FINANCIAL STATEMENTS
AND DIRECTORS' REPORT

2021

group elecnor

CONTENTS

AUDITING

KPMG Auditores, S.L.
Torre Iberdrola
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48009 Bilbao

Independent Auditor's Report on the Consolidated Annual Accounts

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

To the Shareholders of Elecnor, S.A.

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

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

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

Basis for Opinion

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

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

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

Key Audit Matters

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

On the Spanish Official Register of Auditors ("ROAC") with No. S0702, and the Spanish Institute of Registered Auditors' list of companies with No. 10.
Reg. Mer Madrid, T. 11.961, F. 90, Sec. 8, H. M -188.007, Inscrip. 9
N.I.F. B-78510153

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

Revenue from Construction and Service Contracts
See note 3.s. to the consolidated annual accounts

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

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

Other Information: Consolidated Directors' Report

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format

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

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

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

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

Additional Report to the Audit Committee of the Parent

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

Contract Period

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

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

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

(Signed on original in Spanish)

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

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

ECONOMIC PROFILE OF THE ELECNOR GROUP

Elecnor, S.A. and Subsidiaries
Consolidated Statement of Financial Position

at 31 December 2021 (Thousands of Euros)

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

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

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

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

Elecnor, S.A. and Subsidiaries
Consolidated Income Statement

for the year ended 31 December 2021
(miles de euros)

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

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

Elecnor, S.A. and Subsidiaries
Consolidated Statement of Comprehensive Income

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

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

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

Elecnor, S.A. and Subsidiaries

Consolidated Statement of Changes in Equity for the year ended 31 December 2021 (Thousands of Euros)

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

Elecnor, S.A. and Subsidiaries

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

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

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

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 2021

1. NATURE, ACTIVITIES AND COMPOSITION OF THE GROUP

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. BASIS OF PRESENTATION

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

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

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

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

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

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

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

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

Standards applied for the first time

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

- Amendments to IFRS 16 for COVID-19-related rent concessions beyond 30 June 2021. The Company must apply the standard in its first IFRS financial statements for periods beginning on or after 1 January 2021.

- IBOR reform - Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

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

Standards, amendments and interpretations issued but not yet in force

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

- Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets Provisions for onerous contracts.

- References to the IFRS Conceptual Framework in IFRS 3.

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

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

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

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

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

c) Functional currency and presentation currency-

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

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

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

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

Significant accounting estimates and assumptions

- The impairment analysis of receivables deriving from third party transactions includes the estimate of future receivables arising from the situation of each client, each country and the economy in general (Note 14).
- The Group performs a significant portion of its activities in construction contracts with customers. This method is based on performing estimates in relation to the stage of completion of projects. Depending on the method used to determine project progress, significant estimates correspond to costs pending incurring in each contract. Furthermore, the Group recognises provisions for negative margins when the estimate of total costs exceeds estimated income from contracts. These estimates are subject to changes based on new information regarding the stages of completion.
- The calculation of provisions for litigation and inspections is subject to considerable uncertainty. If it is likely that there will be an obligation at the end of the year that will imply an outflow of resources, a provision is recognised if the amount can be reliably estimated. Legal processes usually imply complex legal matters and are subject to considerable uncertainty. The Group relies on third-party advice to estimate the probability of the outcome of litigation and inspections.

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

Significant judgements in applying accounting policies

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

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

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

e) Comparative information-

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

f) Changes to the consolidation scope-

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

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

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

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

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

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

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

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

h) Regulation of electricity generation activities-

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. ACCOUNTING PRINCIPLES

a) Subsidiaries-

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

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

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

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

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

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

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

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

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

b) Associates-

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

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

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

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

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

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

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

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

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

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

Profit and loss not realised in transactions between the Group and associates are only recognised insofar as they correspond to the holdings of other unrelated investors.

The exception in the application of this criterion is the recognition of unrealised losses that constitute evidence of the impairment of the transferred asset. Nevertheless, profit and loss deriving from transactions between the Group and associates involving net assets that constitute a business are recognised in their entirety.

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

Impairment

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

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

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

c) Joint arrangements-

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

- Joint ventures: investments in joint ventures are accounted for using the equity method described in the letter above.
- Joint operations: for joint operations, the Group recognises the assets, including its share of any assets held jointly, the liabilities, including its share of any liabilities incurred jointly with the other operators, the revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and the expenses, including its share of any expenses incurred jointly, in the consolidated annual accounts.

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

d) Foreign currency transactions and balances-

Foreign currency transactions, balances and cash flows

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

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

Translation of foreign operations

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

- Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, including comparative amounts, are translated at the closing rate at the reporting date.
- Income and expenses, including comparative amounts, are translated at the exchange rates prevailing at each transaction date.
- All resulting translation differences are recognised as translation differences in other comprehensive income.

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

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

Foreign operations in hyperinflationary economies

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

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

- Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, equity items, income and expenses, and cash flows are translated at the closing rate at the most recent reporting date.
- Comparative amounts are those that were included in the prior year consolidated annual accounts and are not adjusted for subsequent changes in the price level or in exchange rates. The effect of the adjustment on the prior year's balances is recognised in reserves in consolidated net equity.

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

e) Non-current assets held for sale-

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

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

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

f) Intangible assets-

Goodwill

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

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

Internally generated goodwill is not recognised as an asset.

Other intangible assets

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

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

Impairment

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

g) Property, plant and equipment-

Initial recognition

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

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

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

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

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

Subsequent costs

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

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

Depreciation

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

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

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

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

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

Impairment

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

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

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

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

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

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

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

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

i) Leases-

Identification of a lease

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

Lessee accounting

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

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

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

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

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

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

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

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

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

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

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

j) Financial instruments-

Recognition and classification of financial instruments

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

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

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

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

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

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

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

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

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

Moreover, interest may include a profit margin consistent with a basic loan agreement.

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

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

Financial assets at fair value

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

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

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

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

Financial assets and liabilities at amortised cost

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

Impairment

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

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

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

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

Interest and dividends

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

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

Derecognitions and modifications of financial liabilities

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

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

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

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

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

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

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

k) Hedge accounting-

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

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

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

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

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

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

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

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

Cash flow hedges

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

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

Discontinuation of hedge accounting

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

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

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

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

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

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

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

m) Earnings per share-

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

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

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

n) Inventories-

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

- Has under production, construction or development for this purpose, except for construction in progress for which revenue is recognised as indicated in section s.1); or
- Expects to consume in the production process or in the rendering of services.

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

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

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

o) Cash and cash equivalents-

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

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

p) Official grants from Public Entities-

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

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

Operating grants

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

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

q) Provisions-

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

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

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

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

Decommissioning provisions

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

r) Termination benefits-

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

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

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

s) Revenue from contracts with customers-

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

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

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

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

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

s.2 Energy sales

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

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

s.3 Contractual modifications

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

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

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

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

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

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

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

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

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

t) Income tax-

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

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

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

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

Recognition of deferred tax liabilities

The Group recognises deferred tax liabilities in all cases except:

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

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

Recognition of deferred tax assets

The Group recognises deferred tax assets provided that:

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

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

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

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

Measurement of deferred tax assets and liabilities

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

At the end of each year, the Group reviews the carrying amount of deferred tax assets with a view to reducing that value to the extent that it is not likely that there will be sufficient future tax credit carryforwards to offset them. Deferred tax assets that do not meet the aforementioned criteria are not recognised in the consolidated statement of financial position. At the end of each year, the Group reviews whether or not the conditions have been fulfilled to recognise deferred tax assets that have not previously been recognised.

Tax uncertainties

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

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

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

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

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

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

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

Classification

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

u) Statement of cash flows-

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

- Cash flows. Inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities. The principal revenue-producing activities of the Elecnor Group companies and other activities that are not investment or financing activities. The Group presents reverse factoring ("confirming") of trade payables as an operating activity.
- Investment activities. The acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents. The Group classifies interest and dividends received as an investment activity.
- Financing activities. Activities that result in changes in the size and composition of the equity and liabilities that are not operating activities.

The cash flows from operating activities of 2021 and 2020 relate to the Group's routine operations and remain in line with the previous year. Moreover, in relation to the same heading, the Parent did not have any drawn down amount in its factoring lines at year end of either 2021 or 2020. Net cash flows from investing activities in 2021 and 2020 were mainly from new investments in property, plant and equipment (see Note 10).

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

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

v) Segment reporting-

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

w) Environment-

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

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

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

4. FINANCIAL RISK MANAGEMENT POLICY

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

Foreign currency risk-

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

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

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

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

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

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

2021

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

2020

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

Interest rate risk-

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

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

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

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

Liquidity risk-

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

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

Credit risk-

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

In the case of the national wind farms, the power produced - in accordance with the legislative framework in force for the electricity industry - is sold in the Iberian Electricity Market (MIBEL) and income is collected from the operator of the Spanish Electricity Market (OMIE) through a payment-guarantee system and from the Spanish National Commission on Markets and Competition (CNMC), which regulates energy markets in Spain and reports to the Ministry of Industry. Moreover, on 1 June the long-term energy sales agreement between the Cofrentes wind farm and CEPSA entered into force. In addition, Ventos do Sul Energía, S.A., Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A., Ventos do Litoral Energía, S.A. and Ventos dos Índios Energía, S.A. (Río Grande do Sul, Brazil) entered into long-term agreements with the corresponding Brazilian electricity distribution companies to sell the electric power that they will generate over a period of 20 years. Furthermore, the newly built farms in the São Fernando complex in North-East Brazil sell part of the power generated in the Short-Term Market and a low volume of short-term bilateral agreements with suppliers until the long-term electricity sales agreements (most exceeding 20 years) enter into force from 2022. Furthermore, 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 through the subgroup Celeo CI, Operador Nacional do Sistema Elétrico (ONS) is responsible for coordinating collections and payments within the country's electricity system and notifies the concession holder of the companies from which collections must be made: generators, major consumers and transmission entities. Prior to connecting to the system these companies deposit a guarantee. In the event of non-payment this guarantee will be executed, they will be immediately disconnected from the system and the payment obligation will be shared among the remaining users of the system. Accordingly, the concession holder has the guaranteed payment from the national power grid system, there having been no payment default by its users.

