrictions in the future.

Interest rate risk

Among the measures adopted by central banks, cuts to official benchmark interest rates were among the main levers to reactivate the economy.

Moreover, the current uncertainty makes it likely that rates will remain low, reducing interest rate risk in the short and medium term.

Foreign currency risk

COVID-19 sparked considerable instability in the currency markets, especially in emerging economies. Specifically, in the emerging markets in which the Group operates, the depreciation of the Brazilian Real has been especially considerable.

Despite this scenario, the effect of this depreciation on the Group's results has been closely monitored, and it has had only a moderate impact on its financial statements.

In addition, the Group's geographical diversification and the significant weighting of other currencies like the Euro and US Dollar in its businesses has been a major mitigating factor to aid the stability of its results.

Clear evidence of the Group's commitment to improvement in health and safety is that, in Spain, for all activities in this sphere in 2020, a budget of more than Euros 11 million was allocated, and a further Euros 5.7 million was subsequently earmarked to undertake investments linked to the COVID-19 pandemic.

APPENDIX I: COMPANY INFORMATION

(THOUSANDS OF EUROS)

2020	Parent	Company	Registered office	Auditor	Activity	% 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%
		Elecnor Infrastruture, LLC	OMAN	BDO	Construction and maintenance	70.00%
		Elecnor Peru, S.A.C	PERU	-	Construction and assembly	100.00%

Continued on next page

APPENDIX I: COMPANY INFORMATION

(THOUSANDS OF EUROS)

2020	Parent	Company	Registered office	Auditor	Activity	% direct or indirect ownership
		Elecnor Seguridad, S.L.U.	SPAIN	-	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	-	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%

Continued on next page

APPENDIX I: COMPANY INFORMATION

(THOUSANDS OF EUROS)

2020	Parent	Company	Registered office	Auditor	Activity	% 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%
	ENERFIN 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	CANADA	-	Administration and advisory services	100,00%
	ENERFIN ENERVENTO EXTERIOR,S.L.U.					
		Gran Sul Geraçao de Energia	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 Energias Renovaveis LTDA	BRAZIL	-	Development, construction and generation of electricity	100.00%
		Rio Norte I Energia, LTDA	BRAZIL	-	Management and administration of companies	100.00%
		Rio Norte II Energia, 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%
	ENERFIN ENERVENTO, S.L.U.					
		Aerogeneradores del Sur, S.A.	SPAIN	Deloitte	Construction, operation and use of wind farm resources	100.00%
		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%

Continued on next page

APPENDIX I: COMPANY INFORMATION

(THOUSANDS OF EUROS)

2020	Parent	Company	Registered office	Auditor	Activity	% direct or indirect ownership
		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%
	ENERFIN SOCIEDAD DE ENERGÍA,S.L.					
		Enerfera, S.R.L.	ITALY	-	Construction, operation and use of wind farm resources	100.00%
		Enerfín Developments British Columbia, Inc	CANADA	-	Development and management of wind farm activities	0.00%
		Enerfín do Brasil Sociedad de Energía, LTDA	BRAZIL	-	Development and management of wind farm activities	100.00%
		Enerfin Energy Company, INC	USA	-	Development and management of wind farm activities	100.00%
		Enerfin Energy Company of Canada, INC	CANADA	-	Management and administration of companies	100.00%
		Enerfin 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%
		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%

Continued on next page

APPENDIX I: COMPANY INFORMATION

(THOUSANDS OF EUROS)

2020	Parent	Company	Registered office	Auditor	Activity	% direct or indirect ownership
	EOLIENNES DE L'ERABLE 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 EOLIENNES DE L'ÉRABLE SEC					
		Eoliennes L'Erable Commanditaire Inc	CANADA	-	Operation of power plants	100,00%
	RIO NORTE I ENERGIA, LTDA					
		Ventos do São Fernando I Energia	BRAZIL	-	Wind farm development	100.00%
		Ventos de São Fernando II Energia	BRAZIL	-	Wind farm development	100.00%
		Ventos de São Fernando III Energia	BRAZIL	-	Wind farm development	100.00%
	RIO NORTE II ENERGIA, LTDA					
		Ventos de Sao Fernando IV Energía,S.A.	BRAZIL	Deloitte, S.L.	Wind farm development	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%
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%

Continued on next page

APPENDIX I: COMPANY INFORMATION

(THOUSANDS OF EUROS)

2020	Parent	Company	Registered office	Auditor	Activity	% direct or indirect ownership
	CELEO CONCESIONES E INVERSIONES, S.L.U.					
		Celeo Energia, 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 ENERGIA, SLU					
		Celeo Energia Brasil, LTDA	BRAZIL	-	Development, construction and operation of all types of energy and services, utilities, waste treatment, etc.	51.00%
		Celeo Energia 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%
		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%

Continued on next page

APPENDIX I: COMPANY INFORMATION

(THOUSANDS OF EUROS)

2020	Parent	Company	Registered office	Auditor	Activity	% 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%
		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%
	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 Energia, S.A.	CHILE	KPMG	Development, construction and operation of electrical facilities	51.01%
		Charrúa Transmisora de Energia, S.A.	CHILE	KPMG	Assembly, installation, operation of the new 2 x 500 Charrúa - Ancoa line	51.01%
	CELEO REDES T. DE ENERGIA, 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%

Continued on next page

APPENDIX I: COMPANY INFORMATION

(THOUSANDS OF EUROS)

2020	Parent	Company	Registered office	Auditor	Activity	% direct or indirect ownership
	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%
	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%
	ENERFIN ENERVENTO EXTERIOR, S.L.U.					
		Woolsthorpe Holding Trust	AUSTRALIA	-	Management and administration of companies	50.00%

Continued on next page

APPENDIX I: COMPANY INFORMATION

(THOUSANDS OF EUROS)

2020	Parent	Company	Registered office	Auditor	Activity	% direct or indirect ownership
	ENERFIN ENERVENTO, S.L.U.					
		Parque Eólico La Gaviota, S.A.	SPAIN	Ernst & Young	Operation of power plants	37.33%
	ENERFIN 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 I: COMPANY INFORMATION

(THOUSANDS OF EUROS)

2019	Parent	Company	Registered office	Auditor	Activity	% direct or indirect ownership
Consolidation method Fully consolidated companies						
	ELECNOR, S.A.					
		Andes Solares, SAS	COLOMBIA	-	Development and operation of renewable energy sources	100.00%
		Aplicaciones Técnicas de la Energía, S.L.U. (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	-	Construction and assembly	100.00%
		Elecnor Chile, S.A.	CHILE	KPMG	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%
		Elecnor Infrastruture, LLC	OMAN	-	Construction and maintenance	70.00%
		Elecnor Perú, S.A.C.	PERU	Portal Vega & Asociados	Construction and assembly	100.00%

Continued on next page

APPENDIX I: COMPANY INFORMATION

(THOUSANDS OF EUROS)

2019	Parent	Company	Registered office	Auditor	Activity	% direct or indirect ownership
		Elecnor Seguridad, S.L.U.	SPAIN	-	Installation and maintenance of fire prevention and safety systems	100.00%
		Elecnor South Africa (PTY) LTD	SOUTH AFRICA	-	Construction and assembly	100.00%
		Elecnor, INC	USA	RP&B	Facilities	100.00%
		Electrificaciones Del Norte, S.A.	SPAIN	-	A broad range of business activities	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	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	-	Sales, 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%
	CORPORACION ELECTRADE					
		Electrade Investment, Ltda	BARBADOS	-	Sale of materials	100,00%
	DEIMOS SPACE, S.L.U.					
		Deimos Atlantic Launchers, S.A.	ITALY	-	Space transport, launch of satellites and space vehicles	100.00%
		Deimos Engenharia, S.A.	PORTUGAL	ESAC Espirito Santo Associados	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%

Continued on next page

APPENDIX I: COMPANY INFORMATION

(THOUSANDS OF EUROS)

2019	Parent	Company	Registered office	Auditor	Activity	% direct or indirect ownership
		S.C. Deimos Space, S.R.L.	ROMANIA	-	Analysis, engineering and development of space missions and software	100.00%
	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%
	ELECTRIFICACIONES DEL NORTE, ELECNOR,S.A.					
		WAYRA ENERGY, S.A.	ECUADOR		Oil and natural gas extraction	50.00%
		Zogu, S.A.	ECUADOR	Seel & Company, S.A.	Construction and assembly	100.00%
	ENERFIN ENERGY CO OF CANADA					
		Lambton Enerwind General Partner Inc (Gp)	CANADA	-	Administration and advisory services	100.00%
		Lambton Enerwind Limited Partnership (Sec)	CANADA	-	Wind farm development	100.00%
	ENERFIN 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%
	ENERFIN ENERVENTO EXTERIOR,S.L					
		Gran Sul Geraçao de Energia	BRAZIL	-	Wind farm development	100.00%
		Guajira Eolica II, S.A.S.	COLOMBIA	-	Wind farm development	100.00%
		Prairie Winds General Partner	CANADA	-	Management and administration of companies	70.00%
		Prairie Winds Limited Partner	CANADA	-	Wind farm development	25.00%
		Rio Norte I Energia,	BRAZIL	-	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%
		Vientos De Panaba, S.A. de CV	MEXICO	-	Wind farm development	100.00%
	ENERFIN ENERVENTO, S.L.U.					
		Aerogeneradores del Sur, S.A.	SPAIN	Deloitte	Construction, operation and use of wind farm resources	100.00%
		Eólica Montes de Cierzo, S.L.	SPAIN	Deloitte	Operation of power plants	100.00%

Continued on next page

APPENDIX I: COMPANY INFORMATION

(THOUSANDS OF EUROS)

2019	Parent	Company	Registered office	Auditor	Activity	% direct or indirect ownership
		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%
	ENERFIN SOCIEDAD DE ENERGÍA, S.L.					
		Enerfera, S.R.L.	ITALY	-	Construction, operation and use of wind farm resources	100.00%
		Enerfín Developments British Columbia, Inc	CANADA	-	Development and management of wind farm activities	100.00%
		Enerfín do Brasil Sociedad de Energia, 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 Enervento Exterior, S.L.	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 Sociedad de Energía, S.L.U.	SPAIN	Deloitte	Management and administration of companies	100.00%
		Eolica La Vela	COLOMBIA	-	Wind farm development	100.00%
		Eolica Los Lagos	CHILE	-	Wind farm development	100.00%
		Eolica Musichi	COLOMBIA	-	Wind farm development	100.00%
		Guajira Eolica I, S.A.S.	COLOMBIA	-	Wind farm development	100.00%
		Parque Eólico Cofrentes, S.L.U.	SPAIN	-	Operation of power plants	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%
	EOLIENNES DE L'ERABLE 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 EOLIENNES DE L'ÉRABLE SEC					
		Éoliennes L'Érable CANADA Commanditaire Inc	-	Operation of power plants		100.00%

Continued on next page

APPENDIX I: COMPANY INFORMATION

(THOUSANDS OF EUROS)

2019	Parent	Company	Registered office	Auditor	Activity	% direct or indirect ownership
	RIO NORTE I ENERGÍA, LTDA					
		Ventos do São Fernando I Energia	BRAZIL	-	Wind farm development	100.00%
		Ventos de São Fernando II Energia	BRAZIL	-	Wind farm development	100.00%
		Ventos de São Fernando III Energia	BRAZIL	-	Wind farm development	100.00%
	RIO SUL 1 ENERGÍA ,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%
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 Energia, 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	Deloitte	Construction, engineering and supply of 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 thermosolar power plants	51.00%
		Helios Inversión Y Promoción Solar, S.L.U.	SPAIN	-	Development, construction and operation of PV farms	51.00%

Continued on next page

APPENDIX I: COMPANY INFORMATION

(THOUSANDS OF EUROS)

2019	Parent	Company	Registered office	Auditor	Activity	% direct or indirect ownership
	CELEO ENERGÍA,SLU					
		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%
		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	51.00%
		Pedras Transmissora de 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%

Continued on next page

APPENDIX I: COMPANY INFORMATION

(THOUSANDS OF EUROS)

2019	Parent	Company	Registered office	Auditor	Activity	% 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 Energia, 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%
	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%

Continued on next page

APPENDIX I: COMPANY INFORMATION

(THOUSANDS OF EUROS)

2019	Parent	Company	Registered office	Auditor	Activity	% direct or indirect ownership
	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%
	ENERFIN ENERVENTO EXTERIOR, S.L					
		Woolsthorpe Holding Pty Ltd	AUSTRALIA	-	Management and administration of companies	50.00%
		Woolsthorpe Holding Trust	AUSTRALIA	-	Management and administration of companies	50.00%
	ENERFIN ENERVENTO, S.L.U.					
		Parque Eólico La Gaviota,S.A	SPAIN	Ernst & Young	Operation of power plants	37.33%
	ENERFIN SOCIEDAD DE ENERGÍA, S.L.					
		Gestión de Evacuación La Serna,	SPAIN	-	Wind farm development	15.00%
	HELIOS INVERSION					
		Celeo Fotovoltaico, S.L.U.	SPAIN	KPMG	Development, construction and operation of PV farms	51.00%

APPENDIX II: LIST OF CONSOLIDATED TEMPORARY BUSINESS ASSOCIATIONS (UTES)

Thousands of Euros (*)		2020		2019	
	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 EXPLOTACIÓN ZONA 07-A	60.00%	569	--	961	--
CONSORCIO ELECNOR DYNATEC	100.00%	2,200	2,514	7,498	5,068
UTE ZONA P-2	50.00%	--	--	--	--
UTE SUBESTACIÓN JUNCARIL	50.00%	--	--	--	--
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	--	616	34
UTE AS SOMOZAS	50.00%	--	--	--	--
UTE JARDINES MOGAN	100.00%	--	--	(2)	--
UTE URBANIZACIÓN PEDRO III	100.00%	--	--	--	--
UTE ELECNOR-ONDOAN SERVICIOS	50.00%	712	700	758	142
UTE ELECNOR - DEIMOS SIPA	100.00%	--	--	--	--
UTE PATRIMONIO SEGURIDAD	66.66%	--	5	--	500
UTE PLAZAS COMERCIALES T4	100.00%	--	--	--	--
UTE TRANVIA OUARGLA	49.50%	--	--	2,595	--
UTE ENERGÍA GALICIA	20.00%	885	19,725	7,841	20,610
UTE AEROPUERTO DE PALMA	100.00%	(1)	--	1	--
GROUPEMENT INTERNATIONAL SANTÉ POUR HAITI	100.00%	785	--	4,824	--
UTE ENERGÍA GRANADA	33.34%	--	--	126	230
UTE MOBILIARIO HUCA	100.00%	--	--	--	--
UTE ANILLO GALINDO	25.00%	--	--	--	--
CONSORCIO NUEVA POLICLÍNICA DE CHITRE	100.00%	51	13	771	64
CONSORCIO NUEVA POLICLÍNICA DE CHEPO	100.00%	358	--	500	--
UTE ADEC LOCALES CERCANÍAS	100.00%	--	--	--	--
UTE CAMPO DE VUELO TF NORTE	100.00%	--	--	--	--
UTE VOPI4-ELNR CA L'ALIER	50.00%	39	359	42	398
UTE MANTENIMIENTO AVE ENERGÍA	12.37%	16,321	70,511	16,169	86,833
UTE ASEGOP IBIZA	65.00%	6	17	15	23
UTE ELECNOR BUTEC BELLARA	60.00%	5,799	--	27,227	188
UTE EDARES SEGOVIA	70.00%	--	--	54	--
UTE SICA	100.00%	9	227	189	236
UTE MANTENIMIENTO AEROPUERTO DE PALMA	50.00%	18	--	326	11
UTE CUETO DEL MORO	25.00%	8	3	--	--
UTE ELECNOR ALGHANIM	60.00%	739	1,860	468	--
UTE MANTENIMIENTO VALEBU	50.00%	72	1,627	388	1,699

Continued on next page

APPENDIX II: LIST OF CONSOLIDATED TEMPORARY BUSINESS ASSOCIATIONS (UTES)

Thousands of Euros (*)		2020		2019	
	Percentage ownership	Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
UTE EMBARQUE DESEMBARQUE T4	100.00%	--	--	--	--
UTE CONTAR	100.00%	118	--	118	--
UTE INST. RECERCA SANT PAU	50.00%	10	50	28	254
UTE INST. MERCAT DE SANT ANTONI	60.00%	--	56	343	56
UTE TUNELES ABDALAJIS	100.00%	468	55	476	35
UTE TORRENTE - XATIVA	50.00%	--	--	--	--
UTE EMPALME II	50.00%	76	--	(4,264)	--
UTE CENTRO LOG. IBEREBRO	41.90%	--	--	--	--
UTE AEROPUERTO TERUEL	50.00%	--	--	--	--
UTE NAVE SESTAO	50.00%	--	--	--	--
UTE ENERGÍA GALICIA MANTENIMIENTO	20.00%	2,128	27,875	1,622	30,004
UTE TERMINAL DE CARGA TF NORTE	50.00%	--	--	--	--
UTE URBANIZADORA RIODEL	50.00%	--	--	--	--
UTE FIRA PAVELLO 2	70.00%	--	--	--	--
ELECNOR TARGET LLC, JV	60.00%	62,780	115,910	1,887	191,882
UTE LINEA 1	20.00%	--	--	--	--
UTE TERMINAL E	50.00%	(75)	96	144	--
UTE HERNANI-IRUN	50.00%	779	--	1,998	--
UTE ACTUAC ETAPS CYII LOTE2	50.00%	--	--	80	80
UTE CARPIO Y POLLOS	50.00%	126	--	138	--
UTE CAMPO DE VUELOS ASTURIAS	100.00%	12	320	536	332
UTE BIOMASA HUERTA DEL REY	50.00%	--	85	30	85
UTE MOPAEL	80.00%	5,355	--	3,864	--
UTE OFICINAS GENCAT	60.00%	62	--	1,025	--
UTE UYUNI-YUNCHARA	49.00%	--	--	--	--
UTE MEGAFONÍA AENA	70.00%	--	--	--	--
UTE MANTENIMIENTO SIGMA AENA	100.00%	197	15	198	51
UTE RENFE AGENTE ÚNICO	100.00%	318	963	217	1,281
UTE RENFE CCTV	100.00%	2.242	195	1.879	2.437
UTE UCA	100.00%	261	94	419	94
UTE SIPA AENA	100.00%	1,252	--	558	81
JV ELECNOR AL OWN	70.00%	491	--	1,046	313
UTE BILBOPORTUA	50.00%	408	--	522	--
UTE BIZKAIKO ARGIAK	23.00%	--	--	--	--
ELECNOR AND RAY, J.V. JV	60.00%	--	--	(664)	--
UTE MANTENIMIENTO LOTE 1	50.00%	1,344	--	1,530	--
UTE ELECNOR - EIFFAGE	50.00%	8,507	170	10,859	4,597
UTE TIL TIL	100.00%	--	--	--	--
UTE EDAR LAGUNA DE NEGRILLOS	80.00%	--	--	171	--
UTE PORTUKO ARGIAK	23.00%	35	298	167	333
UTE E&C M.I. BUSTURIA AUXILIAR	51.00%	--	--	120	601
UTE URBANITZACIÓ MERCAT DE SANT ANTONI	60.00%	5	93	(1)	98
UTE ING PUY DU FOU	50.00%	--	224	50	224
UTE SICA 2018-2021	100.00%	397	--	16	--

Continued on next page

APPENDIX II: LIST OF CONSOLIDATED TEMPORARY BUSINESS ASSOCIATIONS (UTES)

Thousands of Euros (*)	Percentage ownership	2020		2019	
		Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
UTE ELECTRIFICACIÓN VILLAFRANCA	90.00%	1,038	1,605	351	2,642
UTE TREBALLS PREVIS 1 CAMP NOU	45.00%	98	196	5,273	--
UTE CLINICA EUGIN BALMES	50.00%	387	58	4,826	--
UTE SALAS VIP AEROP BCN	100.00%	--	--	7,876	--
JV TAFILAH	70.00%	222	4,153	13,956	4,859
UTE ACCESOS BANCO DE ESPAÑA	100.00%	--	3	616	3
VARIANTE PAJARES UTE	20.00%	4,577	--	2,080	--
CONSORCIO CHIELEC DOMINICANA	100.00%	1,458	232	9,177	--
UTE CASETAS AEROPUERTO DE MÁLAGA	100.00%	--	--	492	224
UTE AMPLIACIÓN TRANVÍA VITORIA	50.00%	189	20	326	209
ELECNOR - EIFFAGE JV	50.00%	1,906	1,374	1,514	427
UTE MANTENIMIENTO AEROPUERTO DE PALMA II	50.00%	1,718	811	1,756	2,529
UTE MONTETORRERO	100.00%	23,271	--	2,259	22,693
UTE MONLORA	100.00%	6,439	--	40,496	5,692
UTE MONCAYO	50.00%	16,748	--	3,208	16,250
SEP ELECNOR-EIFFAGE GUINEA CONAKRY	50.00%	3,519	11,343	4,708	2,965
UTE ALSTOM RENOVABLES-ELECNOR II	25.64%	--	--	--	--
SEP ELECNOR-EIFFAGE GUINEA BISSAU	50.00%	3,677	5,172	4,440	2,406
UTE PEDRALBA-OURENSE	50.00%	14,183	6,911	5,800	21,093
UTE EDIFICI LA PEDROSA	50.00%	6,481	1,340	3,168	7,669
UTE BOMBEOS BAKIO-GANDIAS	50.00%	67	72	157	139
UTE ELECTRIFICACIÓN RECOLETOS	50.00%	--	370	4,017	370
UTE PRESA DE L´ALBAGÉS	50.00%	2,674	--	552	--
UTE LIMPIEZA AEROPUERTO DE PALMA	50.00%	254	331	186	585
UTE SICA 2020-2022	100.00%	--	--	--	--
UTE SEG ESTACIONES MADRID	100.00%	--	--	--	--
UTE NOVA ESCOLA BRESSOL	100.00%	1,215	598	--	1,813
UTE MANT MERCAT DE SANT ANTONI	60.00%	206	237	17	443
UTE LINEA 4	20.00%	6,524	37	--	6,561
UTE INSTAL. TUNEL GLORIES	40.00%	3,711	16,971	--	--
UTE EDAR ARRIANDI	50.00%	121	1,439	--	1,560
UTE SIPA 2020-2022	100.00%	--	12,700	--	--
UTE UCA 2020-2022	100.00%	--	12,200	--	--
UTE REGADIO VALORIA FASE I	50.00%	1,140	883	--	--
UTE PALMEROLA	56.68%	501	24,212	--	--
UTE GALILEO	100.00%	260	1,087	--	--
UTE COMEDOR BANCO DE ESPAÑA	100.00%	--	80	--	--
UTE M.I. MUNDAKA GERNIKA	51.00%	613	186	--	--
UTE LA ESCOCESA	50.00%	4,566	5,403	--	--
UTE SEGURETAT L´AMPOLLA	100.00%	--	528	--	--
UTE MANTENIMIENTO NORESTE	50.00%	382	44,947	--	--
UTE MANTENIMIENTO CENTRO	50.00%	216	27,568	--	--
UTE ENERGÍA LÍNEA 9	20.00%	1,659	--	2,606	--
S.E.I. UTE (ELECNOR, S.A.-TERRES)	50.00%	--	--	--	--

Continued on next page

APPENDIX II: LIST OF CONSOLIDATED TEMPORARY BUSINESS ASSOCIATIONS (UTES)

Thousands of Euros (*)	Percentage ownership	2020		2019	
		Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
UTE REMOLAR	23.51%	--	--	--	--
UTE SERRANO - ELECNOR CANSALADES	40.00%	--	--	112	1
UTE ELECNOR GONZALEZ SOTO	50.00%	9	43	37	--
TERMINAL ALICANTE, UTE	20.00%	--	--	--	--
UTE VILLAGONZALO, Z - 3	35.00%	--	--	--	--
UTE TARAGUILLA	25.00%	--	--	--	--
WAYRA	50.00%	16,456	14,244	12,236	15,165
UTE AERONAVE TIERRA	20.00%	--	--	2	--
UTE MELIALABS	55.00%	7	--	16	--
UTE DEIMOS -IECISA	50.00%	2,141	--	2,745	--
UTE NAVENTO DEIMOS, File 2017-02371	27.46%	188	--	232	--
AUCOSTA CONSERVACION UTE	50.00%	--	--	907	--
CONSERVACIÓN MAQUEDA UTE	50.00%	(15)	--	1,609	--
CÓRDOBA NORTE II UTE	50.00%	427	--	945	327
PARQUE PATERNA UTE	50.00%	--	--	1,122	--
HUELVA SURESTE II UTE	50.00%	--	--	924	--
MANZANARES UTE	60.00%	--	--	--	--
MANZANARES II UTE	50.00%	2,447	1,973	2,272	4,420
PONTESUR UTE	50.00%	1,553	623	1,784	2,176
PONTENORTE UTE	50.00%	940	1,419	959	2,359
TALAVERA UTE	50.00%	2,198	3,364	2,249	5,562
LEÓN-3 UTE	80.00%	310	--	4,803	310
UTE MURCIA-SAN JAVIER	50.00%	--	--	--	--
SMA OLVEGA UTE	60.00%	762	3,500	713	3,428
GUADIX-BAZA UTE	51.00%	559	966	533	472
UTE SIERRA ESPUÑA	65.00%	--	--	(3)	--
UTE SIERRA BURETE	65.00%	--	--	--	--
UTE HOSPITAL REINA SOFÍA	20.00%	508	921	475	1,429
C.S. ANTONIO GARCÍA	20.00%	--	--	56	--
SEVILLA A66 UTE	50.00%	1,795	3,736	1,942	5,531
BURGUILLO UTE	50.00%	--	--	--	--
SAN CIPRIANO UTE	70.00%	3,723	5,881	757	9,019
MAQUEDA II UTE	50.00%	2,713	1,909	634	2,026
UTE CIRCUNVALACIÓN LUCENTUM	50.00%	1,621	2,604	549	4,225
UTE AUDECA CIVISGLOBAL SECTOR O-03	70.00%	2,767	10,026	45	12,793
UTE MADRID SURESTE	67.00%	2,954	4,725		
UTE SANTA ELENA	60.00%	1,173	6,400		
UTE PONTENORTE II	50.00%	21	1,177		
UTE LA CAMPANETA	50.00%	116	503		
ACCIONA INFRAESTRUCTURAS-ELECNOR HOSPITAL DAVID, S.A.	25.00%	1,636	--	952	--
PROYECTOS ELECTRICOS AQUAPRIETA, SAPI DE CV	50.00%	--	--	14,898	--
DUNOR ENERGÍA	50.00%	(10,657)	--	19,142	--
ELECNOR - EIFFAGE JV	50.00%	1,906	1,374	1,514	427
UTE MONTERORRERO	25.00%	23,271	--	2,259	22,693

Continued on next page

APPENDIX II: LIST OF CONSOLIDATED TEMPORARY BUSINESS ASSOCIATIONS (UTES)

Thousands of Euros (*)		2020		2019	
	Percentage ownership	Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
UTE ELECNOR-EIFFAGE GUINEA BISSAU	50.00%	3,677	5,172	4,440	2,406
UTE ELECTRIFICACIÓN RECOLETOS	50.00%	--	370	4,017	370
UTE MANTENIMIENTO NOROESTE	50.00%	382	44,947	--	--
UTE ENERGÍA LÍNEA 9	20.00%	1,659	--	2,606	--
S.E.I. UTE (ELECNOR, S.A. - TERRES)	50.00%	--	--	--	--
UTE SERRANO - ELECNOR CANSALADES	40.00%	--	--	112	1
UTE VILLAGONZALLO, Z - 3	35.00%	--	--	--	--

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

APPENDIX III: ELECNOR, S.A. AND SUBSIDIARIES

CONDENSED FINANCIAL INFORMATION OF EQUITY-ACCOUNTED COMPANIES 31 DECEMBER (THOUSANDS OF EUROS)

2020	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 continued operations	6,497	28,003
Profit/loss for the year	6,456	28,003
Other comprehensive income	(7,059)	(246,730)
Total comprehensive income	**(603)**	**(218,727)**
Dividends received	-	-

Continued on next page

APPENDIX III: ELECNOR, S.A. AND SUBSIDIARIES

CONDENSED FINANCIAL INFORMATION OF EQUITY-ACCOUNTED COMPANIES 31 DECEMBER (THOUSANDS OF EUROS)

2019	Gasoducto de Morelos, S.A. Promotora de Inversión de C.V.	Subgroup Celeo Concesiones
Information from the statement of financial position		
Non-current assets	259,738	2,800,000
Non-current liabilities	156,037	1,696,015
Non-current financial liabilities	127,690	1,605,950
Total non-current net assets	**103,701**	**1,103,985**
Current assets	23,825	272,413
Cash and cash equivalents	10,782	158,718
Current liabilities	88,194	148,439
Current financial liabilities	7,557	73,634
Total current net assets	**(64,369)**	**123,974**
Net assets	**39,332**	**1,227,959**
Percentage ownership	0.50	0.51
Share of net assets	19,666	626,259
Carrying amount of the investment	19,666	560,624
Information from the income statement		
Revenue	37,164	44,254
Depreciation and amortisation	(13,147)	(16,187)
Interest expense	(11,606)	(9,962)
Income tax expense/(income)	(4,023)	(2,657)
Profit/loss from continued operations	6,497	227,197
Profit/loss for the year	6,497	227,197
Other comprehensive income	(2,982)	-
Total comprehensive income	**3,515**	**227,197**
Dividends received	-	8,587

2020 DIRECTORS' REPORT ELECNOR GROUP

CONTENTS

1. PURPOSE, VISION AND BUSINESS MODEL

Elecnor is a Spanish company operating in more than 50 countries. The company's purpose is to generate change and bring about progress 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's well-being.

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:

- **Infrastructure:** 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, external financing, construction, investment and management of energy assets.

Efficiency, diversification and robustness are the Elecnor Group's growth and expansion levers.

2. ECONOMIC CONTEXT [1]

2020 has been decisively shaped by the economic situation unleashed by the COVID-19 pandemic. Although a high degree of uncertainty persists due to the possibility of new virus variants, the global economy is expected to grow by 5.5% in 2021 and 4.2% in 2022. These estimated growth rates are based on a recovery of activity in the final part of the year thanks to vaccines and additional policy support in some major economies.

However, according to experts, the global economic recovery will be lengthy, uneven and uncertain. In fact, compared with the forecast in June 2020, the outlook has worsened significantly in some emerging and developing economies where infection rates continue to spiral. These uneven recovery rates from one region to the next significantly worsen the prospects for global convergence of income levels.

With respect to its 2020 year-end forecasts, the IMF expects the most advanced economies (United States, the four leading Eurozone countries, Japan, United Kingdom, Canada and others) to see their GDP decrease by 4.9%, while emerging and developing economies' GDP is projected to shrink by 2.4%, with evident differences from one country to the next (for example, China is expected to post 2.3% growth, while Brazil and Mexico are projected to contract by 4.5% and 8.5%, respectively).

In general terms, according to the IMF's forecasts, the robustness of the recovery will vary considerably between countries, depending on the access to healthcare, the efficiency of policy support measures, exposure to cross-border economic repercussions and the structural characteristics of each economy at the start of the crisis. In 2021, the pace of growth in advanced economies will improve to 4.3% and in 2022 to 3.1%; while the Fund projects that emerging and developing economies will log 6.3% growth in 2021 (spearheaded by India, with 11.5% estimated growth) and 5% growth in 2022 (also led by India, this time +6.8%).

Economic policies must focus on stimulating GDP, to guarantee participatory growth that benefits everyone and to accelerate the transition towards a decarbonised economy. The IMF's October 2020 World Economic Outlook (WEO) report considers that a green investment push combined with an initially moderate but steady rise in carbon prices would put the global economy on a stronger footing in the wake of the recession caused by the pandemic.

Countries will see an increase in borrowing costs and sovereign debt levels will rise significantly at a time when the contraction in GDP implies a reduction in tax revenues that will hamper payment of interest on borrowing. Interest rates remain very low, facilitating the refinancing of public and private deficits. The IMF considers that fiscal policies are likely to tighten, increasing the progressiveness of taxation and establishing minimum tax rates for companies.

In Spain, the recovery is expected to be relatively intense in the next three years. According to Bank of Spain estimates (compiled in December 2020), 2020 GDP will decline by 10.7%, 11.1% and 11.6% in the moderate, core and adverse crisis scenarios, respectively. The scale of the rebound in 2021 will differ notably depending on the epidemiological scenario considered (6.8% in the core scenario, 8.6% in the moderate scenario and 4.2% in the adverse scenario). The recovery in GDP to pre-COVID levels would be delayed until mid-2023 in the core scenario (including Spain's recourse to European funds under the Next Generation EU programme – NGEU). Meanwhile, unemployment is expected to soar in 2020, and, despite starting to fall from the second half of 2021, at the end of 2023 it would be slightly above 14% in the core scenario, slightly above pre-pandemic levels.

According to Funcas, consumer spending will bounce back strongly, consistent with the greater willingness to spend as the uncertainties regarding the pandemic are dissipated. Investment will also gain ground, especially public investment, which is projected to grow by around 40% (albeit starting from very low levels). With regard to specific sectors, according to Spain's Instituto de Estudios Económicos (IEE), construction may make a "considerable" contribution and be one of the catalysts of the Spanish economy in 2021, provided the pandemic does not lead to new restrictions. This activity, along with exports, will post the highest growth in the coming year. As for the energy business, the sector will resist the impact of the pandemic better than other industries, thanks to renewables and the deployment of distribution networks. The outlook in 2021 for companies in the sector is stable, according to a report published by Moody's.

According to IMF forecasts for 2021, advanced economies are expected to grow by 4.3%, and GDP for these countries will come in around 2% below the 2019 figure. The US economy is estimated to shrink by 3.4% in 2020, and to grow by 5.1% in 2021. For the Eurozone, the contraction is expected to be sharper (-7.2% in 2020), since the bloc slowed down by more than the US in the first half of 2020. Consequently, estimated growth of 4.2% in 2021 and 3.6% in 2022 is somewhat stronger, since the starting point is lower.

According to the IMF, in Latin America, where most countries are still struggling to contain the spread of COVID, the two largest economies, Brazil and Mexico, are set to post contractions of -4.5% and -8.5%, respectively, in 2020. In Brazil's case, the OECD considers that the strong response in terms of fiscal and monetary policy has prevented a more severe contraction in the economy.

With regard to 2021, according to the World Bank, Brazil is expected to see an improvement in consumer confidence and the favourable lending conditions will shore up an increase in consumer spending and private investment, which will boost GDP by 3%.

Meanwhile, in the wake of the decline in 2020, the projected recovery in Mexico is based primarily on an improvement in exports as the US economy bounces back and the trade uncertainty dissipates as a result of the trade agreement between the US, Mexico and Canada (USMCA) coming into force in mid-2020. Growth is expected to recover, reaching 3.7% in the current year.

In Sub-Saharan Africa, countries have acted swiftly to safeguard their societies from the impact of unprecedented economic and health crises. Nevertheless, these economies are forecast to shrink by 3%. In 2021, growth is expected to recover to around 3.1%, albeit with risks relating to the COVID-19 pandemic, the resilience of health systems in the region and the availability of external financing.

