



Regulations of  
the Appointments,  
Remunerations  
and Sustainability  
Committee of  
Elecnor, S.A.

# Regulations of the Appointments, Remunerations and Sustainability Committee of Elecnor, S.A.

## CONTENTS

---

Article 1.	Scope and Purpose	3
Article 2.	Interpretation, amendment, and dissemination	3
Article 3.	Composition of the Appointments, Remunerations and Sustainability Committee	3
Article 4.	Officers of the Committee	4
Article 5.	Duties of the Appointments, Remunerations and Sustainability Committee	4
Article 6.	Convening meetings	6
Article 7.	Meetings	6
Article 8.	Quorums and adoption of resolutions	7
Article 9.	Committee minutes	7
Article 10.	Access to information and advice	8
Article 11.	Means and resources	8
Article 12.	Relations of the Appointments, Remunerations and Sustainability Committee with other corporate areas and Company shareholders	8

## Article 1. Scope and Purpose

1. The Appointments, Remunerations and Sustainability Committee of the Board of Directors of ELEC NOR, S.A. (the “**Company**”) is established in accordance with the Spanish Corporate Enterprises Act [Ley de Sociedades de Capital], Article 15ter of the Company’s Articles of Association, and Article 14 of the Regulations of the Company’s Board of Directors.

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

2. These Regulations of the Appointments, Remunerations and Sustainability Committee have been approved by the Company’s Board of Directors. The rules regulate organisation and operation of the Appointments, Remunerations and Sustainability Committee and make suitable provision for it to be able to perform its duties properly in compliance with the Articles of Association and the Regulations of the Board of Directors pursuant to the principles and recommendations for good corporate governance issued by the Spanish National Securities Market Commission [*Comisión Nacional del Mercado de Valores*] having in mind the particularities of the Company and its Group.
3. The decisions adopted by the Committee itself will apply for all matters not expressly envisaged here. Secondly, the Articles of Association and Regulations of the Board of Directors will also apply insofar as they are consistent with the Committee’s nature and duties.

## Article 2. Interpretation, amendment, and dissemination

1. The Appointments, Remunerations and Sustainability Committee will take the applicable laws and regulations and the principles and recommendations for good governance issued by supervisory authorities, particularly the National Securities Market Commission, into account when implementing and interpreting these Regulations.
2. The Regulations will be reviewed by the Board of Directors periodically having in mind any suggestions submitted by the Appointments, Remunerations and Sustainability Committee. They will be published on the Company’s website for shareholders and the general public.

## Article 3. Composition of the Appointments, Remunerations and Sustainability Committee

1. The Board of Directors will establish an Appointments, Remunerations and Sustainability Committee, to be composed of no fewer than three and no more than five non-executive Directors appointed by the Board of Directors. At least two Committee members will be independent Directors.
2. Appointments, Remunerations and Sustainability Committee members will possess suitable knowledge, skills, and experience for the duties they will be performing. Whenever possible, Committee member appointments overall should take into account their knowledge and experience in such areas as human resources, selection of Directors and executives, remuneration plan and policy design, and corporate governance.

Efforts will also be made to promote gender diversity and other diversity criteria among Committee members.

3. Committee member appointments will be for the same terms to which those individuals have been appointed as Company Directors. A Director will cease to be a member of the Appointments, Remunerations and Sustainability Committee on ceasing to be a Company Director.

#### **Article 4. Officers of the Committee**

---

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

The Secretary of the Appointments, Remunerations and Sustainability Committee will assist the Committee Chair in planning Committee meetings and gathering and circulating the requisite information sufficiently in advance and will also draw up the minutes of meetings.

#### **Article 5. Duties of the Appointments, Remunerations and Sustainability Committee**

---

1. Notwithstanding any other tasks that may be assigned to it by the Board of Directors, the Appointments, Remunerations and Sustainability Committee will have the following duties:
  - (i) In respect of composition of the Board:
    - a) To assess the competencies, knowledge, and experience needed on the Board of Directors. With this in mind, to specify the skills and abilities the candidates for each vacancy should have and to weigh the time and commitment that will be required for them to be able to perform their duties effectively and ensure that non-executive Directors will have sufficient time to perform their duties properly.

The Committee will therefore draw up and regularly update a table of competencies the Board requires as a framework for the skills and knowledge candidates for Director should have, especially executive and independent Directors.
    - b) To set a target for representation by the sex with fewer members on the Board of Directors and to draw up guidelines on how to achieve that goal. To propose the Director diversity policy to the Board of Directors.
    - c) To propose the Board of Directors diversity and Director selection policy to the Board of Directors and to review fulfilment yearly.
    - d) To review Director categories yearly.
  - (ii) In respect of selection of Directors and the executive management team:
    - a) To submit to the Board of Directors proposals for the appointment of independent Directors by co-option or for submission to the General Shareholders Meeting and proposals for the reappointment or removal of those Directors by the General Shareholders Meeting.
    - b) To submit proposals for the appointment of the remaining Directors by co-option or for submission to the General Shareholders Meeting and proposals for the reappointment or removal of those Directors by the General Shareholders Meeting.
    - c) To report on proposals for the appointment and removal of members of the executive management team.