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

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

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

Market risk-

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

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

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

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

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

Risk Management System-

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

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

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

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

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

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

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

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

5. DISTRIBUTION OF PROFIT/LOSS

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

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

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

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

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

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

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

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

Working Capital Position at 30 September 2021

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

6. SEGMENT REPORTING

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

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

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

a) Information on operating segments-

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

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

Information on these operating segments is presented below:

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

2021

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

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

2020

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

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

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

2021

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

2020

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

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

b) Information on products and services-

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

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

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

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

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

c) Geographical information-

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

Revenue

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

Non-current assets

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

Non-current assets

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**

7. NON-CURRENT ASSETS HELD FOR SALE

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

8. GOODWILL

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

2021

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

2020

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

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

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

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

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

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

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

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

- Discount rate: 5.54% in both periods (*).

- Projection period: depending on the remaining useful life of the asset (Note 3.g.).

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

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

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

9. OTHER INTANGIBLE ASSETS

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

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

"Other intangible assets" in the above table for a gross amount of Euros 27,501 thousand wholly reflect the estimated fair value of the contracts with public entities for road maintenance and upkeep relating to the subsidiary

Audeca, S.L.U. at the date on which this company was acquired by the Elecnor Group in 2010. The Group amortises this asset over a period of 15 years which, based on past experience, is the estimated average term of the aforementioned contracts including the related renewals. The amortisation of this item in 2021 and 2020 amounted to approximately Euros 1,972 thousand, respectively.

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

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

10. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

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

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

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

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

11. ARIGHT-OF-USE ASSETS AND LEASE LIABILITIES

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

a) Nature of lease agreements-

2021

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

2020

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

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

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

b) Details of lease payments and liabilities-

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

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

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

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

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

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

12. EQUITY-ACCOUNTED INVESTEES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13. NON-CURRENT FINANCIAL ASSETS

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

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

a) Non-current loans-

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

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

b) Trade and other receivables-

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

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

c) Other non-current assets-

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

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

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

The deposits accrue interest at market rates.

14. CURRENT FINANCIAL ASSETS

a) Trade and other receivables-

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

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

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

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

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

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

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

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

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

b) Cash and cash equivalents-

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

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

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

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

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

15. EQUITY

a) Share capital-

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

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

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

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

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

b) Valuation adjustments to equity-

Movement in 2021 and 2020 was as follows:

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

c) Other reserves-

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

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

Legal reserve-

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

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

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

Reserves for own shares-

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

Goodwill reserve-

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

Capitalisation reserve-

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

d) Own shares-

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

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

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

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

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

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

e) Non-controlling interests-

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

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

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

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

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

f) Translation differences-

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

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

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

16. FINANCIAL LIABILITIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Syndicated loans and credit facilities-

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

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

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

This novation involved the following changes:

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

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

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

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

Loans – wind farms-

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other payables-

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

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

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

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

The characteristics of this financial structure are as follows:

- Creation of a securitisation fund, which purchases the credit claims from Elecnor for Euros 50 million. The securitisation fund has obtained the funds by issuing bonds, which were fully subscribed by institutional investors and fully paid-up (listed on the MARF).

- The difference between the nominal balance of the credit claims (Euros 107,663 thousand) and their purchase price, which amounts to Euros 57,663 thousand, is used to overcollateralise the bonds. This is common in this type of structure and, as it increases, it improves the rating of the financing as it curbs the bondholders' risk and, therefore, their required return.

- Elecnor recovers this overcollateral year by year, through repayment by the securitisation fund of the difference between the amount that the securitisation fund actually collects (Elecnor transfers the balance of the account into which the public entities pay to the Securitisation Fund's treasury account each week) for the contracts assigned and the payments that the securitisation fund must make.

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

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

Other financing-

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

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

All the above financing facilities have a personal guarantee attached.

17. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

Exchange rate-

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

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

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

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

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

(*) Figures expressed in the pertinent currency.

Of the nominal total hedged at 31 December 2021:

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

Of the nominal total hedged at 31 December 2020:

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

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

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

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

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

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

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

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

Interest rate-

The Elecnor Group uses interest rate hedging instruments in accordance with its risk management policy. The purpose of these transactions is to mitigate the effect that changes in interest rates could have on future cash flows from certain loans and credit facilities indexed to floating interest rates, associated with the corporate financing obtained by the Parent and project financing.

At 31 December 2021 the total nominal value of the liabilities hedged by interest rate hedges amounted to Euros 255,387 thousand (Euros 267,847 thousand in 2020).

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

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

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

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

Energy price-

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

2021

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

2020

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

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

Adjustments-

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

- For derivatives quoted on an organised market, their quoted value at year end.
- For derivatives not traded on an organised market, in order to measure them, the Elecnor Group uses assumptions based on year-end market conditions. Specifically:
  - the market value of interest rate swaps is calculated by discounting the difference between the swap rates at market interest rates;
  - the market value of forward exchange rate contracts is determined by discounting the estimated future cash flows using forward exchange rates prevailing at the close of the year;
  - the fair value of contracts for the purchase of non-financial items to which IFRS 9 applies is calculated using the best estimate of future price curves for these non-financial items existing at the closing date of the consolidated annual accounts, using, to the extent possible, prices established on futures markets.

18. PROVISIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

19. ADVANCES FROM CUSTOMERS

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

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

20. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

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

	31 December 2019	Transfers	Credit/charge to the income statement	Credit/charge to the assets and liabilities valuation reserve	Translation differences
Deferred tax assets:					
Valuation of financial instruments Derivatives (Note 17)	5,626	1,365	-	(2,096)	(170)
Property, plant and equipment and intangible assets	5,350	(247)	819	-	-
Tax credits	30,811	(2,679)	(3,551)	-	(694)
Deductions and credits pending application	3,896	677	(1,043)	-	(9)
Losses in external subsidiaries	(18)	-	-	-	-
Non-deductible provisions (Note 18)	49,554	(3,123)	(8,382)	-	(3,713)
Other deferred tax assets	8,208	27	(240)	-	187
	103,427	**(3,980)**	**(12,397)**	**(2,096)**	**(4,399)**
Deferred tax liabilities:					
Property, plant and equipment intangible assets	11,058	5,523	(431)	-	(1,577)
Goodwill	839	251	(497)	-	-
Measurement of derivative financial instruments (note 17)	103	343	74	(21)	-
Other deferred tax liabilities	8,606	(585)	2,730	-	(35)
	20,606	**5,532**	**1,876**	**(21)**	**(1,612)**

	31 December 2020	Transfers	Credit/charge to the income statement	Credit/charge to the assets and liabilities valuation reserve	Translation differences	31 December 2021
Deferred tax assets:						
Valuation of financial instruments Derivatives (Note 17)	4,725	(295)	(760)	19,815	-	23,485
Property, plant and equipment and intangible assets	5,922	(220)	(197)	-	-	5,505
Tax credits	23,887	1,422	(7,213)	-	144	18,240
Deductions and credits pending application	3,521	157	(98)	-	4	3,584
Losses in external subsidiaries	(18)	141	(94)	-	-	29
Non-deductible provisions (Note 18)	34,336	1,968	(2308)	-	(365)	33,631
Other deferred tax assets	8,182	(3,173)	828	-	(898)	4,939
	80,555	**-**	**(9,842)**	**19,815**	**(1,115)**	**89,413**
Deferred tax liabilities:						
Property, plant and equipment intangible assets	14,573	79	(1,022)	-	481	14,111
Goodwill	593	-	(593)	-	-	-
Measurement of derivative financial instruments (note 17)	499	46	-	1,768	4	2,317
Other deferred tax liabilities	10,716	(125)	531	-	(21)	11,101
	26,381	**-**	**(1,084)**	**1,768**	**464**	**27,529**

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

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

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

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

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

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

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**

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

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

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

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

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

21. INCOME TAX

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

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

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

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

Energético, S.A.U., Stonewood Desarrollos, S.L.U., Eresma Solar, S.L.U., Parque Eólico Montañes, S.L.U., Enerfin Renovables VI, S.L., Enerfin Renovables VII, S.L., Enerfin Renovables VIII, S.L., and Enerfin Renovables IX, S.L.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22. GUARANTEE COMMITMENTS WITH THIRD PARTIES AND CONTINGENCIES

Guarantee commitments with third parties-

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

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

At 31 December 2021 Elecnor Servicios y Proyectos, S.A.U. has provided guarantees to the customer Mataquito Transmisora de Energia, S.A. in Chile for the amount of Euros 65 million for the Special Contract for the engineering, supply, permits, easements and construction of new transmission lines and substations as partial deliveries. Similarly, Elecnor Servicios y Proyectos S.A.U. has provided guarantees to the customer Casablanca Transmisora de Energía (Chile) for the Special Contract for the engineering, supply, permits, easements and construction of new transmission lines and substations as partial deliveries for the amount of Euros 28 million. Furthermore, it has provided guarantees to the client Parque Eólico Toabré, S.A. for Euros 24 million in 2021 for the equipment supply, construction and commissioning contract for the 66 MW Toabré wind farm (Elecnor, S.A. in 2020 for Euros 26 million).

In addition, in 2021, it has provided the most significant guarantees to customers AB Lietuvos Gelezinkeliu for the Lithuanian project "Electrification of the railway section Vilnius-Klaipèda (Draugystès st.)" for the amount of Euros 84 million, to the client New England Solar Farm for the amount of Euros 74 million for the development of a photovoltaic farm in Australia and to the client NSW electricity networks operation PTY LTD for the amount of Euros 28 million for the Energy Connect transmission lines project in Australia. Additionally, and in linked to the connection points activity of the wind power business, throughout the year it has issued guarantees for the amount of Euros 58 million.

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

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

Contingencies-

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

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

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

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

23. INCOME AND EXPENSES

Net turnover-

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

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

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

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

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

Revenue from Contracts with Customers

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

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

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

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

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

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

Materials consumed-

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

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

Other operating expenses-

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

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

Personnel expenses-

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

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

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

Depreciation, amortisation and provisions-

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

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

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

Finance income-

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

Finance expenses-

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

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

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

24. INTERESTS IN JOINT VENTURES

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

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

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

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

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

25. ORDER BOOK

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

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

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

26. AVERAGE SUPPLIER PAYMENT PERIOD. FINAL PROVISION TWO OF LAW 31/2014 OF 3 DECEMBER 2014

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

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

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

27. INFORMATION ON EMPLOYEES

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

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

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

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

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

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

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

28. RELATED PARTY BALANCES AND TRANSACTIONS

28.1. Related party balances and transactions of the Group

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

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

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

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

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

28.2. Remuneration of the Board of Directors

a) Remuneration and other benefits-

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

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

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

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

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

b) Conflicts of interest concerning the Directors-

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

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

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

28.3. Remuneration to the Management Team

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

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

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

29. AUDIT FEES

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

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

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

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

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

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

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

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

30. EARNINGS PER SHARE

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

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

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

31. ENVIRONMENTAL INFORMATION

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

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

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

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

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

- Major Networks Unit.
- Energy Unit.
- Engineering Unit.
- Facilities and Networks Unit: Central Regional Office and Northern Branches, North-Eastern Regional Office, Eastern Regional Office, Southern Regional Office, Elecnor Medio Ambiente, Elecnor Seguridad,

Área 3 Equipamiento, Diseño e Interiorismo; Elecnor Infrastrutture S.R.L. (Italy); Ehisa Construcciones y Obras; Aplicaciones Técnicas de la Energía and Jomar Seguridad.