With regard to Australia, the OECD (in its December report) estimated a 3.8% decline in GDP, with a subsequent recovery in economic activity at a rate of 3.2% in 2021 and 3.1% in 2022. GDP in Australia had been growing for almost 30 consecutive years, including during the international financial crisis. The Australian Bureau of Statistics has said that the country's response to the coronavirus crisis aimed at helping households and businesses led to unprecedented payments from the public sector to the private sector (including wage schemes, unemployment support and financial stimulus totalling an equivalent of 13.3% of its GDP). In 2021, Australia has improved the outlook in its budget forecasts, since the country's economy is recovering faster than expected, helped by an unforeseen rise in iron ore prices.

Elecnor Group

Since the outbreak of the pandemic, the Elecnor Group has monitored and designed action protocols following the recommendations issued by the Spanish Ministry of Health and the competent authorities in Spain and each market where it operates, always protecting the safety and health of its workers, customers, suppliers and other stakeholders.

The Elecnor Group has been facing this exceptional situation by reorganising its productive activity to ensure critical infrastructures in the energy, telecommunications,

(1) Sources:
- International Monetary Fund (IMF). World Economic Outlook. January 2021
- World Economic Outlook (WEO). January 2021 Report.

water, gas and transport sectors remain operational, providing an essential service for all utilities.

In this complex environment, the Group has implemented a series of cost containment and employment flexibility measures that are making it possible to mitigate the risks that we face. This plan has enabled to gradually recover the full operation of the workforce.

The Group's priority during the year has been to ensure the safety of its employees, customers and suppliers. With these objectives in view, Elecnor has carried out some initiatives in line with the recommendations of the authorities, namely: the creation of a COVID-19 Monitoring Committee that has developed an Action Plan to protect health; the creation of a Special Contingency Plan that also defines the scope of action by Elecnor and its workers as an essential supplier of critical operators in the system; and, for a number of vulnerable groups and particularly at-risk workers, the "Occupational Health and Safety Service Action Procedure for exposure to SARS-CoV-2" has been activated.

3. ECONOMIC AND FINANCIAL PERFORMANCE IN THE PERIOD

3.1. Business performance

The performance of the Group's businesses during the crisis is demonstrating the essential nature of its operations. Operating profit reflects the impact that the COVID-19 crisis has had on operations since mid-March, mitigated by the geographical and business diversification of the Group. The performance of the Group's businesses improved in the second half of the year, enabling consolidated net profit at the Infrastructure and Concessions businesses to reach levels attained in the previous year.

Consolidated net profit from the businesses

(thousands of Euros)	2020	2019	Change (%)
Infrastructure business	71,517	66,519	7.5%
Concessions business	30,970	36,726	-15.7%
Consolidated net profit from the businesses	**102,487**	**103,245**	**-0.7%**

Infrastructure Business

The **Infrastructure Business** develops a wide range of services that were affected during the first half of the year, but due to their essential nature, their operations normalised in the second half. In addition, it implements turnkey projects in various sectors and countries, especially in the field of energy, where investments have continued due to their strategic nature.

(thousands of Euros)	2020	2019	Change (%)
Turnover	2,352,471	2,279,501	3.2%
EBITDA	161,708	176,717	-8.5%
Profit before tax	112,311	104,998	7.0%
Attributable net profit	71,517	66,519	7.5%

The **Infrastructure Business** logged sales of Euros 2,352.5 million, up 3.2% on the previous year.

Profit after tax at the **Infrastructure Business** amounted to Euros 71.5 million, a 7.5% increase compared to the previous year.

In the **national market,** positive growth rates have been achieved thanks to the commitment shown by the main service customers who have maintained or even advanced their investment plans anticipating the opportunities derived from the Integrated National Energy and Climate Plan (INECP) 2021-2030. Moreover, during this period, construction works of wind farms have been carried out in Galicia and Zaragoza, and of solar PV farms in Ciudad Real and Cáceres.

Elecnor thus remains a leader in the national market for services to large operators, mainly electric utilities and telecommunications companies.

Construction projects in the Spanish renewables sector, both solar PV and wind, as well as refurbishment and equipment of industrial buildings, commercial complexes, hotels, etc., contributed to the growth in the company's profit.

In the **international market,** it is worth highlighting the positive evolution of the construction of electricity transmission lines in Brazil and Chile, and also those of US subsidiaries (Hawkeye and Belco).

In the **international market,** where states of emergency were declared in a staggered manner in the various countries where the Group operates, note the contribution from construction projects such as solar PV farms and electricity transmission lines in Brazil, the construction of electricity transmission lines, substations and street lighting in Chile, and solar PV plants in the Dominican Republic.

Note also the positive performance in the US by the subsidiaries Hawkeye (engineering, construction and maintenance in the electricity and gas sector) and Belco (traffic), in Italy by electric power distribution and telecommunications activities conducted by the branch of Elecnor, S.A., and in the United Kingdom by the electricity business managed by the subsidiary IQA. In Norway, growth was driven by railway tunnel projects.

We highlight the design, construction and launch of the substations and transmission lines in Angola and the refurbishment of hydroelectric plants and construction of the water supply system in that country. Other growth drivers are: the design, supply and installation of substations and the construction of solar PV farms in Ghana, and construction work on hydroelectric plants in Cameroon.

This year the Group commenced work on the Vilnius-Klaipeda railway electrification in Lithuania, a project it was awarded at the end of 2019. The project's engineering and construction is expected to last four years.

Furthermore, Elecnor has commenced work to install the substation and transmission line for a hybrid solar-wind farm at Port Augusta, Australia, as well as on the engineering and construction of the New England Solar Farm in the same country. Elecnor has also partnered with Australian group Clough in a 50%-50% joint venture that was awarded the Euros 917 million contract to build the Energy Connect project, which includes 700 kilometres of high-voltage lines and 4 substations, and is being developed by Australian transmission network operator TransGrid.

Concessions business

The impact on the activity of the Group's **Concessions Business,** managed via its subsidiary Enerfín and its investee Celeo, has been moderate since the bulk of the assets are in operation. These assets have performed strongly, despite the impact on the income statement of the depreciation of the currencies in which the business operates (BRL down 33% and USD down 2% against EUR, approximately). Some assets currently under construction have experienced delays, but they are not expected to significantly affect profitability.

(thousands of Euros)	2020	2019	Change (%)
Turnover	145,232	190,769	-23.9%
EBITDA	112,791	144,712	-22.1%
Profit before tax	44,265	52,457	-15.6%
Attributable net profit	30,970	36,726	-15.7%

The **Concessions Business** encompasses the operation of wind farms, solar PV and solar thermal plants, electricity transmission lines and water treatment plants. Sales in this segment have fallen by 23.9%. The decline is the result of the corporate transaction arranged with APG in 2019[1], whereby, pursuant to the joint management of Celeo Concesiones e Inversiones, S.L., the profit of the Celeo subgroup is accounted for using the equity method under the heading "Profit/loss from equity-accounted investees" of the income statement, affecting the comparison of the figures under "Net turnover" and EBITDA.

Moreover, last year, the companies Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L. contributed to turnover as they were controlled by the Elecnor Group in the final five months of the year, as well as the rest of companies belonging to the Celeo Subgroup which were fully consolidated throughout last year. Excluding that effect, sales performance would have improved compared to the previous year. With regard to sales in foreign wind farms (Brazil and Canada), the increase in wind resources this year compared to the previous year offset the effect of currency depreciation.

Profit after tax in the **Concessions Business** amounted to Euros 31 million (Euros 36.7 million in the previous year). Last year profit included the margin obtained on the sale of solar PV developments (see note 2.f to the Annual Accounts of Elecnor, S.A. and Subsidiaries), whereas this year no operations of this scale were performed. Excluding profit obtained last year from the aforementioned operation, net profit attributable to this segment would have been positive year-on-year. Furthermore, profit in this segment factors in the depreciation of the Brazilian real in the year.

(1) See note 2.f Business combinations in the Notes to the Annual Accounts of Elecnor, S.A. and subsidiaries.

The Group operates 5,740 km of electricity transmission lines in Chile and Brazil and is involved in the construction of new electricity transmission lines in these countries, to be operated by the subsidiaries of Celeo Redes Chile and Celeo Redes Brazil, respectively. The Group built six solar PV plants (179.8 MW) in the Brazilian state of Piauí, whose energy sales were adjudicated in 2018 to the Brazilian subsidiaries in which the Elecnor Group has an interest.

In addition, profit from wind projects managed by the wind operation and development subsidiary Enerfín have mitigated the effect of the depreciation of the currencies in which the Group's assets operate, especially in Brazil, due to the greater availability of wind resources in the year, with profit or loss at the rest of wind business companies remaining stable. The Group has an installed capacity of 1,349 MW in wind farms in operation and construction in Spain, Brazil, Canada, Colombia and Australia. Note that this year the Group has launched the Cofrentes wind farm in Valencia, which will generate 155,000 MWh of electric power annually, as well as the San Fernando wind projects (256 MW).

3.2. Key figures in consolidated profit/loss for the year

As a result of the foregoing, the following are key figures in the Consolidated Income Statement, compared with those corresponding to the previous year:

Key Figures

(thousands of Euros)	2020	2019	Change (%)
Turnover	2,455,952	2,453,726	0.1%
National	1,238,600	1,168,656	6.0%
International	1,217,352	1,285,070	-5.3%
EBITDA	245,802	265,350[2]	-7.4%
Profit before tax	125,932	190,077	-33.7%
Attributable consolidated net profit	78,303	126,377	-38.0%

(2) Net EBITDA from corporate transactions

Elecnor continues its internationalisation process and is a flagship company in the sectors of the national market in which it operates. The Group's **Turnover** amounted to Euros 2,455.9 million, a slight increase (+0.1%) with respect to the previous year. Although, thanks to the recovery in the second half, the national market logged 6% growth, the international market saw a delay in the launch of projects to be executed in 2021, as well as currency depreciation in some of the countries where the Group operates.

The **production backlog as of 31/12/20, scheduled for execution in the next 12 months,** amounts to Euros 2,273.1 million (Euros 2,222.7 at the end of the previous year). Compared with the previous year-end figure, the backlog has increased by 2.3%. 73% of the backlog corresponds to the international market.

Consolidated Net Profit at the Elecnor Group in 2020 amounted to Euros 78.3 million. Comparability of last year's Euros 126.4 million profit is affected mainly by the impacts of the corporate transaction agreed with APG at the end of 2019 (outlined in Note 2.f of the Notes to the Annual Accounts of Elecnor, S.A. and Subsidiaries); the acquisition in June 2019 of 42.57% and 44.30% stakes in Dioxipe Solar, S.L. and Aries Solar Termoeléctrica, S.L., respectively, by means of Celeo Termosolar (explained in Note 7 of the Notes to the Annual Accounts of Elecnor, S.A. and Subsidiaries, concerning Business Combinations); as well as other non-recurring amounts also set forth in the Notes to the Annual Accounts. Excluding these effects on profit or loss in the previous year, the Group's profit is similar to that of last year, as evidenced by the profit at the various businesses.

Net **EBITDA** from corporate transactions amounted to Euros 245.8 million, i.e. down 7.4% year-on-year[1], due mainly to the impact of the depreciation of currencies in countries where the Group operates.

On the other hand, the Group has implemented a constant policy of cost containment and control which is at present underpinned by the development of various digitalisation projects to enhance the efficiency of its business processes, some of which were launched in the year.

3.3. Financial position

In 2020, the Group's operating activity enabled it to generate a cash flow of Euros 194 million and its net investment amounted to Euros 209.6 million.

Corporation net financial debt (Euros 129.9 million) decreased by 4.2% with respect to the previous year's close (Euros 135.7 thousand). This was mainly due to the positive cash generation performance of the Group's businesses as a result of their operating activities.

The indebtedness ratio at year end, calculated as Corporation Net Financial Debt divided by EBITDA with recourse, was 0.83 (0.92 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.

Meanwhile, Total Net Financial Debt (Euros 536.6 million) increased by 8.6% with respect to the previous year's figure (Euros 494.2 million), due to using project finance modalities in the San Fernando projects in Brazil.

(1) See appendix on Alternative Performance Measures.

Net Financial Debt

(thousands of Euros, at year-end)	2020	2019
Corporation Net Financial Debt	**129,940**	**135,672**
Net EBITDA from corporate transactions	245,802	265,350
With recourse	144,591	122,633
Without recourse	101,211	142,717
Ratio of Debt/EBITDA with recourse + projects div.	0.83	0.92
Net Financial Debt	**536,649**	**494,133**
With recourse	129,940	135,672
Without recourse	406,709	358,461
Net EBITDA from corporate transactions	245,802	265,350
Ratio of Total Net Financial Debt / net EBITDA from corporate transactions	2.18	1.86

With regard to the Group's **financial strategy,** we note:

- Elecnor maintains a **Syndicated Financing Agreement,** arranged in 2014 and renewed in 2015, 2016, 2017, 2018 and 2019, extending the maturity, improving the original conditions and including the voluntary prepayment of Euros 100 million in 2018. The financing has a cap of Euros 400 million, distributed between the Loan Tranche of Euros 200 million and a Credit Facility Tranche of Euros 200 million. The Credit Facility Tranche is subdivided into two parts: one denominated in US Dollars, up to a limit of USD 75 million and available for Elecnor and its subsidiary Elecdor, and one denominated in Euros up to a limit of Euros 134 million, available only to Elecnor. This will afford Elecdor sufficient financial capacity to tackle the projects in the oil and gas business being developed by the Group in Ecuador.

- Elecnor'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 Euros 300 million. In deciding to renew the programme, Elecnor valued the flexibility of the financing periods and the lower cost than that of alternative funding sources over the same maturities.

- In 2020, the company availed itself of sufficient **financing facilities** to maintain a solid liquidity position and be able to fulfil its obligations comfortably, even in scenarios of greater market contraction that might be caused by the COVID-19 situation (see Note 6.4 hereto, Liquidity Risk, and Note 33 to the Annual Accounts of Elecnor, S.A. and Subsidiaries).

- On 2 December 2020, Elecnor, S.A. set up a **Securitisation Fund** called "ELECNOR EFICIENCIA ENERGÉTICA 2020, Fondo de Titulización", 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 advantageous financing conditions for investment in the assigned contracts in the amount of Euros 50 million as a result of the credit claims assignment. 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.

- In 2019, Elecnor, via its wind power development and operation subsidiary Enerfin, successfully completed an **issuance of bonds** to strengthen its wind farm business in Brazil. It issued bonds without recourse to the shareholder in the Brazilian securities market in the amount of BRL 325 million (Euros 73 million) for the Ventos do Sul wind farms (150 MW) located in the Brazilian state of Rio Grande do Sul. These farms commenced operation in 2006 and the financing arranged for their construction had been fully repaid before the issuance of these bonds. The funds from this bond placement will be used for investment in future projects. The issue was placed in two tranches at different costs. 70% was subscribed at the Brazilian Interbank Deposit Certificate (CDI) rate, with a spread of 0.75%, whereas the remaining 30% was linked to Brazil's Extended Consumer Price Index (IPCA) with a spread of 3.25%. In addition, in 2020 project financing was closed and disbursed for construction of the Cofrentes wind farm (Spain) and the São Fernando complex (North-East Brazil).

The Elecnor Group tackles its investment projects by arranging project financing, as described in section 6.2 "Interest rate risk" herein, while it finances 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 2020 are the same as those applied to the consolidated annual accounts in 2019. 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) at the Group's Parent, Elecnor, S.A.

Key Figures

(thousands of Euros)	2020	2019	Change (%)
Turnover	1,544,049	1,368,728	12.8%
National	1,079,540	987,643	9.3%
International	464,509	381,085	21.9%
Operating income	20,752	(7,203)	-
EBITDA	45,412	18,160	150.1%
Profit before tax	46,765	54,659	-14.4%
Profit after tax	31,633	30,122	5.0%

The operating income of the Group's parent company, Elecnor, S.A., was higher than in the previous year, since the international projects that have contributed most to consolidated income (in Brazil, Chile, United States, Australia) were carried out not only through subsidiaries, but also via branches of Elecnor S.A., such as Angola, Panama, Dominican Republic, Ghana, etc.

Profit before tax totalled Euros 46.8 million, i.e. 14.4% lower than in the previous year, due to lower dividend distribution by subsidiaries of Elecnor, S.A.

3.6. Average payment period

The average payment period to suppliers of the Group's Parent, Elecnor, S.A., calculated as per Additional Provision Three of Law 15/2010, dated 15 July, is 60 days. The average payment period to suppliers of the Group, calculated in the same way, is 59 days.

3.7. Turnover by activity

At 31 December each year and in thousands of Euros.

Turnover by activity

(thousands of Euros)	2020	2019	Change (%)
Electricity	982,949	908,347	8.2%
Power generation	470,708	573,375	-17.9%
Telecommunications and space	233,301	247,719	-5.8%
Facilities	213,434	215,105	-0.8%
Construction, environment and water	237,677	181,276	31.1%
Maintenance	170,770	171,830	-0.6%
Oil & Gas	92,572	106,793	-13.3%
Railways	54,541	49,281	10.7%
	2,455,952	**2,453,726**	**0.1%**

Once again, the main activity in turnover terms was **Electricity,** with Euros 982.9 million, an 8.2% increase on the 2019 figure, due to the strength of both the domestic market and the subsidiaries abroad (especially in the United States) and the branches in the Dominican Republic, Angola, Ghana, etc. **Power Generation** ranked second, with Euros

470.7 million, 17.9% lower than in 2019 due to the impact on this figure of the depreciation of the Brazilian real, as well as the completion of large power generation plants mainly in Panama, Jordan, Portugal, Algeria and Mauritania. We highlight the year-on-year growth in **Construction, environment and water** on the back of water supply projects in Angola and Oman. **Railways,** which includes sales from the railway tunnels project in Norway, has seen a 10.7% increase in activity.

4. STOCK MARKET INFORMATION

	2020	2019
Closing share price (€)	11	10.95
Total volume of securities (million)	4.3	3.3
Total cash traded (€ million)	39.8	37.7
Number of shares (million)	87	87
Market capitalisation (€ million)	957	952.6
PER	12.2	7.5
Dividend yield	3.1%	2.4%

On 29 May 2020, the **supplementary dividend was distributed against profit for 2019,** in a gross amount of €0.27455644 (€0.28208755, including the pro-rata distribution of treasury shares).

On 9 December 2020, the **interim dividend against 2020 profit was paid,** in a gross amount of €0.05732 (€0.05889557, including the pro-rata distribution of treasury shares), thereby maintaining the same amount of interim dividend as last year.

Elecnor is not prohibited from paying dividends charged to 2020 pursuant to the provisions of Royal Decree-Law 18/2020 of 12 May, concerning social measures to safeguard employment, as the company previously paid the social security contributions from which it had been exempted as a result of the furlough schemes regulated in art. 1 of the aforementioned Royal Decree-Law.

Elecnor has not undertaken commitments that imply restrictions on the decisions to use the company's cash, such as on dividend payments, and neither is it expected to undertake commitments entailing such restrictions in the future.

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. FINANCIAL 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, which it does under project financing arrangements. This kind of arrangement usually requires under contract that interest rate risk be partly covered using hedging instruments.

In the case of both project and corporate financing, borrowings are arranged mainly at floating 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. Other price risks

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 occasionally uses hedging strategies.

6.4. 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.

In March 2020, it became obvious that the pandemic would have an unforeseeable but in any case profound impact on global economic performance, especially in terms of:

1. Impact on global production volumes.

2. Major disruption in supply and distribution chains.

3. Financial impact on companies, affecting all sectors, albeit to very different degrees:

   - Cash stresses in the event of having insufficient liquidity.

   - Increase in perceived risk and in the cost of financing.

The financial department analysed the situation and the potential scenarios, in permanent contact with advisers and analysts from financial institutions. The main conclusions were:

- Once governments and the ECB had announced measures (in the latter case, primarily the Euros 750 billion pandemic emergency purchase programme, or PEPP), a collapse of the financial system leading to widespread bank default or the application of market disruption clauses was considered highly unlikely.

- There was a market consensus concerning the importance of having considerable liquidity to tackle a period of maximum uncertainty, so Elecnor examined the various alternatives to raise its financing limits.

The conclusion was that the existing financing limits should be sufficient to tackle even the most adverse scenarios in cash forecasting, having updated the potential effects of COVID-19.

Nevertheless, it had to be taken into account that the financing sources include promissory notes issued in the MARF, and that, at the time, it was not possible to know if they could be renewed, so the company decided to arrange new bilateral loans.

Ultimately, the MARF did continue to provide financing, and although many issuers are struggling to place debt in this market, Elecnor is not among them, so its current financing limits exceed the forecasts and liquidity risk is negligible.

At 31 December 2020, the Elecnor Group has a solid liquidity position, with sufficient cash and available credit facilities to comfortably meet liquidity requirements even if markets contract.

6.5. 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 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, 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 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 are building certain assets for the Zonal Transmission System, a segment characterised by its lines and substations positioned to supply regulated customers in a specific geographical area. In this case, as in the case of assets in the National Transmission System, their remuneration is safeguarded by the CEN collection procedure.

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.

6.6. Regulatory risk

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.

6.7. Other risks

In addition to the risks outlined above, the Elecnor Group is exposed to various risk factors (governance, strategic, planning and economic environment, operating, reporting and compliance risks) linked to the sectors in which it operates and the long list of countries in which it operates, either consistently or by means of one-off projects. The Group uses its Risk Management System to continually manage and prevent 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. The pillars of this Risk Management System are the ongoing identification and assessment of the risks to which the Group is exposed, the improvement of related management mechanisms and tools and the permanent oversight and monitoring of the entire process.

The Group does not expect the UK's withdrawal from the EU (Brexit) to have a material impact on its financial statements, considering it does not operate in the country, with the main impact resulting from exchange rate differences.

The means deployed to enable teleworking during the pandemic lockdowns have been mainly: over-dimensioning communications, immediately buying in laptops and distributing them at various work centres, establishing secure and robust VPN technologies, securing workplaces with next-generation anti-virus treatments, dual-factor authentication, training employees with regard to cybersecurity and, in particular, the human factor.

7. ENVIRONMENT

The Elecnor Group aims to contribute actively and decisively to the construction of a sustainable, low-carbon future by generating renewable energies, implementing energy efficiency measures, reducing its carbon footprint and through proper 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.

Consequently, Elecnor's activity is framed by its Environmental Management System and Energy Management, 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.

Climate change is a challenge in respect of which the Group has worked hard in recent years, in particular by calculating its carbon footprint in accordance with internationally accepted standards and by implementing measures to reduce GHG emissions within its scope of action.

Elecnor has conducted a strategic diagnosis of adaptation to climate change based on the recommendations of the Intergovernmental Panel on Climate Change, in order to identify opportunities and risks in that connection. On this basis it has developed its 2030 Climate Change Strategy, establishing the framework for all the Group's actions to reduce greenhouse gas (GHG) emissions, adapt to climate change impacts and tap into the associated opportunities.

In global terms, the Environmental Management strategy is governed by the following guiding principles:

- To incorporate environmental considerations in the decision-making processes regarding investments and the planning and execution of activities, encouraging their being taken into account in cost-benefit analyses.

- To foster protection, conservation and sustainable use of the natural environment (air, water, soil, fauna, flora and landscape) by adopting specific preventing, mitigating and offsetting measures to protect and restore areas that may be affected by the Group's activities.
- 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 Non-Financial Information section of this Report outlines the goals, strategies and initiatives implemented in 2020 in accordance with the Group's Environmental Management policy.

8. HUMAN RESOURCES

Elecnor's workforce (*)

At 31 December each year	2020	2019	Change (%)
Domestic	10,542	9,336	12.9%
International	7,661	5,519	38.8%
	18,203	**14,855**	**22.5%**

(*) 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 2020 year-end, the Group's workforce had increased by 3,348 (22.5%) to 18,203 employees. In the domestic market the increase was of 12.9%, largely to cover the need to support the international business. Abroad, there was a general increase of 38.8%. Note the growth in the workforce in Europe: United Kingdom and Italy; in Africa: Angola, Cameroon and Ghana; in Asia: Oman; and in Latin America: Chile, El Salvador and Brazil. There are also new countries with local employees: Belgium, Lithuania and Mozambique.

9. RDI

The initiatives undertaken in the year 2020 were:

- Maintaining UNE 166002 certification for the RDI Management systems of Elecnor and Audeca.
- Certification of the phytotreatment project in accordance with UNE 166001 standards.
- Submission of LIFE WAPTECH Alguazas to 2020 call for proposals.
- Launch of INNOVA 2020 call for proposals for RDI project funding.
- Performance of certain projects with customers and collaborators (as requested by the Ministry for Development with other collaborating entities-consortium).
- Using RDI to boost business competitiveness.
- Approval by CDTI of financing for two projects. One by Audeca (Environment) and another by Enerfín (energy storage at wind farms).
- The digital transformation of the company. Digitalisation: continuity in the integration of BIM working methodology and tools.
- In April, the CDTI approved by competitive tender 3 proposals to be supported in the technological programme of the ESA aimed at Galileo activities, the launch of a micro-satellite developed by Elecnor Deimos and research into a constellation of micro-satellites. These adjudications imply the allocation to Deimos of more than Euros 1 million in R&D aid, equivalent to 11% of the total budget of the call for proposals.
- As usual, Deimos Space played a significant part in proposals submitted for the European Union Horizon 2020 R&D programme in March this year. In July, when the results of the tender were published, Deimos was adjudicated 4 of the 8 projects to which it had presented proposals, for a value of close to Euros 1.1 million. In this programme, a 25% success rate of submitted projects is considered a good result, and Deimos doubled that rate.

Improvements planned for 2021:

- Technical workshops to be held in partnership with technological companies.
- Increasing the number of financed projects with customers and partners.
- Fostering a culture of innovation at the company by establishing new metrics and indicators.

10. SIGNIFICANT EVENTS SUBSEQUENT TO YEAR-END

Between 31 December 2020 and the 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.

11. OUTLOOK FOR 2021

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 global economy is expected to grow, especially in the latter part of the year, thanks to the vaccines and the additional policy support in some leading economies.

11.2. Elecnor Group

The Group continues the productive activity, applying the protocols developed to combat the spread of COVID-19 and protect the health and safety of workers.

The Group's businesses continue to generate solid operating cash-flow, which reinforces its financial position. Additionally, Elecnor has financing facilities available for amounts sufficient to mitigate liquidity needs in the current situation. It is also tracking all accounts receivable from customers and current ongoing production values with the aim of controlling credit risk. Finally, it is considered that capital recovery will not be compromised by the effects of the pandemic situation.

Accordingly, underpinned by a solid order book and by the company's geographical and business diversification, in 2021 the Elecnor Group looks forward to improving on the previous year's figures in terms of both turnover and profits.

12. SHARE CAPITAL AND ACQUISITION OF OWN SHARES

At 31/12/2020, the share capital of Elecnor, S.A. was represented by 87,000,000 shares, each with a par value of 10 Euro cents, fully subscribed and paid in, implying a share capital of Euros 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 2019, Elecnor had a portfolio of 2,320,809 shares. In 2020 it acquired 175,097 securities, and sold 174,964. Accordingly, at 31 December 2020 it had a total of 2,320,942 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 2020, as provided in article 15 of Royal Decree 1362/2007.

14. ANNUAL CORPORATE GOVERNANCE REPORT

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 for the year ended 31 December 2020. Said document is available on the CNMV website and at **www.elecnor.com.**

15. NON-FINANCIAL INFORMATION

15.1. About this Report

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 2020. As Appendix I, "Table of Contents of Law 11/2018, of 28 December, concerning non-financial information and diversity" shows, in the preparation process the selected Global Reporting Initiative (GRI) standards were used as a reference, considering the requirements identified as being material for the business.

The scope of information contained in this Report encompasses the whole Elecnor Group (Elecnor, S.A. and subsidiaries), unless otherwise indicated. With regard to the environmental information, its scope is confined to those countries in which the organisation has a permanent presence. Social information concerning the Elecnor Group and the Elecnor Foundation is included.

Materiality at Elecnor

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. 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.

Economy

- Service quality and customer focus
- Business opportunities
- Digital transformation
- Financial management (financial performance)
- Cybersecurity
- Regulatory environment
- Supply chain management
- Innovation
- Socially responsible investment

Governance

- Ethics and Compliance
- Human rights
- Management of non-financial risks
- Good governance

People

- Occupational health and safety
- Developing human capital
- Work-life balance
- Management of equality and diversity

Environment

- Energy transition
- Resource efficiency
- Climate change
- Biodiversity
- Circular economy
- Water footprint

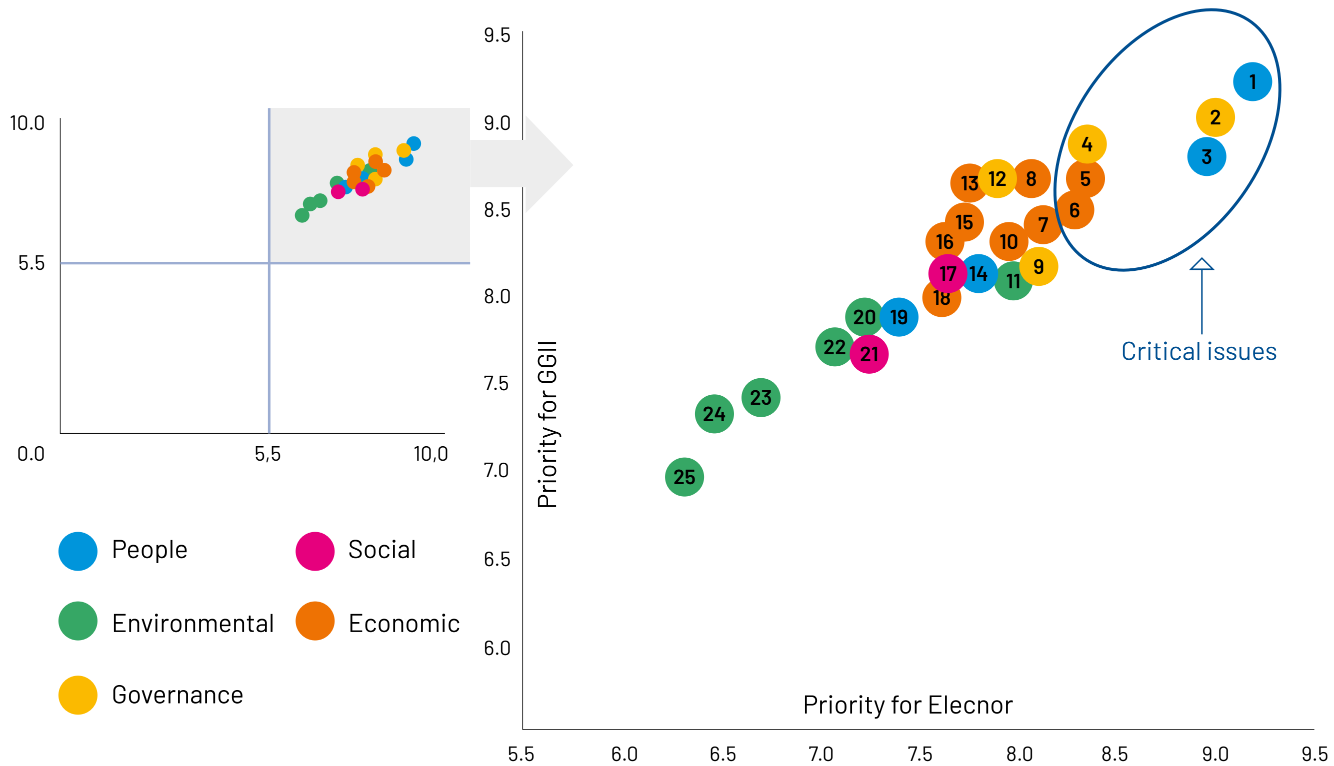
Society

- Dialogue with local communities
- Managing dialogue with stakeholders

2. **Consultation with internal and external stakeholders.** Elecnor 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.

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.



Critical issues

1. Occupational health and safety
2. Ethics and Compliance
3. Devoloping human capital
4. Human rights
5. Service quality and customers focus
6. Business oppotunities

Priority issues

7. Digital transformation
8. Financiañ management (financial performance)
9. Management of non-financial risks
10. Cybersecurity
11. Energy transition
12. Good governance
13. Regulatory environment
14. Work-life balance
15. Supply chain management
16. Innovation
17. Managing dialogue with stakeholders
18. Sociality responsible Investment

Relevant issues

19. Management of equality and diversity
20. Resource efficiency
21. Dialogue with local communities
22. Climate change
23. Biodiversity
24. Circular economy
25. Water footprint

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 details on all of them. Because of the significance of critical issues, below is an outline of their relationship with GRI standards and the Sustainable Development Goals, as well as their internal and external impact:

Critical issues	GRI standard	SDGs	Internal impact	External impact
Occupational health and safety	403-1 403-2 403-3 403-4 403-5 403-6 403-7 403-8 403-9 403-10	3 Good health and well-being; 8 Decent work and economic growth	✓	✓
Ethics and Compliance	102-16 102-17 102-18 205-2 205-3 307-1	16 Peace, justice and strong institutions; 17 Partnerships for the goals	✓	✓
Developing human capital	401-1 404-1 404-2 404-3	5 Gender equality; 8 Decent work and economic growth; 10 Reduction in inequalities	✓	
Human rights	102-16 102-17 406-1 410-1 412-2	5 Gender equality; 8 Decent work and economic growth; 10 Reduction in inequalities	✓	✓
Service quality and customer focus	416-1	7 Affordable and clean energy; 9 Industry, innovation and infrastructure; 12 Responsible production and consumption		✓
Business opportunities	Elecnor's own indicator. GRI does not include indicators linked to this aspect.	7 Affordable and clean energy; 8 Decent work and economic growth; 9 Industry, innovation and infrastructure; 13 Climate action	✓	

15.2. Business model

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 2021 can be found in the section with the same name.

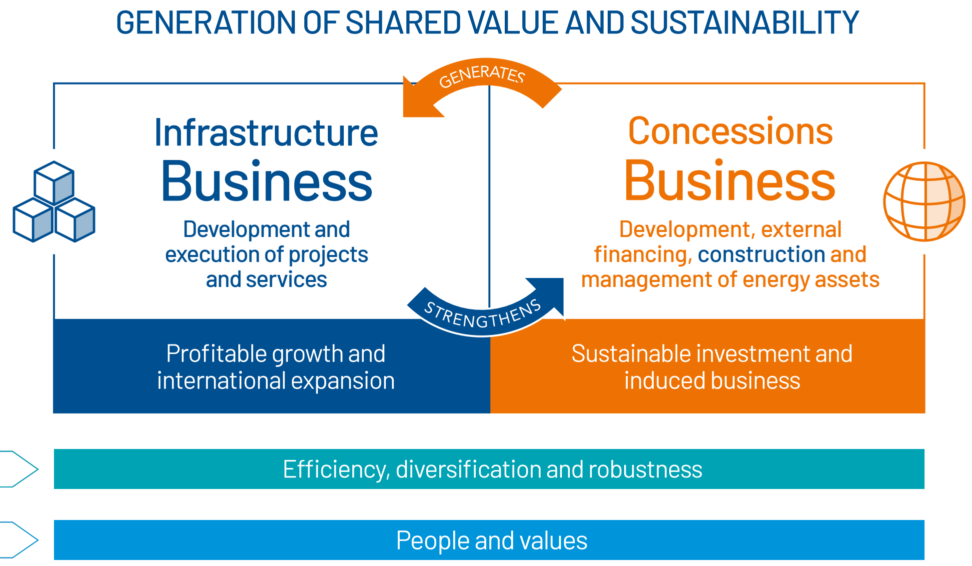
Strategic goals

Elecnor's strategy is framed in a global context shaped by the COVID-19 pandemic. However, the Group has a solid purpose and values, as well as a multi-disciplinary, skilled and diverse team that will enable it to emerge strengthened from the current crisis, to harness the opportunities and to drive growth.