- (iii) In respect of the officers of the Board:
  - a) To report on the appointment of the Chair and Deputy Chair of the Board.
  - b) To report on the appointment and removal of the Secretary and Deputy Secretary of the Board.
  - c) To propose the appointment of the Coordinating Director.
  - d) To review and arrange for succession of the Chair of the Board of Directors and the Company's Chief Executive Officer and to draw up a succession plan for that purpose, and, where appropriate, to submit proposals to the Board of Directors to enable succession to take place in an orderly and planned manner.
- (iv) In respect of remunerations of Directors and members of the executive management team:
  - a) To propose to the Board of Directors remunerations policies for Directors and for members of the executive management team and to review compliance.
 

The Director remunerations policy will at least set a cap on the annual remuneration to be paid to all the Directors as a group for performing their non-executive duties along with guidelines for allocating those remunerations on the basis of the duties and responsibilities assigned to each one. The remunerations policy will also set the amount of fixed annual remuneration paid to Directors for performing their executive duties and other remuneration prescribed by law.
  - b) To propose to the Board of Directors individual remuneration and other contractual terms for the executive Directors and to propose the basic contractual terms for the members of the executive management team in accordance with the Articles of Association and the Director remunerations policy in effect at all times.
  - c) To report to the Board of Directors in advance of setting the remuneration of each individual Director for performing their non-executive duties in the framework of the Articles of Association and the remunerations policy and of setting the remuneration of each individual Director for performing their assigned executive duties in the framework of the remunerations policy and in accordance with the terms of their contracts.
  - d) Regularly to review remunerations policy for the Directors and members of the executive management team, including share-based remuneration schemes and application of those schemes, and to ensure that individual remuneration is proportional to what the other Directors and members of the Company's executive management team are paid.
  - e) To review the terms of the contracts of the executive Directors and the members of the executive management team and to ensure that they are consistent with the remunerations policies in effect.
  - f) To verify the information on the remunerations of Directors and members of the executive management team set out in the various corporate documents, including the Annual Director Remunerations Report.
- (v) In respect of reviewing corporate governance and sustainability:
  - a) Regularly to evaluate and review the Company's system of corporate governance and its corporate social responsibility and social and environmental sustainability policy to ensure that they fulfil their mission of promoting corporate interests while taking into account the legitimate interests of other stakeholders as appropriate.
  - b) To see that the Company's social and environmental practices comply with approved policy and strategy.
  - c) To supervise and assess relationships with the various stakeholders.

- (vi) Other duties:
- a) To lead, in cooperation with the Coordinating Director where appropriate, the Board's yearly assessment of the work and composition of the Board, its Committees, and the Company's Directors.
  - b) To design and organise training programmes for Directors from time to time to keep their knowledge up to date.
  - c) To ensure that potential conflicts of interest do not compromise the independence of the external advice furnished to the Committee.
2. Each year the Appointments, Remunerations and Sustainability Committee will draw up a report on its work and performance during the year as a basis for review by the Board of Directors. The report will contain information on, for instance, the make-up of the Committee, the number of meetings held during the year, the main work carried on during the year, work carried out in association with outside experts, and the main incidents that took place, if any. The report will be placed at the disposal of the shareholders on the Company's website sufficiently in advance of the Ordinary General Meeting.
  3. When performing its duties, the Appointments, Remunerations and Sustainability Committee will bear in mind the good governance recommendations and standards issued by the National Securities Market Commission and other competent authorities, though these may be adapted to the specific circumstances of the Company and its Group.
  4. Each year the Appointments, Remunerations and Sustainability Committee will formulate an action plan setting out the main activities to be carried out by the Committee in the performance of its duties.

#### **Article 6. Convening meetings**

---

1. The Appointments, Remunerations and Sustainability Committee will ordinarily meet at least three times a year. The Committee will also meet at the request of any of its members and whenever convened by the Chair, who will call a meeting whenever the Board or its Chair asks for a report or proposals, and at all events whenever it is appropriate to hold a meeting for the Committee to be able to perform its duties properly. Whenever feasible Committee meetings will be held sufficiently in advance of Board meetings.
2. Appointments, Remunerations and Sustainability Committee meetings will be convened by the Committee Secretary on instructions from the Chair at least five days in advance, unless there are urgent reasons for it to meet sooner or immediately. The notice of meeting will be sent by email or by any other means that furnish confirmation of receipt.