- Elecnor Chile

Environmental Management certificates are also held for the following subsidiaries:

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

For the sixth consecutive year, Elecnor renewed its environment certificate for carbon dioxide emissions, obtained from the Spanish Association for Standardisation and Certification (AENOR) and verified in accordance with ISO 14064-1 standard, which certifies the amount of GHG emissions caused by its activities; and adapted the Energy Management System to the 2018 UNE-EN ISO 50001 standard, which is AENOR-certified. Within the framework of carbon footprint registration, offsetting and 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.

32. OTHER DISCLOSURES

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

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

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

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

(*) EBITDA as defined in Note 16.

33. EVENTS AFTER THE REPORTING PERIOD

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

Appendix I: Company information

(Thousands of Euros)

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

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Appendix I: Company information

(Thousands of Euros)

2021	Parent	Company	Registered office	Auditor	Activity	% Percentage direct or indirect ownership
		Electrolineas del Ecuador, S.A.	ECUADOR	Seel & Company S.A.	Construction and assembly	100.00%
		Elecven Construcciones, S.A.	VENEZUELA	Deloitte, S.L	Construction and assembly	99.88%
		ELEDEPA, S.A.	PANAMA	Ernst & Young	-	100.00%
		Enertel, S.A. de C.V.	MEXICO	KPMG	Construction and assembly	99.99%
		Hidroambiente, S.A.U.	SPAIN	KPMG	Environmental activities	100.00%
		IDDE, S.A.U.	SPAIN	-	Sales	100.00%
		IQA Operatios Group, LTD	SCOTLAND	KPMG	Electrical installations	100.00%
		Jomar Seguridad, S.L.U.	SPAIN	KPMG	Sale, installation and maintenance of fire prevention and safety systems	100.00%
		Los Llanos Fotovoltaica de Castilla La Mancha, S.L.U.	SPAIN	-	Development, construction and generation of electricity	100.00%
		Montelecnor, S.A.	URUGUAY	Ernst & Young	Construction and assembly	100.00%
		Omninstal Electricidade, S.A.	PORTUGAL	AUREN	Construction and assembly	100.00%
		Parque Eólico Montañes, S.L.U.	SPAIN	-	Construction and operation of wind farm	100.00%
		Parque Solar Porton, SAS	COLOMBIA	-	Power generation	100.00%
	DEIMOS SPACE,S.L.U.					
		Deimos Engenharia, S.A.	PORTUGAL	ESAC-Espirito Santo & Asociados	Services in the areas of telecommunications and aeronautic and space energy	100.00%
		Deimos Engineering and Systems, S.L.U. (*)	SPAIN	KPMG	Software development, engineering and technical assistance in the field of remote sensing	100.00%
		Deimos Space UK, Limited (*)	ENGLAND	James Cowper Kreston	Analysis, engineering and development of space missions and software	100.00%
		S.C. Deimos Space, S.R.L. (*)	ROMANIA	-	Analysis, engineering and development of space missions and software	100.00%
	ELECNOR AUSTRALIA					
		Green Light Contractors PTY, LTD (*)	AUSTRALIA	ESV	Construction and assembly	100.00%
	ELECNOR INC					
		Belco Elecnor Electric, INC (*)	USA	RP&B	Electrical installations	100.00%
		Elecnor Hawkeye, LLC (*)	USA	RP&B	Electrical installations	100.00%
	ELECTROL,S.A.					
		Zogu,S.A.(*)	ECUADOR	Seel & Company, S.A	Construction and assembly	100.00%
	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 Partnership (Sec)(*)	CANADA	-	Administration and advisory services	100.00%

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Appendix I: Company information

(Thousands of Euros)

2021	Parent	Company	Registered office	Auditor	Activity	% Percentage direct or indirect ownership
	ENERFIN ENERVENTO EXTERIOR,S.L.U.					
		Gran Sul Geração de Energia (*)	BRAZIL	-	Wind farm development	100.00%
		Guajira Eolica I, S.A.S. (*)	COLOMBIA	-	Wind farm development	100.00%
		Moose Mountain Wind Projet GP (*)	CANADA	-	Management and administration of companies	100.00%
		Moose Mountain Wind Projet LP (*)	CANADA	-	Wind farm development	100.00%
		Rio Grande Energias Renovaveis LTDA (*)	BRAZIL	Deloitte, S.L	Development, construction and generation of electricity	100.00%
		Rio Sul 2 Energia, Ltda (*)	BRAZIL	-	Management and administration of companies	100.00%
		SEC Eoliennes des Prairies (LP)(*)	CANADA	-	Wind farm development	100.00%
		Ventos de São Fernando V Energia, S.A. (*)	BRAZIL	-	Operation of power plants	100.00%
		Ventos de São Fernando VI Energia, S.A. (*)	BRAZIL	-	Operation of power plants	100.00%
		Vientos De Panaba, S.A. de CV (*)	MEXICO	-	Wind farm development	100.00%
	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%
		Parque Eólico Malpica, S.A.(*)	SPAIN	Deloitte	Operation of power plants	95.55%
	ENERFIN SOCIEDAD DE ENERGÍA,S.L.					
		Bookar Wind Farm PTY LTD (*)(****)	AUSTRALIA	-	Renewable energy generation	100.00%
		Enerfera, S.R.L. (*)	ITALY	-	Construction, operation and use of wind farm resources	100.00%
		Enerfin do Brasil Sociedad de Energia, LTDA (*)	BRAZIL	-	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	ESV	Management and administration of companies	100.00%
		Enerfin Enervento Exterior, S.L.U. (*)	SPAIN	Deloitte	Management and administration of companies	100.00%
		Enerfin Enervento, S.L.U. (*)	SPAIN	-	Administration and advisory services	100.00%
		Enerfin Québec Services, INC (*)	CANADA	-	Management and administration of companies	100.00%
		Enerfin Renovables II, S.L.U. (*)	SPAIN	-	Renewable energy generation	100.00%
		Enerfin Renovables IV, S.L. (*)	SPAIN	-	Renewable energy generation	100.00%
		Enerfin Renovables IX, S.L.U. (*)(****)	SPAIN	-	Renewable energy generation	100.00%
		Enerfin Renovables VI, S.L.U. (*)(****)	SPAIN	-	Renewable energy generation	100.00%
		Enerfin Renovables VII, S.L.U. (*)(****)	SPAIN	-	Renewable energy generation	100.00%

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2021	Parent	Company	Registered office	Auditor	Activity	% Percentage direct or indirect ownership
		Enerfin Renovables VIII, S.L.U. (*)(****)	SPAIN	-	Renewable energy generation	100.00%
		Enerfin Renovables, S.L.U. (*)	SPAIN	-	Renewable energy generation	100.00%
		Enerfin Servicios, S.A.S. (*)	COLOMBIA	-	Management and administration of companies	100.00%
		Enermex Gestión, S.A. de C.V. (*)	MEXICO	-	Management and administration of companies	100.00%
		Eólica Alta Guajira, S.A.S. (*)	COLOMBIA	-	Development, construction and generation of electricity	100.00%
		Eolica La Vela (*)	COLOMBIA	-	Wind farm development	100.00%
		Eolica Los Lagos (*)	CHILE	-	Wind farm development	100.00%
		Eolica Musichi (*)	COLOMBIA	-	Wind farm development	100.00%
		Girasol 1, S.A.S. (*)(****)	COLOMBIA	-	Renewable energy generation	100.00%
		Guajira Eolica II, S.A.S. (*)	COLOMBIA	-	Wind farm development	100.00%
		Parque Eólico Cernégula, S.L.U. (*)	SPAIN	-	Wind farm development	100.00%
		Parque Eólico Cofrentes, S.L.U. (*)	SPAIN	-	Operation of power plants	100.00%
		Parque Eólico Volandín, S.L.U. (*)	SPAIN	-	Renewable energy generation	100.00%
		Renovables del Cierzo, S.L.U. (*)(****)	SPAIN	-	Renewable energy generation	100.00%
		Solar Sao Fernando I Energia, S.A. (*)(****)	BRAZIL	-	Renewable energy generation	100.00%
		Ventos do São Fernando IX Energia, S.A. (*)(****)	BRAZIL	-	Operation of power plants	100.00%
		Ventos do São Fernando VII Energia, S.A. (*)(****)	BRAZIL	-	Operation of power plants	100.00%
		Ventos do São Fernando VIII Energia, S.A. (*)(****)	BRAZIL	-	Operation of power plants	100.00%
		Ventos do Sao Fernando X Energia, S.A. (*)(****)	BRAZIL	-	Operation of power plants	100.00%
		Vientos de Sucilá, S.A. de CV (*)	MEXICO	-	Wind farm development	100.00%
		Vientos De Yucatan, S.A. de Cv (*)	MEXICO	-	Wind farm development	100.00%
	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%
	GREEN LIGHT CONTRACTORS PTY, LTD					
		Timco Transmission Lines PTY LTD (*)(****)	AUSTRALIA	ESV	Construction and assembly	100.00%
	INVESTISSEMENTS EOLIENNES DE L'ÉRABLE SEC					
		Eoliennes L'Erable Commanditaire Inc (*)	CANADA	-	Operation of power plants	100.00%

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

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(Thousands of Euros)