In this context, Elecnor is committed to a strategy of protection and safety for people and their activity; financial robustness and liquidity; and efficiency, practicality and control. All this with the focus on generating value for all of its stakeholder groups.

Our purpose, the reason we exist

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



Sustainability management

Elecnor 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 enshrined in the Group's Corporate Social Responsibility Policy, where it outlines its undertakings with employees, customers, suppliers and shareholders, among others.

In a milestone development, in 2020 Elecnor established a Sustainability Committee that reports to the General Secretariat. This Committee, coordinated by the Group's Communications Department, is transversal and has representation in the various corporate and business areas: Human Resources, General Services, Health and Safety, Quality and Environmental Management, Finance, Internal Audit and Compliance, Export Financing, the wind power subsidiary Enerfín, Elecnor Foundation, Investor Relations and Corporate Governance.

This Committee was established 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.

The Committee's actions are supervised by Elecnor's Management and referred to the Appointments and Remuneration Committee of the Board of Directors.

15.3. Our people, our best asset

The Elecnor Group has a team of more than 18,000 people and more than 30 nationalities. It is these people who set us apart, through their effective and efficient work, and they are therefore the cornerstone of Elecnor's activity.

This year, shaped by the COVID-19 crisis, Human Resources management has become even more essential for the Elecnor Group. The main priority has been to safeguard and care for the health, safety and well-being of our people.

With a view to attracting and retaining its most valuable asset in the best possible way, the Integrated Human Resources Management System is aimed at deploying, fostering and developing talent within the organisation.

Integrated Human Resources Management System

SELECTION Acquiring and attracting the best available talent in the market, prioritising internal talent.	**31%** increase in recruitment	**18,203** employees
PERFORMANCE Process of analysis of the actions and results of each person in their post, as well as the identification of improvement areas.	**2,424** 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.	**251,529** Training hours **13.82** Training hours/employee	

Selection

Elecnor 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 Elecnor brand as a standard-bearing company for professional development. In this regard, the specific LinkedIn profile Elecnor Talento is used to coordinate job vacancy postings in the international market. In 2020, the brand continued its promotion in that social media. This year there has been a particular need to select international profiles for renewable projects and for the telecommunications sector in countries like the Dominican Republic, Panama, Australia, Italy and the United Kingdom.

As usual, Elecnor continued to work closely with universities and vocational training centres to attract students and new graduates. Consequently, Elecnor has taken part in various employment fora in the year, which, due to COVID-19, have mostly taken place online. In a new development, Elecnor took part in the Madrid Regional Forum and the first Virtual Employment Fair organised by Infojobs at a nationwide level.

EMPLOYEES WITH TRAINING CONTRACTS

333

INTERNS

380

226 in Spain
154 abroad

Note that in 2020 the international grants programme was strengthened by adding profiles of this kind in El Salvador and Chile. The Group plans to continue the programme in Brazil.

Fostering internal talent

TALENT MANAGEMENT

PERFORMANCE MANAGEMENT

Key posts

Talent group

Talent management depending on the group

Development plan

Career plan

Elecnor 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 which commenced in 2019 and was completed in February 2020, 2,424 employees were assessed.

There follows a breakdown by gender and category of employees who have received a periodic professional performance assessment:

Professional category	Male	Female	Total
Management	109	21	**130**
Executive	636	161	**797**
Technician	929	563	**1,492**
Basic	5	-	**5**
Total	**1,679**	**745**	**2,424**

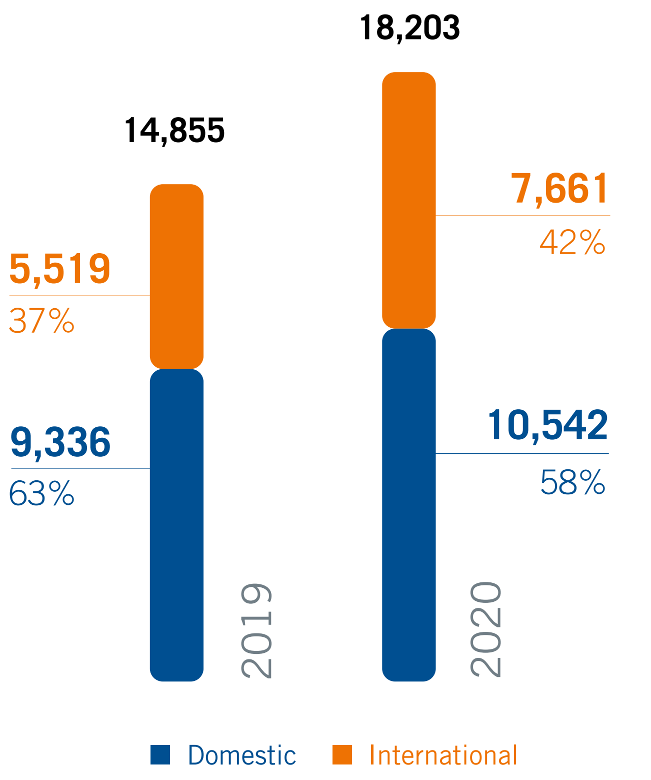
As a result of the COVID-19 crisis, and after examining the results of the last few years, the Elecnor Group has decided to revamp its Performance Management model for 2020. The new model is simpler and consists of evaluating competencies, which have been redefined, and gauging whether a person is suitable for promotion. This new model was launched at the end of the year and will conclude in early 2021.

Profile of the workforce

The Elecnor Group has an international, multicultural and diverse profile with a presence in more than 50 countries across five continents.

At the end of 2020, the Elecnor Group employed 18,203 people, a 22.5% increase on the previous year (14,855 employees). The increase was due mainly to the international market where the workforce has increased by 39% year-on-year. In the domestic market the increase was of 13%, largely to cover the need to support the international business. The international workforce accounts for 42% of the total, and the domestic workforce 58%.

Changes in the workforce by market

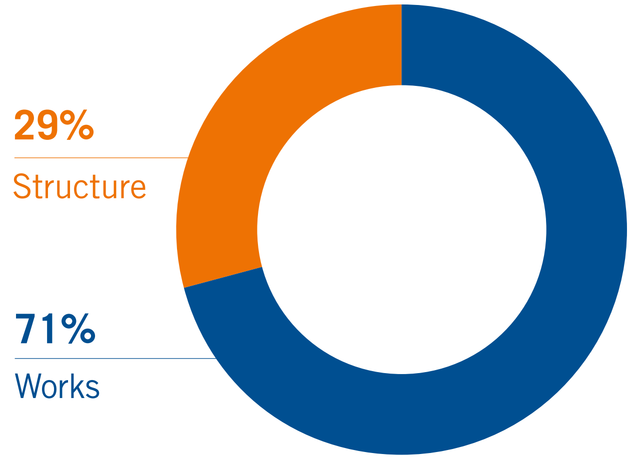


In 2020, the Elecnor Group's workforce comprised 29% **Structure** staff and 71% **Works** staff.

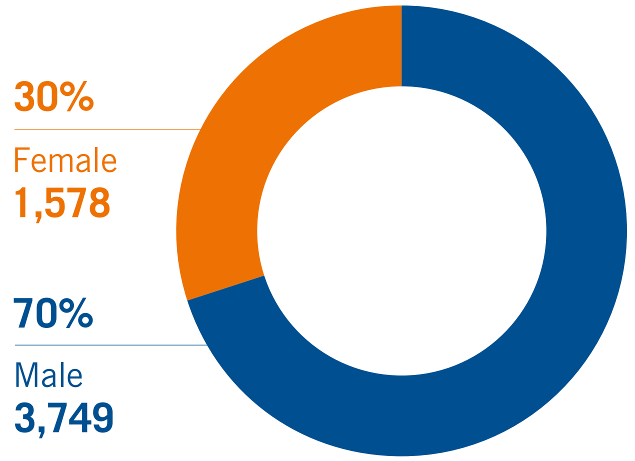
In line with the historical trend in the sector, men have a greater presence in the Group, as they account for more staff in Works, where women only account for 4%. However, in the Structure category, there is a greater balance between men and women (the latter accounting for 30%, and numbering 1,578).

Elecnor's commitment to equality and diversity fosters growth in the number of women at the organisation, and there has been a 20% increase at Group level in the last year. Note also that 45% of women in the workforce hold degree qualifications or above and they increasingly occupy positions of responsibility in the company.

Workforce breakdown



Structure workforce by gender



Over the course of this chapter the 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

	2019	2020	% Change
	4,513	**5,327**	**18%**
Male	3,173	3,749	18%
Female	1,340	1,578	18%

Staff in Works

	2019	2020	% Change
	10,342	**12,876**	**25%**
Male	9,889	12,305	24%
Female	453	571	26%

Below is a breakdown of the Structure staff by geographical area and gender:

Geographical area	Male	Female
Spain	2,402	1,047
Europe	207	118
North America	221	43
Latin America	671	272
Africa	194	90
Asia	22	4
Oceania	32	4
Total	**3,749**	**1,578**

Workforce data (year-end)

Geographical area and country	2019	2020	Changes
Spain	**9,336**	**10,542**	**13%**
Europe	**796**	**1,033**	**30%**
Belgium	-	1	-
Italy	312	396	27%
Lithuania	-	16	-
Norway	57	65	14%
Portugal	153	189	24%
UK	260	350	35%
Romania	14	16	14%
North America	**585**	**805**	**38%**
Canada	5	5	0%
United States	580	800	38%
Latin America	**3,140**	**4,056**	**29%**
Argentina	92	96	4%
Bolivia	1	0	-100%
Brazil	1,955	2,461	26%
Chile	189	612	224%
Colombia	3	17	467%
Ecuador	6	3	-50%
El Salvador	17	133	682%
Honduras	59	42	-29%
Mexico	86	85	-1%
Panama	140	168	20%
Paraguay	1	1	0%
Peru	8	1	-88%
Dominican Republic	280	190	-32%
Uruguay	271	228	-16%
Venezuela	32	19	-41%
Africa	**969**	**1,683**	**74%**
Angola	712	975	37%
Algeria	1	1	0%
Cameroon	102	346	239%
Ghana	123	300	144%
Mauritania	14	5	-64%
Mozambique	0	31	-
Senegal	17	25	47%
Asia	**15**	**44**	**193%**
Jordan	11	5	-55%
Oman	4	39	875%
Oceania	**14**	**40**	**186%**
Australia	14	40	186%
Total	**14,855**	**18,203**	**23%**

	2019			2020		
Professional category	Male	Female	Total	Male	Female	Total
Structure	**3,173**	**1,340**	**4,513**	**3,749**	**1,578**	**5,327**
Management	145	19	164	145	21	166
Executive	897	201	1,098	1,102	231	1,333
Technician	2,131	1,120	3,245	2,502	1,326	3,828
Works	**9,889**	**453**	**10,342**	**12,305**	**571**	**12,876**
Basic*	9,889	453	10,342	12,305	571	12,876
Total	**13,062**	**1,793**	**14,855**	**16,054**	**2,149**	**18,203**

(*) The "Basic" professional category comprises mainly men as it corresponds to Works personnel.

	2019			2020		
Staff in Structure	Male	Female	Total	Male	Female	Total
>50	543	158	**701**	576	158	**734**
From 30 to 50	2,142	906	**3,048**	2,443	1,018	**3,461**
<30	488	276	**764**	730	402	**1,132**
Total	**3.173**	**1.340**	**4.513**	**3.749**	**1.578**	**5.327**

	2019			2020		
Staff in Works	Male	Female	Total	Male	Female	Total
>50	2,116	51	**2,167**	2,430	55	**2,485**
From 30 to 50	6,488	300	**6,788**	7,937	376	**8,313**
<30	1,285	102	**1,387**	1,938	140	**2,078**
Total	**9,889**	**453**	**10,342**	**12,305**	**571**	**12,876**

Despite the crisis unleashed by COVID-19, the Group has increased the number of open-ended contracts by 18% compared to 2019, going from 9,455 to 11,150 such contracts. In addition, 99% of contracts are full time.

Breakdown of information by contract type

By age	2019	2020	Changes
Open-ended	**9,455**	**11,150**	**18%**
>50	2,120	2,298	8%
From 30 to 50	6,273	7,257	16%
<30	1,062	1,595	50%
Temporary	**5,400**	**7,053**	**31%**
>50	748	921	23%
From 30 to 50	3,563	4,517	27%
<30	1,089	1,615	48%
Total	**14,855**	**18,203**	**23%**

Average by age	2019	2020	Changes
Open-ended	**8,844**	**10,451**	**18%**
>50	2,075	2,292	10%
From 30 to 50	5,843	6,857	17%
<30	926	1,302	41%
Temporary	**5,709**	**6,314**	**11%**
>50	880	888	1%
From 30 to 50	3,833	4,139	8%
<30	996	1,287	29%
Total	**14,553**	**16,765**	**15%**

By geographical area	2019	2020	Changes
Open-ended	**9,455**	**11,150**	**18%**
Spain	5,586	6,182	11%
Europe	450	676	50%
North America	288	290	1%
Latin America	2,938	3,493	19%
Africa	179	472	164%
Asia	4	4	0%
Oceania	10	33	230%
Temporary	**5,400**	**7,053**	**31%**
Spain	3,750	4,360	16%
Europe	346	357	3%
North America	297	515	73%
Latin America	202	563	179%
Africa	790	1,211	53%
Asia	11	40	264%
Oceania	4	7	75%
Total	**14,855**	**18,203**	**23%**

By professional category	2019	2020	Changes
Open-ended	**9,455**	**11,150**	**18%**
Management	164	166	1%
Executive	956	1,139	19%
Technician	2,284	2,597	14%
Basic	6,051	7,248	20%
Temporary	**5,400**	**7,053**	**31%**
Management	-	0	-
Executive	142	194	37%
Technician	961	1,231	28%
Basic	4,297	5,628	31%
Total	**14,855**	**18,203**	**23%**

Average by professional category	2019	2020	Changes
Open-ended	**8,844**	**10,451**	**18%**
Management	178	170	-4%
Executive	929	1,058	14%
Technician	2,085	2,441	17%
Basic	5,652	6,782	20%
Temporary	**5,709**	**6,314**	**11%**
Management	0	0	-
Executive	152	169	11%
Technician	925	1,083	17%
Basic	4,632	5,062	9%
Total	**14,553**	**16,765**	**15%**

By gender

Staff in Structure	2019	2020	Changes
Open-ended	**3,410**	**3,902**	**14%**
Male	2,367	2,681	13%
Female	1,043	1,221	17%
Temporary	**1,103**	**1,425**	**29%**
Male	806	1,068	33%
Female	297	357	20%
Total	**4,513**	**5,327**	**18%**

Staff in Works	2019	2020	Changes
Open-ended	**6,045**	**7,248**	**20%**
Male	5,761	6,893	20%
Female	284	355	25%
Temporary	**4,297**	**5,628**	**31%**
Male	4,128	5,412	31%
Female	169	216	28%
Total	**10,342**	**12,876**	**25%**

Average by gender

Staff in Structure	2019	2020	Changes
Open-ended	**3,205**	**3,678**	**15%**
Male	2,229	2,538	14%
Female	976	1,141	17%
Temporary	**1,037**	**1,203**	**16%**
Male	752	886	18%
Female	285	317	11%
Total	**4,243**	**4,881**	**15%**

Staff in Works	2019	2020	Changes
Open-ended	**5,638**	**6,773**	**20%**
Male	5,401	6,452	19%
Female	237	321	35%
Temporary	**4,672**	**5,111**	**9%**
Male	4,458	4,915	10%
Female	215	195	-9%
Total	**10,310**	**11,884**	**15%**

Breakdown of information by employment type

By age	2019	2020	Changes
Full-time	**14,613**	**17,981**	**23%**
>50	2,691	3,068	14%
From 30 to 50	9,791	11,730	20%
<30	2,131	3,183	49%
Part-time	**242**	**222**	**-8%**
>50	177	151	-15%
From 30 to 50	45	44	-2%
<30	20	27	35%
Total	**14,855**	**18,203**	**23%**

Average by age	2019	2020	Changes
Full-time	**14,288**	**16,535**	**16%**
>50	2,776	3,015	9%
From 30 to 50	9,622	10,955	14%
<30	1,890	2,565	36%
Part-time	**265**	**230**	**-13%**
>50	179	165	-8%
From 30 to 50	54	41	-24%
<30	32	24	-25%
Total	**14,553**	**16,765**	**15%**

By geographical area	2019	2020	Changes
Full-time	**14,613**	**17,981**	**23%**
Spain	9,109	10,339	14%
Europe	786	1,020	30%
North America	582	800	37%
Latin America	3,139	4,055	29%
Africa	969	1,683	74%
Asia	15	44	193%
Oceania	13	40	208%
Part-time	**242**	**222**	**-8%**
ESpain	227	203	-11%
Europe	10	13	30%
North America	3	5	67%
Latin America	1	1	0%
Africa	0	0	
Asia	0	0	
Oceania	1	0	-100%
Total	**14,855**	**18,203**	**23%**

By professional category	2019	2020	Changes
Full-time	**14,613**	**17,981**	**23%**
Management	160	165	3%
Executive	1,085	1,317	21%
Technician	3,185	3,760	18%
Basic	10,183	12,739	25%
Part-time	**242**	**222**	**-8%**
Management	4	1	-75%
Executive	13	16	23%
Technician	60	68	13%
Basic	165	137	-17%
Total	**14,855**	**18,203**	**23%**

Average by professional category	2019	2020	Changes
Full-time	**14,288**	**16,535**	**16%**
Management	174	167	-4%
Executive	1,069	1,213	13%
Technician	2,941	3,461	18%
Basic	10,104	11,694	16%
Part-time	**265**	**230**	**-13%**
Management	4	3	-25%
Executive	12	15	25%
Technician	69	63	-9%
Basic	180	149	-17%
Total	**14,553**	**16,765**	**15%**

By gender

Staff in Structure	2019	2020	Changes
Full-time	**4,436**	**5,242**	**18%**
Male	3,132	3,701	18%
Female	1,304	1,541	18%
Part-time	**77**	**85**	**10%**
Male	41	48	17%
Female	36	37	3%
Total	**4,513**	**5,327**	**18%**

Staff in Works	2019	2020	Changes
Full-time	**10,177**	**12,739**	**25%**
Male	9,736	12,176	25%
Female	441	563	28%
Part-time	**165**	**137**	**-17%**
Male	153	129	-16%
Female	12	8	-33%
Total	**10,342**	**12,876**	**25%**

Average by gender

Staff in Structure	2019	2020	Changes
Full-time	**4,158**	**4,801**	**15%**
Male	2,939	3,377	15%
Female	1,219	1,424	17%
Part-time	**85**	**81**	**-5%**
Male	42	47	11%
Female	43	34	-21%
Total	**4,243**	**4,881**	**15%**

Staff in Works	2019	2020	Changes
Full-time	**10,130**	**11,734**	**16%**
Male	9,695	11,228	16%
Female	435	506	16%
Part-time	**180**	**149**	**-17%**
Male	163	139	-15%
Female	17	10	-40%
Total	**10,310**	**11,884**	**15%**

The number of hours of absenteeism in the Elecnor Group[1] totalled 1,959,662 (1,187,192 hours in 2019), implying an absenteeism[2] ratio of 5.7% (3.7% in 2019). This increase was driven by the COVID-19 outbreak and by an improvement in the reporting of figures from abroad.

In Spain's case, it was found that, due to COVID-19, a total of 156,935 working hours were lost (148,357 hours among men and 8,578 hours among women), equivalent to 0.8% of total hours worked in Spain.

Workforce rotation [3]

By age range, gender and geographical area

Location	Departures	Average employment	Rotation in 2020	Change in Rotation 2020 vs. 2019
Spain	**1,592**	**10,047**	**16%**	**-8%**
Male	1,467	8,809	17%	-8%
>50	327	2,162	15%	-3%
From 30 to 50	909	5,836	16%	-8%
<30	231	811	28%	-28%
Female	125	1,238	10%	-6%
>50	11	162	7%	-7%
From 30 to 50	77	869	9%	-5%
<30	37	207	18%	-9%
Europe	**220**	**883**	**25%**	**-5%**
Male	201	777	26%	-5%
>50	51	175	29%	-2%
From 30 to 50	109	447	24%	-6%
<30	41	155	26%	-9%
Female	19	106	18%	-5%
>50	4	13	31%	1%
From 30 to 50	9	62	15%	-5%
<30	6	31	19%	-9%
North America	**338**	**711**	**48%**	**-11%**
Male	322	661	49%	-9%
>50	78	158	49%	-11%
From 30 to 50	163	373	44%	-10%
<30	81	130	62%	-9%
Female	16	50	32%	-31%
>50	7	8	88%	29%
From 30 to 50	7	32	22%	-38%
<30	2	10	20%	-66%
Latin America	**3,028**	**3,703**	**82%**	**10%**
Male	2,877	3,362	86%	10%
>50	292	407	72%	11%
From 30 to 50	1,798	2,189	82%	29%
<30	787	766	103%	31%
Female	151	341	44%	-19%
>50	12	23	52%	-6%
From 30 to 50	92	213	43%	-17%
<30	47	105	45%	-41%
Africa	**272**	**1,371**	**20%**	**-25%**
Male	239	1,141	21%	-29%
>50	11	54	20%	-40%
From 30 to 50	169	806	21%	-32%
<30	59	281	21%	-51%
Female	33	230	14%	-49%
>50	2	9	22%	-36%
From 30 to 50	17	142	12%	-48%
<30	14	79	18%	-68%
Asia	**10**	**26**	**38%**	**-153%**
Male	9	21	43%	-152%
>50	0	3	0%	-60%
From 30 to 50	3	11	55%	1%
<30	6	7	43%	-29%
Female	1	5	20%	-43%
>50	0	0	0%	-58%
From 30 to 50	1	1	100%	40%
<30	0	4	0%	-86%
Oceania	**3**	**24**	**13%**	**-38%**
Male	3	20	15%	-30%
>50	0	4	0%	-60%
From 30 to 50	2	11	18%	-35%
<30	1	5	20%	-52%
Female	0	4	0%	-63%
>50	0	2	0%	-58%
From 30 to 50	0	2	0%	-60%
<30	-	-	-	-86%
Total Group	**5,463**	**16,765**	**33%**	**-5%**

(1) The following countries are not included in this scope: Algeria, Mauritania, Ecuador, Paraguay, Peru, Belgium, Jordan and the United States, which represent 4% of the Group's total workforce.

(2) 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.

(3) Rotation 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.

By geographical area, gender and type of employee

Structure Male	Structure Female	Location	Works Male	Works 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%**

The rotation figures in the Works segment are due mainly to contracts ending due to project completions over the course of the year. In order to implement projects, 8,397 new recruitments were made in 2020, which implies a 31% increase compared to 2019 (6,426). Of the total of 5,463 departures, dismissals amounted to 467, a 35% decrease compared with the previous year.

New hirings and dismissals are detailed below.

New hirings

By gender and type of employee

Structure Male	Structure Female	Total	Works Male	Works Female
961	**425**	**8,397**	**6,698**	**313**

By gender and geographical area

Staff in Structure Location	2019	2020	Changes
Spain	**538**	**579**	**8%**
Male	370	419	13%
Female	168	160	-5%
Europe	**85**	**146**	**72%**
Male	67	93	39%
Female	18	53	194%
North America	**60**	**86**	**43%**
Male	41	71	73%
Female	19	15	-21%
Latin America	**341**	**377**	**11%**
Male	236	242	3%
Female	105	135	29%
Africa	**85**	**144**	**69%**
Male	57	93	63%
Female	28	51	82%
Asia	**7**	**22**	**214%**
Male	6	14	133%
Female	1	8	700%
Oceania	**2**	**32**	**1,500%**
Male	1	29	2,800%
Female	1	3	200%
Total	**1,118**	**1,386**	**24%**

Staff in Works			
Location	2019	2020	Changes
Spain	**1,431**	**1,707**	**19%**
Male	1,355	1,662	23%
Female	76	45	-41%
Europe	**256**	**323**	**26%**
Male	248	295	19%
Female	8	28	250%
North America	**475**	**545**	**15%**
Male	445	532	20%
Female	30	13	-57%
Latin America	**2,570**	**3,545**	**38%**
Male	2,450	3,446	41%
Female	120	99	-18%
Africa	**545**	**868**	**59%**
Male	478	747	56%
Female	67	121	81%
Asia	**30**	**19**	**-37%**
Male	29	14	-52%
Female	1	5	400%
Oceania	**1**	**4**	**300%**
Male	1	2	100%
Female	0	2	-
Total	**5,308**	**7,011**	**32%**

By gender and age range

Staff in Structure			
Age	2019	2020	Changes
> 50	**61**	**96**	**57%**
Male	53	86	62%
Female	8	10	25%
From 30 to 50	**573**	**709**	**24%**
Male	407	510	25%
Female	166	199	20%
< 30	**484**	**581**	**20%**
Male	318	365	15%
Female	166	216	30%
Total	**1,118**	**1,386**	**24%**

Staff in Works			
Age	2019	2020	Changes
> 50	**595**	**792**	**33%**
Male	568	768	35%
Female	27	24	-11%
From 30 to 50	**3,223**	**4,301**	**33%**
Male	3,057	4,115	35%
Female	166	186	12%
< 30	**1,490**	**1,918**	**29%**
Male	1,381	1,815	31%
Female	109	103	-6%
Total	**5,308**	**7,011**	**32%**

Dismissals

There follows a breakdown of dismissals in the Elecnor Group, which refer 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 figures below include information for Spain, Angola, Argentina, Australia, Brazil, Cameroon, Chile, Ecuador, El Salvador, United States, Ghana, Mauritania, Mexico, Norway, Oman, Panama, United Kingdom, Dominican Republic and Uruguay.

By gender and professional category

	2019			2020			
Category	Male	Female	Total	Male	Female	Total	Changes
Structure	**92**	**36**	**128**	**78**	**17**	**95**	**-26%**
Management	1	1	2	4	0	4	100%
Executive	32	5	37	17	3	20	-46%
Technician	59	30	89	57	14	71	-20%
Works	**572**	**22**	**594**	**363**	**9**	**372**	**-37%**
Basic	572	22	594	363	9	372	-37%
Total	**664**	**58**	**722**	**441**	**26**	**467**	**-35%**

By gender and age

Staff in Structure	2019			2020			
Age	Male	Female	Total	Male	Female	Total	Changes
> 50	24	2	**26**	15	2	**17**	-35%
From 30 to 50	53	29	**82**	48	10	**58**	-29%
< 30	10	4	**14**	15	5	**20**	43%
Total	**87**	**35**	**122**	**78**	**17**	**95**	**-22%**

Staff in Works	2019			2020			
Age	Male	Female	Total	Male	Female	Total	Changes
> 50	130	4	**134**	62	3	**65**	-51%
From 30 to 50	331	14	**345**	237	5	**242**	-30%
< 30	116	5	**121**	64	1	**65**	-46%
Total	**577**	**23**	**600**	**363**	**9**	**372**	**-38%**

Training

The Elecnor Group has a procedure in place for training management which defines the way to pinpoint and meet the training needs of the workforce. The training needs identified, and the training and awareness actions to be implemented, are outlined in the Annual Training Plan.

Once again this year, the Group has remained committed to employee training as a key area for continuous improvement, in the understanding that the development of its professionals is a key factor for the organisation's success.

In 2020, the Training Area has made a considerable effort to adapt to the circumstances imposed by the COVID-19 pandemic which made it difficult to conduct in-person courses, and this effort has enabled employees to receive the same amount and standard of training as in previous years.

The major challenge has been to digitalise the portfolio of training itineraries for staff in Structure. On the one hand, new training methodologies have been defined: remote live (live training in which trainees interact with the instructor and their colleagues) and online (training content hosted on digital platforms). On the other hand, available training has been expanded, especially in technical or specific training itineraries.

Note the launch of two digital platforms: "Pharos", providing courses associated with technical and/or specific training, and "RosettaStone", focusing solely on language learning.

The Group offers its employees in Structure and Works training itineraries that are tailored to the needs of their job descriptions:

- **Structure.** In 2020, 8,423 people attended training events, such as: management, technology, IT, languages, quality and environment, and occupational risk prevention.
- **Works.** Works personnel received 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, 20,738 people have received some of the aforementioned training.

Moreover, training itineraries were launched with a view to strengthening certain competencies. Consequently, a total of 248 people have received training associated with Developing Leaders at Elecnor, We Are All Sales, Negotiations and Our Way of Doing Things: Project Management.

Next year we plan to build on the progress made, analyse results and introduce improvements in the digital training designed in 2020.

Training indicators [1]

The number of attendees measures the number of people who have received training, and one person may have completed several courses.

Item	2019	2020
Investment in training (€)	6,867,450	5,933,227
Training hours	285,281	251,529
No. of attendees	37,952	29,161
Training hours/employee	19.20	13.82

(1) The figures correspond to 96.9% of the Group's workforce.

2019

Staff in Structure		Attendees			Hours		
Area	No. of courses	Male	Female	Total	Male	Female	Total
Management	130	576	192	**768**	6,732	2,302	**9,034**
Technology	139	644	118	**762**	10,722	1,911	**12,633**
IT	39	165	81	**246**	2,003	1,007	**3,010**
Languages	479	303	176	**479**	9,135	4,497	**13,632**
Quality and Environment	115	356	129	**485**	1,615	937	**2,552**
Occupational health and safety	500	4,469	601	**5,070**	23,641	5,014	**28,655**
Total	1,401	6,513	1,297	7,810	53.,848	15,668	69,516

Staff in Works		Attendees			Hours		
Area	No. of courses	Male	Female	Total	Male	Female	Total
Management	244	155	77	**232**	804	354	**1,158**
Technology	883	6,172	44	**6,216**	76,717	539	**77,256**
IT	17	111	35	**146**	597	246	**843**
Languages	55	40	17	**57**	3,236	1,312	**4,548**
Quality and Environment	91	632	101	**733**	1,162	221	**1,383**
Occupational health and safety	2,171	22,066	692	**22,758**	128,634	1,943	**130,577**
Total	3,462	29,176	966	30,142	211,150	4.,615	215,765

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

Professional category	2019		2020	
	Attendees	Hours	Attendees	Hours
Structure	**5,466**	**69,498**	**8,423**	**57,479**
Management	182	3,544	180	1,032
Executive	1,767	18,042	1,743	11,555
Technician	3,517	47,912	6,500	44,892
Works	**32,486**	**215,783**	**20,738**	**194,050**
Basic	32,486	215,783	20,738	194,050
Total	37,952	285,281	29,161	251,529

Training hours by gender and type of employee

Structure		Total	Works	
Male	Female		Male	Female
42,687	**14,847**	**251,529**	**191,285**	**2,710**

Average hours of training by category

	2019		2020	
Category	Workforce	Average	Workforce	Average
Management	164	21.61	166	6.22
Executive	1,098	20.12	1,333	8.67
Technician	3,245	13.52	3,828	11.73
Basic	10,348	20.85	12,876	15.07

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**

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, 97% of trainees rated the training as good (41%) or very good (56%).

Note also in this connection the personalised training and updating programme in specific skills for the members of the Group's Board of Directors.

Remuneration and benefits

Elecnor's job chart clarifies and simplifies its organisational structure, the responsibilities of each post and the profiles required. This model is based on functional groups and organisational dependencies that prepare the organisation for possible developments. 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 2020, a job chart for Management Team positions was devised.

Elecnor offers its employees social benefits that are described in more detail in the Work-Life Balance section of this chapter.

Remunerations Policy

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.

Elecnor 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 at the Group as compared to the same positions in the market. Furthermore, the Group also accesses other market research to achieve this purpose.

With a view to compiling all the necessary information regarding employee payrolls in a homogeneous, agile and effective manner, the Elecnor Group works to ensure that the Iberper system is the only system in which to store all the information on the Group's personnel using standardised criteria.

In addition, in order to speed up the process of managing time sheets and labour costs, the Group has implemented the GAO management system, currently in place in Spain and at various subsidiaries abroad.

Average remuneration by gender, age and professional category

2019	Structure						Works	
	Management		Executive		Technician		Basic	
Age	Male	Female	Male	Female	Male	Female	Male	Female
Spain								
>50	125,526	96,542	53,767	56,619	33,694	27,316	22,503	20,353
From 30 to 50	93,480	92,250	47,933	47,026	32,229	27,473	21,040	19,537
<30	-	-	47,734	30,159	26,921	24,833	18,350	17,585
Europe (Italy, Norway, Portugal, United Kingdom and Romania)								
>50	-	-	50,491	46,189	52,445	22,910	31,399	-
From 30 to 50	-	-	53,476	36,943	34,371	31,192	26,886	21,334
<30	-	-	-	-	31,228	22,168	24,658	19,993
North America (United States and Canada)								
>50	180,269	*	88,627	86,510	119,041	50,676	76,368	27,666
From 30 to 50	163,507	-	88,975	71,249	63,019	49,637	63,167	81,131
<30	-	-	63,604	56,394	53,275	34,078	48,276	-
Latin America (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Honduras, Mexico, Panama, Peru, Dominican Republic and Uruguay)								
>50	-	-	60,313	40,180	27,283	10,770	9,918	5,407
From 30 to 50	-	-	47,085	46,460	19,579	14,875	7,135	5,118
<30	-	-	-	-	10,570	7,931	4,611	3,506
Africa (Angola, Algeria, Cameroon, Ghana, Mauritania and Senegal)								
>50	-	-	71,822	-	17,393	11,689	5,301	1,660
From 30 to 50	-	-	29,072	26,035	21,111	5,390	6,420	1,837
<30	-	-	-	7,697	5,345	6,040	2,731	1,722
Asia (Jordan and Oman)								
>50	-	-	-	-	104,323	-	-	-
From 30 to 50	-	-	-	-	37,260	-	12,898	-
<30	-	-	-	-	25,038	-	5,311	*
Oceania (Australia)								
>50	-	-	74,766	*	-	24,277	-	-
From 30 to 50	-	-	88,687	-	79,837	-	82,260	-
<30	-	-	-	-	30,834	-	51,735	-

(*) 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.

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.

Average remuneration by geographical area, gender and type of employee

	Structure		Works	
2020	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

The wage gap

Elecnor's wage policy is for men and women performing jobs with equal responsibility to receive equal pay. As outlined in its Equality Plan, Elecnor 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 result is a lower median wage among women than among men.

Category	
Management	18.1%
Executive	8.1%
Technician	20.8%
Basic	27.4%

Employee type	
Structure	24.3%
Works	27.4%

Moreover, it is worth representing the wage gap in Spain, where 58% of the workforce is located.

Spain

Employee type	2019	2020
Structure	20.2%	18.4%
Works	3.5%	1.7%

Category	2019	2020
Management	14.7%	14.2%
Executive	2.7%	3.7%
Technician	13.2%	15.9%
Basic	3.5%	1.7%

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.

During the health crisis triggered by the COVID-19 outbreak, Elecnor has organised work in strict compliance with the recommendations of health experts. In Spain, during the state of emergency, 100% of office personnel teleworked and when the state of emergency was scaled down to phase 3 there was a staggered return to offices, establishing a shifts system.