The notice of meeting will in all cases include the meeting agenda, and the requisite information will also be attached, making allowance for the fact that there may be reasons for distributing the information at the meeting itself in certain circumstances.

#### **Article 7. Meetings**

---

1. Appointments, Remunerations and Sustainability Committee meetings will be held at the Company's registered office or at any other venue previously designated by the Chair and stated in the notice of meeting.
2. A Committee meeting may be held at several different locations linked by systems that enable the participants attending to be recognised and identified, to be permanently interconnected, and to speak and vote, all in real time. The Directors in attendance at any of the linked locations will

have the status of participants at a single session of the Committee. The session will be deemed to have met at the venue attended by the Chair or whoever is acting as Chair.

The Appointments, Remunerations and Sustainability Committee Secretary will record in the minutes of meetings held in that form not only the members who have attended in person but also those who have been represented by another Committee member and those who have attended the meeting by means of whatever system is in use.

3. Committee members are to spend as much time as necessary examining and assessing the information that has been circulated before they attend Committee meetings.

Meetings of the Committee will be venues for constructive discussions by its members, and free expression and a critical and supervisory mindset will be encouraged. The Committee Chair will ensure that the members may freely take part in the debates.

4. The Appointments, Remunerations and Sustainability Committee may call on any Company employee or executive to attend and may even call on them to attend without any other executive being present. Persons called must attend the Appointments, Remunerations and Sustainability Committee sessions, lend their cooperation, and furnish whatever information is in their possession.

The Committee may also call on third parties to attend its sessions, though only at the invitation of the Committee Chair and only when the specific agenda items for which they have been called are being discussed. There must be good reason for third parties to be present, and their presence is not to be allowed to become common practice. The minutes of Committee meetings will record the entrance and exit of the various guests. Guests will not attend the Committee's deliberations and votes without good reason duly explained in the minutes.

#### **Article 8. Quorums and adoption of resolutions**

---

1. The Appointments, Remunerations and Sustainability Committee will be quorate when a majority of its members are present or represented. Resolutions will be passed by an absolute majority of the members present or represented at the meeting.
2. Appointments, Remunerations and Sustainability Committee members may appoint another member of the Committee to act as proxy. Proxy is to be conferred in writing separately for each meeting, and the Committee Chair is to be notified by means that allow confirmation of receipt of the notice.
3. Any Committee member that has a conflict of interest will not take part in the deliberations and voting on resolutions or decisions regarding which the member, or any person related to that member, has a direct or indirect conflict.

#### **Article 9. Committee minutes**

---

1. The Appointments, Remunerations and Sustainability Committee's discussions and resolutions will be recorded in a minute book, which will state the date of the session, the participants, the proposals or conclusions put forward, and the resolutions adopted at the session and will be signed by the Committee Chair and Secretary or whoever may be acting for them in those capacities, as the case may be.
2. The Committee minutes will be at the disposal of all the members of the Board of Directors.

#### Article 10. Access to information and advice

---

1. The Appointments, Remunerations and Sustainability Committee will be entitled to adequate, pertinent, and sufficient access to any and all information or documents concerning matters within the scope of the Committee's remit in the Company's possession that the Committee considers necessary for it to perform its duties.
2. Furthermore, the Committee may, at the Company's expense, seek the assistance or advice of outside experts whenever it considers this to be necessary or appropriate for it to better perform its duties.

The Committee will place on record transparently any relationship or situation that poses a conflict of interest in connection with its external advisers. External advisers will be asked to detail any and all potential conflicts of interest vis-à-vis the Company or its Directors in their service proposals.

#### Article 11. Means and resources

---

1. The Appointments, Remunerations and Sustainability Committee will approve a plan for regular training of Committee members to ensure that they stay current and up to date in their knowledge. In addition, there will be a programme to welcome in new members.
2. The Company will supply the Committee with sufficient means and resources for it to carry out its duties. Requests for resources are to be directed to the Secretary of the Company's Board of Directors.

#### Article 12. Relations of the Appointments, Remunerations and Sustainability Committee with other corporate areas and Company shareholders

---

1. The Appointments, Remunerations and Sustainability Committee will establish effective channels for periodic communications with its usual contacts, normally through the Committee Chair and, *inter alia*:
  - a) the Chair of the Board of Directors;
  - b) alternatively, the Independent Coordinating Director where that Director is not a Committee member; and
  - c) Company management.
2. The Chair of the Appointments, Remunerations and Sustainability Committee will serve as its spokesperson at meetings of the Board of Directors and the Company's General Shareholders Meeting, as the case may be.
3. The Committee will confer with the Chair of the Board of Directors and the Company's Chief Executive Officer, especially in matters relating to the appointment of executive Directors and remuneration of members of the executive management team and executive Directors. Any Director may ask the Committee to take the suitability of potential candidates to cover Director vacancies under advisement.