2021	Parent	Company	Registered office	Auditor	Activity	% Percentage direct or indirect ownership
	CELEO CONCESIONES E INVERSIONES, S.L.U.					
		Celeo Apolo FV, S.L. (*)	SPAIN	KPMG	Development	51.00%
		Celeo Energia, S.L. (*)	SPAIN	KPMG	Development, construction and operation of all types of energy and services, utilities, waste treatment, etc.	51.00%
		Celeo Redes, SLU (*)	SPAIN	KPMG	Management and administration of companies	51.00%
		Celeo Termosolar, S.L. (*)	SPAIN	KPMG	Construction and subsequent operation of solar thermal plants	51.00%
		Helios Inversión Y Promoción Solar, S.L.U. (*)	SPAIN	KPMG	Development, construction and operation of PV farms	51.00%
	CELEO ENERGIA, SLU					
		Celeo Energia Brasil, LTDA (*)	BRAZIL	KPMG	Development, construction and operation of all types of energy and services, utilities, waste treatment, etc.	51.00%
	CELEO REDES BRASIL,S.A.					
		Brilhante II Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Brilhante Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Caiuá Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	26.01%
		Cantareira Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	26.01%
		Celeo Redes Expansoes, S.A. (*)	BRAZIL	KPMG	Holdings in other national or foreign entities and in consortia	25.50%
		Celeo Redes Transmissão de Energia, S.A. (*)	BRAZIL	KPMG	Holdings in other national or foreign entities and in consortia	51.00%
		Celeo Redes Transmissao e Renovaveis, S.A. (*)	BRAZIL	KPMG	Marketing of solar-generated electricity and maintenance of transmission grids	51.00%
		Coqueiros Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Encruzo Novo Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Integraçao Maranhense Tranmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	26.01%
		Linha de Transmissão Corumbá, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Pedras Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
	CELEO REDES CHILE EXPANSION, SPA					
		Alfa Transmisora de Energia, S.A. (*)(****)	CHILE	EY	Development, construction and operation of electrical facilities	10.20%

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2021	Parent	Company	Registered office	Auditor	Activity	% Percentage direct or indirect ownership
	CELEO REDES CHILE LTDA					
		Celeo Redes Operación Chile, S.A. (*)	CHILE	KPMG	Operation of power plants	51.00%
		CRC Transmisión, SPA (*)	CHILE	KPMG	Operation of power plants	25.50%
	CELEO REDES EXPANSOES, S.A.					
		Cachoeira Paulista Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	25.50%
		Jaurú Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	34.00%
		Parintins Amazonas Transmissora de Energia, S.A. (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	25.50%
	CELEO REDES OPERACIÓN CHILE,S.A.					
		Alto Jahuel Transmisora de Energía, S.A.	CHILE	KPMG	Development, construction and operation of electrical facilities	51.00%
		Charrúa Transmisora de Energía, S.A.	CHILE	KPMG	Assembly, installation, operation of the new 2 x 500 Charrúa - Ancoa line	51.00%
	CELEO REDES T. DE 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%
	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%
		Serra De Ibiapa Transmissora de Energia, S.A. - SITE (*)	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
	CELEO REDES, S.L.					
		Celeo Redes Brasil, S.A. (*)	BRAZIL	KPMG	Development, construction and operation of electrical facilities	51.00%
		Celeo Redes Chile Espansión, SPA (*)(****)	CHILE	KPMG	Operation of power plants	51.00%
		Celeo Redes Chile Ltda (*)	CHILE	KPMG	Operation of power plants	51.00%
		Celeo Redes Perú, S.A.C. (*)(****)	PERU	KPMG	Operation of power plants	51.00%

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

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2020	Parent	Company	Registered office	Auditor	Activity	% Percentage direct 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%
		Elecnor Seguridad, S.L.U.	SPAIN	KPMG	Installation and maintenance of fire prevention and safety systems	100.00%
		Elecnor Senegal, SASU	SENEGAL	AC Corporate	Construction and assembly	100.00%
		Elecnor Servicios y Proyectos, S.A.U.	SPAIN	-	A broad range of business activities	100.00%
		Elecnor South Africa (PTY) LTD	SOUTH AFRICA	-	Construction and assembly	100.00%
		Elecnor, INC	USA	RP&B	Facilities	100.00%
		Electrolineas del Ecuador, S.A.	ECUADOR	Seel & Company, S.A.	Construction and assembly	100.00%

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2020	Parent	Company	Registered office	Auditor	Activity	% Percentage direct or indirect ownership
		Elecven Construcciones, S.A.	VENEZUELA	Deloitte	Construction and assembly	99.88%
		Eledepa,S.A.	PANAMA	Ernst & Young		100.00%
		Enertel, S.A. de C.V.	MEXICO	KPMG	Construction and assembly	99.99%
		Eresma Solar, S.L.U.	SPAIN	-	Development, construction and operation of companies linked to renewable energy	100.00%
		Elecnor Angola Group	ANGOLA	-	Activities in the areas of public works and civil engineering	55.00%
		Hidroambiente, S.A.U.	SPAIN	KPMG	Environmental activities	100.00%
		IDDE, S.A.U.	SPAIN	-	Sales	100.00%
		IQA Operatios Group, LTD	SCOTLAND	KPMG	Electrical installations	100.00%
		Jomar Seguridad, S.L.U.	SPAIN	KPMG	Sale, installation and maintenance of fire prevention and safety systems	100.00%
		Montelecnor, S.A.	URUGUAY	Ernst & Young	Construction and assembly	100.00%
		Omninstal Electricidade, S.A.	PORTUGAL	KPMG	Construction and assembly	100.00%
		Parque Eólico Montañes, S.L.U.	SPAIN	-	Construction and operation of wind farm	100.00%
		Parque Solar Porton, SAS	COLOMBIA	-	Power generation	100.00%
		Stonewood Desarrollos, S.L.	SPAIN	-	Sales	100.00%
		Yariguies Solar, SAS	COLOMBIA	-	Development and operation of renewable energy sources	100.00%
	DEIMOS SPACE, S.L.U.					
		Deimos Engenharia, S.A.	PORTUGAL	-	Services in the areas of telecommunications and aeronautic and space energy	100.00%
		Deimos Engineering and Systems, S.L.U.	SPAIN	KPMG	Software development, engineering and technical assistance in the field of remote sensing	100.00%
		Deimos Space UK, Limited	ENGLAND	James Cowper Kreston	Analysis, engineering and development of space missions and software	100.00%
		S.C. Deimos Space, S.R.L.	ROMANIA	-	Analysis, engineering and development of space missions and software	100.00%
	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 Partnership (Sec)	CANADA	-	Administration and advisory services	100.00%

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2020	Parent	Company	Registered office	Auditor	Activity	% Percentage direct or indirect ownership
	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%
		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 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 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%

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Appendix I: Company information

(Thousands of Euros)

2020	Parent	Company	Registered office	Auditor	Activity	% Percentage direct or indirect ownership
		Enerfin 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%
	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	-	Operation of power plants	100.00%
		Ventos do São Fernando II Energia	BRAZIL	-	Operation of power plants	100.00%
		Ventos do São Fernando III Energia	BRAZIL	-	Operation of power plants	100.00%
	RIO NORTE II ENERGIA,LTDA.					
		Ventos de São Fernando IV Energia, S.A.	BRAZIL	Deloitte, S.L.	Operation of power plants	100.00%
	RIO SUL 1 ENERGIA, Ltda					
		Parques Eólicos Palmares, S.A.	BRAZIL	Deloitte	Operation of electricity transmission service concessions	80.00%
		Ventos da Lagoa, S.A.	BRAZIL	Deloitte	Operation of power plants	80.00%
		Ventos do Litoral Energia, S.A.	BRAZIL	Deloitte	Operation of power plants	80.00%
		Ventos do Sul, S.A.	BRAZIL	Deloitte	Operation of power plants	80.00%
		Ventos Dos Indios Energia, S.A.	BRAZIL	Deloitte	Operation of power plants	80.00%

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Appendix I: Company information

(Thousands of Euros)

2020	Parent	Company	Registered office	Auditor	Activity	% Percentage direct or indirect ownership
Equity method (Note 13)						
	ELECNOR, S.A.					
		Cosemel Ingenieria, Aie	SPAIN	-	Development, construction and operation of installations and electrifications of high-speed railway lines	33.33%
		Dunor 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	-	Construction, engineering and supply of the Morelos gas pipeline	50.00%
		Morelos O&M, Sapi, Cv	MEXICO	-	Maintenance of the Morelos gas pipeline	50.00%
	CELEO CONCESIONES E INVERSIONES, S.L.U.					
		Celeo Energía, S.L.	SPAIN	-	Development, construction and operation of all types of energy and services, utilities, waste treatment, etc.	51.00%
		Celeo Redes, S.L.U.	SPAIN	KPMG	Management and administration of companies	51.00%
		Celeo Termosolar, S.L.	SPAIN	KPMG	Construction and subsequent operation of solar thermal plants	51.00%
		Helios Inversión Y Promoción. Solar, S.L.U	SPAIN	-	Development, construction and operation of PV farms	51.00%
	CELEO 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%

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Appendix I: Company information

(Thousands of Euros)

2020	Parent	Company	Registered office	Auditor	Activity	% Percentage direct or indirect ownership
		Celeo Redes Expansoes, S.A.	BRAZIL	-	Holdings in other national or foreign entities and in consortia	51.00%
		Celeo Redes Transmissão de Energia, S.A.	BRAZIL	KPMG	Holdings in other national or foreign entities and in consortia	51.00%
		Celeo Redes Transmissao e Renovaveis, S.A.	BRAZIL	KPMG	Marketing of solar-generated electricity and maintenance of transmission grids	51.00%
		Coqueiros Transmissora de Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Encruzo Novo Transmissora de Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Integraçao Maranhense Tranmissora de Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	26.01%
		Linha de Transmissão Corumbá, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Parintins Amazonas Transmissora de Energia, S.A.	BRAZIL	-	Operation of public service concessions for electricity transmission	26.50%
		Pedras Transmissora de Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
		Serra de Ibiapa Transmissora de Energia, S.A. - SITE	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
	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.					
		Jauru Transmissora de Energia, S.A.	BRAZIL	KPMG	Operation of public service concessions for electricity transmission	51.00%
	CELEO REDES OPERACIÓN CHILE,S.A.					
		Alto Jahuel Transmisora de Energía, S.A.	CHILE	KPMG	Development, construction and operation of electrical facilities	51.01%
		Charrúa Transmisora de Energía, S.A.	CHILE	KPMG	Assembly, installation, operation of the new 2 x 500 Charrúa - Ancoa line	51.01%
	CELEO REDES T. DE 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%
	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%

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Appendix I: Company information

(Thousands of Euros)

2020	Parent	Company	Registered office	Auditor	Activity	% Percentage direct or indirect ownership
		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%
	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 II: List of consolidated temporary business associations (UTEs)

(Thousands of Euros)