Works personnel performing activities considered to be essential followed the protocol implemented by the COVID-19 Monitoring Committee to the letter, organising brigades of a maximum of 4 persons (always the same 4), establishing shifts so that more than the recommended number of employees never coincided, and staggered arrivals and departures, among other measures. All of this was controlled by quadrants so as to establish the hours/shifts organised by those directly responsible and supervised by Management.

In other countries, the same protocol applied, but was adapted to the specific circumstances of each place.

Elecnor 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 EFR (*empresa familiarmente responsable* – 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.

As a result of the health crisis this year, Elecnor has included and implemented requests for the adaptation of working hours, offering the possibility of adaptation without reducing the working day for people struggling to achieve a balance. It has also made total and or partial teleworking possible.

Elecnor, S.A. and its Spanish subsidiaries also have a Flexible Compensation Plan to which Structure personnel with open-ended contracts have access. This plan includes health insurance (employees may include their spouse and children), dinner vouchers and cards, transport and kindergarten. In 2020, this plan was offered to a total of 2,327 employees, of whom 658 employees decided to subscribe. A new inclusion in the catalogue of products this year is retirement savings insurance.

Moreover, there is a study support programme available to all staff at Elecnor and its Spanish subsidiaries 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. 2,879 people benefited in 2020. Study support is also available for disabled children of employees, which ranges from Euros 164 to Euros 276 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 Senior Management.

In addition, this year an agreement was reached with International SOS, a company specialising in travel security and medical assistance which allows people not only to better integrate in their destination but also facilitates risk assessment before, during and after journeys.

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 relating to employee health and well-being, aside from the stipulations of the Health and Safety Area, there are agreements in place with physiotherapy clinics and some offices are offering fruit as a healthy eating initiative.

Equality and diversity

The Group's 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 Conduct: "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. More precisely, 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 part concerning gender balance, as stated in the recruiting and professional promotion procedures, training and general work conditions."

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 2020, 30% were women and 70% men; while in Works, 4% were women and 96% men.

The Equality Plan establishes various working areas to boost equality between men and women in the following axes of action: selection and recruitment, training, remuneration, communication, work-life balance and harassment protection, among others.

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. No lawsuits have been filed against the Group for harassment or discrimination in 2020.

In the year, 328 male employees were entitled to paternity leave and all of them took said leave, while 99% of the female employees entitled to maternity leave (82) took said leave.

Diversity in Governing Bodies

Elecnor'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 and Remuneration Committee regularly examines the Policy so as to make further improvements on an ongoing basis.

In December, the Board of Directors modified this Policy to adapt it to the reformed Code of Good Governance of Listed Companies approved by the CNMV in June 2020.

The Policy for the Selection of Directors and for Board Diversity is available on the corporate website.

With regard to the goal 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	2019	2020
Women in executive positions *	11.6%	12.7%
Women in the Board of Directors **	13.3%	13.3%

(*) Considering Management category of Elecnor Group.
(**) The Board in December of the reporting year.

Disability

The Elecnor Group in Spain employs a total of 74 people with various disabilities, accounting for 0.7% of the national workforce and for 0.41% of the total workforce. In parallel, and in compliance with Spain's Disabled Persons and Social Inclusion Act (LGD), Elecnor implemented alternative measures by means of the acquisition of raw materials and through services contracting to Special Employment Centres for a total of more than Euros 5 million.

Suppliers	
P&M SL	€ 2,511,951
C.M. Unceta	€ 259,243
CEE Apta	€ 58,671
Integra PMC	€ 57,154
I.L. Sijalon	€ 1,061,286
Iturri CEE	€ 24,581
S.S. Arza, S.L.	€ 1,159,844
Cemi Norte	€ 81,971
Gelim	€ 53,562
Total	**€ 5,268,262**

In 2021, the Group will launch a project to enhance the commitment, awareness, information and advice with a view to normalising disability at the company. Along these lines, it will collaborate with Fundación Adecco in drives to raise awareness and integrate persons with disabilities.

The Group does not currently have a formal policy on universal accessibility.

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.

About our people

At Elecnor, internal communication has played an essential role in managing the health crisis unleashed by the COVID-19 pandemic, especially regarding maintaining a constant connection between the company and the team of which it is comprised. The continuous dissemination of information, the emotional management of employees and new ways of working, as well as compliance with safety measures, have been the main axes on which internal communication was based in 2020.

In this regard, various initiatives were launched to keep the workforce motivated and to maintain the most normal work climate possible. In such extraordinary circumstances, especially in the early months of the pandemic, the priority has been to ensure that more than 16,000 people (many of them confined to their homes) felt the proximity and care of the Group. Accordingly, the company's communication channels have remained opened and were busier than ever, most notably the corporate intranet, Buenos Días Elecnor, posting updated information, providing support, thanking employees for their commitment and generating pride in belonging to the company.

When the staggered return to offices and work centres began, internal communication focused on disseminating knowledge and raising awareness about the safety measures established by Elecnor's COVID-19 Monitoring Committee to engage the entire workforce in the effort to achieve a safe working environment.

Some notable initiatives implemented in 2020 include:

"Hoy el aplauso es para..." ("Today we applaud...")

This initiative focused on people within the Group whom, at the toughest moments of lockdown, worked in activities considered to be essential. Thanks to their work it was possible to keep essential services fully operational, including hospitals at full capacity, households connected and infrastructure running.

The initiative was aimed at highlighting the value of their work at such an exceptional time and thanking them for their commitment, dedication and effort in the service of public interest.

Cuídate, cuídame (Look after yourself, look after me)

When lockdowns were lifted and people returned to offices, the Cuídate, cuídame initiative underscored the importance of decent personal behaviour and how it benefits everyone directly. Safety actions were implemented and disseminated to minimise potential risks. Subsequently, the initiative continued in the form of weekly safety tips and guidelines.

Comunidad Elecnor (Elecnor Community), a virtual space in which to share

So as not to lose the day-to-day interaction with colleagues despite the physical distance, a virtual space was created in which to share pleasant moments during the most stringent lockdown. Comunidad Elecnor emerged as a means of staying in touch, albeit at a distance, in any location where the Group is present. It has since become a social media platform in its own right, with more than 2,200 active users. It is a space for sharing hobbies, pleasures, passions, advice, conversations and activities.

TuneIn

In 2020 a new, person-centric communication channel was designed: TuneIn. This channel from the Human Resources Area is a new way to relate to people who work at Elecnor in order to strengthen the Group's determination to take measures to attune productivity to professional and personal well-being.

Within this framework the first work environment survey was conducted. This online survey was performed with the support of expert consultants Willis Tower Watson so as to ensure respondents' anonymity and privacy.

The survey was sent to members of the workforce of Elecnor and its Spanish subsidiaries (figures as of July: 9,342 employees), and the response rate was 57%. The participation rate of staff in Structure was 88% and of staff in Works it was 41%.

In order to receive assessments in all spheres of management, 53 questions, grouped into 11 categories, were submitted:

- Sustainable commitment: pride of belonging to Elecnor, work environment and general satisfaction with work at Elecnor.
- Senior Management: the employee's view of Senior Management (involvement, trust, etc.).
- Collaboration: in the team itself and with teams from other units.
- Communication: information received from the company and capacity to convey our opinions as employees.
- Training and development: training, development and promotion options.
- Image/market: internal and external image.
- My boss: trust and support from direct supervisor.
- Organisation: speed of the organisational structure and efficiency.
- Compensation and benefits: adequate salary and remuneration system.
- Inclusion and diversity: equality of opportunities, dignity and respect.
- COVID-19.

To mark **World Environment Day,** a video was launched and the Group's Climate Change Strategy was disseminated to report on the commitments undertaken in the fight against the effects of climate change, as well as the Group's contribution to SDG 13 – Climate Action.

In order to foster and create a culture of quality management, **"The Quality League"** was launched. This consists of a competition between teams from various countries in which the Group operates to showcase knowledge concerning quality. In this connection, a micro-site was designed in which, just as in a sports league, all the teams competed against each other on various dates, with the team ending up with the highest score being declared the winner.

In addition to communication with employees, Elecnor has continued to communicate with the rest of its stakeholder groups in the most critical moments of the pandemic. Social media (Twitter and LinkedIn) and the various corporate websites of the Group and its subsidiaries became priority communication channels, establishing continuous and fluid communication of what was happening in the corporate environment.

Social dialogue

In Spain, 100% of the workforce is covered by collective bargaining agreements. Of the rest of countries where the Group operates, there is only comparable legislation in Argentina, Belgium, Brazil, Cameroon, Jordan, Lithuania, Portugal and Uruguay, and it covers our professionals in those countries.

Elecnor also has Human Resources Departments to ensure compliance with and application of the current legislation throughout the Group.

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, CGT, 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. In 2020, the collective bargaining agreements for the Metal sector in Zaragoza, Málaga, Badajoz, Murcia, Cáceres, Ciudad Real, Vizcaya, Castellón and Almería; management of the time pool of the Energy Unit; the shifts system in Gerona; and the 13 furlough agreements were all reviewed.

The Group has various channels for employee dialogue and participation, such as meetings with workers' representatives, the intranet, eTalent and the e-mail addresses **codigoetico@elecnor.com** and **igualdad@elecnor.com**, among others.

In 2020, the pandemic has further advanced social dialogue in the Elecnor Group. Numerous meetings have been held with workers' representatives as this year, in addition to the usual negotiations, there have been talks concerning furlough schemes and COVID-19 protocols.

Measures linked to COVID-19

As a result of the health and economic crises generated by the pandemic, exceptionally, the Elecnor Group has had to implement 14 furlough schemes, one of which due to force majeure and the other 13 negotiated, 11 of which were signed off by employee representation with 100% of favourable votes. In terms of the degree of impact, 660 workers were affected by the suspension due to force majeure caused by the state of emergency; 3,926 workers were affected by the suspension of working hours for objective reasons, up to a maximum of 52 working days; and 2,641 workers were affected by the 30% reduction in working hours for 49 days.

In addition, the Management Team decided to reduce its remuneration by 30% throughout the duration of the furlough schemes involving reduced working hours.

Likewise, in the same period the Board of Directors decided to implement a 30% reduction in remuneration to directors for non-executive duties and to the Chairman and Secretary. During the period, no per diems were paid to any director.

15.4. We look after our people

Our commitment to employee health and safety has been a priority for the Elecnor Group since the outset. Consequently, work is ongoing to achieve the goal of zero accidents, zero tolerance to any breaches of preventive measures and the continuous fostering of safe conduct among employees.

Clear evidence of the Group's commitment to improvement in health and safety is that, in Spain, for all activities in this sphere in 2020, a budget of more than Euros 11 million was allocated, and a further Euros 5.7 million was subsequently earmarked to undertake investments linked to the COVID-19 pandemic.

At Elecnor, the Health and Safety Area is organised on the basis of the Joint Prevention Service (JPS), which is broken down between the Head Office and JPS Technicians who are distributed throughout all the countries in which the Group operates.

Head Office JPS comprises 13 technicians and is structured as follows:

- Technical Office Department: which 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, software rollout, etc.
- Technicians: who coordinate and unify actions at broad implementation customers in Spain.

JPS technicians cater for the day-to-day needs of the Group's various organisations, such as technical support for customers and the performance of inspections and training, among other actions. There are 104[1] technicians in Spain, with various skill levels and specialities, focused on health and safety. Abroad, there are 260 technicians in various categories in accordance with the legislation of each country.

(1) The figures do not include health technicians hired specifically for large projects.

Health and safety management

In health and safety, the main risk which the Elecnor Group faces in conducting its activities is the possibility of a serious or fatal accident at its projects. Mainly, these are linked to working at heights, electrical hazards, handling large loads and confined spaces.

Consequently, the Elecnor Group has implemented a Health and Safety Management System encompassed within the Integrated Management System. The aim is to remove or minimise the risks that people executing the projects might face. This System is firmly grounded on the goal of achieving zero accidents. To achieve this, multiple actions are conducted, notably including:

- 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.

The Management System includes the initial risk assessment procedures (adapted to the legal requirements of each country) identifying the risks associated with Elecnor's 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 periodically (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 Health and Safety Management System applies to employees, activities and places of work. All the systems are certified to the OHSAS 18001 standard, except those of Elecnor Mexico, Brazil and Canada, which have already migrated to the new ISO 45001 standard which will replace OHSAS 18001 in September 2021. This process will be conducted in the next year in the rest of countries where the Group operates.

72% of turnover is certified in accordance with international OHSAS 18001 or ISO 45001 standards.

In 2020, 15 internal audits were performed in Spain in accordance with OHSAS 18001 standards. During the course of the audits, various deviation notes were filed, mostly for one-off errors/non-compliances. Furthermore, external audits were carried out of Elecnor and its subsidiaries Atersa, Audeca, Ehisa, Enerfín and Jomar Seguridad, all with a satisfactory outcome; and the multi-site certification was also completed which groups together Elecnor and all its subsidiaries (except Audeca and Enerfín, which have independent certification).

This year the legal external audit was conducted as required by Spanish legislation for Elecnor and its aforementioned subsidiaries, as well as an independent audit of the subsidiaries Área 3, Deimos Space, Elecnor Seguridad and Hidroambiente, with a satisfactory outcome. No non-conformities were reported at most of the companies audited, with one minor non-conformity each at Área 3 and Hidroambiente.

Abroad, 11 internal audits were performed in accordance with OHSAS 18001 requirements. With regard to external audits, 7 audits were conducted in various countries.

Among other actions, 75,064 safety inspections were conducted throughout the Group, as a result of which 23,145 remedial measures were implemented, and 1,102 internal works audits were implemented as a means of control and in-depth analysis of the safety environment at projects.

Moreover, Elecnor's Risk Prevention Policy 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.

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.

Health and Safety Committees

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 Elecnor 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

Mindful of the importance of training in this connection, Elecnor has continued to pursue the scheduled activities. Depending on the activity, different training groups are distinguished, based on the following aspects:

- Management systems.
- Ab initio or induction when joining the company/project.
- Significant specific risks: height, electrical hazards, machinery, confined spaces, etc.
- Action in case of emergency: first aid, evacuation, fire prevention, etc.

With regard to the training offered by Elecnor since the pandemic began, there have been two stages. In the first and most stringent lockdown phase, training actions were suspended, with the exception of online training to those groups who could receive remote instruction (office risks, for example).

In the wake of the most critical phase, training actions were conducted as part of the new normality, adopting a series of additional measures: use of masks, social distancing, hand sanitiser, improved ventilation, not sharing common items, etc. There were no infections during training courses.

Training actions were held in Spain for a total of 15,750 attendees (14,294 men and 1,456 women), most of whom attended more than one training action. A total of 112,141 training hours were provided in Occupational Risk Prevention in Spain (103,356 training hours corresponded to men and 8,785 to women), a decrease of 13.6% on the 129,750 hours of 2019. Other technological and management training, which also have a clear impact on Prevention, are not included in this total (qualifications/electrical permits, machinery operators, etc.). This reduction was due largely to the limitations on training as a result of the pandemic. However, the workforce has received information and training on the pandemic through short-term actions.

Some of the most notable training actions are:

Courses	Participants	Hours
Basic course	581	34,860
First cycle of the TPC	1,388	11,104
Second cycle of the TPC	3,177	19,642
Working at heights	2,369	19,416
Confined spaces	1,279	10,460
First aid	653	2,965
Total	**9,447**	**98,447**

Actions were held abroad for a total of 45,012 attendees, most of whom attended more than one training action. Total training hours in the Occupational Risk Prevention area amounted to a total of 140,140, a 3.7% decrease on the 145,500 hours offered in 2019, as a result of the impact of COVID-19. Training focused primarily on working at heights and electrical hazards, as well as induction on safety at the company entrance, COVID-19 and defensive driving.

Occupational health services

Elecnor 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.

Health and safety in the workplace with customers and subcontractors

Elecnor applies to subcontracted staff the same health and safety controls and measures as it applies to its own workers, conducting inspections, training, etc.

As part of the Safety Excellence Project, there is a specific line of action for subcontractors.

This year, in Spain the new procedure for subcontractor assessment was launched and the new model for tracking their health and safety performance using the Evalu@ software was rolled out.

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.

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

	2019	2020
Frequency rate	3.5	2.7
Severity	0.14	0.10
Incident rate	6.71	5.14

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

Figures broken down by gender

	2019		2020	
	Male	Female	Male	Female
Frequency rate	3.9	0.0	3.0	0.0
Severity	0.16	0.0	0.12	0.0
Occupational illness rate*	1.1	1.5	0.1	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.

In 2020, the Group's frequency rate was 2.7, compared with 3.5 in 2019, and the severity score was 0.10, compared with 0.14 in 2019. Both scores are the best it has obtained since the Group began compiling these indices (1967).

In Spain, the final frequency rate was 3.5, compared with 4.1 in 2019, and was the lowest value ever obtained; and the severity rate was 0.15, compared with 0.20 in 2019. There were no fatal accidents in 2020 and there were fewer accidents in the year (69 accidents, compared with 77 in 2019).

In the international market, the final frequency rate was 1.6, also the lowest since the series commenced, compared with 2.4 in 2019. The severity rate was 0.04, down from 0.05 in 2019. This year there has been a significant reduction in accidents (24, from 32 in 2019) and there have been no fatal accidents.

With regard to the impact of COVID-19 on the rate of accidents and occupational illnesses, the Group has followed the health or labour authorities' guidelines in each country. For example, in Spain, pursuant to Labour Ministry guidelines, infections were counted as workplace accidents, regardless of whether their origin was at the workplace or elsewhere, although only for the purposes of financial benefits, which are more generous in the case of a professional contingency than in the case of a common contingency.

Regardless of the foregoing, from the outset cases have been monitored and quarantines implemented in all countries where the Group operates.

From June 2020 onwards, these values were included in the monthly monitoring of rates to gain a visible picture of the impact. Furthermore, and although not a legal requirement, those infections that took place in a strictly labour context (excluding those taking place at lunchtime, evening gatherings, etc.) are counted as a workplace accident, which has impacted on the frequency rate at the relevant units.

Employee accident rate

Geographical 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	**69**	**0**	**69**	**2**	**0**	**2**	**17,347,580**	**2,469,167**	**19,816,747**
Europe	7	0	7	1	0	1	1,484,333	240,484	1,724,817
North America	0	0	0	0	0	0	1,426,199	131,323	1,557,522
Latin America	11	0	11	0	0	0	7,549,433	476,317	8,025,750
Africa	6	0	6	0	0	0	3,092,496	383,437	3,475,933
Asia	0	0	0	0	0	0	72,088	2,576	74,664
Oceania	0	0	0	0	0	0	34,877	5,443	40,320
Total international	**24**	**0**	**24**	**1**	**0**	**1**	**13,659,426**	**1,239,580**	**14,899,006**
Total	**93**	**0**	**93**	**3**	**0**	**3**	**31,007,006**	**3,708,747**	**34,715,753**

(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 Elecnor:

- 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 no fatal accidents involving the Group's own staff in 2020.

Accident rate at subcontractors

Geographical area	No. of injuries due to workplace accidents			Hours worked		
	Male	Female	Total	Male	Female	Total
Spain	**31**	**0**	**31**	**8,827,741**	**0**	**8,827,741**
Europe	3	0	3	373,767	0	373,767
North America	0	0	0	9,372	0	9,372
Latin America	25	0	25	4,634,453	0	4,634,453
Africa	4	0	4	1,632,581	0	1,632,581
Asia	0	0	0	115,278	0	115,278
Oceania	0	0	0	34,800	0	34,800
Total international	**32**	**0**	**32**	**6,800,251**	**0**	**6,800,251**
Total	**63**	**0**	**63**	**15,627,992**	**0**	**15,627,992**

Health monitoring

In general terms, Elecnor 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 2020.

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.

Awareness initiatives are implemented such as campaigns to combat AIDS and sexually transmitted diseases in various countries, with actions and campaigns to foster healthy habits (avoiding cardio-respiratory disease and musculo-skeletal disorders, nurturing a healthy and balanced diet, etc.), back training, etc. Likewise, in several countries, risk awareness drives were conducted to coincide with World Breast Cancer Day and World Prostate Cancer Day.

Numerous actions were implemented in 2020 to raise awareness among staff and their families regarding the risk of COVID-19 infection.

Employee occupational illnesses

Geographical area	No. of occupational medical conditions and illnesses			Hours worked		
	Men	Women	Total	Men	Women	Total
Spain	**3**	**0**	**3**	**17,347,580**	**2,469,167**	**19,816,747**
Europe	0	0	0	1,484,333	240,484	1,724,817
North America	0	0	0	1,426,199	131,323	1,557,522
Latin America	1	0	1	7,549,433	476,317	8,025,750
Asia	0	0	0	72,088	2,576	74,664
Africa	0	0	0	3,092,496	383,437	3,475,933
Oceania	0	0	0	34,877	5,443	40,320
Total international	**1**	**0**	**1**	**13,659,426**	**1,239,580**	**14,899,006**
Total	**4**	**0**	**4**	**31,007,006**	**3,708,747**	**34,715,753**

The most significant workplace hazards that present a risk of medical condition or illness are determined on the basis of their past record at Elecnor:

- Endemic diseases in certain countries where the company operates: malaria, dengue fever, etc.
- Asbestosis in places where there is asbestos.
- Musculo-skeletal diseases at construction sites.

In 2020, there were four instances of occupational illness, all of them in men, although the figures are incomplete since there are countries where they are not registered as such. There were two serious cases of malaria and a third, less serious case, and one case of musculo-skeletal disease. Cases among local staff in countries with endemic diseases are not considered to be occupational illnesses.

Safety Excellence project

In 2020, the second phase of the Safety Excellence Project (SEP) was rolled out in Spain and the internationalisation of the project continued, although it has been slowed down by the pandemic.

Meanwhile, the work groups in Angola, Argentina, Chile and Uruguay have adapted and implemented many of the actions defined in the SEP in Spain, with the requisite changes in accordance with the characteristics of each country.

The digital transformation of prevention

The digital transformation, as in other areas of the Group, contributes significant added value to the management of occupational risk prevention. In this regard, processes are optimised, the most suitable technology is applied and efficiency is boosted.

In 2020 initiatives were launched and consolidated within the framework of the Group's Digital Transformation project. Some of them are listed below:

- The PRP (Principal Risk Permit) tool has been 100% rolled out in Spain, and includes an app and web environment for its management and control. PRPs enable brigades to identify key aspects to prevent serious accidents and errors in the implementation of projects, before the work begins. At present, an average of 30,000 PRPs are performed per month, identifying and eliminating projects' risks. In Spain, a total of 207,453 PRPs were carried out in 2020.
- Development of the Evalu@ software, implemented in Spain for new subcontractors and compiling evidence of their qualification process. Moreover, the software tracks their performance in health and safety and also receives inputs from other tools: SegurT (safety inspections) and Notific@ (notification of incidents, accidents and ideas for improvement).
- Unification of documents and criteria in e-coordina: an evaluation process carried out by OHS experts at various business units.
- Implementation of the various IT tools (SegurT, Notific@, PRP, e-coordina) in different countries in the international market (Angola, Argentina, Chile, Italy, Panama, the United Kingdom, etc.).

Health and safety management during COVID-19

With the onset of the global pandemic, the Elecnor Group sought to minimise cases of the illness in the working environment among its own employees and those of subcontractors.

As the section on Responsible Management of this report explains in greater detail, in mid-March, as a consequence of the rapid spread of COVID-19 and the measures restricting mobility implemented by most governments, the Group set up a top-level COVID-19 Monitoring Committee to respond in a quick, coordinated and effective manner to the major challenges and difficulties posed by this exceptional situation.

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 5.7 million in measures to prevent or minimise COVID-19 infections within the organisation.

Below is an outline of the main preventive measures implemented to tackle the health crisis in an efficient way, which has enabled the Group to keep case numbers in the working environment low:

- Specific protocols for works sites and fixed work centres (warehouses, offices, plants, etc.), which have been translated into the most widely used languages at the Group (English, Portuguese, Italian and French).
- Development of our own signage showing safety measures, also translated into the four languages.
- Preventive measures and protective 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.
- Protocol to protect workers who are most vulnerable due to their specific physical conditions.
- Conducting serological tests, PCR, antigens, etc.
- Management of confirmed cases and close and casual contacts of confirmed cases.

When case numbers were at their highest, production activity and some actions including training, meetings, safety inspections, etc., were affected by the restrictions and limitations on mobility.

One of the most significant measures taken in the toughest months of the pandemic was the repatriation of ex-pat workers in various African countries. Elecnor, in collaboration with the Spanish Embassy in Luanda, conducted what was the largest repatriation of a Spanish colony from an African country due to COVID-19. An aircraft was chartered for 151 people, 96 of them Elecnor staff and 55 residents in Angola, so that they could return to their countries of origin.

During the pandemic, communication and awareness of workers and their families via the Buenos Días intranet have been key. One of the most significant campaigns was "Cuídate, cuídame" (Look after yourself, look after me), which, by means of continuous, clear and practical messages, disseminated the safety measures put in place to minimise the potential risks.

To raise awareness among children, posters were made to enable workers and their families to play "Find Covid", along the lines of the "Where's Wally?" game. They are distributed on paper and digitally.

At the end of the year, the Christmas campaign focused on wishing people a "Happy and Safe Christmas". In order to continue raising awareness in the Group, a competition was launched in which Christmas and safety featured as the pivotal axes for a responsible festive season.

15.5. Operating excellence

Elecnor has an **Integrated Management System** encompassing the following aspects: Environment, Quality, Occupational Risk Prevention, Energy Management and RDI Management.

The Integrated Management System is configured around strict compliance with applicable legislation and any other requirements binding upon Elecnor in the markets in which it operates; knowledge of the nature and scale of environmental impacts, customers' requirements; the health and safety of all workers and collaborators; and improvements in competitiveness through RDI enabling it to contribute value and differentiation. Based on these criteria, specific commitments and action lines are established for each sphere.

The Integrated Management System Policy is available in the corporate website **www.elecnor.com**.

In 2020, multi-site certification audits were conducted according to ISO standards 9001 and 14001. 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.

72% of turnover is certified in accordance with international ISO 9001 standards.

Quality management

Elecnor's quality strategy consists mainly of strengthening customer satisfaction, consolidating the continuous improvement in the organisation's processes and involving the workforce in this process.

In 2020, the quality goals were aimed primarily at continuing to roll out the Quality and Environment Management System abroad and at optimising quality processes.

Main achievements

- The methodology for managing risks and opportunities in the various processes has been improved.
- Within the framework of the digitalisation project, a software tool to digitalise the Quality and the Environment Management System both at the corporate level and at work sites has been developed.
- In the international sphere, Elecnor Chile was added to the multi-site certificate and the Quality and the Environment Management System was implemented at Elecnor Angola in accordance with ISO 9001 and ISO 14001 standards.
- The system to report incidents at the international level has been improved by strengthening the available resources for the incident report and r eview process.
- Certificates were maintained at the subsidiaries Audeca, Deimos, Hidroambiente, Omninstal, Elecnor México, Elecnor do Brasil, Elecnor de Argentina, IQA and Montelecnor.

Customers, at the heart of the business

Elecnor periodically manages 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.

1,681 surveys were sent out this year, of which 1,089 responses were received (65% response rate). The results show that Elecnor's valuation among its customers has improved compared with 2019.

Satisfaction surveys	2019	2020
Number of surveys	684	1,089
Average score	8.32	8.53
The most highly valued aspects	• Training and technical capacity • Degree of communication, service and response • Compliance with the safety requirements	• Compliance with the safety requirements • Global valuation • Response and attention to need for changes

For satisfaction surveys that obtain low scores, a methodology was established to ascertain more details of the reasons for the 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 low score obtained.

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.

In 2020, 144 customer complaints were filed, most of which were linked to technical management (38%), materials and equipment (22%) and workforce (19%). All complaints were fielded within a defined period and 54% of them were closed to the customer's satisfaction. In some cases, a survey is sent to customers in order to ascertain whether the proposed solution to the complaint is satisfactory.

Supply chain

Guaranteeing the most stringent quality standards to customers requires constant attention to and control of the supply chain. In this connection, Elecnor 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.

The Elecnor Group's suppliers are classified as suppliers of materials or suppliers of services. Elecnor currently has 3,475 approved local (in proximity to works sites or their catchment areas), national and international suppliers. 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.

Elecnor's Integrated Management System comprises procedures, policies and manuals that describe supply chain management. Below is a summary of the foremost procedures:

- Procurement procedure. Establishes the method for preparing procurements documents so that they contain the necessary and sufficient data to correctly identify the material/service requested, as well as the supply conditions for activities subject to the Integrated Management System. General procurement conditions envisage quality, compliance, ethical, labour, social and environmental criteria, among others. These conditions must be accepted and fulfilled by suppliers wishing to work with Elecnor.
- Procedure for drafting agreements/orders with subcontractors. Establishes subcontracting conditions, including quality, environment, energy management and compliance requirements.
- Logistics procedure. Establishes the air or maritime loading of equipment, supplies and materials.
- The process for approving and evaluating suppliers follows the "Procedure for managing suppliers of materials/services". Said procedure establishes that suppliers of materials/services classified as important must provide the relevant documentation concerning quality, environment, energy management, occupational risk prevention, compliance, RDI, data security and other documentation in regard to ethical, employment, social and environmental issues that suppliers may provide. Depending on the requirements fulfilled, the supplier is afforded a score.
- Instruction concerning the management of critical suppliers. Describes the system for managing supplies selected by Elecnor as being critical or potential. Every year, audits are conducted at suppliers identified as being critical for the organisation.

Elecnor continuously assesses its suppliers by means of the procurements platform and on-site audits, which include social and environmental criteria. The internal audits and re-assessments ensure that Elecnor's suppliers comply with the quality requirements established in the Management System.

Among the requirements expressly stated is the evidence by the supplier of commitments in relation to conduct comparable to those set forth in Elecnor's own Ethical Code. This condition is especially important in those countries considered to pose a risk by qualified international bodies. Elecnor's employees will ensure that its image, reputation and values are safeguarded by contractors and collaborating companies.

At present, the main risks identified in processes relating to Elecnor's supply chain were late delivery (of both equipment and materials) and deficient quality of supplies or work executed by subcontractors. In accordance with the established methodology, once the risks have been identified, they are assessed and, depending on the result, measures are established to mitigate their effects.

Algunos indicadores 2020

- Of the 853 approved suppliers, 34% (286 suppliers) have proven to be aligned with Elecnor's environmental requirements, and 3% (22 suppliers) with the social requirements.
- 487 suppliers were re-assessed in accordance with the quality requirements established in the Integrated Management System.
- The supplier assessment system now includes on-site internal audits of critical suppliers.
- With a view to progress in calculating Scope 3 of the carbon footprint, information was requested from certain suppliers regarding environmental performance.
- Commercial relations were not severed with any suppliers.

15.6. Committed to the environment

The Elecnor Group aims to contribute actively and decisively to the construction of a sustainable, low-carbon future by generating renewable energies, implementing energy efficiency measures, reducing its carbon footprint and through proper environmental management.

In 2020, along with the goals of continuing to roll out the Integrated Management System internationally and optimising processes, Elecnor set the target of improving the score obtained in the sustainability ranking of the Carbon Disclosure Project (CDP), and achieved the goal by securing a score of A- (B in 2019), evidencing the company's leadership in combating climate change.

Environmental management

The General Services Area is responsible for overseeing the Integrated Management System which combines the Quality, Environmental, Occupational Risk Prevention, Energy and RDI management systems of the organisations belonging to the Elecnor Group with the aim of identifying opportunities for improvement applicable to the various businesses and activities and thereby fostering synergies between them.

In Quality and Environmental management, 95 people are distributed between the General Services Area and the various organisations of the Group, both in Spain and internationally, in order to ensure compliance with Elecnor's established Management Systems.

In performing its activities, Elecnor is committed to incorporating environmental considerations in the decision-making processes regarding investments and the planning and execution of activities, encouraging their being taken into account in cost-benefit analyses.

Consequently, Elecnor's activity is framed by its Environmental Management System and Energy Management, 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.

Moreover, the Group has an environmental liability policy which covers all the activities of Elecnor S.A. and its subsidiaries both in Spain and abroad, with a general limit of Euros 20,000,000 per claim and on annual aggregate for all the policy guarantees and coverages.

In 2020, multi-site certification audits were conducted according to ISO standards 9001 and 14001. Moreover, the certificates of the following subsidiaries were maintained: Audeca, Elecnor Deimos, Hidroambiente, Enerfín, Elecnor México, Elecnor do Brasil, Elecnor de Argentina, IQA and Montelecnor. 72% of turnover is certified in accordance with international ISO 14001 standard.

In addition, 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; and adapted the Energy Management System to the 2018 UNE-EN ISO 50001 standard, which is AENOR-certified.

Also notable this year were the 2020 GRESB scores obtained by Celeo Redes Chile and Celeo Redes Brasil, companies that are co-managed by Elecnor. GRESB is an independent international index that analyses companies' environmental, social and governance performance. This year, Celeo Redes Brasil obtained a score of 99 points out of 100, the second best GRESB score out of the 406 participants in the global infrastructure category. It has also been recognised as a leader in the infrastructure assets sector. Meanwhile, Celeo Redes Chile obtained a score of 94 points and it was ranked eleventh-best enterprise of those analysed. Likewise, both companies obtained a GRESB 5 Stars rating in 2020, which recognises the leading companies in the ranking.

The fight against climate change

Increasing expectations of more profound changes to the climate, with higher temperatures, lower precipitation and more frequent and intense weather events have placed climate change among the top priorities of the global political, social and business agenda.

Climate change strategy

Climate change is a challenge and strategic priority in respect of which the Group has been working hard for some years, since it began calculating its carbon footprint in accordance with internationally accepted standards and implemented measures to reduce GHG emissions within its scope of action. At present, Elecnor remains committed to a sustainable way of operating that is suited to the new climate conditions, which in turn contribute to achieving Sustainable Development Goal 13 – Climate Action.

Elecnor also conducted a strategic diagnosis of adaptation to climate change based on the recommendations of the Intergovernmental Panel on Climate Change, in order to identify opportunities and risks in that connection.

Elecnor's climate risk is defined in accordance with the potential impacts of the various climate threats on the business lines, as well as exposure to climate threats based on the geographical location of the activities, offset by its capacity to adapt. On the one hand, there are business opportunities for Elecnor deriving from climate change considering reconstruction, repairs and maintenance activities deriving from climate threats and, on the other hand, its business is shaped by its exposure to these threats, depending on the geographical location of the activity and the capacity to address the situation of each business belonging to Elecnor Infrastructures.

The analysis of opportunities concluded that countries presenting the greatest business opportunities for Elecnor will be Angola, Brazil, Spain and Mexico in electricity, power generation, construction, environment and telecommunications. From a risk standpoint, 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.

From this starting point, in 2018 the 2030 Climate Change Strategy was devised, consisting of two main goals and three lines of action, and setting the framework for all the Group's actions to reduce greenhouse gas (GHG) emissions, adapt to climate change impacts and harness the associated opportunities.

The Climate Change Strategy aims to achieve two main goals:

- **Mitigation:** reduce GHG emissions by 25% by 2030 (as compared with 2014). In 2020, emissions were reduced by 24%, while in 2019 the reduction was 27%. Elecnor expects to maintain this positive trend and ratify compliance with the goal in 2030.
- **Adaptation:** ensure the resilience of Elecnor's concessions business as climate change advances and become a leader in the sector thanks to the opportunities afforded by climate change.