		2021		2020	
	Percentage ownership	Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
UTE PUENTE MAYORGA	50.00%	--	--	--	--
UTE ELNR-CONSTUCSA E. HIDROGENO	50.00%	--	--	--	--
UTE PARQUESUR OCIO	90.00%	--	--	--	--
UTE INSTALACIONES ELÉCTRICAS SINCROTRÓN ALBA	50.00%	--	--	--	--
UTE ROTA HIGH SCHOOL	50.00%	--	--	--	--
UTE VILLASEQUILLA - VILLACAÑAS	21.00%	--	--	--	--
UTE EXPLOTACIÓN ZONA 07-A	60.00%	2	--	569	--
CONSORCIO ELECNOR DYNATEC	100.00%	1,108	1,709	2,200	2,514
UTE ZONA P-2	50.00%	--	--	--	--
UTE SUBESTACIÓN JUNCARIL	50.00%	215	--	--	--
UTE CASA DE LAS ARTES	50.00%	--	--	--	--
UTE CENTRO DE PROSPECTIVA RURAL	100.00%	--	--	--	--
UTE CENTRO MAYORES BAENA	100.00%	--	--	--	--
UTE TERMINAL DE CARGA	50.00%	--	--	--	--
UTE LED MOLLET	70.00%	--	--	--	--
UTE GALINDO	100.00%	--	--	--	--
UTE EXPLOTACIÓN ZONA P2	50.00%	--	--	395	--
UTE AS SOMOZAS	50.00%	--	--	--	--
UTE JARDINES MOGAN	100.00%	--	--	--	--
UTE ELECNOR-ONDOAN SERVICIOS	50.00%	864	--	712	700
UTE PATRIMONIO SEGURIDAD	66.66%	--	--	--	5
UTE PLAZAS COMERCIALES T4	100.00%	--	--	--	--
UTE TRANVIA OUARGLA	49.50%	--	--	--	--
UTE ENERGÍA GALICIA	20.00%	--	--	885	19,725
UTE AEROPUERTO DE PALMA	100.00%	--	--	(1)	--
GROUPEMENT INTERNATIONAL SANTÉ POUR HAITI	100.00%	2,482	--	785	--
UTE ENERGÍA GRANADA	33.34%	51		--	--
UTE MOBILIARIO HUCA	100.00%	--	--	--	--
UTE ANILLO GALINDO	25.00%	--	--	--	--
CONSORCIO NUEVA POLICLÍNICA DE CHITRE	100.00%	4	9	51	13
CONSORCIO NUEVA POLICLÍNICA DE CHEPO	100.00%	144	--	358	--
UTE CAMPO DE VUELO TF NORTE	100.00%	--	--	--	--
UTE VOPI4-ELNR CA L'ALIER	50.00%	48	311	39	359
UTE MANTENIMIENTO AVE ENERGÍA	12.37%	16,581	53,930	16,321	70,511
UUTE ASEGOP IBIZA	65.00%	1	16	6	17
UTE ELECNOR BUTEC BELLARA	60.00%	1,519	--	5,799	--
UTE EDARES SEGOVIA	70.00%	--	--	--	--
UTE SICA	100.00%	--	--	9	227
UTE MANTENIMIENTO AEROPUERTO DE PALMA	50.00%	--	-	18	--
UTE CUETO DEL MORO	25.00%	-	-	8	3
UTE ELECNOR ALGHANIM	60.00%	594	1,266	739	1,860
UTE MANTENIMIENTO VALEBU	50.00%	--	--	72	1,627
UTE EMBARQUE DESEMBARQUE T4	100.00%	--	--	--	--

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

(Thousands of Euros)

		2021		2020	
	Percentage ownership	Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
UTE CONTAR	100.00%	62	--	118	--
UTE INST. RECERCA SANT PAU	50.00%	312	103	10	50
UTE INST. MERCAT DE SANT ANTONI	60.00%	(10)	56	--	56
UTE TUNELES ABDALAJIS	100.00%	399	156	468	55
UTE TORRENTE - XATIVA	50.00%	--	--	--	--
UTE EMPALME II	50.00%	258		76	--
UTE AEROPUERTO TERUEL	50.00%	--	--	--	--
UTE NAVE SESTAO	50.00%	--	--	--	--
UTE ENERGÍA GALICIA MANTENIMIENTO	20.00%	2,288	25,587	2,128	27,875
UTE TERMINAL DE CARGA TF NORTE	50.00%	--	--	--	--
UTE URBANIZADORA RIODEL	50.00%	--	--	--	--
ELECNOR TARGET LLC, JV	60.00%	58,711	57,199	62,780	115,910
UTE TERMINAL E	50.00%	96	--	(75)	96
UTE HERNANI-IRUN	50.00%	(52)	--	779	--
UTE CARPIO Y POLLOS	50.00%	136	--	126	--
UTE CAMPO DE VUELOS ASTURIAS	100.00%	--	320	12	320
UTE BIOMASA HUERTA DEL REY	50.00%	--	--	--	--
UTE MOPAEL	80.00%	7,499	875	5,355	--
UTE OFICINAS GENCAT	60.00%	--	--	62	--
UTE UYUNI-YUNCHARA	49.00%	--	--	--	--
UTE MANTENIMIENTO SIGMA AENA	100.00%	223	27	197	15
UTE RENFE AGENTE ÚNICO	100.00%	132	839	318	963
UTE RENFE CCTV	100.00%	194	1	2,242	195
UTE UCA	100.00%	27	89	261	94
UTE SIPA AENA	100.00%	623	--	1,252	--
JV ELECNOR AL OWN	70.00%	--	--	491	--
UTE BILBOPORTUA	50.00%	350	--	408	--
UTE BIZKAIKO ARGIAK	23.00%	--	--	--	--
ELECNOR AND RAY, J.V. JV	60.00%	--	--	--	--
UTE MANTENIMIENTO LOTE 1	50.00%	--	--	1,344	--
UTE ELECNOR - EIFFAGE	50.00%	410	--	8,507	170
UTE TIL TIL	100.00%	--	--	--	--
UTE EDAR LAGUNA DE NEGRILLOS	80.00%	--	--	--	--
UTE PORTUKO ARGIAK	23.00%	35	262	35	298
UTE URBANITZACIÓ MERCAT DE SANT ANTONI	60.00%	--	--	5	93
UTE ING PUY DU FOU	50.00%	--	--	--	224
UTE SICA 2018-2021	100.00%	38	--	397	--
UTE ELECTRIFICACIÓN VILLAFRANCA	90.00%	--	--	1,038	1,605
UTE TREBALLS PREVIS 1 CAMP NOU	45.00%	19	177	98	196
UTE CLINICA EUGIN BALMES	50.00%	38	20	387	58
UTE SALAS VIP AEROP BCN	100.00%	--	--	--	--
JV TAFILAH	70.00%	--	--	222	4,153
UTE ACCESOS BANCO DE ESPAÑA	100.00%	--	--	--	--

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

(Thousands of Euros)

		2021		2020	
	Percentage ownership	Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
VARIANTE PAJARES UTE	20.00%	4,508	--	4,577	--
CONSORCIO CHIELEC DOMINICANA	100.00%	1,304	--	1,458	232
UTE CASETAS AEROPUERTO DE MÁLAGA	100.00%	--	--	--	--
UTE AMPLIACIÓN TRANVÍA VITORIA	50.00%	--	--	189	20
ELECNOR - EIFFAGE JV	50.00%	2,935	--	1,906	1,374
UTE MANTENIMIENTO AEROPUERTO DE PALMA II	50.00%	1,698	242	1,718	811
UTE MONTETORRERO	100.00%	3,382	--	23,271	--
UTE MONLORA	100.00%	1,089	--	6,439	--
UTE MONCAYO	50.00%	--	--	16,748	--
SEP ELECNOR-EIFFAGE GUINEA CONAKRY	50.00%	7,850	3,493	3,519	11,343
UTE ALSTOM RENOVABLES-ELECNOR II	25.64%	--	--	--	--
SEP ELECNOR-EIFFAGE GUINEA BISSAU	50.00%	4,657	515	3,677	5,172
UTE PEDRALBA-OURENSE	50.00%	5,018	1,893	14,183	6,911
UTE EDIFICI LA PEDROSA	50.00%	1,226	370	6,481	1,340
UTE BOMBEOS BAKIO-GANDIAS	50.00%	3	70	67	72
UTE ELECTRIFICACIÓN RECOLETOS	50.00%	--	370	--	370
UTE PRESA DE L´ALBAGÉS	50.00%	66	66	2,674	--
UTE LIMPIEZA AEROPUERTO DE PALMA	50.00%	260	134	254	331
UTE SICA 2020-2022	100.00%	1,030	--	--	--
UTE SEG ESTACIONES MADRID	100.00%	241	195	--	--
UTE NOVA ESCOLA BRESSOL	100.00%	384	--	1,215	598
UTE MANT MERCAT DE SANT ANTONI	60.00%	296	66	206	237
UTE LINEA 4	20.00%	--	--	6,524	37
UTE INSTAL. TUNEL GLORIES	40.00%	16,102	868	3,711	16,971
UTE EDAR ARRIANDI	50.00%	1,318	276	121	1,439
UTE SIPA 2020-2022	100.00%	228	12,472	--	12,700
UTE UCA 2020-2022	100.00%	49	12,151	--	12,200
UTE REGADIO VALORIA FASE I	50.00%	1,062	23	1,140	883
UTE PALMEROLA	56.68%	17,368	6,844	501	24,212
UTE GALILEO	100.00%	606	481	260	1,087
UTE COMEDOR BANCO DE ESPAÑA	100.00%	80	--	--	80
UTE M.I. MUNDAKA GERNIKA	51.00%	160	69	613	186
UTE LA ESCOCESA	50.00%	21,181	2,496	4,566	5,403
UTE SEGURETAT L´AMPOLLA	100.00%	502	26	--	528
UTE MANTENIMIENTO NORESTE	50.00%	5,831	39,116	382	44,947
UTE MANTENIMIENTO CENTRO	50.00%	3,201	24,366	216	27,568
UTE OBSOLESCENCIA SISTEMES L9	50.00%	1,472	1,415	--	--
UTE LOMA DE LOS PINOS	100.00%	3,630	610	--	--
UTE CATENARIA ATXURI-BOLUETA	50.00%	457	30	--	--
UTE CIERRE EL MUSEL	100.00%	1,447	--	--	--
UTE SEGURIDAD FONTSANTA ITAM	100.00%	391	1,662	--	--
UTE LA COMETA I AND II	100.00%	5,921	20,199	--	--
UTE EL FRESNO	50.00%	421	1,598	--	--

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

(Thousands of Euros)

		2021		2020	
	Percentage ownership	Construction work settled	Backlog not yet settled	Construction work settled	Backlog not yet settled
UTE EDAR ARRIANDI	50.00%	107	552	--	--
UTE MÁLAGA MANTENIMIENTO SICA	100.00%	178	--	--	--
UTE BRINKOLA SAN SEBASTIAN	50.00%	347	200	--	--
UTE SEGRISOL	50.00%	--	619	--	--
UTE SOLANS	100.00%	1,635	4,883	--	--
UTE EXTENSION OF EDAR XERESA	100.00%	105	84	--	--
UTE ENERGÍA LÍNEA 9	20.00%	1,701	--	--	--
S.E.I. UTE (ELECNOR, S.A.-TERRES)	50.00%	--	--	--	--
UTE REMOLAR	23.51%	--	--	--	--
UTE ELECNOR GONZALEZ SOTO	50.00%	4	39	--	--
UTE VILLAGONZALO, Z - 3	35.00%	--	--	--	--
UTE TARAGUILLA	25.00%	--	--	--	--
UTE MELIALABS	55.00%	4	--	7	--
UTE DEIMOS -IECISA	50.00%	--	--	2,141	--
UTE NAVENTO DEIMOS, FILE 2017-02371	27.46%	208	--	188	--
UTE DEIMOS-INETUM (SIVE)(NAMED BEFORE AS UTE DEIMOS-IECISA)	50.00%	2,315	--	--	--
DEIMOS-INETUM (RENFE)	50.00%	--	--	--	--
DEIMOS-INETUM (SIVE CANARIAS)	50.00%	--	--	--	--
AUCOSTA CONSERVACION UTE	50.00%	--	--	--	--
CONSERVACIÓN MAQUEDA UTE	50.00%	--	--	(15)	--
CÓRDOBA NORTE II UTE	50.00%	--	--	427	--
PARQUE PATERNA UTE	50.00%	--	--	--	--
HUELVA SURESTE II UTE	50.00%	--	--	--	--
MANZANARES UTE	60.00%	--	--	--	--
MANZANARES II UTE	50.00%	2,776	1,851	2,447	1,973
PONTESUR UTE	50.00%	1,830	--	1,553	623
PONTENORTE UTE	50.00%	1,036	384	940	1,419
TALAVERA UTE	50.00%	2,398	1,185	2,198	3,364
LEÓN-3 UTE	80.00%	--	--	310	--
UTE MURCIA-SAN JAVIER	50.00%	--	--	--	--
SMA OLVEGA UTE	60.00%	836	2,832	762	3,500
GUADIX-BAZA UTE	51.00%	526	440	559	966
UTE SIERRA ESPUÑA	65.00%	--	--	--	--
UTE SIERRA BURETE	65.00%	--	--	--	--
UTE HOSPITAL REINA SOFÍA	20.00%	231		508	921
C.S. ANTONIO GARCÍA	20.00%	--	--	--	--
SEVILLA A66 UTE	50.00%	1,955	1,781	1,795	3,736
BURGUILLO UTE	50.00%	--	--	--	--
SAN CIPRIANO UTE	70.00%	4,297	2,180	3,723	5,881
MAQUEDA II UTE	50.00%	2,759	820	2,713	1,909
UTE CIRCUNVALACIÓN LUCENTUM	50.00%	1,620	984	1,621	2,604
UTE AUDECA CIVISGLOBAL SECTOR O-03	70.00%	3,107	6,919	2,767	10,026
UTE MADRID SURESTE	67.00%	3,758	967	2,954	4,725

Continued on next page

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

(Thousands of Euros)

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

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

Appendix III: Elecnor, S.A. and Subsidiaries

Condensed financial information of equity-accounted companies 31 December 2021 (Expressed in thousands of Euros)

2021	Gasoducto de Morelos, S.A. Promotora de Inversión de C.V	Subgroup Celeo Concesiones
Information from the statement of financial position		
Non-current assets	236,492	2,785,399
Non-current liabilities	182,335	1,727,213
Non-current financial liabilities	121,575	1,368,637
Total non-current net assets	**54,157**	**1,058,186**
Current assets	16,521	237,745
Cash and cash equivalents	10,057	140,767
Current liabilities	14,107	192,286
Current financial liabilities	295	116,825
Total current net assets	**2,414**	**45,459**
Non-controlling interests	**-**	**93,933**
Net assets	**56,571**	**1,009,712**
Percentage ownership	0.50	0.51
Share of net assets	28,286	514,953
Carrying amount of the investment (*)	28,285	514,970
Information from the income statement		
Revenue	36,044	197,646
Depreciation and amortisation	(11,574)	(56,191)
Interest income	24,154	86,950
Interest expense	(8,832)	(77,796)
Income tax expense/(income)	(4,030)	(21,406)
Profit/loss from continuing operations	10,830	29,859
Profit/loss for the year	10,830	29,859
Other comprehensive income (**)	7,116	51,865
Total comprehensive income	**17,946**	**81,724**
Dividends received	-	-

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

Appendix III: Elecnor, S.A. and Subsidiaries

Condensed financial information of equity-accounted companies
31 December 2021 (Expressed in 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 continuing operations	6,497	28,003
Profit/loss for the year	6,456	28,003
Other comprehensive income (**)	(7,059)	(221,137)
Total comprehensive income	**(603)**	**(193,134)**
Dividends received	-	-

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

2021 DIRECTORS' REPORT - ELECNOR GROUP

CONTENTS

1. PURPOSE, VISION AND BUSINESS MODEL GRI 102-2

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

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

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

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

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

2. ECONOMIC CONTEXT [2]

2021 has once again been affected by the impact of the COVID-19 pandemic on the world economy. According to the International Monetary Fund (IMF), the world economy continues along a path of recovery, in spite of the setback arising from the new variant of the pandemic.

Therewith, the IMF estimates world economic growth of 5.9% in 2021 and 4.9% in 2022, with the forecast from last June's WEO update lowered by 0.1% for 2021 and raised by 0.5% for 2022. The downside revision in 2021 reflects deterioration in advanced economies (partly as a result of supply disruptions) and in low-income developing countries, chiefly due to the deteriorating dynamics arising from the pandemic. Concurrently, beyond 2022, growth is projected to abate to around 3.3% in the medium term. However, the IMF maintains that the outlook is still subject to considerable uncertainty, related to the path of the pandemic, the effectiveness of backing during the transition until health measures facilitate normalisation and the development of financial conditions.

According to the World Bank's Global Economic Prospects, for emerging and developing economies, conversely, growth is expected to drop from 6.3% in 2021 to 4.6% in 2022 and 4.4% in 2023. For many vulnerable economies, the relapse will be even greater: output of fragile and conflict-affected economies will be 7.5% below their pre-pandemic trend.

As regards fiscal stance, economies of emerging and developing markets are already adopting tightened fiscal policies, and advanced economies will also do so in 2022. The present is marked by a clear uncertainty in which risks to financial stability remain contained.

In terms of **Spain**, the Bank of Spain's projections are optimistic and anticipate the recovery to continue at a good pace over the coming two years. In the short term, however, the economy's dynamism will continue to be burdened by the spread of the omicron variant. Thereafter, however, its activity is expected to resume higher levels of growth, as distortions in supply chains and inflationary pressures are allayed and tourism flows gradually normalise. This is further assisted by the impetus of projects funded through the Next Generation EU (NGEU) programme and continued favourable financing conditions. In particular, these projections anticipated GDP growth of 4.5% last year, which would accelerate up to 5.4% in 2022 and reach 3.9% next year.

For the **eurozone**, according to the IMF, in 2022, major economies will continue to grow, but at lower rates (France, 3.9%, Italy, 4.2%), except for Germany (+4.6%) and Spain (+6.4%). One of the key findings of the current economic environment is that, a little over a year ago, the European economy was expected to recover resolutely as a result of the disbursement of the Next Generation EU programme (with funds worth Euros 750 billion), the savings made during lockdown, the easing of restrictions and the implementation of more expansionary policies by the European Central Bank (ECB). Despite that, the coinciding demand for raw materials, oil, gas and components, the supply of which has reacted more slowly, causing bottlenecks and increases in the cost of electricity, was not taken into account. Consequently, the IMF has already announced that it is preparing an additional "modest revision" of its economic forecasts for the eurozone in the coming update of its global projections. The ECB echoes the increase in prices in Europe, which have risen by 5% annually. The president of the ECB has toughened her tone on inflation and does not rule out a scenario of an interest rate hike.

As for the **United States**, GDP growth for 2021 was 5.7%, lower than expected by the IMF (6%), as a result of disruptions to supply chains and lower consumption in the third quarter. In January, the World Bank revised its growth projection for 2022 downward to 3.7% (-0.5 percentage points).

In **Latin America**, in 2021, Chile registers the highest growth among major South American countries. This market has proven to be the fastest growing in the region with an 11% increase in GDP this year. The World Bank's estimates for the forthcoming years indicate that the region now faces significant risks such as a sharp rise in the number of COVID-19 cases, funding strains and debt-related stress. According to the body, Brazil's economy will slow to 1.4% in 2022 and spring to 2.7% in 2023. Meanwhile, Mexico's growth will slow to 3% in 2022 and 2.2% in 2023.