There are three strategic lines of action: People, Assets and Know-How, from which 22 climate change mitigation and adaptation actions derive, including aspects such as fostering training and awareness policies to encourage saving and reducing the consumption of energy, paper and water by the workforce; a commitment to technology to reduce unnecessary travel associated with the staff's professional activity; the steady replacement of energy-consuming equipment and company vehicles by others with lower associated greenhouse gas emissions; improvements in renewable energy facilities; optimisation of processes to reduce water usage linked to park and garden management activities both at the Group and its customers; improved know-how relating to both mitigation and adaptation to climate change, enabling more informed decision-making; and a commitment to best practices to adapt businesses to a changing climate.

Monitoring, evaluation and review of the climate change strategy

To ensure that the implementation of the Strategy is attaining the expected results in economic and energy terms, Elecnor carries out periodic and systematic monitoring of the measures in place, as well as of the GHG emissions linked to the organisation's carbon footprint. Every year, a document entitled "Monitoring of the Elecnor Group's Climate Change Strategy" is produced. The latest report was completed in July 2020 and referred to the results obtained in 2019.

The initiatives implemented in 2019 led to a two-fold increase in investment, which rose from Euros 1,549,040 in 2018 to Euros 3,733,464 in 2019. This investment led to a significant reduction in associated emissions, which went from 382.63 tCO_2e saved in 2018 to 2,627 tCO_2e saved in 2019.

Below are details of some measures and their related emissions savings.

Strategic axis	Action	Objective	Annual saving of tCO_2e	Scope of carbon footprint
People	Implementation of awareness campaigns	Raising awareness among staff regarding the environmental impacts of their daily activities to help enhance environmental performance	96.21	1, 2 y 3
	Conference calls encouraged to avoid journeys	Reduction of greenhouse gas emissions associated with business travel	49.09	3
Assets	Improvements in renewable energy generation facilities and the acquisition of green power	Improvement of the design of wind farms and solar panels, in order to optimise power generation	1,936.84	N/A
	Installation of timers for electronic devices and automatic off switches. LED lighting to replace existing fixtures	Reduce energy consumption associated with lighting and, consequently, the related emissions	110.58	2
Knowledge	RDI projects	Implementation of RDI projects linked to climate change	45.24	Not estimated

Emissions

Carbon footprint

Elecnor calculates its carbon footprint on an annual basis in accordance with international standards by means of a tool that enables each organisation belonging to the Group to report its electricity consumption, fuel consumption and use of coolants, with the data broken down by offices, warehouses, work sites and plants.

In February 2021, for the seventh consecutive year 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 received the "Calculo y Reduzco" seal granted by the Spanish Office for Climate Change (OECC).

Moreover, for the third consecutive year, Elecnor took part in the Carbon Disclosure Project (CDP), presenting its voluntary report on climate change. In 2020, Elecnor managed to improve on the previous year's score, obtaining a score of A- (B in 2019), a score that positions the Group at the highest level in terms of sustainability, adaptation and mitigation of the impact of climate change. The inclusion of Elecnor in this international ranking recognised by customers, investors and shareholders is part of its Climate Change Strategy.

Elecnor's carbon footprint in 2020, in connection with Scopes 1 and 2, amounted to 57,070 tonnes of CO_2e (50,308 tCO_2e in 2019). Factoring in Scope 3 emissions (deriving from the value chain), the organisation's total emissions amounted to 101,328 tCO_2e (80,931 tCO_2e in 2019).

Since 2019, the carbon footprint has included Scope 3 emissions, for which purpose a selection was made of critical suppliers and subcontractors. Scope 3 refers to processes associated with Elecnor's value chain, but which take place in sources that do not belong to it and which it does not control.

Emissions (t CO_2e)

Scope	2019 *	2020
Scope 1	**45,904**	**53,394**
Stationary and mobile combustion **		
Scope 2	**4,404**	**3,676**
Consumption of electricity		
Scope 1 & 2 totals	50,308	57,070
Scope 3	**30,623**	**44,259**
Total	80,931	101,328

(*) The 2019 figures have been recalculated since Celeo Concesiones e Inversiones left the consolidation scope in 2020 and based on adjustments to commutes. Accordingly, the figures for the last two years are comparable.

(**) 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 1 emissions have increased as compared to the previous year, due to an increase in activity in Brazil which resulted in particular in a rise in fuel consumption.

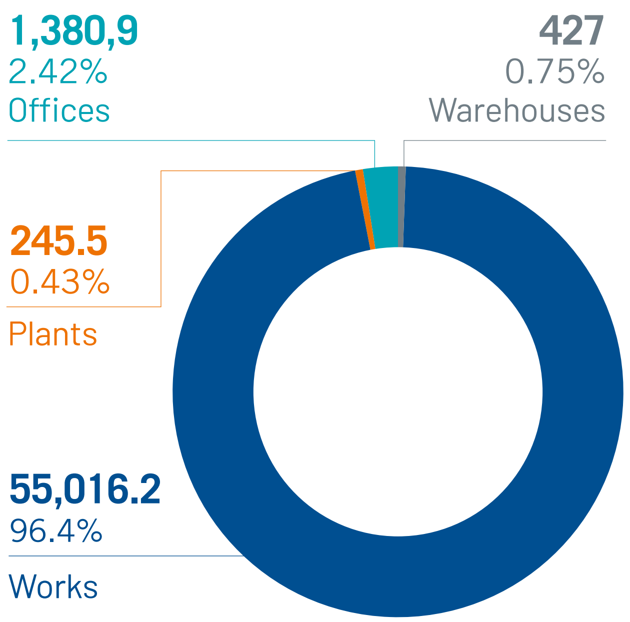
Meanwhile, the reduction in energy consumption is due to more organisations being committed to using electricity from renewable sources, which has led to a 17% reduction in Scope 2 emissions.

As for Scope 3 emissions, suppliers and sub-contractors accounted for 79% of the total, business travel for 10% and commutes for 9%. Emissions from consumables and waste generated at the facilities accounted for just 3% of the total. In 2020, these emissions increased since they included sub-contracted units (around 70%). Furthermore, the characterisation of upstream and downstream processes at the organisation improved, obtaining more accurate data, and including new emissions sources such as hotels, teleworking and business travel.

Scope 3 emissions	2020
Suppliers and subcontractors	34,922
Business travel and hotels	4,329
Commutes	3,806
Waste, water and paper	1,202
Total	**44,259**

At 2020 year-end, the ratio of emissions generated per hour worked was 1.86 $kgCO_2e$/hour, similar to that of 2019 (1.81 $kgCO_2e$/hour). Nevertheless, taking 2014 as the basis for comparison, the ratio has clearly improved, having fallen by 24% (2.4 $kgCO_2e$/hour in 2014 vs. 1.8 $kgCO_2e$/hour in 2020).

The most notable facilities when it comes to analysing Scope 1 and 2 emissions are works projects, which account for 96%; followed by plants, offices and warehouses, which account for 4%.



Mitigation through activities. Emissions avoided

The Group's power generation activity using renewable sources avoids the emission of greenhouse gases. Elecnor undertakes projects in the areas of wind, solar PV and solar thermal power, hydroelectric and biomass plants.

By means of its Concessions Business, Elecnor has holdings in 1,694 MW of renewable energy facilities in operation and construction in Spain, Brazil, Canada, Colombia and Australia (1,464 MW in 2019), broken down as follows:

Renewable energy (MW)	2019	2020
Wind energy	1,299	1,349
Solar thermal energy	150	150
Solar PV energy	15	195
Total	**1,464**	**1,694**

As part of its commitment to diversification, the Group's wind 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.

Below are some of the most significant renewables projects awarded in 2020:

Wind energy

Spain
Gecama wind farm, 312 MW
Montetorrero wind farm, 99 MW
Croas I and II wind farms, 18 MW
Montetourado wind farm, 10 MW

International
Tucano wind farm, 322 MW, in Brazil
Port Augusta wind farm, 210 MW, in Australia
Cerro Tigre wind farm, 185 MW, in Chile
Llanos del Viento wind farm, 156 MW, in Chile
Corumuel wind farm, 50 MW, in Mexico
Guajira I wind farm, 50 MW, in Colombia

Solar PV energy

Spain
Perseo Foton solar PV farm, 126 MW
Zuera self-consumption, 11 MW
Las Motillas solar PV farm, 5 MW

International
New England Solar Farm I, 520 MW, in Australia
Coremas IV-VIII solar PV farm, 156 MW, in Brazil
Girasol solar PV farm, 120 MW, in Dominican Republic
Pesé solar PV farm, 14 MW, in Panama
Mayorca solar PV farm, 13 MW, in Panama

Biomass

Biomass cogeneration plant, 20 MW, in Belgium

Consumption management

In 2020, energy consumption totalled 756,81 TJ, a 13% increased on the previous year due mainly to the increase in the consumption of biodiesel in Brazil.

The various energy consumptions are presented below:

Energy consumption (TJ)

	2019 *	2020
Natural gas	0.16	0.13
Diesel	33.76	29.24
Petrol	50.44	54.14
Gas oil	466.45	479.75
Biodiesel	53.57	156.41**
Electricity	62.80	64.23
Non-renewable source	45.79	43.42
100% Renewable source	17.00***	20.65***
Other fuels	3.37	4.51
Total	**670.56**	**852.48**

(*) Figures for 2019 have been recalculated since Celeo Concesiones e Inversiones left the consolidation scope in 2020. Accordingly, the figures for the last two years are comparable.
(**) The increase in biodiesel was triggered by a rise in activity in Brazil.
(***) Since 2018, Enerfín has had a contract to consume 100% renewable energy in all its national facilities (offices and wind farms).

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 284,887 street lights in 93 Spanish municipalities.

Meanwhile, internally and over the course of 2020, the Group continued to implement a number of energy-saving and energy efficiency actions as part of its Climate Change Strategy, 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.
- The first electric vehicle for Celeo's Diego Almagro base in Chile to be recharged using solar panels on the roof.
- 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.
- Acquisition of sustainable and efficient vehicles, machinery and tools.
- Acquisition of more efficient computers.
- Route optimisation.
- Replacement of LED lighting in control buildings and wind turbines in the Páramo de Poza (Burgos) and Faro-Farelo (Galicia) wind farms. In Páramo de Poza, 30% of lighting in wind turbines was replaced.
- The "Apuesta por una conducción eficiente" (Choose efficient driving) campaign for wind farms.

Green financing

In line with its commitment to the highest standards of responsibility in sustainability, in June 2020 Elecnor signed its first "green guarantees" facility, valued at Euros 70 million, with Société Générale acting as the issuing bank for the operation. This financing is aimed at the implementation of selected ecological projects that are beneficial for the environment and are socially responsible.

Moreover, towards the end of 2020, Elecnor set up a Securitisation Fund called "Elecnor Eficiencia Energética 2020", to which it has assigned the credit claims derived from the contracts for the management of energy services and maintenance of street lighting installations, which Elecnor executes for 43 municipalities and public entities in Spain.

The Fund has issued Euros 50 million in bonds maturing in seven years to trade in Spain's Alternative Fixed Income Market (MARF). This was the first securitisation transaction for the sale of future credit claims derived from contracts with Public Entities to be conducted in Spain.

These bonds are compliant with the requirements established by Green Bond Principles and therefore qualify as green bonds for G-advisory, the Garrigues Group's consultancy firm. For Elecnor, this bond issue is further evidence of the Group's commitment to sustainability, contributing in particular to the achievement of Sustainable Development Goal 13 – Climate Action, pursuant to the United Nations Global Compact.

Consumption of renewable energy

In 2020, Enerfín signed electricity supply contracts guaranteeing that the power supplied at both offices and in national wind farms is from 100% renewable sources.

Water consumption

Elecnor's water consumption as a result of its activities is as follows:

- Processing for customers, meaning water captured from waste water treatment facilities, treatment plants or water supply services operated by Elecnor and processed to attain human consumption quality or at least a sufficient degree of treatment as established by law. In this regard, in mid-2020, the three water treatment concessions in Aragón (Spain) that were managed by Celeo were transferred to other companies. Accordingly, until the date of that transaction, in July, the amount of water treated totalled 4.3 hm^3.
- Own consumption, meaning water used in the facilities and to conduct the Group's various activities. Since this consumption is low, it is not considered to be a material environmental aspect in Elecnor's activities.

Although own water consumption is not significant in the Group, in the Environmental Management System it is identified as an environmental aspect of the organisation. As a result, at both the fixed facilities and works executed, control mechanisms have been established and potential impacts relating to water consumption while conducting activities are assessed and monitored as follows:

- Monitoring of consumption.
- Identification and compliance with legal requirements.
- Standard environmental management procedures.
- Location of areas at high risk of water stress (WRI).

The Group 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. Consequently, initiatives are fostered to reduce and optimise water consumption and water collection is avoided in those areas.

In this connection, for example, Elecnor do Brasil, during the construction of the 230 kV Piripiri substation, implemented an evaporative cooling system combining energy efficiency and optimisation of water usage. Moreover, a water saving mechanism was installed in the taps at some of Elecnor's office buildings. At the main offices of the Major Networks Unit, located in Bilbao, there is a system to recover grey water from bathrooms for use in toilets. The system also harnesses rainwater.

In addition, within the framework of the Climate Change Strategy, specific actions are being rolled out in connection with water consumption:

- Development of a plan to reduce water consumption in offices.
- Reuse of water for various purposes (watering gardens, street cleaning, etc.).
- Implementation of efficient irrigation systems. In the last few years, the facilities have been analysed and opportunities for improvement have been identified in relation to the integrated water cycle in various municipalities in which Elecnor provides gardening services.

Moreover, Elecnor ensures compliance with all legislation in the areas where it performs its activities. Elecnor avoids collecting water in areas of high water stress where it operates.

	2019 *	2020
Mains water consumption (hm^3)	0.110	0.094
Water consumption in areas of high water stress (hm^3)	N/A	0.057
Water consumption in areas without water stress (hm^3)	N/A	0.037

(*) Figures for 2019 have been recalculated since Celeo Concesiones e Inversiones left the consolidation scope in 2020. Accordingly, the figures for the last two years are comparable.

Improving access to drinking water

Elecnor acknowledges the importance of accessing drinking water, and as a result in 2020 it joined forces with AUARA to improve access to water in developing countries. Although our involvement in this kind of initiative is aimed at helping vulnerable groups to have access to drinking water, it also helps minimise the environmental impact, such as reducing the use of oil, and using bottles made from 100% recycled and 100% recyclable materials.

This year, water supply has been provided directly and permanently to 30 people, and 75,243 litres of drinking water were contributed to AUARA projects. Moreover, 138 kg of plastic were recycled, saving 231 litres of oil by recycling more than 6,128 plastic bottles.

Other consumption

Elecnor 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

Elecnor's Waste Management Procedure 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 by authorised managers in accordance with current legislation, seeking the best available techniques for recycling, wherever possible. Moreover, in 2020 the company generated a total of 32,981 tonnes of waste, 73% of which was recovered (re-use, recycling, soil treatment or other means).

Elecnor 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 Elecnor's operations:

The increase in hazardous waste was due mainly to a rise in activity in Brazil.

Waste (kg)	2019	2020
Non-hazardous waste	32,339,288	32,267,427
Hazardous waste	292,693	713,193

Other initiatives

Enerfín, the Group's wind subsidiary, is very active in its commitment to reduce, re-use and recycle waste, at both its offices and its wind farms. Below are some of the initiatives introduced:

- Use of recycled paper and Forest Stewardship Council (FSC) certification guaranteeing that products were sourced from well-managed forests that provide environmental social and economic benefits.
- The "Apúntate al consumo inteligente" (Be a smart consumer) campaign.
- Reduction of paper consumption via the development and implementation of a digital invoice approval process to facilitate processes and minimise printing.

Celeo, meanwhile, continued with the "Celeo Recicla" (Celeo Recycles) campaign which is aimed at fostering recycling at work centres by providing separate bins, placing information signs and conducting awareness campaigns.

Management of biodiversity and protection of the natural environment

Elecnor's human-induced impact on biodiversity refers to the potential effects on flora and fauna due to disturbances, loss of habitat and even loss of species. Elecnor identifies and assesses this impact from all its activities, either for legal compliance or at the initiative of the organisation or its customers, by means of research or environmental impact statements. When so required by the environmental assessment of the project, an environmental monitoring plan is executed, including periodic controls of the impacts and preventive or remedial measures taken to reduce them.

Some examples of biodiversity actions or mitigation measures are outlined below:

- Replanting/plant restoration programmes:

  In the 500/230 kV Parnaíba III-Tianguá II-Teresina III transmission line and the related substations in Brazil a plant restoration programme spanning 270 ha has been launched to offset the loss of plant life in the project area. The areas for replanting surround the project and primarily are located in the "Serra de Ibiapaba" Officially Protected Area with a view to expanding this preservation area.

- Programmes to repel, handle, protect, monitor and rescue fauna:

  In the 500/230 kV Parnaíba III-Tianguá II-Teresina III transmission line and related substations in Brazil, a programme to monitor bird collisions has been implemented, which gauges the effectiveness of the anti-collision structures (metal spirals and others) for birds.

  Various programmes for the handling and rescue of fauna have also been introduced in order to minimise the risk of death and accident of wild animals in some projects, such as:

  - 500/230 kV Parnaiba III-Tianguá II-Teresina III transmission line and related substations, in Brazil.

- The new 220/66 kV Hualqui sectioning substation and the La Pólvora substation, in Chile.

- Mayorca solar PV farm, in Panama.

- 230 kV Acajutla-Ahuachapan transmission line, in El Salvador.

- 400 kV Baza-Caparacena and 220 kV Puente Bibey transmission lines, in Spain.

• Plant management and monitoring programmes:

In Brazil, in the 500/230 kV Parnaíba III-Tianguá II-Teresina III transmission line and related substations, a programme is underway to harvest plant germoplasm to mitigate and offset the elimination of native vegetation necessary to implement the project, collecting the germoplasm from some of the native plant species in the project's area.

In Spain, in the Miñón wind farm in La Coruña a plant restoration project was rolled out, including the restoration of slopes and platforms as well as hydroseeding.

The Elecnor Group generates a positive impact on biodiversity and the natural environment by means of Audeca, the subsidiary focused on the preservation of protected areas and the conservation of the natural environment.

Some of the actions implemented by Audeca in 2020 are outlined below.

Protecting nature to mitigate the effects of climate change in the PRAE environmental education complex

The Castilla y León Natural Heritage Foundation is implementing the initiative "Nature-based solutions for resilience to climate change and its impact on human health" as part of the "Research, health and environment agreement" with La Caixa Foundation.

Elecnor is taking part with a view to conducting a series of nature-based architectural actions (enclosures and separation of spaces – in the environmental complex and pellets plant –, increasing green zones and trees, as well as shaded areas) to mitigate the extreme effects of climate change.

RDI projects concerning antibiotics

Elecnor has undertaken a project to optimise the biological process of photosynthesis in order to re-use processed household waste water.

The aim of this project is to eliminate contaminants emerging from household waste water through low-cost solutions like micro-algae and bacteria introduced at different stages of the treatment process so as to obtain optimal quality for the re-use of treated water.

Elecnor also develops wind projects through its subsidiary Enerfín which may have an impact on the immediate environment (including flora and fauna). Consequently, it works with specialist groups to ensure that projects are compatible with the environment and with existing habitats.

In the pre-operational phase (prior to the start of construction work) it is standard practice to conduct studies agreed with the administration and with a minimum duration of one year in order to list the species and populations of birds in the area and their behaviour (nesting areas, home range, flight heights, and so on). The findings of these studies are crucial for the environmental body's consideration of the project's viability.

Any impact can be avoided or reduced by properly locating or relocating the wind turbines. Various pre-operational studies of birds and bats were implemented in 2020 in a number of areas of Spain. Especially noteworthy are the studies on the golden eagle in Orense (Galicia) and on the lesser kestrel to find breeding colonies and count numbers in pre-migration roosting sites in Navarra.

In the construction phase, environmental monitoring is conducted to prevent potential impacts at the site and to assess the suitability of the measures proposed. In the event of identifying impacts not initially foreseen (nesting areas, presence of unlisted species, etc.), measures are established to reduce, offset or cancel those impacts.

Once the facility has entered into service, by means of a proper environmental supervision programme, the actual impacts are evaluated and, where necessary, any suitable measures are taken.

In the wind farms of La Herrería and Pasada de Tejeda, managed by Enerfín, remedial environmental measures include a preventive shutdown of the wind turbines in situations of risk to birds, continuous monitoring of birds, periods of increased monitoring due to mass influx of birds during migration and ongoing annual control of the presence of carrion in the area in which the wind farms are located. Since March 2020, environmental monitoring in these wind farms has been increased, by adding new monitoring stations and hours of supervision.

The final goals of these measures are to minimise bird mortality in the various wind farms and ascertain the degree to which this mortality affects local populations.

For several years Enerfín has also been managing the Malpica Wind Farm (La Coruña, Spain), part of which is located in the Red Natura environmental protection network, which means it is necessary to have various monitoring plans in place for birds and bats, as well as a plan for morphological, soil and plant restoration or the monitoring of noise, among others.

As for Celeo, the main impacts identified on biodiversity from the operation of electricity transmission lines in Brazil and Chile relate to the removal or loss of vegetation. 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.

In Brazil, various environmental programmes are underway to comply with legal requirements inherent to the activities. With regard to biodiversity, note the bird monitoring programme aimed at verifying whether there is any interference by the transmission line in bird traffic, whether accidents are taking place involving birds as a result of the developments and whether birds use the transmission line structures.

In Chile, 56.4 ha were reforested pursuant to the environmental commitments relating to the CHATE (Charrúa Transmisora de Energía) projects. Furthermore, in Brazil a total of 33.23 ha were restored as part of the various projects (CAIUA, CANTE, JTE, among others).

Environmental awareness

Elecnor is working to raise awareness among stakeholders by means of awareness and information campaigns and programmes.

Some of the most notable of these are:

• World Environment Day. Elecnor marked this day with a campaign that conveyed its commitment to the protection of and respect for the environment, disseminating the Group's Climate Change Strategy. Furthermore, it held a competition to encourage employees to perform eco-challenges linked to the environment.

• #Antesdeimprimir #Responsabilidad #Compromiso #MedioAmbiente (#Beforeyouprint #Responsability #Commitment #Environment). These tags are featured in the corporate e-mail signature message for the entire Group, and they are aimed at raising awareness about whether it is really necessary to print e-mails and documents received daily.

• To mark the 5th anniversary of the approval of the 2030 Agenda, the Group launched the campaign #ApoyamoslosODS (#WeSupporttheSDGs) to help familiarise people with the SDGs and encourage them to work towards them.

• Elecnor keeps its employees informed regarding the actions being taken to fulfil its commitment to reduce its carbon footprint through the Scope 3 calculation, verification of ISO 14064-1 (verified AENOR environment certificate for carbon dioxide emissions) and its involvement in the Carbon Disclosure Project (CDP).

• Awareness drives are run for the proper management of waste at wind farms, in order to improve waste segregation.

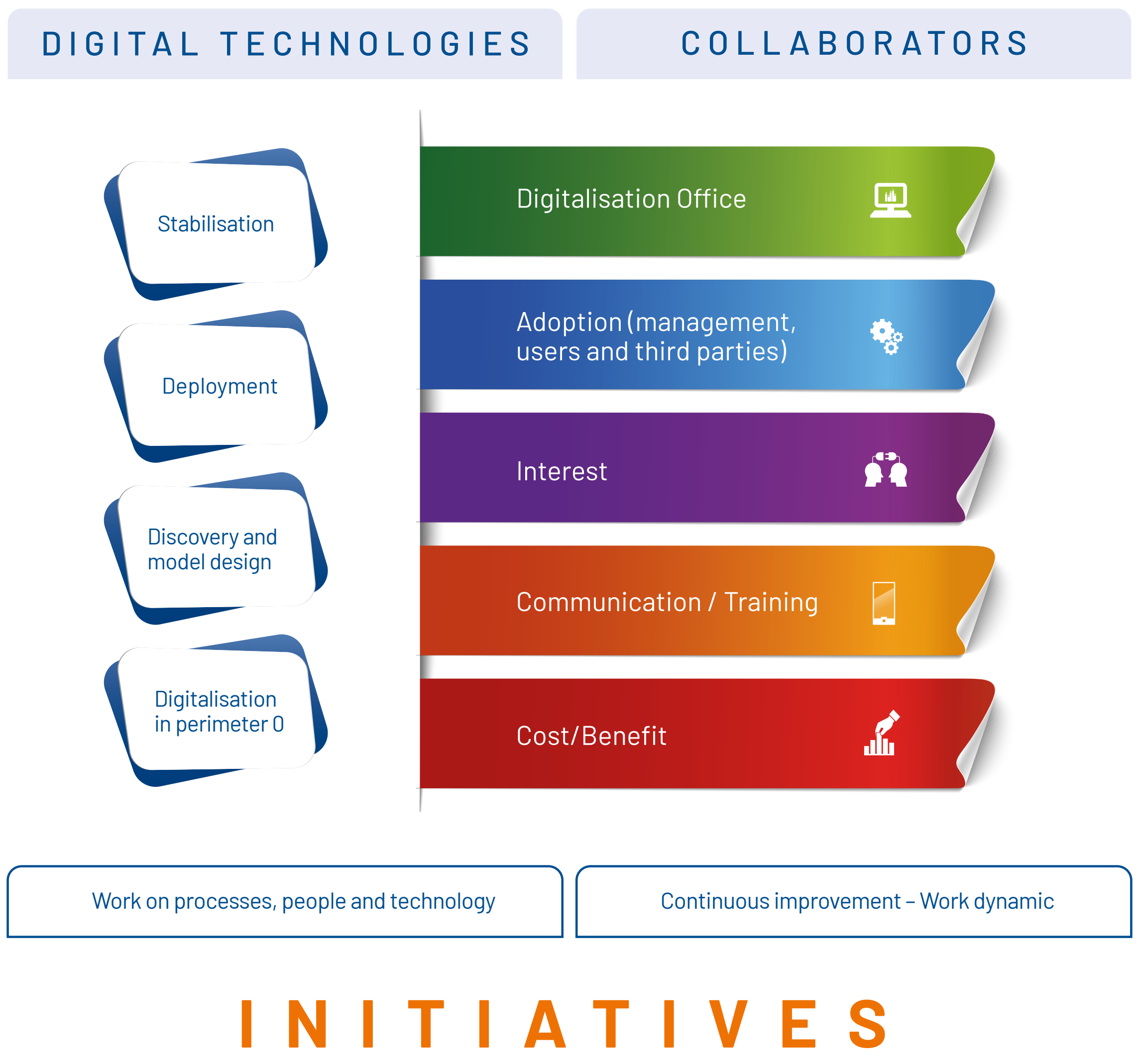
• Elecnor Brasil has conducted initiatives to raise awareness among workers regarding various environmental matters, such as economising on water consumption, dangerous animals, waste management, environmental aspects and impacts and specific training in environmental issues.

- The talks and campaigns organised by Elecnor Chile have encompassed the following topics: flora & fauna, recycling, climate change, responsible paper consumption, environmental conservation, campaign to clear access roads and entrances to work areas so as to prevent fires.
- In Cameroon, Ghana, Panama and El Salvador, environmental awareness is being raised by means of training, talks and volunteer programmes, among other actions.

15.7. Technology and innovation

The digital transformation at Elecnor: processes, technology and people

By means of the Digital Transformation strategic project, the Elecnor Group continues to achieve progress in improving processes, operating efficiency, cultural change and competitiveness. The digital transformation at Elecnor has driven the development of an efficient management model that aligns processes, technologies and people.



This project focuses on the design, digitalisation and roll-out of an innovative management model, with organic capacity to create value in a sustainable manner over time, with technology and people as the drivers of change.

To ensure the Digital Transformation project's success, the Digitalisation Office was created to oversee compliance with the established goals and measure progress by means of certain indices such as the Digitalisation Index or the Implementation Rate. This office is now fully established, and guarantees that the project has the necessary structure, method and model of governance.

Through various working panels, the Office coordinates all the initiatives for innovation in processes, technologies and people. Each panel examines a series of initiatives on a specific matter and 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 Operating Committee, which includes a representation from all areas of the company and contributes a transversal business approach.

Lastly, the Operating Committee refers the decision to the Steering Committee, responsible for analysing the next steps and, where applicable, allocate the necessary resources to carry out the relevant initiatives.

Achievements 2020

- The initiatives in place at the start of the year obtained a Digital Development Score (DDS) of 96% and an Implementation Rate (IR) of 89%. The new initiatives launched in 2020 obtained a DDS of 96% and an IR of 88%.
- 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.
- Launch and activation of initiatives to improve and digitalise contracts for street lighting, digital signatures, monitoring of Group employees abroad, reporting of goals and allocations of structure costs, among others.
- Continuity of initiatives regarding compliance, security and cyber-risks.
- Generation of synergies, reduction of technological risk and enhancement of intra-learning within the organisation.
- Increased levels of involvement: +400 participants, +6,000 users, +7,000 third parties, 600 working sessions, +80 training sessions and 22 committee meetings held.

Cybersecurity

In 2020, cybersecurity became an even more significant factor for companies since, as a result of the crisis unleashed by the pandemic, cyberattacks have increased.

Elecnor's cybersecurity team has worked to ensure that assets are protected at all times. In this regard, a number of steps were taken:

- Process of certification to ISO 27001 standard.
- Technical projects such as the implementation of secure WiFi or projects to guarantee security at installations and plants.
- 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 the technological standpoint, tackling COVID-19 has been a big challenge within the company, aimed mainly at guaranteeing the continuity of employees' work remotely by providing the adequate resources and resolving IT issues for a large number of employees as quickly as possible.

The fact that Elecnor already had a Contingency Plan in place enabled it to adapt working methods as efficiently and quickly as a situation like this required. Said Plan includes potential contingencies that might affect the availability of information systems, such as power outages, internet and server failures, impossibility of accessing the building, etc.

The pandemic has led to considerable progress in the Group's digital transformation in terms of both the deployment of tools and the proactive approach of the workforce. Employees became aware that technology and digitalisation have enabled them to continue their daily work in such exceptional circumstances. As a result, the adoption of digital habits has been greatly accelerated at the Group.

Among the initiatives developed by Elecnor to respond to the new situation, we highlight the following:

- Allocation of a considerable number of laptops to enable office staff to work from home, enabling activity to continue and offering the same, top quality service to customers.
- Security has been strengthened at the technical level and resources for teleworking have been adapted: activation of the protocol with suppliers and partners, mass deployment of VPN clients, HIP – host identity protocol to control the security level for each device connecting to the network, antivirus, control of corporate devices, non-corporate devices and laptops on loan, expansion of IP range, modification of bandwidths, dynamic loan balancing, adaptation of video-conferences, adaptation of the policy for updating devices, etc.
- Massive use of VPN solution.
- Strengthening and continuous monitoring of communications infrastructure, in response to substantial increases in traffic for much of the year. For perspective, in the most critical period of the pandemic, when the strictest lockdown measures were in place, the company went from conducting 5,000 video-conferences per month to performing around 40,000.
- Monitoring and reinforced prevention of cyberattacks amid an increase in risk.
- Employee training in the use of IT tools.
- Digitalisation of the most paper-intensive processes, mainly in the administrative management of procurements or internal authorisation and signature processes, avoiding physical handling and interaction.

Around 40,000 video-conferences per month during strict lockdown period (from March to June)

+15,000

issues resolved (from January to September)

Innovation and new business opportunities

Driving innovation, Elecnor contributes greater added value to the services it provides to its customers with the guarantee of sustainability, competitiveness and differentiation of the company.

Innovation is a part of the Group's Integrated Management System. 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 2020

- Certification of the phytotreatment project in accordance with UNE 166001 standards.
- Submission of LIFE WAPTECH Alguazas to 2020 call for proposals.
- Launch of Innova 2020 internal call for proposals for RDI project funding.
- Hosting of a virtual Innovation Meeting.
- Development of various projects with customers and collaborators.
- Continued integration of BIM working methodology and tools.
- CDTI approval of the financing for two projects related to the environment and energy storage at wind farms; and three proposals in the framework of the ESA technological programme aimed at Galileo activities, the launch of a micro-satellite developed by Elecnor Deimos (the Group's technological subsidiary) and research into a constellation of micro-satellites.
- Adjudication to Elecnor Deimos of four new projects within the framework of the European Union Horizon 2020 programme.
- Performance by Enerfín of an experimental storage programme using lithium-ion batteries at the Montes de Cierzo wind farm (Navarra).

Innovation projects

In 2020, the Group was involved in around 40 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 Pisa (Italy), University of Ioannina (Greece), Ramón Llull University (Spain) and Rzeszow University of Technology (Poland); the company Tekiner or aerospace agencies such as Spain's Institute of Aerospace Technology (INTA), among others.

Highlighted projects

The ENTORNO project

The project by Audeca, the Group's subsidiary specialising in integrated maintenance of railway infrastructure and the conservation of the natural environment, is aimed mainly at controlling roadside vegetation by means of remote sensing, multi-spectral sensors and weather forecasting, and upkeep of vegetation to help maintain road safety. The new element is a methodology that helps make decisions regarding mowing and brush cutting based on new detection technologies, weather information and plant phenology, instead of being based on past history or visual inspection.

The WINDBATTERY project

This project, by the wind energy subsidiary Enerfín, consists of designing, implementing and optimising a new prototype of wind turbine battery integrated control system.

In this regard, Enerfín analyses and develops new battery management software in order to manage production in a much more efficient way and to very high standards.

With regard to the advantages, the wind system plus the battery allow large-scale renewable energies to be integrated without compromising on the guarantee and quality of electricity supply, thereby being able to forego well-known back-up technologies (mainly thermal), since they are the main culprits of greenhouse gas emissions.

Among the main benefits of this project for the Spanish electricity system are the following:

- Reduce imbalances between generation and forecasting.
- Shift renewable generation to peak consumption hours in order to adapt, as far as possible, the generation curve to the requirements of demand.
- Provide the system the capacity to increase/decrease generation to adjust imbalances between generation and demand in real time, so as to improve security and continuity of electricity supply with clean technologies.
- Adapt to new European network codes.
- Reduce deviation costs of the Spanish electricity system.

The Genio project

This project is executed by the Group's Railways Arm in partnership with Aner Sistemas Informáticos and Tekniker, and it is aimed at developing a smart system for planning and performing maintenance of linear facilities such as railway electrification.

The project has defined scientific-technological, industrial, market and social objectives.

The main goal of the project is to develop a smart system to support planning and execution of maintenance. In this regard, Aner, as an ICT solutions developer, will expand its product base focusing on the maintenance and management of assets incorporating technologies that enable a product to stand out for its ease of use and adaptability to staff, its interoperability with other systems and the efficiency of its results. Meanwhile, Elecnor aims to develop a complex asset management system based on information management so as to gain competitiveness and market share. Both companies will rely on the Tekniker centre and its technological industrial maintenance solution, which in turn is aimed at furthering the knowledge and application of various technologies linked to artificial intelligence within this field.

Innova 2020 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.

Highlighted project

Removal of emerging contaminants

The project is aimed at developing a novel, low-cost and proprietary methodology to remove emerging contaminants from waste water. Specifically, the project will examine the elimination of the most frequent antibiotics from the water.

To reach this goal, the project plans to chart the antibiotics most frequently found in urban waste water, develop a low-cost methodology to remove these emerging contaminants and test the methodology in a laboratory and in a pilot plant operated by Elecnor.

Innovating through startups

Collaboration with startups enables Elecnor to access greater knowledge, develop innovative solutions and create new business opportunities that may contribute added value to customers.

In this regard, Elecnor partners with Solarnub to find financing and energy sales models in self-consumption solar PV projects.

Enerfín is also developing a digitalisation initiative to detect and forecast operational anomalies in wind turbines. In this project it has joined forces with the advanced data analysis startup Datatons, whose purpose is to define data models for forecasting potential losses of energy in wind turbines at the Cofrentes wind farm (50 MW).

Furthermore, since 2018 Elecnor Deimos has held a stake in the share capital of the Anglo-Danish startup ORBEX, which focuses on the development of small satellite launchers. It is also involved in developing key areas of the launcher, such as the guidance, navigation and control system, the on-board software or the ground control segment.

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.

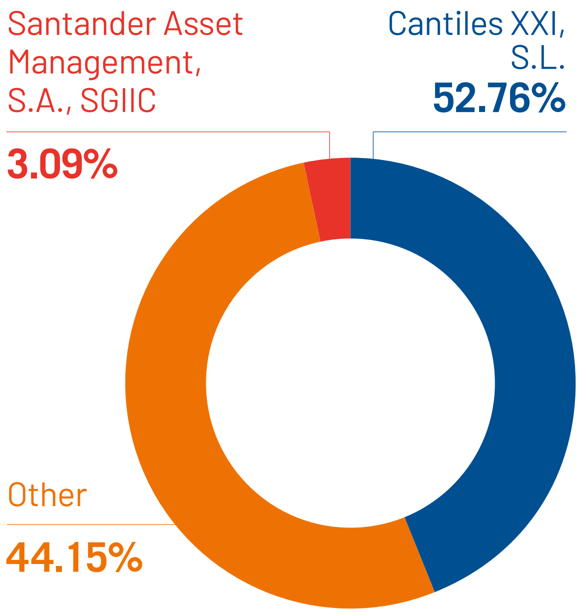
15.8. Responsible management

Corporate Governance

Elecnor 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 [1].

Ownership structure

Shareholding



Elecnor S.A. is controlled by a group of shareholders comprising ten family groups that act as the company's unit of decision and control, instrumented by means of the company Cantiles XXI, S.L.

Under the heading "Other" are shareholders with an insignificant percentage stake (less than 3%), as well as own shares in Elecnor, S.A., which accounted for 2.67% at 2020 year-end (the same percentage as in 2019).

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 and Remuneration Committee report to the Board of Directors.

The General Shareholders' Meeting was held on 20 May 2020, with record attendance of 83.64%. Due to the restrictions deriving from the pandemic, for the first time ever the General Shareholders' Meeting was held entirely remotely.

Board of Directors

15 directors

2 Female directors

10 Proprietary directors

3 Independent directors

1 Executive Director

1 External Director

13 Meetings
Board of Directors

100% attendance
Meetings of the Board

(1) This information is available under Corporate Governance in the Shareholders and Investors section of the website **www.elecnor.com**

Director name	Position on the Board	Category	Date last appointed
Jaime Real de Asúa Arteche	Chair (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	16 May 2017
Cristóbal González de Aguilar Alonso-Urquijo	Deputy-Secretary	Proprietary	22 May 2019
Fernando Azaola Arteche	Director	External	01 June 2018
Miguel Cervera Earle	Director	Proprietary	01 June 2018
Isabel Dutilh Carvajal	Director	Independent	22 May 2019
Joaquín Gómez de Olea y Mendaro*	Director	Proprietary	20 May 2020
Irene Hernández Álvarez	Director	Independent	01 June 2018
Juan Landecho Sarabia	Director	Proprietary	01 June 2018
Santiago León Domecq**	Director	Proprietary	28 October 2020
Miguel Morenés Giles	Director	Proprietary	01 June 2018
Gabriel de Oraa y Moyúa	Director	Proprietary	01 June 2018
Rafael Prado Aranguren	Director	Proprietary	01 June 2018
Emilio Ybarra Aznar	Director	Independent	22 May 2019
Pedro Enrile Mora-Figueroa***	Secretary non-director		24 June 2020

(*) Re-appointed in 2020.
(**) Appointed by cooptation to cover the vacancy caused by the death of the proprietary director Fernando León Domecq, who was also a member of the Executive Committee and the Appointments and Remuneration Committee of Elecnor.
(***) Appointed in 2020.

Board of Directors' Committees

Executive Committee

The main purpose of the Executive Committee is to analyse, prior to the monthly meeting of the Board, the performance of the company and its businesses, in accordance with the strategic policies established by the Board of Directors, reporting the content of its meetings to the Board's plenary session, as per the Committee's regulations.

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

Executive Committee	Number	% of total
Executive directors	1	16.7%
Proprietary directors	4	66.6%
External directors	1	16.7%
Committee meetings	**22**	

(*) Appointed in 2020.

Audit Committee

This committee supports the Board in the supervision of accounting, tax and financial information, internal and external audit services, compliance, internal control and risk management.

Name	Position	Type
Irene Hernández Álvarez	Chair	Independent
Miguel Morenés Giles	Secretary	Proprietary
Isabel Dutilh Carvajal	Director	Independent
Ignacio Prado Rey-Baltar	Director	Proprietary
Emilio Ybarra Aznar	Director	Independent

Audit Committee	Number	% of total
Independent directors	3	60%
Proprietary directors	2	40%
Female directors	2	40%
Committee meetings	**11**	

Over the course of the year, the Audit Committee performed the following actions:

- The review of annual financial and non-financial information and half-yearly and quarterly financial information published in markets and the goals and forecasts at year end. Note the Committee's monitoring of the implications and accounting impacts of the corporate transaction conducted at the end of 2019 in which Dutch fund APG took ownership of 49% of shares in Celeo Concesiones e Inversiones, which heads the Celeo sub-group. In addition, as a result of this transaction and in accordance with the CNMV's recommendation, in the consolidated annual accounts for 2019 the comparative figures for 2018 were restated to reflect what the Group's accounts would have looked like had this accounting method been used since the agreement with APG was signed in 2014 in Celeo Redes.

- 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. Note that the Audit Committee closely monitored the main impacts and measures to tackle the situation caused by COVID-19, most notably:

- The launch of the COVID-19 Monitoring Committee, chaired by the Chief Executive Officer.

- Protocols for action against COVID-19 and other instructions.

- Main measures to contain costs and for more flexible employment.

- Liquidity situation and measures taken to strengthen it in the event of a decline in cash generation at businesses.

- Supervision, from an IT resources and systems standpoint, of problems arising from the mass implementation of teleworking and the associated security risks.

- Review of risks managed through the Risk Management System to include the risk associated with health crises (public health).

- Information to be reported to markets in connection with COVID-19 in compliance with the recommendations of the CNMV and ESMA.

- The relationship with the Group's external auditors, supervision of their independence and approval of fees.

- Supervision of the Compliance System and the activities of the Compliance Committee.

- Monitoring of the Group's Digital Transformation Project.

- Information to the General Shareholders' Meeting.

- Review, update and modification of various operating Policies and Regulations to adapt them to the recommendations outlined in the Code of Good Governance of Listed Companies and other standards. Specifically, this year the Regulation of the Audit Committee and the Policy concerning communication, contacts and engagement with shareholders, institutional investors, asset managers, financial intermediaries and proxy advisers have been updated.

Comprehensive information of the Report on the Activities of the Audit Committee is contained in the Annual Corporate Governance Report, available on the corporate website.

Appointments and Remuneration Committee

This Committee assesses the competencies, knowledge and experience necessary in the Board. Additionally, it proposes and reviews the remuneration policy for Directors and Management.

Name	Position	Type
Emilio Ybarra Aznar	Chair	Independent
Jaime Real de Asúa Arteche*	Secretary	Proprietary
Isabel Dutilh Carvajal	Director	Independent

Appointments and Remuneration Committee	Number	% of total
Proprietary directors	1	33%
Independent directors	2	66%
Female directors	1	33%
Committee meetings	**10**	

(*) Appointed Secretary in 2020.

Over the course of the year, the Appointments and Remuneration Committee performed the following actions:

- It examined the category or status of the Directors, reviewed the models for assessing the Board, its Chairman and its Committees, and performed the evaluation of the Appointments and Remuneration Committee itself, with a very satisfactory result. Furthermore, it reviewed the questionnaire completed by Directors in connection with conflicts of interest in reference to 2020.

  The Committee continued its study on the structure of the Board of Directors, which commenced in mid-2017.

- It has performed a preliminary analysis of the needs of the Board of Directors including competencies, know-how and experience required by the Board, which was taken into account when compiling proposals and reports submitted to the Board concerning the appointment and re-election of Directors. Specifically, at the behest of the Board of Directors, the Committee endorsed the re-election as a Director of Joaquín Gómez de Olea y Mendaro, the appointment by cooptation of Santiago León Domecq, and the appointment as Secretary (non-Director) of the Board of Directors of Pedro Enrile Mora-Figueroa.

- With regard to remuneration, the Committee proposed the annual fixed and variable remuneration for the Executive Director and compiled the 2019 Remuneration Report which the Board presented to shareholders at their General Meeting for an advisory vote. It also submitted the proposed Remuneration Policy for the management team and its application, including the proposed variable remuneration, as well as the long-term incentive, also variable, for the 2017-2019 period, which is linked to the targets set.

- An external comparative analysis was conducted of the management team's remuneration, with the help of Willis Towers Watson, a project that is still underway and 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.

- The succession plans for the Chairman, Chief Executive Officer and Management Team have been reviewed.

- An examination was conducted, with the presence of those in charge of Human Resources, of this Management's situation, especially in matters relating to COVID-19 and furlough management, changes to the Group's workforce, work environment survey, regulatory changes and certifications, gender and wage gap analysis, inclusion and diversity, and internationalisation.

- It has undertaken measures linked to sustainability, after the creation of the first Sustainability Committee comprising people from various of the company's business areas.

- It has also proposed to the Board the modification of the Regulation of the Committee itself and of the Policy for the Selection of Directors and for Board Diversity, with a view to adapting those texts to the partial reform of the CNMV's Code of Good Governance approved in June 2020.

Comprehensive information of the Report on the Activities of the Appointments and Remuneration Committee is contained in the Annual Corporate Governance Report, available on the corporate website.

Diversity of the Board of Directors and Director selection

Elecnor's Policy for the Selection of Directors and for Board Diversity, available on the company website, outlines all the measures adopted in relation to the selection of Directors, diversity policies in connection with gender, age, experience, etc. This policy was applied in the appointment of a second female Independent Director in 2018.

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 and Remuneration Committee, without prejudice to the appointment powers of the General Meeting of Shareholders.

With regard to the goal 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 2020. Said document is available on the CNMV and Elecnor websites.

Remuneration Policy

On 27 March 2019, at the proposal of the Appointments and Remuneration 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 new 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 Elecnor 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.

Total remuneration accrued by the Board of Directors in 2020 amounted to Euros 4,938.1 thousand (Euros 5,199.6 thousand in 2019), 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 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 corporate website.

Thousands of Euros	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 2020	Total cash remuneration	Gross profit on vested shares or financial instruments	Remuneration from savings schemes	Other items of remuneration	Total in 2020
Jaime Real de Asúa Arteche / PROPRIETARY	460.5	-	-	0.34	**460.8**	20	-	-	-	**20**
Fernando León Domecq / PROPRIETARY	126.9	-	-	0.34	**127.2**	13.3	-	-	-	**13.3**
Ignacio Prado Rey-Baltar PROPRIETARY	185	-	-	0.34	**185.3**	20	-	-	-	**20**
Rafael Martín de Bustamante Vega EXECUTIVE	1,920.8	-	-	5.24	**1,926.0**	20	-	-	-	**20**
Joaquín Gómez de Olea y Mendaro / PROPRIETARY	173	-	-	0.34	**173.3**	20	-	-	-	**20**
Cristóbal González de Aguilar Alonso-Urquijo PROPRIETARY	188.8	-	-	0.00	**188.8**	20	-	-	-	**20**
Fernando Azaola Arteche / EXTERNAL	188.8	-	-	2,.48	**191.3**	-	-	-	-	**-**
Miguel Cervera Earle PROPRIETARY	163.8	-	-	0.00	**163.8**	20				**20**
Isabel Dutilh Carvajal INDEPENDENT	178.8	-	-	0.34	**179.1**	-	-	-	-	**-**
Irene Hernández Álvarez INDEPENDENT	171.3	-	-	0.00	**171.3**	-	-	-	-	**-**
Juan Landecho Sarabia PROPRIETARY	151.3	-	-	0.91	**152.2**	20	-	-	71.9	**91.9**
Santiago León Domecq PROPRIETARY	40.4	-	-	0.00	**40.4**	-	-	-	-	**-**
Miguel Morenés Giles PROPRIETARY	203.8	-	-	0.34	**204.1**	20	-	-	-	**20**
Gabriel Oraa y Moyúa PROPRIETARY	151.3	-	-	2.09	**153.4**	20	-	-	-	**20**
Rafael Prado Aranguren PROPRIETARY	151.3	-	-	0.34	**151.6**	20	-	-	-	**20**
Emilio Ybarra Aznar INDEPENDENT	183.8	-	-	0.00	**183.8**	-	-	-	-	**-**
Total	**4,639.6**	**-**	**-**	**13.1**	**4,652.7**	**213.3**	**-**	**-**	**-**	**285.4**

The Board of Directors, at its meeting on 13 April 2020, unanimously decided to reduce the fixed remuneration of the Board, Chairman and Secretary by 30%, in the same terms and time frames as the furlough schemes and working day reductions implemented to tackle the COVID-19 crisis (from 13 April to 31 May 2020). In addition, per diems for Directors relating to meetings held remotely in April, May and June 2020 were cancelled.

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.

The annual assessment by members of the Board of Directors in 2020 led to the proposal of an Action Plan which notably includes the strengthening of the Director training programme, continuous improvement in the availability of information to be discussed at Board meetings, and the launch of a Board information and analysis programme aimed at fostering an adequate sustainability policy in connection with environmental and social matters, in keeping with Principle 24 of the CNMV's Code of Good Governance of Listed Companies. Training provided to Directors in 2020 focused mainly on the following matters: key new governance, insurance, IT, framework agreements and energy services companies in street lighting installations.

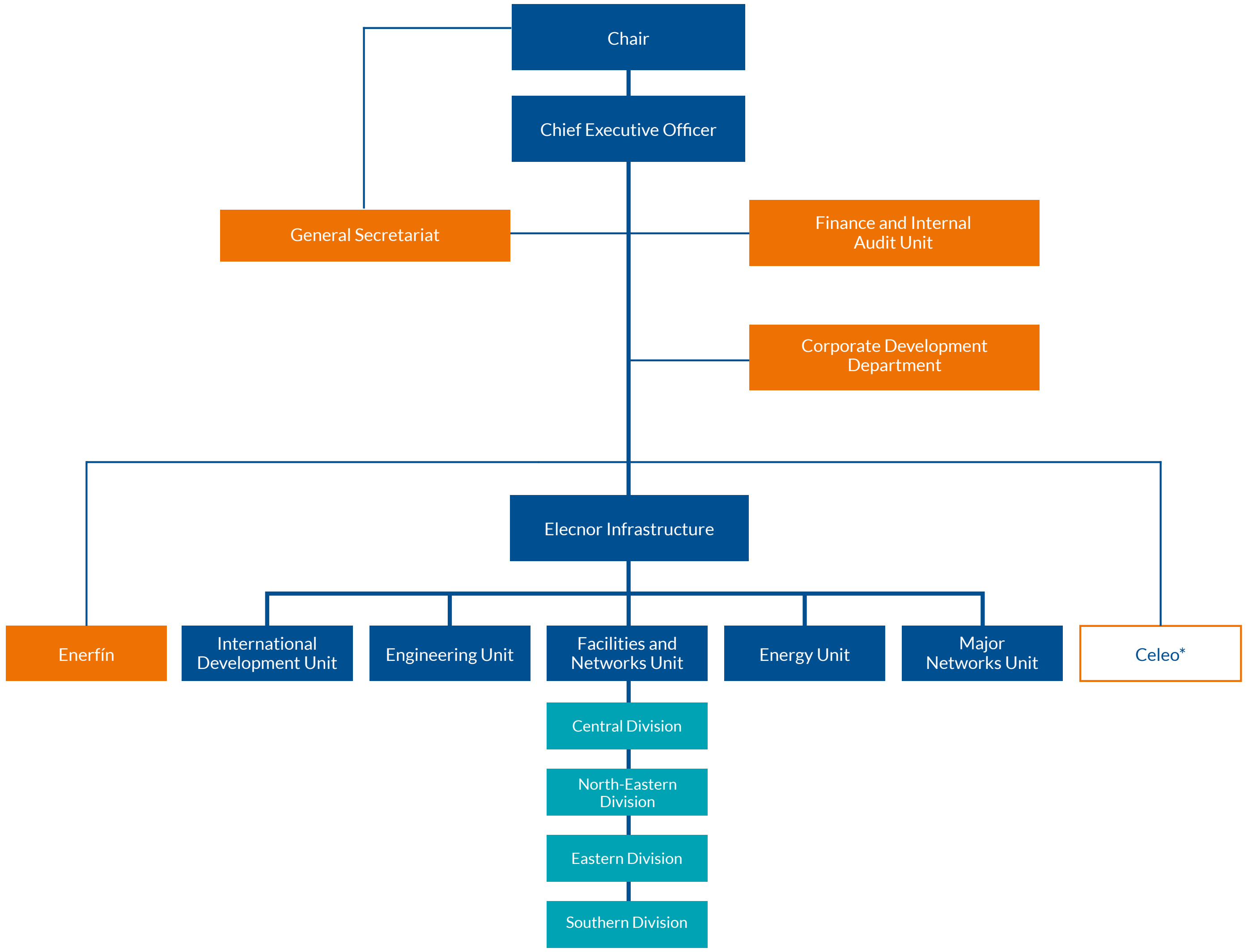
Progress on the principles of good governance

In order to continue fostering measures to boost Elecnor's shareholders' engagement and involvement, the Board of Directors of Elecnor, S.A., meeting in March 2020, approved the "Policy concerning communication, contacts and engagement with shareholders, institutional investors, asset managers, financial intermediaries and proxy advisers," which was modified in December 2020 in order to adapt it to the changes in the Code of Good Governance of Listed Companies approved by the CNMV in June 2020. From then on, the Policy became known as the "Policy on communication of information, contacts and engagement with shareholders, institutional investors, asset managers, financial intermediaries, proxy advisers and other stakeholders".

This Policy, which is published on the corporate website, establishes the Company'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.

Moreover, as part of its ongoing efforts to maintain an optimal standard of Corporate Governance, in 2020, the Company's Board of Directors has reviewed and approved the modification of the regulations of the Board of Directors, Audit Committee and Appointments and Remuneration Committee, as well as the Internal Code of Conduct, so as to adapt them to the various regulatory reforms that have been introduced in the year.

Organisational structure at 31 December 2020



(*) Company co-managed by Elecnor (51%) and APG (49%)

Responsible management of the COVID-19 health crisis

In mid-March, as a consequence of the rapid spread of COVID-19 and the measures restricting mobility implemented by most governments, the Group set up a top-level COVID-19 Monitoring Committee to respond in a quick, coordinated and effective manner to the major challenges and difficulties posed by this exceptional situation.

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.

For this purpose, the following initiatives were implemented:

- An Action Plan was drawn up to protect people's health.
- A Special Contingency Plan was devised defining the scope of action of Elecnor as en essential supplier for critical system operators.

- The Procedure for Occupational Risk Prevention Services was activated in respect of exposure to SARS-CoV-2 for the most vulnerable staff.

- Various measures were implemented to contain costs and make employment more flexible which have so far mitigated the effects of the pandemic.

- As a measure of prudence in the event of a potential decline in liquidity, in the first few months of the crisis the Group's financing limits were increased, despite its solid liquidity position prior to the COVID-19 outbreak.

Constant communication and information to the workforce and to stakeholders with whom the Group has a relationship have been key to preventing risks deriving from this crisis.

Elecnor has a specific space on its corporate intranet containing information relating to COVID-19, including the action protocols at work centres and project sites, instructions for handling cases and their close contacts, and a plethora of documentation and information to boost knowledge of the risks and the adequate prevention measures.

Risk management

Elecnor 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.

Elecnor'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, among others, 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.

In 2020, as a result of COVID-19, the Group reviewed its Risk Management System and raised the importance level of public health risk. In this framework, an analysis was performed of the potential impacts of the materialisation of this risk and the available mechanisms to manage it, which has enabled the Group to improve the monitoring of the various action plans launched to tackle the crisis, to identify the potential impacts sufficiently in advance and to design new prevention mechanisms.

With regard to Compliance risks and within the framework of its Compliance System, the Group has identified 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. Accordingly, the Group has implemented the necessary controls to ensure adequate prevention and management of the risks that might arise from such situations.

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.

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.

For each of the risks identified, Elecnor has specific controls in place, including the Ethical Code, Compliance Policy, periodic internal and external audits of the Integrated Management System, Payment Management and Control Procedure, Recruitment Policy, Ethical Code whistleblower channel, Supplier Assessment System, etc.

Ethical management and regulatory compliance

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.

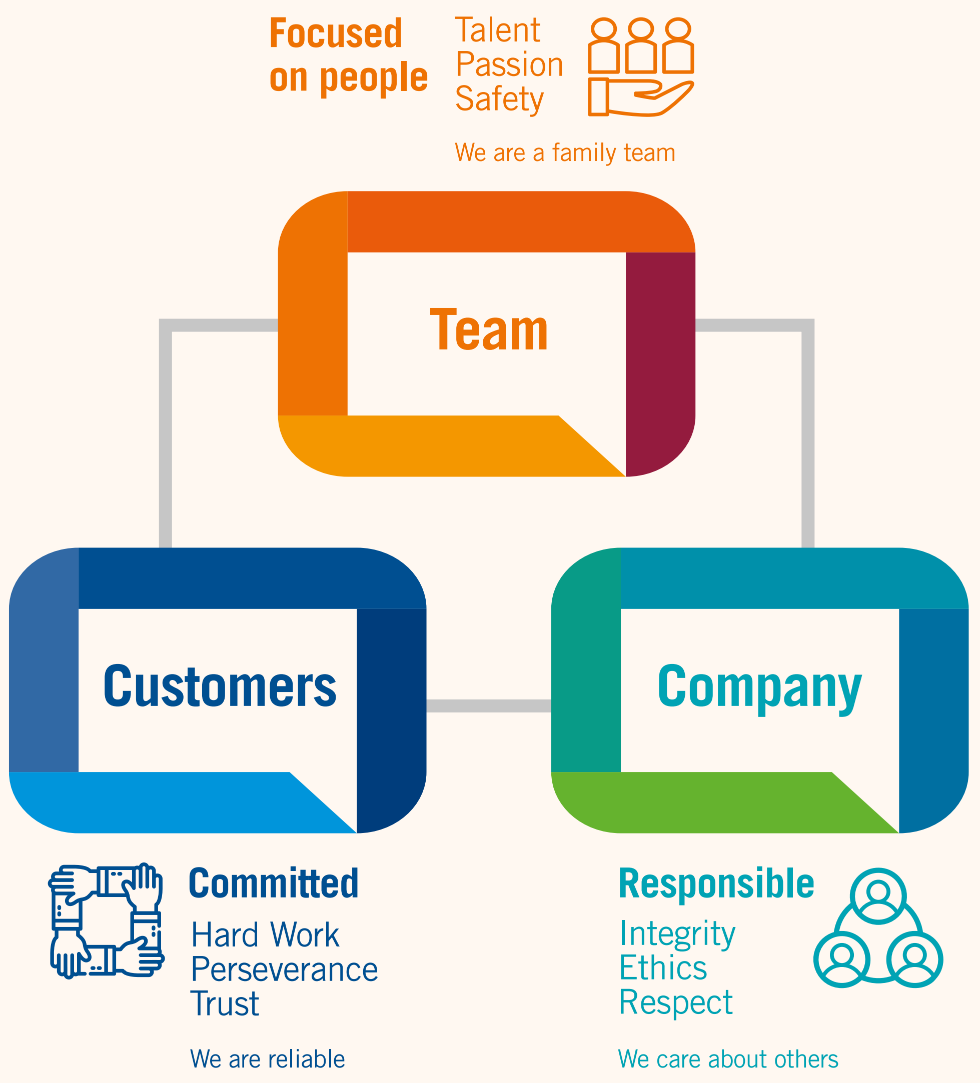
We place engineering and technology at the service of people's well-being.

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, our levers for growth and expansion.

Values



Compliance system

The Elecnor Group and each of its employees undertake, as expressed in its Ethical Code and its Compliance Policy, to discharge their activities in accordance with applicable legislation in the territories and countries in which it operates, as well as to comply with and uphold human rights and respect labour rights, act in a diligent and professional manner, with integrity, quality, care for the environment, preventing occupational risks and exercising corporate social responsibility.

The Elecnor Group's Compliance System has embodied those principles and values and strives for the ongoing improvement of its practices and management procedures with a view to strengthening its Corporate Governance.

The scope of the System covers all countries in which Elecnor and its subsidiaries and investees operate, notwithstanding the necessary adaptations in line with each country's specific characteristics.

In 2020, Elecnor strengthened its Compliance System with a reorganisation aimed at buttressing the structure and system to reinforce and improve the apparatus and maintain it in operation at all times.

The Group's commitment to the ongoing improvement of its management practices and procedures was acknowledged when it was certified to the UNE-ISO 37001 anti-bribery management system standard, positioning the organisation as a leader in this sphere as the first company from its sector in Spain and one of the first companies from any sector in Spain and globally to obtain this certification.

Furthermore, Elecnor also holds UNE 19601 criminal compliance management system certification, the main benchmark in Spain for the design and articulation of criminal risk prevention systems and based on the highest international standards in this connection.

Certification to UNE-ISO 37001 anti-bribery management system standard

This is the most modern 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:

The Elecnor Group permanently seeks to ensure that all its actions are carried out in accordance with the strictest ethical standards, applying a principle of zero tolerance to ethical malpractice and a lack of professional integrity, and it expects its employees and the persons with whom it interacts to adhere to the principles of the Group's Ethical Code.

Elecnor has set up a procedure to enable all its employees to report, confidentially, in good faith and with no fear of reprisals, any irregular conduct in connection with matters covered by the Code, the rules on which it is based, its implementing policies and procedures, or the law. The e-mail address **codigoetico@elecnor.com** and post office box 26-48080 are available for this purpose.

Employees may also resolve queries or propose improvements in the internal control systems in place.

In 2020, no complaints were received in the sphere of human rights 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. Likewise, neither were any complaints received in connection with corruption, bribery or money laundering.

The five complaints received in 2020 via the Ethical Code whistleblower channel and managed by the Compliance Committee refer mainly to job-related issues. At the time of completing this report, there were no complaints pending resolution.

Both the Ethical Code and the Compliance Policy of Elecnor are available on the corporate website and intranet.

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 Team to help them in their duties of supervision of the System.

Actions in 2020

- Completion of the review and improvement of the procedures and controls established to prevent and avoid anti-trust practices. Elecnor commenced this project in 2019 and has been advised by Deloitte. A review was conducted of the main risks associated with the sphere of anti-trust laws to which Elecnor is exposed, as well as procedures, protocols and controls in place. As a result, improvements and new controls to be implemented have been identified. In order to raise awareness and bolster employee training a specific training programme has been designed for the Group's Management Team (around 200 people). This training will be held in early 2021.

- Design of a work schedule within the framework of the collaboration agreement with IE Law School to create the "IE-Elecnor Observatory on Sustainable Compliance Cultures". The observatory, with an initial duration of two years, is aimed at analysing the adoption of compliance at medium-sized and even medium-large companies from a global and comparative perspective, with a view to gleaning an in-depth understanding of the reality of the challenges involved, examining potential solutions and disseminating the knowledge generated. In 2020, work focused mainly on assessing the current state of compliance at medium-sized companies in Spain (this research is now in the completion phase), as well as on setting up the observatory website.

- Compliance Training:

2020
ONLINE TRAINING FOR

+2,400
people

LAST 3 YEARS

+3,000
people within the Group
Management team, middle management, staff in support, advice and control duties and the rest of staff in Structure in Spain and abroad

Elecnor 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, broken down by professional category and geographical area:

	Management	Executive	Technician
Spain	145	728	1,933
Europe	-	22	8
America	5	62	32
Africa	-	50	84
Asia	-	10	3
Oceania	-	1	-
Total (*)	**150**	**873**	**2,060**

(*) Compliance training is organised for staff in Structure. Staff in Works, given their lower exposure to compliance risk, are not included in these specific training plans.

The information above includes only that designed and managed at the corporate level. Consequently, it does not include training conducted locally by the various organisations.

- Design and implementation of a Compliance Training Model for the on-boarding stage of new recruits.

- Consolidation of the "compliance contacts" initiative, which consists of presenting a compliance training pill at all meetings of the Board of Directors, Executive Committee, Management Committee and the rest of senior-level meetings.

- Continuation of 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. Notable here in 2020 was the activity in the United States and in the wind (Enerfín) and concessions (Celeo) businesses.

- Launch and rollout of 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, and also encompassing the bidding phase.

In 2021, work will continue in relation to the f ollowing goals:

- Review and improvement of the compliance risk assessment and due diligence procedures in relation to third parties (mainly suppliers and subcontractors).

- Improvement of integration between the Compliance and Integrated Management Systems (better harnessing of know-how, systems and resources).

- Review of compliance indicators and improvement in the measurement and monitoring process.

- Completion of the project to improve systems relating to the preparation, issuance and approval, dissemination, review and monitoring of the mandatory Corporate Policies and Procedures.

- Continuation of the consolidation and improvement of the Group's Compliance System at the various subsidiaries in accordance with 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. Nevertheless, in accordance with its Compliance System, it never makes financial contributions that are unlawful or aimed at obtaining special treatment. In 2020, the Elecnor Group contributed Euros 1.1 million to sector associations (Euros 1.3 million in 2019).

Committed to fighting corruption, bribery and money laundering

Elecnor's commitment to combating corruption and bribery is consistent with its principle of zero tolerance to ethical malpractice and lack of professional integrity, and it is enshrined in its Ethical Code and its Compliance Policy, establishing that:

- Under no circumstances shall Elecnor employees and their related persons engage in unethical practices that may be seen as instigating a lack of impartiality, transparency and honesty in the decisions by authorities, civil servants or persons taking part in public service, or any other person outside the organisation.

- These unethical practices include offering or promising to deliver gifts, favours or remuneration of any kind or the existence of any situation deriving from a personal relationship with the authority, civil servant or any other person outside the organisation who might influence the obtaining of a decision that could directly or indirectly generate a financial benefit for Elecnor or a third party.

- Elecnor employees and their related persons shall refrain from receiving, requesting or accepting, or from promising, offering or granting third parties any unwarranted benefits or advantages, for themselves or for third parties, or obtaining undue advantage for themselves or a third party in the acquisition or sale of goods, contracting of services or in commercial relationships.

- For the purposes of determining whether such acts are of a criminal nature or not, their taking place outside the working hours or facilities of Elecnor, their being funded on an individual basis, or their taking place in Spain or abroad are all immaterial.

With respect to money laundering, the Compliance Policy establishes that "Under no circumstances shall Elecnor'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'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."

Elecnor's Compliance System is its main tool to combat corruption, bribery and money laundering. As stated above, Elecnor is certified to UNE-ISO 37001 anti-bribery management system standard and UNE 19601 criminal compliance management system standard.

In 2020, no complaints were received in connection with corruption, bribery or money laundering.

Human rights

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 avoidance 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 Elecnor, Celeo Redes in Chile and Brazil, have also subscribed to the Global Compact.

In 2020, no complaints were received in connection with human rights breaches relating to respect for freedom of association and the right to collective bargaining, the abolition of forced or compulsory labour, the effective abolition of child labour, and non-discrimination.

Fiscal transparency

Elecnor'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, Elecnor'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 in the corporate website.

Elecnor 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.

Profit before tax by country

Figures in thousands of Euros

Country	2019	2020
Germany	-18	219
Angola	19,991	11,777
Algeria	-884	9,561
Argentina	1,690	1,299
Australia	-130	-325
Belgium	-	-3,636
Bolivia	-91	-178
Brazil	57,422	52,597
Cameroon	704	-2,064
Canada	1,430	2,734
Chile	11,247	10,528
Colombia	-2,952	-1,345
Ivory Coast	-	-2
Ecuador	-879	1,469
El Salvador	267	741
Spain	94,756	23,566
United States	6,520	8,128
Finland	-	919
France	2,589	-20
Ghana	-537	-1,647
Guatemala	-2	47
Guinea	21	-
Honduras	1,592	2,737
Italy	4,318	-2,446
Jordan	2,638	-1,248
Kuwait	3	-5
Lithuania	-	1,460
Morocco	-91	-33
Mauritania	557	-1,171
Mexico	-11,212	8,888
Mozambique	-	-135
Norway	3,946	6,634
Oman	56	-2,316
Panama	4,129	-1,729
Paraguay	-	2
Peru	-1,270	206
Portugal	-632	-2,185
UK	781	4,375
Dominican Republic	-7,888	-1,001
Romania	-	60
Senegal	90	-1,234
South Africa	37	1
Uruguay	869	1,062
Venezuela	1,010	-359
Total	**190,077**	**125,931**

Income taxes

Figures in thousands of Euros

Country	2019	2020
Angola	6,193.0	1,127.9
Argentina	204.9	428.6
Australia	4,358.2	483.1
Bolivia	9.0	49.9
Brazil	14,468.0	17,274.2
Cameroon	124.0	4.4
Canada	63.2	86.3
Chile	-479.1	759.5
Colombia	-	2.5
Ecuador	230.6	226.8
El Salvador	34.0	28.0
Spain	1,815.5	1,206.3
United States	5,433.4	57.4
France	76.0	140.3
Ghana	7.0	6.5
Equatorial Guinea	-	6.2
Honduras	519.7	12.8
Italy	183.4	17.6
Jordan	244.3	72.6
Kuwait	17.0	12.7
Morocco	0.3	0.0
Mauritania	120.0	228.9
Mexico	13.7	-224.6
Panama	215.0	656.5
Peru	551.3	0.0
Portugal	-27.1	153.3
UK	472.9	35.9
Dominican Republic	263.5	263.0
Romania	1.1	1.7
Senegal	10.0	1.8
Uruguay	375.9	274.3
Venezuela	6.5	0.1
Total	**35,505.2**	**23,394.4**

Elecnor has made its best estimate of the breakdown of results by country, as well as the payments made in current 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 2019, and to payments on account of taxes accrued in 2020 which will be settled in 2021.

Public grants received

In 2020, the Elecnor Group received public grants amounting to Euros 3,744 thousand, compared with Euros 3,240.6 thousand in the previous year, as detailed below.

Figures in thousands of Euros

Country	2019	2020
Spain	1,947	2,499
Canada	119	117
UK	479	340
Portugal	695	788
Romania	-	30
Total	**3,241**	**3,774**

15.9. Social impact

Via its various activities, Elecnor has a direct impact on employment, progress and social well-being in the countries where it operates, while helping to resolve some of the major global challenges: tackling climate change, reducing the energy gap, providing safe access to essential resources like energy or drinking water, etc., which are set forth in the 2030 Agenda and the Sustainable Development Goals (SDGs).