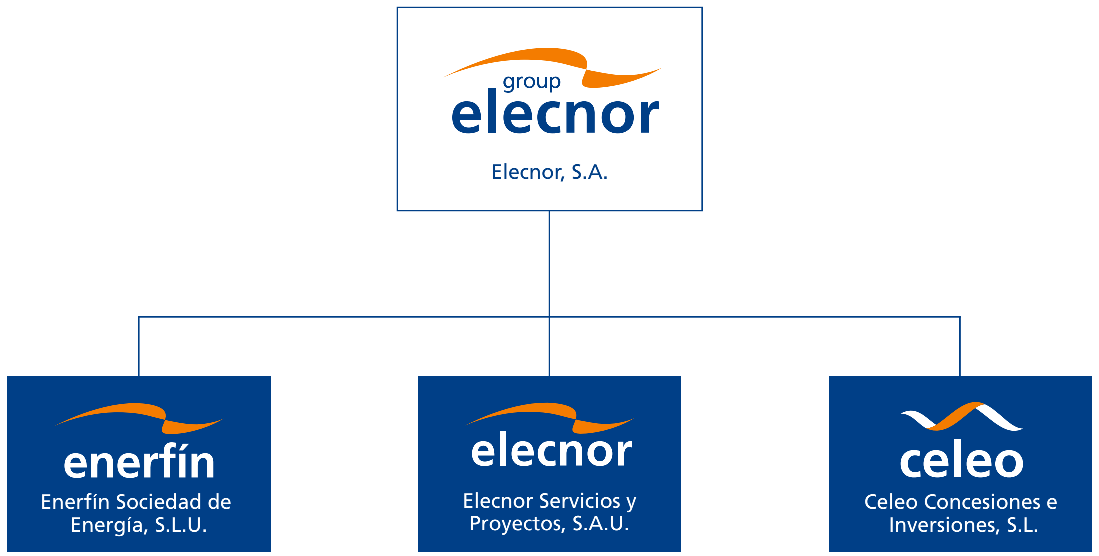
The IMF has cut **Australia**'s GDP growth forecast for 2021 (to 3.5%), while increasing the outlook for 2022 (4.1%). There are downside risks in the short term that balance out in the medium term for the international body. It adds that lending should be cut in order to cool the housing sector (interest rates at historic lows have driven up property prices and household debt) and that monetary and fiscal policy stimuli should continue in order to buttress the economy during a difficult period of blockages as a result of the coronavirus. Remember that, to counteract the effects of the pandemic, the Government of Australia implemented in March of last year aid packages, such as wage and unemployment subsidies, and also provided economic stimuli.

Growth of 3.7% is estimated in 2021 for **Sub-Saharan Africa** and it is projected to grow by 3.8% in 2022, both below the figure of the global economy, implying a broadening divergence from advanced economies. This comes amid increasing uncertainty surrounding new variants of the COVID-19 virus and financial conditions. The IMF expects Angola to grow by 3.2% and to emerge from successive recession cycles, as well as positive growth in other countries on the continent where the Group is present, such as Cameroon and Senegal, in the coming years.

Elecnor Group

In 2021, the Board prepared the joint project for the spin-off of Elecnor, S.A. to Elecnor Servicios y Proyectos, S.A.U. which was approved at the General Shareholders' Meeting held on 23 June this year. The projected entails the spin-off of part of the equity of Elecnor, S.A. devoted to the services and projects business activity, comprising one economic unit acquired by universal succession by Elecnor Servicios y Proyectos, S.A.U. Insofar as Elecnor Servicios y Proyectos, S.A.U. is fully owned by Elecnor, S.A. the spin-off has taken place in accordance with the provisions of sec. 49.1 of Spanish Law 3/2009, of 3 April, on structural modifications of commercial enterprises, by reference to sec. 73.1 of the same legal text.

The current Elecnor, S.A. continues to be the Group's listed parent company with the following organisational structure:



(1) Services and Projects, formerly known as the Infrastructure.
(2) Sources:
- International Monetary Fund (IMF). World Economic Outlook. January 2022
- World Bank. World Economic Outlook.
- Bank of Spain. Macroeconomic projections for the Spanish economy (2021-2024)
- World Economic Outlook (WEO). January 2022 Report.

This spin-off process seeks the adaptation of the corporate structure of the Group to the organisational reality with which the Group has been working for several years. This new structure facilitates the management and coordination of the various activities and helps give more visibility to businesses favouring the orderly growth of all of them. In any case, from an operational point of view, the Group continues to operate in the same way.

3. ECONOMIC AND FINANCIAL PERFORMANCE IN THE PERIOD

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

Key Figures

Thousands of euros	2021	2020	Change (%)
Turnover	3,122,421	2,455,952	27.1%
Domestic	1,422,918	1,238,600	14.9%
International	1,699,503	1,217,352	39.6%
EBITDA	271,769	245,802	10.6%
Profit before tax	142,048	125,932	12.8%
Attributable consolidated net profit	85,883	78,303	9.7%

The Elecnor Group's **sales** reached **EUR 3,122.4 million** (EUR 2,455.9 million in the previous financial year), a 27.1% increase with respect to 2020. Both the domestic market (which represents 46% of the total) and the international market (which makes up 54%) experienced significant growth (14.9% and 39.6% respectively). This positive evolution in the Group's figures of the year was possible thanks to a significant increase in Elecnor's business volume, mainly due to activities related to services that the Group provides in European countries, particularly Spain, the United Kingdom, Italy, and in the United States, and the start of the implementation of major projects in Australia, Chile and Brazil, especially. The beginning of execution of major projects in Australia, Chile and Brazil has also had a positive impact.

EBITDA reached **Euros 271.8 million**, 10.6% above the same figure for last year. The Group's profits this year have absorbed the costs of launching new telecommunications and electricity service contracts in the United Kingdom and Italy, and non-recurring costs such as those related to the spin-off project explained above. In addition to the good performance of the Services and Projects Business, worth highlighting is the positive evolution of the Concessions Business, both of which the Group bases its activity on and which complement and strengthen each other.

The Elecnor Group attained net profits of EUR 85.9 million in 2021, which is a 9.7% increase on the profits obtained in the previous financial year.

The Group continuously evaluates its operating expenses to reduce any discretionary expenses, applying policies of contention and control to the expenses on a recurring basis, in all companies of the Group.

3.2. Business performance

Services and Projects Business GRI 102-6

Thousands of euros	2021	2020	Change (%)
Turnover	2,958,160	2,352,471	25.7%
EBITDA	165,838	161,708	2.6%
Profit before tax	114,957	112,311	2.4%
Attributable net profit	77,119	71,517	7.8%

This business, which the Group develops via its subsidiary Elecnor Servicios y Proyectos and that company's affiliates, has grown sharply in the period.

In the **domestic market**, activity continued to grow on the back of the services developed for the energy, telecommunications, water, gas and transportation sectors, where it provides an essential service for all utilities. In addition, during this period, construction work on renewable-energy power generation plants contributed to both the turnover and profit/loss of the Group.

In the **international market**, the positive performance is mainly due to the construction of electricity transmission lines in Brazil and Chile, and also to US subsidiaries (Hawkeye and Belco) and to the major projects in Australia started over the course of the financial year. The construction of wind farms in Colombia, solar PV farms in the Dominican Republic and Panama, hydroelectric plants in Cameroon and Angola, substations in Guinea, D.R. Congo and Cameroon, and a biomass project in Belgium, among many others, also contributed to the Group's turnover. It is worthy to note that this increase in activity has contributed to the absorption of the costs for the launch of new activities and the expansion to new areas in Italy and the United Kingdom, countries in which the Group has been operating for years with positive results.

Concessions business

Thousands of euros	2021	2020	Change (%)
Turnover	166,593	145,232	14.7%
EBITDA (1)	131,301	112,791	16.4%
Profit before tax	54,465	44,265	23.0%
Attributable net profit	34,876	30,970	12.6%

(1) **EBITDA** contributed by this business to the group comprises that contributed by ENERFIN (Euros 116,303 thousand) and that contributed by CELEO, which is consolidated using the equity method (Euros 14,998 thousand). For a better understanding of these figures, see Note 32 of the Notes to the Annual Accounts of Elecnor, S.A. and subsidiaries for the year ended 31/12/21 with the main projects

This business, which Elecnor develops via its subsidiary Enerfin and its investee Celeo, and both companies' affiliates, has performed strongly in the period.

Enerfín participates in 1,355 MW of renewable energy in operation and under construction in Spain, Brazil and Canada, and continues to pursue strong developmental activity to ensure its growth. The various project companies that manage these assets generate a combined EBITDA of Euros 116,303 thousand, as set out in Note 32 to the Consolidated Annual Accounts of Elecnor, S.A. and its subsidiaries for the year ended 31/12/21.

Enerfín benefited from the commissioning of the San Fernando complex in north-east Brazil early this year and the Cofrentes wind farm in Spain in April last year.

The new transitional measures implemented by the Spanish government in order to combat soaring energy prices have had a limited impact on Enerfín, thanks to its price hedging policy, energy sales agreements and its assets with regulated revenues.

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

Celeo, the company owned and managed jointly with APG, one of the world's largest pension funds, already operates 6,804 km of electricity transmission lines in Chile and Brazil, and participated in 345 MW of renewable energy. Overall, it manages around EUR 5,211 million of assets in operation. The companies that manage these assets generate an aggregated EBITDA of Euros 299,984 thousand [3], as can be seen in Note 32 to the Consolidated Annual Accounts of Elecnor, S.A. and its subsidiaries for the year ended 31/12/21.

The power transmission business continues to grow with the increase in its assets in Brazil, new concessions gained in Chile and Peru, and the acquisition of Colbún Transmisión, S.A.'s 29 operating transmission line assets (totalling 899 km, with 27 transmission substations located throughout Chile) by Alfa Desarrollo, S.P.A., in which Celeo Concesiones holds a 20% stake and APG Asset Management N.V. holds an 80% stake. This acquisition makes Celeo the second-largest player in the regulated transmission market in Chile. The quality of these assets has enabled USD 1.2 billion project bonds issued in the New York market in favourable conditions.

Production portfolio

Pending backlog (thousands of Euros, at year-end)	2021	2020	Change (%)
Domestic	708,824	611,915	15.8%
International	1,798,144	1,661,166	8.2%
Total	**2,506,968**	**2,273,081**	

The **portfolio of signed contracts** pending execution by 31 December 2021 and whose implementation is expected to take place over the next 12 months, **amounts to EUR 2,507 million** (EUR 2,273 million at the end of 2020). Of this portfolio figure, 72% relates to the international market, for an amount of EUR 1,798 million, and 28% to the domestic market, for an amount of EUR 709 million. The domestic portfolio comprises contracts for traditional services, as well as for wind and solar PV farms. The international portfolio is increasing in both European countries (Italy and the United Kingdom), where service-related activities are carried out, and in other countries (Australia, the United States and Brazil, mainly) where major projects for the construction of renewable-energy power generation plants and power transmission projects.

(3) EBITDA at 100% of concession projects participated in by CELEO and accounted for using the equity method at the ELECNOR GROUP, excluding the impact of IFRIC 12 since it best reflects the cash flow generation capacity of each project, by including the financial and operating proceeds.

3.3. Financial position

In 2021, the Group's operating activity enabled it to generate a cash flow of Euros 206.2 million (Euros 194 million the prior year) and its net investment amounted to Euros 100 million (Euros 209.6 million the prior year).

Total net financial debt (Euros 534.8 million) decreased by 0.4% with respect to the previous year (Euros 536.6 million).