In addition, thanks to sustained growth, the Elecnor Group also distributes direct financial value to its main stakeholders: shareholders, suppliers, employees, governments, etc.

The Elecnor Foundation structures the Group's social commitment through social infrastructure projects in the countries where these are most necessary 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 generation

Direct economic value generated and distributed

The information continued in this report concerning the creation and distribution of the financial value shows how the Elecnor Group has generated wealth for its stakeholders.

Figures in thousands of Euros

	2019	2020
Generated financial value	**2,703,775**	**2,549,406**
Income [1]	2,703,775	2,549,406
Distributed financial value	**2,435,948**	**2,485,778**
Operating costs [2]	1,630,566	1,683,196
Personnel expenses [3]	669,018	708,571
Payments to capital providers [4]	100,259	70,017
Tax contribution [5]	35,505	23,394
Investment in the community [6]	600	600

Source. Figures from the income statement in the Consolidated Annual Accounts for 2020, except for dividend payments and income tax payments shown in the statement of cash flows included in the Consolidated Annual Accounts.

1. Including: Net turnover + change in inventories + self-constructed assets + other operating income + finance income + translation differences + profit or loss from equity-accounted investees (positive) + positive translation differences.
2. Including: Materials consumed + other operating expenses + non-controlling interests + profit or loss from equity-accounted investees (negative).
3. Including: Salaries and social benefits for employees.
4. Including: Finance expenses + dividend payments (statement of cash flows).
5. Including: income tax payments (from the statement of cash flows).
6. Including: Contributions to the Elecnor Foundation.

Job creation

With a team of more than 18,000 people in over 30 countries, Elecnor's people are its main assets as it executes its activities.

At the end of 2020, the Group's workforce had increased by 3,348 people (up 22.5% on the previous year).

Workforce	2019	2020	Changes
National	9,336	10,542	12.9%
International	5,519	7,661	38.8%
Total	**14,855**	**18,203**	**22.5%**

Elecnor contributes to the development and well-being of local communities by means of direct job creation by contracting local employees and suppliers.

Local employment

	2019		2020	
Location	Employees	Local employment	Employees	Local employment
Spain	9,336	95%	10,542	95%
Europe	796	77%	1,033	78%
America	3,725	98%	4,861	97%
Africa	969	90%	1,683	93%
Asia	15	93%	44	82%
Oceania	14	50%	40	58%
Total	**14,855**	**94%**	**18,203**	**94%**

Procurements from local suppliers

	2019		2020	
Location	Procurements	Local procurements	Procurements	Local procurements
Spain	**292,571**	**100%**	**652,512**	**100%**
Europe				
Belgium	-	-	20,418	100%
Finland	-	-	2,801	100%
France	442	50%	11	100%
Italy	6,587	100%	18,830	100%
Norway	5,816	50%	5,636	100%
Portugal	7,090	100%	4,941	100%
UK	12,191	50%	11,991	100%
Romania	-31	50%	-225	100%
North America				
El Salvador	120	25%	3,506	42%
United States	55,314	50%	55,376	100%
Mexico	20,121	75%	44,542	100%
Panama	11,312	98%	13,586	100%
Latin America				
Argentina	487	50%	347	100%
Bolivia	104	50%	60	100%
Brazil	113,841	50%	134,367	100%
Chile	25,972	50%	35,733	100%
Ecuador	517	50%	-	-
Guatemala	1	50%	-	-
Honduras	856	65%	3,380	35%
Peru	316	50%	-	-
Dominican Republic	5,963	99%	9,776	92%
Uruguay	3,483	50%	5,006	100%
Venezuela	181	97%	5,509	0%

Procurements from local suppliers

	2019		2020	
Location	Procurements	Local procurements	Procurements	Local procurements
Africa				
Angola	5,168	65%	26,482	16%
Algeria	1,391	100%	74	1%
Cameroon	9,149	8%	16,208	63%
Congo	6,277	8%	5,468	17%
Ivory Coast	-	-	2	0%
Ghana	7,730	28%	29,515	18%
Guinea	7,921	1%	5,282	11%
Liberia	1,919	0%	184	0%
Morocco	4	50%	3	100%
Mauritania	7,993	50%	3,098	100%
Mozambique			747	100%
Senegal	1,055	29%	3,167	85%
Asia				
Jordan	17,634	45%	1,774	98%
Oman	48	0%	3,577	100%
Oceania				
Australia	16,185	50%	15,798	100%
Total	**645,729**		**1,139,481**	

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.

Stock market indicators	2019	2020
Closing share price (€)	10.95	11.00
Dividend yield	2,4%	3,1%

Dividend yield in 2020 was 3.1%, compared to 2.4% the year before.

In 2020, shareholders received two dividends: supplementary dividend against 2019 profit and interim dividend against 2020 profit, in a gross amount of Euros 0.27455644 per share (Euros 0.28208755 per share including pro-rate distribution of treasury shares) and Euros 0.05732 (Euros 0.055889557, including pro-rate distribution of treasury shares), respectively.

Note that Elecnor is not prohibited from paying dividends charged to 2020 pursuant to the provisions of Royal Decree-Law 18/2020 of 12 May, concerning social measures to safeguard employment, as the company previously paid the social security contributions from which it had been exempted as a result of the furlough schemes regulated in art. 1 of the aforementioned Royal Decree-Law.

The Elecnor Group's social action

The Group's social action is articulated mainly by means of the Elecnor Foundation.

In 2020, Elecnor donated a total of Euros 607,479 to various associations, foundations and non-profit entities to support a range of social causes (Euros 621,505 in 2019). Of that amount, Elecnor contributed Euros 600,000 to the Elecnor Foundation (the same amount as in 2019).

Elecnor Foundation. Highlighting the human side of engineering

Since its launch, the Foundation's mission has been closely linked to Elecnor'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.

The Foundation continued bringing to the fore the most human aspect of engineering through various projects in its two areas of action:

- 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.

Although the Elecnor Foundation has not been unaffected by the health crisis unleashed by Covid-19, in 2020 it continued to collaborate in 4 social infrastructure projects in Mexico, Spain, Ghana and Senegal, and in 7 training and research initiatives.

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. Elecnor has allocated funds amounting to Euros 6.1 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 11.9 million.

In 2020, the Foundation invested Euros 442,952 in the various projects.

Social Infrastructure Projects

» ***Reconstruyendo La Nopalera,* Mexico**

This project consisted of installing solar street lighting in Nopalera, Mexico. This small town with 1,000 inhabitants in the State of Morelos suffered the devastating consequences of the earthquake in 2019.

The aim of this project was to light the entire town with the same quality and intensity as any other developed town, all in accordance with the strictest quality standards. For this purpose, 83 street lamps were installed that operate using photovoltaic solar energy, which is stored in batteries to provide clean energy at night.

The smart street lighting offers people security in urban areas and enhances the quality of life of the inhabitants of La Nopalera.

» ***Nos importa el aire que respiras,* Spain**

Focusing on the treatment of air inside the Ronald McDonald House in Madrid, this project is aimed at improving the health of the especially vulnerable children living in the home.

Along with its technological partner Aire Limpio, the Group is implementing a project chosen by the CDTI in its call for proposals for "RDI and Investment projects to tackle the health emergence declared as a result of COVID-19".

This innovative project 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 Back-up Systems II, Ghana**

In 2013, the Elecnor Foundation, along with the Congregations of Hermanas de la Caridad de Santa Ana and Hermanas Hospitalarias del Sagrado Corazón de Jesús, launched the Solar Back-Up Systems project. This project helped boost the electricity supply at their hospitals and health centres, where there was a high risk of outage.

At present, these institutions have identified the need to implement new photovoltaic systems to improve healthcare in the ICUs of three hospitals, a training centre and a health centre which together cater for more than 200,000 people every year.

The agreements are currently pending signature.

» **Hospital Saint Jean de Dieu, Senegal**

The aim of this project is to improve the hospital's unstable electricity supply which hampers most of the services it offers. Hospital Saint Jean de Dieu de Thiès provides quality care to all social groups of the population and participates in the country's public health service.

The Elecnor Foundation, in partnership with the NGO Manos Unidas, has deployed an energy audit team so as to obtain data on the hospital's energy consumption.

Training and Research Projects

» **IE-Elecnor Compliance Observatory for medium-sized enterprises**

The Elecnor Foundation and Fundación Instituto de Empresa, with the support of Eversheds Sutherland law offices, in 2019 signed a collaboration agreement to create the "IE-Elecnor Observatory on Sustainable Compliance Cultures". This initiative responds to the Elecnor Foundation's commitment to improving organisations' compliance management, with a particular focus on small and medium-sized enterprises. It hopes that the initiative will help boost aspects such as combating corruption in business, safeguarding the right to competition, human rights and employment rights and respect for the environment.

The main goals of the Observatory are to:

- Harness and develop know-how to understand the challenges facing medium-sized enterprises in the implementation of a culture of compliance.
- Develop proposals to facilitate the implementation of a culture of compliance at medium-sized enterprises and those with limited resources.
- Disseminate the know-how generated in order to enhance the development of compliance in the business fabric outside of large corporations and multinationals.
- Facilitate understanding and a common framework in connection with compliance by tackling collaborative and inter-company initiatives and projects, especially in highly integrated value chains.

In mid-December, the Observatory's website was officially launched at a virtual event involving experts and professionals and focusing on the programme "Compliance in uncertain times. How to foster a culture of compliance in small and medium-sized enterprises?"

For 2021, a study on the current state of compliance at medium-sized enterprises in Spain is due for completion.

» **Cities Lab chair of excellence, Universidad de Deusto**

The Elecnor Foundation is a member of the Board of Trustees of the Cities Lab Katedra, pursuant to an agreement signed with Deusto Business School.

This project is an innovation ecosystem that develops research projects, learning programmes, communication actions and urban laboratories in connection with urban, human and sustainable development, governance models and leadership styles that help or hamper the development of levers for transforming cities.

The aim is to examine integrated solutions for smart cities, cross-checking and analysing information from urban services to adapt public policies to the needs of cities, cutting costs and providing a better service to citizens.

In 2019, an initiative was launched in conjunction with the municipal government of Alcalá de Guadaira (Spain) which is currently in phase 3, a stage consisting of implementing a series of ideas based on the results obtained in the previous two phases. The aim is to make Alcalá de Guadaira into an innovation ecosystem to better integrate sustainable urban development using technological innovation.

» **Awards and Grants Programme with Escuela Técnica Superior de Industriales (Polytechnic University of Valencia — UPV)**

The Elecnor Foundation has been offering grants to students of the Polytechnic University of Valencia (UPV) for 31 years, placing particular emphasis on renewable energies and on developing energy efficiency.

In the 2019-2020 edition, five students received grants for their end-of-Master's theses, on the following topics:

- Project for developing a smart LED lighting network, citizens information systems and sustainable mobility in a town in Castellón to mitigate the effect of greenhouse gas emissions.

- Development of low-cost equipment to monitor and detect faults in low-power wind turbine generators.

- Simulation and experimental verification of voltage dips using a hardware-in-the-loop system and test bench: detection and performance of motors and wind turbine generators.

- Lighting control system through low-cost micro-controller and DALI bus.

- Study of the capacity of roofs of Polytechnic University of Valencia for installation of solar PV panels.

» Corporate Leadership in Entrepreneurship and Innovation programme, Deusto Business School

Within the framework of the agreement signed with Deusto Business School, the Elecnor Foundation sponsors the Corporate Leadership in Entrepreneurship and Innovation programme to be developed jointly by Deusto Business School and ICADE Business School over the 2020-2021 academic year.

Professionals enrolled in this programme, taught jointly by Deusto Business School and ICADE Business School, will learn about cutting-edge entrepreneurial initiatives by large corporations first-hand from the executives who have led them.

» "Growing in Prevention" project in the Madrid region

In keeping with Elecnor's principle of "security as a non-negotiable value", the Elecnor Foundation collaborates with the Madrid region in this project which is aimed at raising children's awareness of the importance of prevention and protection from various hazards, including the current pandemic. The COVID-19 crisis led to a redesign of the project, adapting content for virtual sessions.

Growing in Prevention is aimed at 3rd-, 4th- and 5th-year primary school pupils and their teachers who, using a digital application, can access a learning unit on risk prevention, including aspects associated with COVID-19.

The aim is for children to learn, in a didactic and fun way (games, videos, etc.) to recognise risks to their health around them, especially in this exceptional period.

The training began in the following towns in the Madrid region: Robledo de Chavela, Getafe and Navacerrada. In 2020, the project involved 3,000 children.

» Specialist course in medium- and low-voltage electrical installations, imparted by Colegio Salesianos Deusto vocational training

The Group continued to train future professionals within the framework of our cooperation with Colegio Salesianos de Deusto. This year, 131 training hours were provided to 14 students in hybrid format (in-person and online).

In a new development, content has been adapted and broadened to adapt to Elecnor's needs so that students who are recruited are ready to undertake work directly on the project sites.

» Vocational Training Course. Distribution, Telecommunications and Maintenance

The project's goal is to attract recent graduates from vocational training, who receive the necessary training to integrate immediately in Elecnor works. Representatives from Elecnor's Central Regional Office identified the minimum content for Distribution, Telecommunications and Maintenance activities, as well as the areas where these profiles are most needed.

At the date of this report, training in electric power distribution had commenced at Colegio Salesianos de Deusto in the province of Vizcaya (Basque Country).

Corporate volunteering

In 2020, annual corporate volunteering was proposed within the framework of the "Reconstruyendo la Nopalera" (Rebuilding La Nopalera) project. In light of the situation unleashed by COVID-19 it had to be cancelled and volunteers from Elecnor México, together with staff from the municipal government of Yautepec (Morelos) instead travelled to the town to deliver personal protective equipment (PPE) against COVID-19.

More social projects

Elecnor's commitment to the communities where it executes its projects leads it to roll out programmes and initiatives to foster their social, environmental and economic development.

In Honduras, in early November tropical depression ETA caused serious flooding and landslides due to heavy rainfall, leaving thousands of victims in the northern area of the country. Elecnor donated to the Red Cross in Honduras a 60 CV engine for rescue boats to enable them to provide rescue services as well as to take humanitarian aid to the people worst hit by the storm.

In Ghana, in the framework of the construction of an electricity substation in Kaleo, Elecnor refurbished the local school, donated educational materials, repaired the main road into the town and installed solar panels at the police command station to provide access to sustainable electricity.

In Guinea, two taps were connected to the network at the OMVG electricity transmission project to provide drinking water to the neighbouring population and, in addition, a school was refurbished.

Moreover, the concessions subsidiary Enerfín and the co-managed company Celeo were especially active in this regard, as described below.

Enerfín

In 2020, Enerfín commenced construction of the Cofrentes wind farm in Spain, including measures to restore, improve and highlight the value of the landscape:

- Environmental and renewable energy awareness and education.

  At present, progress is ongoing in producing learning materials for this programme, scheduled for 2021 in the wind farm's facilities and aimed at students. The objective is two-fold: to disseminate information on wind energy and its importance to combat climate change and its effects; and to boost the environmental, landscape and cultural value of the area to attract tourism.

- Adaptation and improvement to Camino de la Señorita.

  This initiative has led to a notable improvement in the conditions for accessibility to hikers, owners and intervention teams, since the trail is located in an area of urgent fire-prevention action.

- Signposting of routes and/or places of interest for tourism.

  A collaboration agreement was signed with the Cofrentes municipal government in order to finance the signposting of routes and/or places of interest for tourism around the "Cerro de Agrás", a location of geological interest in the municipality.

In Brazil, the Group's wind subsidiary continued to collaborate on various social projects, approved by the Brazilian government and in accordance with tax incentive legislation, to foster culture, sports and social investment. Some of the most notable are:

- Visitors' centre at the Osorio wind complex.

  Visits are organised every year, mainly for school children, and content divulged regarding wind power and sustainability at the wind complex, and information is disseminated regarding the main tourist attractions in the municipality of Osorio. In 2020, 1,387 people were able to visit the facility despite the COVID-19 restrictions.

- Projeto Virada Sustentável POA 2020.

  This is a very popular event in Porto Alegre, especially among young people, which tackles topics relating to conservation and environmental sustainability. The fifth edition of Festival Virada Sostenible Porto Alegre 2020 consisted of visual art actions and urban art interventions, concerts and musical shows, and a number of theatrical and artistic-literary representations.

- Annual 2020 activities schedule - Fundação Iberê Camargo.

  This foundation is a highly representative cultural institution in Porto Alegre. The project is aimed at maintaining the Foundation, preserving its collection, promoting the study and dissemination of its works, and staging temporary exhibitions of modern and contemporary art, as well as a permanent parallel programme for debating topics and issues arising from the exhibitions.

In Canada, Enerfín performed the following actions:

- Guided visits to the L'Érable wind farm, organised in conjunction with the local tourism office, until the health restrictions triggered by COVID-19 prevented them.

- Providing support to community organisations and events in the municipalities of Saint Ferdinand, Saint-Pierre-Baptiste and Sainte-Sophie-d'Halifax. Enerfín collaborated in the construction of a centre for elderly dependants, the adaptation of a rest area for hikers and cyclists in the Sainte-Sophie-d'Halifax town centre, and other initiatives.

Celeo

In Brasil, Celeo is involved in two social projects within the framework of the commitments undertaken with Brazilian Development Bank BNDES in financing the Cantareira project (CANTE):

- Let's save the Planet.

  Construction of a waste separation and sorting that will create 20 jobs and improve waste management in the Monte Santo de Minas region (Minas Gerais). With the onset of COVID-19, Celeo also helped distribute food and hygiene products.

- Live well in Caetetuba.

  Refurbishment and construction of an annex at the Caetetuba train station (São Paulo) and installation of a social centre (CRAS). This project will benefit around 20,000 residents. As a result of COVID-19, food and hygiene and cleaning kits were purchased and distributed to 1,164 residents of the district.

In Chile, Celeo joined the "Canasta Local" initiative, led by Fundación Proyecto Propio. This project has a dual objective: to deliver basic goods to the people who need them most and to reactivate the economy in the area by purchasing those goods in the local market. 135 families in the Corel and Colbun communities received help thanks to this initiative.

In addition, the social projects at the schools in Corel and Charrúa continued in 2020. In Charrúa, Celeo is looking into how to provide support to 119 students who do not have an adequate internet connection in their homes.

Social actions as a result of COVID-19

The Elecnor Group has responded to the health and social emergency triggered by COVID-19 with multiple actions to minimise the impact of the crisis, especially among people in the countries where it operates.

The company has continued to conduct its activities with all due prevention measures and has managed to provide essential and critical services in the energy, telecommunications, water, gas and transport sectors, and to maintain infrastructure in operation for the entire population.

Throughout the pandemic, the subsidiary Audeca, which specialises in the conservation of the natural environment and maintaining road infrastructure, conducted essential activities in water management (waste and drinking), road maintenance, waste collection and street cleaning. The aim was to ensure the proper operation of these services, for both citizens and emergency centres: maintaining road safety, accident response, municipal waste collection, street cleaning, container and urban furniture cleaning, and street disinfection.

Elecnor Deimos, the technological subsidiary, developed, in a single weekend, an application for calculating the distance and duration of walks during the lockdown prior to the summer. This new application calculated where families could go on their walks, which were allowed as from 26 April but were limited to a radius of one km around the home. It also enabled users to calculate the duration of their walks (which were limited to one hour) in a simple manner, all integrated in a single app.

Teams at Elecnor's US subsidiary Elecnor Hawkeye have worked ceaselessly over the last few months to maintain and improve public service infrastructure in various communities in the United States. Emergency electricity was restored, multiple fibre-optic connections were installed and electrical overhead transmission was maintained.

Moreover, at the height of the pandemic, when hospitals were stretched to the limit, Elecnor Hawkeye donated 3,000 disposable protective suits to Stony Brook Hospital in New York. In November, a team joined the Truckers for Turkeys campaign, lending 7 trucks to the NGO Harvest Food Bank to distribute food for Thanksgiving to families in need.

In El Salvador, Elecnor has donated a total of 1,000 food kits each containing some 8kg of basic foods, which were delivered by volunteers from the Salvadoran subsidiary to nine communities in the departments of Sonsonate and Ahuachapán. The food was delivered to families with very few resources or who have lost their livelihoods during the COVID-19 pandemic. To manage delivery of the kits in an efficient way, Elecnor was supported by El Salvador's Civil Protection and Disaster Prevention and Mitigation agencies, the Spanish Embassy in San Salvador and representatives of local departments.

In Mexico, the wind subsidiary Enerfín donated 4,000 face masks and 60 litres of sanitisers to local governments and indigenous communities in the catchment areas of its projects. In Colombia, Enerfín supplied food and water to 75 indigenous communities whose livelihoods were hampered as a result of the pandemic.

Celeo, the company co-managed by the Group, collaborated in the following social projects in Brazil to help mitigate the effects of COVID-19:

- Donation of basic products and hygiene and cleaning kits in Piauí state. Celeo donated 10,000 basic food baskets, 15,000 surgical masks, 15,000 disposable masks for 2,000 people in each of the 5 chosen municipalities: Pedro II, Piracuruca, Capiato de Campos, Domingos Mourao and Lagoa de São Francisco.

- Municipal Health Fund - São João do Piauí. Acquisition of hospital equipment and accessories for the installation of a recovery room and personal protection equipment (PPE) adjacent to the maternity ward of Mae Elisa Hospital.

- Match-funding life-saving campaign. BNDES released 7 million in a campaign to support the largest philanthropic hospital network in Brazil using the match funding modality (for every dollar donated by civil society and the private sector, BNDES doubled the donation). Celeo took part with a donation of BRL 100 thousand to the São Marcos de Teresina Hospital, in the capital of Piauí.

- Municipal decree for donations for the municipality of Parintins AM. Donation in response to the request from the Parintins municipal government. This consisted of the acquisition of equipment and accessories to add 10 ICU beds in two hospitals.

- Fundação Cultural Palmares (FCP). At the request of FCP, Celeo donated food baskets and PPE to the Quilombo communities of Marfim and Onca (in the IMTE project catchment area) and to indigenous communities in Gamelas (the ENTE project catchment area).

Dialogue with local communities

Dialogue, respect and proper management of impact on local communities are essential to maintain social legitimacy and ensure the success of the Group's projects.

Along these lines, within the framework of the environmental assessment of projects, preliminary approaches are made to stakeholders in a process known as Advanced Citizen Engagement (ACE). The aim is to outline the main characteristics of projects, their design and planning to communities that might be affected. Queries from local residents and authorities are also fielded and their comments taken on board so as to minimise the projects' impact on their territory. The ACE process includes meetings and interviews with municipal authorities and civil servants, leaders of social and territorial organisations and local residents.

Enerfín, Elecnor's wind subsidiary, within the framework of its development activity in Mozambique, Zimbabwe and Kenya, conducted various consultations with local communities and leaders which, in some cases, concluded with agreements with the community and letters of support for the development of certain projects. In Mexico, and specifically in the five Mayan communities located within the catchment areas of projects in Yucatan, despite the restrictions imposed as a result of the pandemic it was possible to hold five informative meetings with the Agreement Monitoring Committees (set up after the rounds of consultations with indigenous peoples in 2019).

Integration and respect for the environment

Elecnor 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.

In Brazil, legislation governing environmental permits requires that special attention be paid to traditional communities (indigenous, quilombola, etc.). When a project affects these communities it is necessary to conduct a Indigenous Component Study (ICS) or Quilombola Component Study (QCS), to gauge the specific impacts of the project on these communities. Subsequently, the Basic Indigenous Environmental Plan (BIEP) or Basic Quilombola Environmental Plan (BQEP) must be devised, presenting measures to control and mitigate each identified impact.

In the third quarter of 2020, Celeo completed the review of the Indigenous Component Study of Caiuá. The BIEP is currently under review.

In Canada, the First Nation Power Authority (FNPA), an association of which Enerfín is a member, promotes the involvement of aboriginal communities in renewable energy projects, advocating the inclusion of minimum quotas of aboriginal participation in provincial tenders and nurturing dialogue and partnerships between these communities and private promoters.

In 2020, Enerfín completed the initial development phase of the Moose Mountain project in Saskatchewan with a view to taking part in the call for bids by provincial electric utility SaskPower. During the stakeholder consultation period, various meetings were held with the Ocean Man First Nation community, which owns the land and the reservation adjacent to the project area.

During the process, mutual interest emerged in working together on the project, eventually including the Nation as landowner and investing partner. To make their involvement in the project as landowner and investor official, the Nation held informative meetings with its members. The land which Ocean Man will make available to the project covers some 2,400 acres and has the potential to house a significant portion of the project.

In Colombia, since 2018 Enerfín has secured agreements in 52 preliminary consultation processes with indigenous communities in the areas where its projects are located (El Ahumado, Musichi, Trupillo, Dividivi and Brisas del Caribe wind farms). In 2020, it conducted seven consultation processes with the Wayuu indigenous community for the "Dividivi wind farm" through multiple meetings which also involved several State bodies.

All the activities being conducted in ethnic territory in the early stages of COVID-19 were suspended, and were resumed later having been authorised and consented to by the communities, following all the biosafety protocols and the UN recommendations in connection with indigenous peoples during the pandemic.

Work is also ongoing in 37 consultation processes for the Trupillo and Brisas del Caribe wind farms. An agreement is expected to be reached soon with 13 of the 37 communities with whom the company is working in connection with the Trupillo wind farm. Preliminary consultations began in March, but were halted because of the pandemic, and resumed in October.

Those communities whose impact has not been certified by the Interior Ministry were consulted by means of differential agreements. Agreements have been reached with five communities: two with Wayuu rancherías in the area surrounding the 110 kV SE El Ahumado-SE Riohacha transmission line, and three with Wayuu rancherías in the area surrounding the wind farm. This evidences Enerfín's determination to "Going beyond mere compliance" when it comes to its commitment to local communities.

Furthermore, Enerfín's subsidiary Guajira Eólica I SAS was involved in a construction and entrepreneurship training programme in which more than 30 young Wayuu took part. This programme, which encompassed 430 theoretical and practical training hours, took place by means of a multi-sector alliance with the National Learning Service (SENA), an entity that fosters integrated training processes to boost community development.

Elecnor, committed to the SDGs

The mission, the actions of the Group and its Foundation, are very much aligned with the challenges presented in the Sustainable Development Goals of the 2030 Agenda.

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, the energy gap, and others.

Contribution to SDGs deriving from the main businesses

3 GOOD HEALTH AND WELL-BEING · 7 AFFORDABLE AND CLEAN ENERGY · 8 DECENT WORK AND ECONOMIC GROWTH · 9 INDUSTRIA, INNOVACIÓN E INFRAESTRUCTURA · 13 CLIMATE ACTION · 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Contribution to the SDGs deriving from the Elecnor Foundation's social action

1 NO POVERTY · 4 QUALITY EDUCATION · 6 CLEAN WATER AND SANITATION · 7 AFFORDABLE AND CLEAN ENERGY · 10 REDUCTION IN INEQUALITIES · 17 PARTNERSHIPS FOR THE GOALS

SDGs	Some projects and initiatives by the Elecnor Group and Elecnor Foundation
1 NO POVERTY	**Enerfín** Social projects (Canada, Brazil, Colombia) **Celeo** Energy transportation projects Social projects (Chile and Brazil) **Elecnor Foundation** Social infrastructure projects
2 ZERO HUNGER	**Elecnor Foundation** Social infrastructure projects
3 GOOD HEALTH AND WELL-BEING	**Elecnor Group** Safety Excellence project OHSAS 18001 certification Awareness campaigns Health and safety training plan **Elecnor Foundation** Social infrastructure projects

SDGs	Some projects and initiatives by the Elecnor Group and Elecnor Foundation
4 QUALITY EDUCATION	**Elecnor Group** Collaboration with universities and vocational training centres Training itineraries **Enerfín** Construction and entrepreneurship training programme involving young Wayuu people (indigenous community in Colombia) **Celeo** Initiatives with children from rural schools in Chile **Elecnor Foundation** Training and research projects
5 GENDER EQUALITY	**Elecnor Group** Equality plan

SDGs	Some projects and initiatives by the Elecnor Group and Elecnor Foundation
6 CLEAN WATER AND SANITATION	**Elecnor Group** Services specialising in water infrastructure **Atersa** Water pumping projects in developing countries **Audeca** Water and waste water treatment projects **Hidroambiente** Water treatment solutions **Elecnor Foundation** Sinergia (Synergy) project, Chile
7 AFFORDABLE AND CLEAN ENERGY	**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
8 DECENT WORK AND ECONOMIC GROWTH	**Elecnor Group** Creation and promotion of local employment Hiring local suppliers Signatories of the UN Global Compact **Elecnor Foundation** Training and research projects
9 INDUSTRIA, INNOVACIÓN E INFRAESTRUCTURA	**Elecnor Group** Infrastructure development Initiatives involving startups Innova calls for proposals Innovation projects Digital Transformation Plan

SDGs	Some projects and initiatives by the Elecnor Group and Elecnor Foundation
10 REDUCTION IN INEQUALITIES	**Elecnor** Equality plan **Enerfín** Social projects **Celeo** Energy transportation projects Social projects **Elecnor Foundation** Social infrastructure projects Training and research projects
11 SUSTAINABLE CITIES AND COMMUNITIES	**Elecnor** Energy efficiency projects Smart Cities Projects Managing street lighting **Audeca** Urban waste collection projects
12 RESPONSIBLE PRODUCTION AND CONSUMPTION	**Elecnor** 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 CLIMATE ACTION	**Elecnor Group** Renewable energy projects: wind, solar PV, hydroelectric and biomass Climate change strategy Calculation and verification of the carbon footprint Emission reduction plan

SDGs	Some projects and initiatives by the Elecnor Group and Elecnor Foundation
14 LIFE BELOW WATER	**Audeca** Water and waste water treatment projects Projects to preserve natural spaces **Hidroambiente** Water treatment solutions
15 LIFE IN LAND ECOSYSTEMS	**Elecnor Group** Initiatives to foster biodiversity **Audeca** Projects to preserve natural spaces **Enerfín** Plan to monitor bird life in wind projects **Celeo** Compensatory measures Environmental initiatives

SDGs	Some projects and initiatives by the Elecnor Group and Elecnor Foundation
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**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
14 LIFE BELOW WATER	**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

Dialogue with stakeholders

Elecnor 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 with investors Corporate websites Shareholder services channel Shareholder forum
Customers	Periodic visits Periodic communications Individual and consolidated annual and half-yearly accounts Trade fairs Satisfaction surveys Comprehensive report Elecnor Foundation report Corporate websites Social media

Stakeholder group	Communication channel
Employees	Periodic meetings Work groups Comprehensive report Elecnor Foundation report Communication campaigns Training sessions and courses Corporate websites Social media 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 Comprehensive report Corporate websites Social media
Social environment	Social projects Comprehensive report Elecnor Foundation report Sponsorships and patronage Corporate websites Social media Specific project websites
Opinion leaders	Press releases Information briefings Individual and consolidated annual and half-yearly accounts Comprehensive 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

Stakeholder group	Communication channel
Unions	Information briefings 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

Involvement in associations and forums

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

AAEF Asociación Andaluza de Empresas Forestales
ACEX, Asociación de Empresas de Conservación y Explotación de Infraestructura
ADEMI, Asociación de Empresas de Ingeniería, Montajes, Mantenimientos y Servicios Industriales
Asociación del Hidrógeno
AEDYR, Asociación de Desalación y Reutilización del Agua
AEE, Asociación Empresarial Eólica
AEFYMA Asociación de Empresas Forestales y del Medio Ambiente de Castilla y León
AELEC, Asociación de Empresas de Energía Eléctrica
AEN, Asociación de Industria de Navarra
AESPLA, Asociación Española de Servicios de Prevención Laboral
ANCI Asociación Nacional de Constructores Independientes
ANESE, Asociación Nacional de Empresas de Servicios Energéticos
APECYL, Asociación de Promotores de Energía Eólica de Castilla y León
APPA Renovables - Asociación de Empresas de Energías Renovables
ASAGUA, Asociación Española de Empresas de Tecnologías del Agua
ASEJA, Asociación Española de Empresas de Jardinería
ASERPYMA, Asociación de Empresas Restauradoras del Paisaje y Medio Ambiente
ATC, Asociación Técnica de Carreteras y Asociación Mundial de Carreteras*

Spain

CEOE, Confederación Española de Organizaciones Empresariales
CONFEMETAL, Confederación Española de Organizaciones Empresariales del Metal
EGA, Asociación Eólica de Galicia
Enercluster (Clúster Eólico de Navarra)
Plataforma enerTIC
FEEF Federación Española de Asociaciones de Empresas Forestales y del Medio Natural
FEMEVAL, Federación Metalúrgica Valenciana
ITE, Instituto Tecnológico de la Energía
PROTERMOSOLAR, Asociación Española para la Promoción de la Industria Termosolar
SERCOBE, Asociación Nacional de Fabricantes de Bienes de Equipo
SERFOGA Asociación de Empresas de Servicios Forestales de Galicia
UNEF, Unión Española Fotovoltaica

Brazil

Spanish Chamber of Commerce in Brazil
CIGRE, Comitê Nacional Brasileiro de Produção e Transmissão de Energia Elétrica
COGEN, Associação da Indústria de Cogeração de Energia
ABEEOLICA, Associação Brasileira de Energia Eólica
ABRACEEL, Associação Brasileira de Comercializadores de Energia
CERNE, Centro de Estratégias em Recursos Naturais e Energia

Canada

CCIBF, Chambre de commerce et d'industrie Bois-Francs, Quebec, Canada
AQPER, Quebec Association for the Production of Renewable Energy, Canada
CANWEA, Canadian Wind Energy Association
FNPA, First Nation Power Authority, Saskatchewan

Mexico

AMDEE, Asociación Mexicana de Energía Eólica
APER, Agrupación Peninsular de Energías Renovables
Energy Commission – Spanish Chamber of Commerce in Mexico

Colombia

Ser Colombia Asociación Energías Renovables

Portugal

ALER, Associação Lusófona de Energias Renováveis

Elecnor also took part in various significant events and fora:

Monographic workshop on Industry 4.0 and RDI
Elecnor organised this monographic workshop along with the technology company SAS. The workshop outlined various priority topics in the digital world and the process of transforming businesses.

Corporate Innovation Forum
The forum entitled "Innovación corporativa: empresas capaces de transformar sus sectores de actividad" was held in Bilbao and focused on showcasing innovation processes to transform business sectors.

2020 Genera Fair
With the slogan "We integrate energies for a sustainable future", the Genera Fair proposes three fundamental strategic axes: sustainability, innovation and business. The Group's solar energy subsidiary Atersa took part in this commercial platform for the energy and environment sector to report on its activities generating solar photovoltaic and solar thermal energy. New product ranges specific to the photovoltaic activity were presented at this Fair (solar panels, inverters, structures, pumps, etc.).

EnerTIC Forum
Elecnor attended this Forum as an expert in developing information and communications technology in the sphere of energy efficiency in Spain.

ICEX - Africa Energy Forum
Africa Energy Forum organised the virtual platform AEF 2.0 sponsored by Spain's Institute of Foreign Trade (ICEX), in which Elecnor took part in a discussion panel on how the current crisis might affect the development of renewable energies and the digitalisation of public services in Africa.

Induforum trade fair
In order to foster the quest for talent, the Group's Human Resources team took part in this online jobs fair organised by students from Madrid's Industrial Engineering Faculty (Escuela Técnica Superior de Ingenieros Industriales de Madrid) as an opportunity for students to meet cutting-edge companies.

Infojobs virtual fair
Elecnor took part in this fair in which more than 1,000 vacancies were posted. The schedule included webinars, talks and workshops focusing on new opportunities and improving the employment situation, and given by experts from Infojobs and human resources professionals.

Enerfín was involved in numerous fairs and events in Spain relating to renewable energies (wind, hydrogen and storage and hybridisation), most of which were held remotely as a result of the restrictions due to COVID-19. We highlight the presence of Enerfín at the 5th Spanish Wind Energy Congress.

On the international stage, the wind subsidiary has also been very active. In Brazil, note its participation in two large-scale events: ENASE - Encontro Nacional de Agentes do Setor Elétrico, and BWP - Brazilian Wind Power; in Mexico it took part in the Mexico Wind Power 2020 congress; in Colombia it served on the panel on bilateral green energy PPPs in Colombia at Colombia Wind Power Virtual 2020; and in Canada it took part in webinars and training sessions on the electricity system in Alberta province offered by the Alberta Electric System Operator (AESO) and the Alberta Utilities Commission (AUC).

Some recognitions

- Celeo Brasil and Celeo Chile were ranked second and tenth, respectively by GRESB in the electricity transmission infrastructure segment.
- Audeca won the ACEX award for Safety in road conservation
- Audeca was also recognised by the Santa Margalida municipal government in Mallorca for its collaboration in cleaning endeavours to combat COVID-19.

APPENDIX I

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	26	GRI 102-2 GRI 102-7
Markets where it operates	Material	26	GRI 102-3 GRI 102-4 GRI 102-6
The organisation's goals and strategies	Material	26	GRI 102-14
The main factors and trends potentially affecting future performance	Material	100-102	GRI 102-14 GRI 102-15
Reporting framework used	Material	22	GRI 102-54
Principle of Materiality	Material	22-25	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	68, 69	GRI 102-15 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	68, 69	GRI 102-15
Procedures for environmental assessment or certification	Material	68, 69	GRI 103-2
Resources allocated to preventing environmental risks	Material	68	GRI 103-2
Application of the precautionary principle	Material	68, 69	GRI 102-11
Amount of provisions and guarantees for environmental risks	Material	69	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.	Material	Not material	-
Circular economy and waste prevention and management			
Prevention, recycling, re-use, other methods of waste recovery and elimination	Material	78, 79	GRI 103-2 GRI 306-2
Actions for combating food wastage	Material	Not material	
Sustainable use of resources			
Water consumption and water supply in accordance with local constraints	Material	77	GRI 303-5 (2018)
Consumption of raw materials and measures implemented to boost efficiency in their usage	Material	78	GRI 103-2
Direct and indirect energy consumption	Material	75	GRI 302-1
Measures taken to boost energy efficiency	Material	75, 76	GRI 103-2
Renewable energy use	Material	75, 76	GRI 302-1

Continued on next page

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)
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, 73	GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4
Measures implemented to adapt to the consequences of climate change	Material	69, 70	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	70	GRI 305-5
Safeguarding biodiversity			
Measures implemented to preserve or restore biodiversity	Material	79-81	GRI 304-3
Impacts of the activities or operations on protected areas	Material	79	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	27-29	GRI 102-15 GRI 103-2
Employment			
Total number of employees and breakdown by country, gender, age and professional category	Material	29-33	GRI 102-8 GRI 405-1
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	33-38	GRI 102-8
Number of layoffs by gender, age and professional category	Material	42, 43	GRI 103-2 GRI 401-1
Average remuneration and evolution thereof by gender, age and professional category or equal value	Material	47-49	GRI 103-2 GRI 405-2
Wage gap, remuneration of equal jobs or company average	Material	49-50	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	95-98	GRI 103-2 GRI 405-2
Policies to facilitate disconnection from work	Material	50-51	GRI 103-2
Number of disabled employees	Material	52, 53	GRI 405-1 b.
Organisation of work			
Organisation of work time	Material	50, 51	GRI 103-2
Number of hours of absenteeism	Material	38	GRI 103-2
Measures aimed at facilitating work-life balance and fostering a mutually responsible approach thereto by both parents	Material	50-52	GRI 103-2 GRI 401-3 a., b.
Salud y seguridad			
Occupational Health and Safety conditions	Material	56-60	GRI 103-2 GRI 403-1 (2018) GRI 403-2 (2018) GRI 403-3 (2018) GRI 403-7 (2018)
Workplace accidents, in particular their frequency and severity, as well as occupational illnesses; broken down by gender	Material	60-63	GRI 403-9 a., d., e. (2018) GRI 403-10 a. (2018)

Continued on next page

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)
Social relations			
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	55	GRI 403-4 (2018)
Training			
Training policies implemented	Material	43, 44	GRI 103-2 GRI 404-2
Total number of training hours by professional category	Material	44-46	GRI 404-1
Universal access			
Universal access for disabled people	Material	53	GRI 103-2
Equality			
Measures implemented to promote equal treatment and equal opportunities for women and men	Material	51, 52	GRI 103-2
Equality plans, measures adopted to promote employment, protocols against sexual harassment and gender-based harassment	Material	51, 52	GRI 103-2
Policy against any kind of discrimination and, in the event, for managing diversity	Material	51-53, 95	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	107, 108	GRI 102-15 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	107, 108	GRI 102-16 GRI 102-17
Complaints regarding human rights breaches	Material	108	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	107, 108	GRI 103-2
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	107	GRI 102-15 GRI 103-2
Measures implemented to prevent bribery and corruption	Material	107	GRI 103-2 GRI 102-16 GRI 102-17 GRI 205-3

Continued on next page

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)
Anti-money laundering measures	Material	107	GRI 103-2 GRI 102-16 GRI 102-17 GRI 205-3
Contributions to foundations and non-profit organisations	Material	106, 115	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	111, 112	GRI 102-15 GRI 103-2
The company's commitment to sustainable development			
Impact of the business on society, with regard to jobs and local development	Material	112-114	GRI 103-2 GRI 203-2 GRI 204-1
The impact of the business on local communities and territory		112-114	GRI 102-43
Relations with the stakeholders in local communities and modalities of dialogue with them		122, 123	GRI 102-43
Association or sponsorship actions		89, 115-120, 129-130	GRI 103-2 GRI 201-1
Subcontracting and suppliers			
Inclusion in procurements policy of social issues, equality and environmental considerations		67	GRI 103-2
Consideration, in relations with suppliers and sub-contractors, of their social and environmental responsibility		67, 68	GRI 102-9 GRI 308-1 GRI 414-1
Supervisory system and audits, and findings thereof		67, 68	GRI 102-9
Consumers			
Measures to ensure consumer health and safety		65, 66	GRI 103-2
Complaints systems, complaints received and resolution thereof		66	GRI 103-2
Tax information			
Profits obtained by country		109, 110	GRI 103-2
Income tax paid		110, 111	GRI 103-2
Public grants received		111	GRI 201-4

APPENDIX II

GRI CONTENT INDEX

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	22	-
102-2	Activities, brands, products and/or services	26	-
102-3	Location of headquarters	Paseo de la Castellana, 81 - Planta 20 28046 - Madrid - Spain	-
102-4	Number of countries where the organisation operates	26	-
102-5	Nature of ownership and legal form	22	-
102-6	Markets served	26	-
102-7	Scale of the organisation	112-114	-
102-8	Information on employees	29-33	-
102-9	Supply chain	67-68	-
102-10	Significant changes in the organisation and its supply chain	There have not been any significant changes	-
102-11	Precautionary principle or approach	68-69	-
102-12	Support for external initiatives	108.123-127	-
102-13	Membership of associations	106, 112, 129-130	-
Strategy			
102-14	Statement from senior decision-maker	The Chairman's Letter is published in the 2020 Integrated Report available at https://www.elecnor.com/annual-reports	-
Ethics and integrity			
102-16	Values, principles, standards and norms of behaviour	100-108	-
Governance			
102-18	The organisation's governance structure	90-91	-
Stakeholder engagement			
102-40	List of stakeholder groups	127-129	-
102-41	Collective bargaining agreements	55	-
102-42	Identifying and selecting stakeholders	127-129	-
102-43	Approach to stakeholder engagement	23-24	-
102-44	Key topics and concerns raised	24-25	-

Continued on next page

GRI standard	Contents	Page of the report featuring response	Omissions
Reporting practices			
102-45	Entities included in the consolidated financial statements	22	-
102-46	Defining report content and topic boundaries	22, 25	-
102-47	List of material topics	22, 25	-
102-48	Restatement of information	Not applicable	-
102-49	Changes in reporting	There have not been any significant changes	-
102-50	Reporting period	2020	-
102-51	Date of most recent report	2019	-
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	136-142	-
102-56	External assurance	150-152	-

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	112-114	-
103-2	The management approach and its components	112-114	-
103-3	Evaluation of the management approach	112-114	-
GRI 201: Economic performance 2016			
201-1	Direct economic value generated and distributed	112	-
201-2	Financial implications and other risks and opportunities due to climate change	69-76	-
201-4	Financial assistance received from government	111	-
Indirect economic impacts			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	111-118	-
103-2	The management approach and its components	111-118	-
103-3	Evaluation of the management approach	111-118	-
GRI 203: Indirect economic impacts 2016			
203-1	Infrastructure investments and services supported	115-116	-
203-2	Significant indirect economic impacts	112-114	-

Continued on next page

GRI standard	Contents	Page of the report featuring response	Omissions
Acquisition practices			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	67-68	-
103-2	The management approach and its components	67-68	-
103-3	Evaluation of the management approach	67-68	-
GRI 204: Procurement practices 2016			
204-1	Proportion of spending on local suppliers	113-114	-
Anti-Corruption			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	103-108	-
103-2	The management approach and its components	103-108	-
103-3	Evaluation of the management approach	103-108	-
GRI 205: Anti-Corruption 2016			
205-1	Operations assessed for risks related to corruption	103-108	-
205-2	Communication and training about anti-corruption policies and procedures	103-108	-
205-3	Confirmed incidents of corruption and actions taken	103-108	-
Energy			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	75-76	-
103-2	The management approach and its components	75-76	-
103-3	Evaluation of the management approach	75-76	-
GRI 302: Energy 2016			
302-1	Energy consumption within the organisation	75-76	-
302-4	Reduction of energy consumption	70-76	-
Water			
GRI 303: Management approach 2018			
303-1	Interactions with water as a shared resource	76-77	-
303-2	Management of water discharge-related impacts	76-77	-
GRI 303: Water 2018			
303-3	Water withdrawal	77	-
303-5	Water consumption	77	-
Biodiversity			
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 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	79	-
304-2	Significant impacts of activities, products, and services on biodiversity	79-81	-
304-3	Habitats protected or restored	79-81	-

Continued on next page

GRI standard	Contents	Page of the report featuring response	Omissions
Emissions			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	69-74	-
103-2	The management approach and its components	69-74	-
103-3	Evaluation of the management approach	69-74	-
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	69-74	-
305-2	Energy indirect (Scope 2) GHG emissions	69-74	-
305-3	Other indirect (Scope 3) GHG emissions	69-74	-
305-4	GHG emissions intensity	73	-
305-5	Reduction of GHG emissions	69-74	-
Effluents and waste			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	100-108	-
103-2	The management approach and its components	100-108	-
103-3	Evaluation of the management approach	100-108	-
GRI 306: Effluents and waste 2016			
306-2	Waste by type and disposal method	78-79	Note [1]
Environmental compliance			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	68-69	-
103-2	The management approach and its components	68-69	-
103-3	Evaluation of the management approach	68-69	-
GRI 307: Environmental Compliance 2016			
307-1	Non-compliance with environmental laws and regulations	Note [2]	-
Supplier Environmental Assessment			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	67-68	-
103-2	The management approach and its components	67-68	-
103-3	Evaluation of the management approach	67-68	-
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	67-68	-
Employment			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	29-38, 38-42, 46, 50-51	-
103-2	The management approach and its components	29-38, 38-42, 46, 50-51	-
103-3	Evaluation of the management approach	29-38, 8-42, 46, 50-51	-
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	38-42	-
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	50-51	-

(1) The Group is working to provide a breakdown of waste by type and disposal method in 2021.
(2) No noteworthy incidents or aspects are known.

Continued on next page

GRI standard	Contents	Page of the report featuring response	Omissions
Occupational Health and Safety			
GRI 403: Management approach 2018			
403-1	Occupational health and safety management system	56-58	-
403-2	Hazard identification, risk assessment and incident investigation	56-58	-
403-3	Occupational health services	59-60	-
403-4	Worker participation, consultation and communication on occupational health and safety	58	-
403-5	Worker training on occupational health and safety	58-59	-
403-6	Promotion of worker health	62-63	-
403-7	Prevention and mitigation of occupational health and safety impacts directly linked to business relationships	59-60	-
GRI 403: Occupational Health and Safety 2018			
403-8	Workers covered by an occupational health and safety management system	58	-
403-9	Work-related injuries	60-62	-
403-10	Work-related ill health	62-63	-
Training and education			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	43-46	-
103-2	The management approach and its components	43-46	-
103-3	Evaluation of the management approach	43-46	-
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	44-46	-
404-2	Programs for upgrading employee skills and transition assistance programs	43-44	-
404-3	Percentage of employees receiving regular performance and career development reviews	29	-
Diversity and Equal Opportunity			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	43-46, 51-53, 95-98	-
103-2	The management approach and its components	43-46, 51-53, 95-98	-
103-3	Evaluation of the management approach	43-46, 51-53, 95-98	-
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	52-53	-
405-2	Ratio of basic salary and remuneration of women to men	47-49, 49-50, 95-98	-
Non-discrimination			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	43-46.95	-
103-2	The management approach and its components	43-46.95	-
103-3	Evaluation of the management approach	43-46.95	-
GRI 406: Non-Discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	108	-

Continued on next page

GRI standard	Contents	Page of the report featuring response	Omissions
Human Rights Assessment			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	100-108	-
103-2	The management approach and its components	100-108	-
103-3	Evaluation of the management approach	100-108	-
GRI 412: Evaluación de derechos humanos 2016			
412-2	Employee training on human rights policies or procedures	105-106	-
Local communities			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	115-131	-
103-2	The management approach and its components	115-131	-
103-3	Evaluation of the management approach	115-131	-
GRI 413: Local communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	122-131	-
413-2	Operations with significant actual and potential negative impacts on local communities	122-131	-
Supplier Social Assessment			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its boundary	67-68	-
103-2	The management approach and its components	67-68	-
103-3	Evaluation of the management approach	67-68	-
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	67-68	-

APPENDIX CONTAINING ALTERNATIVE PERFORMANCE MEASURES

ALTERNATIVE MEASURES OF THE ELECNOR GROUP'S PERFORMANCE

Key Figures

(thousands of Euros)	2020	2019	Change (%)
Turnover	2,455,952	2,453,726	0.1%
Domestic	1,238,600	1,168,656	6.0%
International	1,217,352	1,285,070	-5.3%
EBITDA	245,802	265,350[1]	-7.4%
Profit before tax	125,932	190,077	-33.7%
Attributable consolidated net profit	78,303	126,377	-38.0%

(1) EBITDA net from corporate transactions.

Turnover by segments

(thousands of Euros)	2020	2019	Change (%)
Infrastructure business	2,352,471	2,279,501	3.2%
Concessions business	145,232	190,769	-23.9%
Subtotal Businesses	**2,497,703**	**2,470,270**	**1.1%**
Profit before tax	125,932	190,077	-33.7%
Attributable consolidated net profit	78,303	126,377	-38.0%
	2,455,952	**2,453,726**	**0.1%**

Turnover by activity

(thousands of Euros)	2020	2019	Change (%)
Electricity	982,949	908,347	8.2%
Power generation	470,708	573,375	-17.9%
Telecommunications and space	233,301	247,719	-5.8%
Facilities	213,434	215,105	-0.8%
Construction, Environment and Water	237,677	181,276	31.1%
Maintenance	170,770	171,830	-0.6%
Oil & Gas	92,572	106,793	-13.3%
Railways	54,541	49,281	10.7%
	2,455,952	**2,453,726**	**0.1%**

EBITDA:

"Earnings Before Interest, Taxes, Depreciation, and Amortisation" or Gross Operating Profit.

(thousands of Euros)	2020	2019	Change (%)
EBITDA = Gross Operating Profit:	**245,802**	**386,996**	-36.5%
Operating income	146,568	239,676	-
+ Expense for amortisation, depreciation, impairment and charges to provisions	99,240	162,122	-
+ Negative difference in business combinations	-6	-14,802	-
EBITDA from corporate transactions in the year		121,646	-
NET EBITDA FROM CORPORATE TRANSACTIONS	**245,802**	**265,350**	-7.4%

EBITDA from corporate transactions

(thousands of Euros)	2020	2019
Profit/loss from equity-accounted investees:		
Profit/loss from business combinations as per Note 2.f to the Annual Accounts of Elecnor, S.A. and Subsidiaries	-	178,345
Profit/loss from business combinations as per Note 7 to the Annual Accounts of Elecnor, S.A. and Subsidiaries	-	-47.445
Profit/loss from business combinations (solar thermal companies) as per Note 7 to the Annual Accounts of Elecnor, S.A. and Subsidiaries	-	-9,254
Assignment of purchase price of Jaurú to Celeo Redes (as per Note 13 of the Annual Accounts of Elecnor, S.A. and Subsidiaries)	-	-
EBITDA from corporate transactions in the year	**-**	**121,646**

EBITDA by segments

(thousands of Euros)	2020	2019	Change (%)
Infrastructure business	161,708	176,717	-8.5%
Concessions business	112,791	144,712	-22.1%
Subtotal Businesses	**274,499**	**321,429**	**-14.6%**
Corporation	(21,394)	72,637	-
Operations between segments	(7,303)	(7,070)	-
EBITDA	**245,802**	**386,996**	**-36.5%**
NET **EBITDA** FROM CORPORATE TRANSACTIONS	**245,802**	**265,350**	-7.4%

Profit before income tax by segment

(thousands of Euros)	2020	2019	Change (%)
Infrastructure business	112,311	104,998	7.0%
Concessions business	44,265	52,462	-15.6%
Subtotal Businesses	**156,576**	**157,460**	**-0.6%**
Corporation	(24,055)	38,978	-
Operations between segments	(6,589)	(6,361)	-
Total Group	**125,932**	**190,077**	**-33.7%**

Consolidated net profit attributable by segment

(thousands of Euros)	2020	2019	Change (%)
Infrastructure business	71,517	66,519	7.5%
Concessions business	30,970	36,726	-15.7%
Consolidated net profit from the businesses	**102,487**	**103,245**	**-0.7%**
Corporation	(19,815)	29,560	-
Operations between segments	(4,369)	(6,428)	-
Total Group	**78,303**	**126,377**	**-38.0%**

ALTERNATIVE MEASURES OF PROFIT AND LOSS OF THE PARENT OF THE ELECNOR GROUP

Key Figures

(thousands of Euros)	2020	2019	Change (%)
Turnover	1,544,049	1,368,728	12.8%
Domestic	1,079,540	987,643	9.3%
International	464,509	381,085	21.9%
Operating income	20,752	(7,203)	-
EBITDA	45,412	18,160	150.1%
Profit before tax	46,765	54,659	-14.4%
Profit after tax	31,633	30,122	5.0%

(thousands of Euros)	2020	2019	Change (%)
EBITDA = Gross Operating Profit	**45,412**	**18,160**	150.1%
Operating income	20,752	(7,203)	-
+ Expense for amortisation, depreciation, impairment and charges to provisions	24,660	25,364	-

STOCK MARKET INFORMATION

	2020	2019
Closing share price (€)	11	10.95
Total volume of securities (million)	4.3	3.3
Total cash traded (€ million)	39.8	37.7
Number of shares (million)	87	87
Market capitalisation (€ million)	957	952.6
PER	12.2	7.5
Dividend yield	3.1%	2.4%

GROUP BACKLOG

Cartera pendiente de ejecutar

(thousands of Euros, at year-end)	2020	2019	% of total (2020)
Domestic	611,915	547,368	27%
International	1,661,166	1,675,349	73 %
TOTAL	**2,273,081**	**2,222,717**	**-**
Growth percentage	2.3%	4.5%	-

ALTERNATIVE DEBT MEASURES; INDEBTEDNESS RATIO

Net Financial Debt

(thousands of Euros, at year-end)	2020	2019	Var (%)
Corporation Net Financial Debt	**129,940**	**135,672**	-4.2%
Net EBITDA from corporate transactions	245,802	265,350	-
With recourse	144,591	122,633	-
Without recourse	101,211	142,717	-
Ratio of Debt/EBITDA with recourse + projects div.	0.83	0.92	-
Corporation Net Financial Debt	**536,649**	**494,133**	8.6%
With recourse	129,940	135,672	-
Without recourse	406,709	358,461	-
Net EBITDA from corporate transactions	245,802	265,350	-
Ratio of total net financial debt to net EBITDA from corporate transactions	2.18	1.86	-

	2020	2019
Corporation Net Financial Debt	**129,940**	**135,672**
(Net Financial Debt in Note 17 of the Annual Accounts of Elecnor, S.A. and Subsidiaries)		
Net EBITDA from corporate transactions	245,802	265,350
EBITDA without recourse (from projects financed via funding without recourse)	*101,211*	*142,717*
EBITDA with recourse	*144,591*	*122,633*
Dividends from projects financed via funding without recourse	25,403	30,719
Reversal of the effect on EBITDA with recourse of application of IFRS 16	-12,655	-6,385
EBITDA with recourse + Dividends from projects without recourse net of the effect of IFRS 16	**157,339**	**146,967**
Indebtedness ratio = Corporation NetFinancial Debt/(EBITDA with recourse + dividends from projects)	0,83	0,9

Calculation of Total Net Financial Debt:

	2020	2019
+ Financial liabilities from issuing bonds and other marketable securities	110,349	135,120
+ Financial liabilities on loans and borrowings	807,840	680,898
+ Derivative financial instruments (from Non-current liabilities and current liabilities in the Consolidated Statement of Financial Position)	18,131	19,854
- Current investments in related companies	(141)	(128)
- Derivative financial instruments	(830)	(3,873)
- Cash and cash equivalents	(391,628)	(325,116)
- Other current financial investments	(9,594)	(6,429)
+ Loans granted by public entities (Note 17)	4,448	5,277
+ Derivative financial instruments (from Current assets in the Consolidated Statement of Financial Position) for exchange rate hedging (Note 18)	391	-
- Derivative financial instruments (from Non-current liabilities and current liabilities in the Consolidated Statement of Financial Position) for exchange rate hedging (Note 18)	(4,220)	(11,469)
- Reversal of the effect on EBITDA with recourse of the application of IFRS 9	1,903	-
Total Net Financial Debt	**536,649**	**494,134**
(increase on previous year's close)	*8.6%*	*-13.4%*

[*Logo*] KPMG

KPMG Asesores, S.L.
Torre Realia
Plaça d'Europa, 41-43
08908 L'Hospitalet de Llobregat
Barcelona

Independent Verification Report on the Consolidated Non-Financial Information Statement of Elecnor, S.A. and subsidiary companies for the year 2020

To Elecnor, S.A. shareholders:

In accordance with article 49 of the Code of Commerce, we have undertaken the verification, with limited assurance scope, of the Consolidated Non-Financial Information Statement (hereinafter NFIS) for the annual period ended 31 December 2020, of Elecnor, S.A. (hereinafter, the Parent company) and subsidiary companies (hereinafter the Group) which forms part of the accompanying Group's Consolidated Management Report.

The content of the NFIS includes additional information to that required by Global Reporting Initiative Sustainability Reporting Standards (GRI standards) in their core option and by current trade regulations regarding non-financial information that has not been subject to our verification work. In this respect, our work has been confined exclusively to verifying the information identified in the tables "Table of GRI contents" and "Appendix 1. Table of contents of Act 11/2018 of 28 December, on non-financial information and diversity" included in the NFIS.

Responsibility of the Directors of the parent company

The formulation of the NFIS included in the Group's Consolidated Management Report, and its content, is the responsibility of the directors of the parent company. The NFIS has been prepared in accordance with the contents set forth in the trade regulations currently in force and following the criteria of the GRI standards in their core option, in accordance with what is mentioned for each subject matter in the tables "Table of GRI contents" and "Appendix I. Table of contents of Act 11/2018, of 28 December, on non-financial information and diversity" of the aforesaid Statement.

These responsibilities also include the design, implementation and maintenance of the internal control deemed necessary to enable the NFIS to be free from material misstatement, whether due to fraud or error.

The directors of the parent company are also responsible for defining, implementing, adapting and maintaining the management systems from which the information needed to prepare the NFIS is obtained.

KPMG Asesores S.L., a Spanish limited liability company and member firm of KPMG's global organisation of independent member firms affiliated to KPMG International Limited, an English company limited by guarantee. Paseo de la Castellana, 259C – Torre de Cristal – 28046 Madrid	Madrid Companies Register, Volume 14.972, F. 53, Sec 8, H. M-249.480. 1st recording entry. Tax Identification Number B-82498650

Susan Meredith
Traductora - Intérprete Jurada de Inglés
Nº 343

[*Logo*] KPMG

Our independence and quality control

We have complied with the requirements of independence and other ethical requirements of the International Code of Ethics for Accounting Professionals (including international regulations on independence) issued by the International Ethics Standards Board for Accounting Professionals (IESBA) which is based on the fundamental principles of integrity, objectivity, professional competence, diligence, confidentiality and professionalism.

Our firm applies International Quality Control Standard 1 (IQCS 1) and, consequently, maintains a global quality-control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The work team was made up of professionals who are experts 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 verification report based on the work undertaken.

We have carried out our review work in accordance with the requirements laid down in the current Revised International Standard on Assurance Engagements 3000, "Assurance Engagements other than the Audit and the Review 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 Action for Non-Financial Information Statement verification engagements, issued by the Spanish Institute of Chartered Accountants.

In a limited assurance engagement, the procedures carried out vary in nature and time and are shorter in length than those undertaken in a reasonable assurance engagement and, therefore, the assurance provided is less, as well.

Our work consisted of posing questions to the management, as well as to the various units and responsible areas of the Group that took part in preparing the NFIS, in reviewing the processes for compiling and validating the information presented in the NFIS, and in applying certain analytical procedures and sampling-based review tests which are described below:

- Meetings with Group staff to get to know the business model, policies and management approaches applied, the principal risks connected with those matters and to obtain the information necessary for the external review.

- Analysis of the scope, relevance and integrity of the contents included in the NFIS on the basis of the materiality analysis made by the Group and described in the "1.About this report" section, considering the contents required under the trade regulations currently in force.

- Analysis of processes for collecting and validating the data presented in the NFIS for the year 2020

- Review of the information regarding the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for the year 2020.

Susan Meredith
Traductora - Intérprete Jurada de Inglés
Nº 343

[*Logo*] KPMG

3

- Checking, by means of tests, on the basis of the selection of a sample, the information related to the contents included in the NFIS for the year 2020 and the appropriate compilation thereof on the basis of the data supplied by the sources of information.

- Obtaining a representation letter from the directors and the management.

Conclusion

Basing ourselves on the procedures carried out in our verification and on the evidence that we obtained, no aspect at all has come to our attention that leads us to believe that the NFIS of Elecnor, S.A. and subsidiary companies for the year ended 31 December 2020 was not prepared, in all significant aspects, in accordance with the contents set forth in the trade regulations currently in force, in accordance with what is mentioned for each matter in table "Appendix 1. Table of contents of Act 11/2018, of 28 December, on non-financial information and diversity" of the NFIS and following the criteria of GRI standards, in their core option, as set out under point 102-54 of the GRI table of contents of the aforesaid Statement.

Use and distribution

Report was drawn up in response to the requirement laid down in the trade regulations currently in force in Spain, so it might not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

[*Signature mark*]
Patricia Reverter Guillot
25 February 2021

I, Susan Meredith, Accredited Translator (Spanish-English), appointed by the Spanish Ministry of Foreign Affairs and for Cooperation, hereby certify that the translation above is a true and full rendering in English of a document drawn up in Spanish.

Madrid, 15th April 2021

Doña Susan Meredith, Traductora/Intérprete Jurada de inglés, nombrada por el Ministerio de Asuntos Exteriores y de Cooperación, certifica que la que antecede es traducción fiel y completa al inglés de un documento redactado en español.

En Madrid, a 15 de abril de 2021

Susan Meredith
Traductora - Intérprete Jurada de Inglés
Nº 343 Susan Meredith

ECONOMIC PROFILE OF ELECNOR,S.A. 2020

ELECNOR, S.A.

BALANCE SHEETS AT 31 DECEMBER 2020 (THOUSANDS OF EUROS)

ASSETS	Memory Notes	2020	2019
NON-CURRENT ASSETS		994.476	988.608
Intangible Assets	Note 6	**6.075**	**4.766**
Administrative Concessions		27	38
Goodwill		515	619
Software		5.523	4.109
Property, Plant and Equipment	Note 7	**75.703**	**63.294**
Land and buildings		16.737	16.959
Plants and other Items fo Property, Plant and Equipment		58.966	46.335
Investments in group companies and associates		**866.934**	**871.077**
Equity instruments	Note 9.2	858.941	860.516
Loans to companies	Notes 9.4 and 19	7.993	10.561
Non-current financial investments	Note 9.1	**7.796**	**7.261**
Equity instruments		1.040	1.040
Loans to third parties		2.176	2.176
Derivatives	Note 10	180	23
Other financial assets		4.400	4.022
Deferred tax assets	Note 16	**37.968**	**42.210**
CURRENT ASSETS		1.169.045	953.883
Non-current assets held for sale	Note 5	**81**	**10.784**
Inventories		**31.186**	**13.494**
Raw materials and other supplies		2.180	2.359
Short cycle finished goods		639	823
Advances to suppliers		28.367	10.312
Trade and other receivables	Note 9.5	**902.261**	**830.513**
Trade receivables		857.816	774.940
Receivable from group companies and associates	Note 19.2	20.013	18.537
Other receivables		1.774	10.530
Personnel		95	159
Current income tax assets	Note 16	4.177	6.588
Other receivables from Public Administrations	Note 16	18.386	19.759
Investments in Group companies and associates	Notes 9.4 and 19	**31.534**	**8.650**
Loans to companies		28.439	6.887
Other financial assets		3.095	1.763
Current financial investments	Note 9.1	**7.129**	**1.624**
Loans to third parties		13	56
Derivatives	Note 10	143	384
Other financial assets		6.973	1.184
Accruals		**1.356**	**1.285**
Cash and cash equivalents		**195.498**	**87.533**
Cash		195.123	87.110
Cash equivalents		375	423
TOTAL ASSETS		2.163.521	1.942.491

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

EQUITY AND LIABILITIES	Memory Notes	2020	2019
EQUITY		593.717	591.200
OWN FUNDS	Note 11	**599.569**	**596.828**
Share Capital		**8.700**	**8.700**
Issued Capital		8.700	8.700
Reserves		**586.122**	**584.956**
Legal and statutory reserves		1.743	1.743
Other reserves		584.379	583.213
Treasury shares and equity investments		**(21.899)**	**(21.963)**
Profit / loss of the year		**31.633**	**30.122**
Interim dividend		**(4.987)**	**(4.987)**
UNREALISED ASSET AND LIABILITY REVALUATION RESERVE- Hedging instruments		**(5.852)**	**(5.628)**
NON CURRENT LIABILITIES		443.458	323.840
Provisions for other liabilities and charges	Note 12	**44.638**	**40.653**
Other provisions		44.638	40.653
Borrowings	Note 13	**392.364**	**279.421**
Bank borrowings		381.546	268.826
Obligations under finance leases	Note 8	3.880	4.352
Derivatives	Note 10	6.938	6.243
Deferred tax liabilities	Note 16	**6.456**	**3.766**
CURRENT LIABILITIES		1.126.346	1.027.451
Provisions for other liabilities and charges	Note 8	**40.255**	**41.518**
Current payables	Note 13	**118.733**	**132.689**
Obligations and other securities		69.969	69.989
Bank borrowings		3.769	52.932
Lease liabilities	Note 8	461	437
Derivatives	Note 10	1.176	1.656
Other financial liabilities		43.358	7.675
Borrowings from group companies and associates	Note 19.2	**16.883**	**27.612**
Trade and other payables		**948.839**	**823.975**
Suppliers		378.581	336.786
Suppliers group companies and associates	Note 19.2	27.327	6.722
Other payables		36.076	42.693
Employee benefits payable		19.096	23.918
Current tax liabilities	Note 16	4.111	4.717
Other payables to Public Administrations	Note 16	32.732	35.261
Customer advances	Note 15	450.916	373.878
Accruals		**1.636**	**1.657**
TOTAL LIABILITIES AND EQUITY		2.163.521	1.942.491

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

ELECNOR, S.A.

INCOME STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2020
(THOUSANDS OF EUROS)

	Memory Notes	2020	2019
CONTINUING OPERATIONS			
Net turnover	Note 17.1	**1.544.049**	**1.368.728**
Net turnover		1.544.049	1.368.728
Changes in inventories of finished goods		**(184)**	**12**
Work performed by the entity and capitalised		**3.120**	**2.156**
Supplies		**(872.677)**	**(740.717)**
Consumption of raw materials and other consumables	Note 17.2	(430.009)	(374.157)
Work performed by third parties		(442.668)	(366.560)
Other operating income		**8.055**	**8.046**
Ancillary income		7.214	7.265
Grants related to income		841	781
Personnel expenses	Note 17.3	**(444.545)**	**(428.427)**
Wages, salaries and other		(345.414)	(336.420)
Social security costs		(99.131)	(92.007)
Other operating expenses		**(203.271)**	**(201.521)**
External services		(183.175)	(182.985)
Taxes		(6.354)	(5.540)
Losses on, impairment of and change in trade provisions	Notes 9 and 12	(10.195)	(9.886)
Other operating expenses	Note 7	(3.547)	(3.110)
Depreciation and amortisation	Note 6 and 7	**(14.465)**	**(12.975)**
Impairment losses and gains/losses on disposal of non current assets	Note 7	**670**	**(2.505)**
Gains/losses on disposals and other gains and losses		670	(2.505)
OPERATING PROFIT		20.752	(7.203)
Finance income		**40.054**	**87.141**
From equity investments			
- In group companies and associates	Note 19.1	35.569	83.278
From trade securities and other equity instruments			
- In group companies and associates	Notes 9 and 19.1	3.600	3.764
- In third parties	Note 9	885	99
Finance costs	Note 13	**(10.198)**	**(13.009)**
Borrowings from group companies and associates	Note 19.1	(343)	(567)
Third-party borrowings		(9.855)	(12.442)
Exchange differences		**3.391**	**243**
Impairment losses and gains/losses on disposal of financial instruments		**(7.234)**	**(12.513)**
Impairment and losses	Notes 9.2 and 9.4	(10.704)	(27.372)
Ganis/losses on disposal and others	Notes 5 and 9.2	3.470	14.859
FINANCIAL GAINS		26.013	61.862
PROFIT BEFORE INCOME TAX		46.765	54.659
Income tax	Note 16	(15.132)	(24.537)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		31.633	30.122
PROFIT FOR THE YEAR		31.633	30.122

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

elecnor

For any further information or queries
Paseo de la Castellana, 81, floor 20
28046 Madrid. Spain
elecnor@elecnor.com
+34 91 417 99 00
www.elecnor.com

elecnor

www.elecnor.com