Net financial debt with recourse (Euros 119.4 million) was reduced by 8.1% with respect to the end of the previous year (EUR 129.9 million). This was mainly due to the positive cash generation performance of the Group's businesses as a result of their operating activities.

Net Financial Debt with recourse includes debt with cost, both with financial institutions and short-term MARF promissory note issues, bond issues and finance lease transactions; it does not include debt of projects with specific financing without recourse to their shareholder for the project in question.

The indebtedness ratio at year end, calculated as Net Financial Debt with recourse divided by EBITDA with recourse, was 0.72 (0.83 at the end of the previous year). This ratio is now solidly below 1x, and is therefore amply compliant with the benchmark ratio established in the syndicated financing agreement.

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

Net Financial Debt

(thousands of Euros, at year-end)	2021	2020
Net Financial Debt with recourse	**119,392**	**129,940**
EBITDA	271,769	245,802
With recourse [4]	138,284	144,591
Without recourse [5]	133,485	101,211
Ratio of Debt/EBITDA with recourse + projects div.	0.72	0.83
Total Net Financial Debt	**534,766**	**536,649**
With recourse	119,392	129,940
Without recourse	415,374	406,709
EBITDA	271,769	245,802
Ratio of Total Net Financial Debt/ EBITDA	1.97	2.18

The Total Net Financial Debt to EBITDA ratio is a ratio used in the market to compare the level of indebtedness to the cash generation from transactions and, thus, assess companies' level of solvency.

To present a ratio that reflects the Group's solvency, it is appropriate to present Net Financial Debt with recourse in relation to EBITDA with recourse, in which the contributions to the figures of investment projects funded by debt secured by such projects are excluded from both figures. In turn, the dividends distributed by the abovementioned projects are added to the EBITDA with recourse. The purpose of this ratio is to measure the Group's capacity to meet its recourse debt.

(4) EBITDA with recourse is Group EBITDA excluding non-recourse EBITDA (EBITDA corresponding to investment projects financed by debt secured by such projects)

5) Non-recourse EBITDA is that which refers to project-financed investment by debt secured by such projects.

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

- In September 2021, the Elecnor Group signed a novation of the **Syndicated Financing Agreement** executed in 2014. This novation extends the maturity by slightly more than two years, through September 2026. It includes a voluntary repayment of Euros 150 million of the Loan Tranche and an increase of Euros 100 million of the Credit Facility Tranche. Therefore, the financing now has a cap of EUR 350 million, distributed between the Loan Tranche of EUR 50 million and a Credit Facility Tranche of EUR 300 million. This financing complies with the requirements laid down by the Sustainability Linked Loan Principles and, therefore, it **has been classified as sustainable**.

- The Group's strategy is to diversify its short- and medium-term financing sources, beyond traditional banking sources, by issuing another **Promissory notes programme in the Alternative Fixed Income Market (MARF)** that will enable it to finance itself in Euros and US Dollars over periods of up to 24 months, optimising the costs of funding working capital. The equivalent value of outstanding issues in Euros may not exceed the ceiling of EUR 300 million. In deciding to renew the programme, Elecnor Group valued the flexibility of the financing periods and the lower cost than that of alternative funding sources over the same maturities.

- In 2021, the Elecnor Group signed three long-term private placements totalling Euros 100 million:

  - Euros 50 million at 10 years, in **sustainable loan** format, placed by Banca March.

  - Euros 20 million at 10 years, which additionally fulfils the Green Loan Principles, as the funds are used for projects classified as **green**, placed by B. Sabadell.

  - Euros 30 million at 14 years, as **sustainable bonds**, also placed by B. Sabadell, included in the MARF. They the Elecnor Group's BBB- rating (investment grade) issued by Axesor.

  With this restructuring, the Elecnor Group has managed to extend the maturities of its long-term financing to average maturities of close to 10 years, while maintaining reduced cost levels.

- The Group has had a Securitisation Fund called "ELECNOR EFICIENCIA ENERGÉTICA 2020, Fondo de Titulización" since December 2020, to which it has assigned the credit claims derived from the contracts for the management of energy services and maintenance of public street lighting installations which Elecnor executes for 43 municipalities and public entities in Spain. By means of this structure, Elecnor obtains financing for investments in contracts assigned in the amount of Euros 50 million. The securitisation fund issued bonds in the aforementioned amount, which are subscribed and fully paid in, and which are trading in Spain's Alternative Fixed Income Market (MARF). These bonds are compliant with the requirements established by the "Green Bond Principles", and therefore qualify as green bonds for G-advisory, the Garrigues Group's consultancy firm. Axesor Rating has assigned the bonds issued by the Securitisation Fund an A+ rating, indicating a high capacity to meet its credit obligations. This is the first securitisation transaction for the sale of future credit claims derived from contracts with Public Entities to be conducted in Spain.

The Elecnor Group tackles its investment projects by arranging financing secured by such projects, as described in section 6.2 "Interest rate risk" herein, while it contributes its equity with the resources generated by the businesses of which the Group is comprised.

3.4. Material changes in accounting policies

The accounting policies and methods used to prepare the consolidated annual accounts in 2021 are the same as those applied to the consolidated annual accounts in 2020. All accounting principles with a significant effect have been applied in the drawing up of these consolidated and separate annual accounts.

3.5. Profit/(loss) of the Group's holding company: Elecnor, S.A.

The Group's holding company obtained the following profit/(loss) for the year:

Key figures

Thousands of euros	2021	2020
Turnover	67,456	1,544,049
Operating income	16,109	20,752
Profit before tax	7,361	46,765
Profit after tax	9,196	31,633

As a result of the spin-off stated in the second section of this report, Elecnor, S.A. has become the Group's holding company, contributing practically all of its assets and liabilities related to the Services and Projects business activity to Elecnor Servicios y Proyectos, S.A.U., and from this moment on dedicating itself to the holding of shares and the rendering of corporate services.

As a result of this change, the figures in the Income Statement of Elecnor, S.A. differ substantially from those of last year. In 2021, sales chiefly comprise dividends received from subsidiaries, as well as invoicing for services and financial interest to Group companies. This result also includes the expense of the structure remaining in Elecnor, S.A.

This transaction and its effect on the accounts of the Group's holding company is described in the Annual Accounts of Elecnor, S.A. for the year ended 31/12/21. Elecnor, S.A. as a whole and its subsidiaries are not affected by this transaction.

3.6. Average payment period

The average payment period to suppliers of the Group's holding company, Elecnor, S.A., calculated as per Additional Provision Three of Law 15/2010, dated 15 July, is 31 days. The average payment period to suppliers of the Group, calculated in the same way, is 55 days.

3.7. Turnover by activity

At 31 December each year and in thousands of Euros.

Turnover by activity

Thousands of euros	2021	2020	Change (%)
Electricity	1,260,553	982,949	28.2%
Power generation	685,292	470,708	45.6%
Telecommunications and space	267,522	233,301	14.7%
Facilities	209,434	213,434	-1.9%
Construction, environment and water	298,202	237,677	25.5%
Maintenance	194,514	170,770	13.9%
Oil & Gas	141,279	92,572	52.6%
Railways	65,625	54,541	20.3%
	3,122,421	**2,455,952**	**27.1%**

For yet another year, the main activities in terms of turnover were **Electricity**, with Euros 1,260.6 million, 28.2% up on 2020, and **Energy Generation**, with Euros 685.3 million, 45.6% up on 2020. This significant increase in the main activities is a result both of the strength of the domestic market and the foreign subsidiaries (especially in the United States, Chile, Brazil and IQA) and the branches in Italy, Angola, Lithuania, etc.

4. STOCK MARKET INFORMATION

	2021	2020
Closing share price (€)	10.5	11
Total volume of securities (million)	5.6	4.3
Total cash traded (€ million)	57.7	39.8
Number of shares (million)	87	87
Market capitalisation (€ million)	913.5	957
PER	10.6	12.2
Dividend yield	3.1%	3.1%

On 07 July 2021, the **supplementary dividend was distributed against profit for 2020**, in a gross amount of €0.27455644 (€0.28207889, including the pro-rata distribution of treasury shares). On 22 December 2021, the **interim dividend against 2021 profit was paid**, in a gross amount of Euros 0.05961779 (Euros 0.06125324, including the pro-rata distribution of treasury shares).

Shares in Elecnor, S.A. closed the year with a price of **Euros 10.5 per share** and market capitalisation stood at Euros 913.5 million. The total cash amount traded was Euros 57,7 million.

5. CAPITAL MANAGEMENT POLICY

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

6. RISK MANAGEMENT POLICY

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

6.1. Foreign currency risks

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

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

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

6.2. Interest rate risk

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

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

6.3. Liquidity risk

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

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

6.4. Credit risk

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

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

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

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

In addition, in Chile we also participate in dedicated transmission lines, committed to counterparties of proven solvency, most of which are rated Investment Grade. In these cases, the remuneration we receive is regulated in each of the long-term contracts that we have signed with these companies that use our infrastructure, either to evacuate the energy generated or to guarantee their electricity supply.

Elecnor always seeks to implement the strictest measures to mitigate this risk and conducts periodic analyses of its exposure to credit risk, making the relevant impairment adjustments where necessary.

6.5. Market risk

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

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

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

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

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

6.6. Risk Management System

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

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

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

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

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

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

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

In 2021, as part of the process of review and continuous improvement of the Risk Management System, the Group has carried out an internal reflection and planned a series of actions with the aim of making the aforementioned system more operational and effective, mainly through a greater focus on business risks and the improvement of certain systematics for monitoring the main risks, the identification and review of the main associated management and control procedures and tools and the monitoring of the corresponding improvement projects.

7. ENVIRONMENT

The commitment of the Elecnor Group to environmental sustainability is inherent to the undertaking of its activities and its business strategy. On the one hand, the Elecnor Group contributes to building a sustainable, low-carbon future through its renewable energy generation, energy efficiency, water and environmental activities; and, on the other hand, reducing its carbon footprint and undertaking appropriate environmental management.

In this connection, and with the aim of contributing to UN Global Compact Sustainable Development Goal 13 “Climate Action”, Elecnor fosters the development of its activity in a sustainable manner adapted to climate conditions and always with the involvement and commitment of all persons belonging to the Group.

The Elecnor Group’s activity is framed by its Environmental Management System and Energy Management, certified in accordance with ISO 14001:2015 and ISO 50001:2018 standards, respectively, as well as its Climate Change Strategy. The Environmental Management System defines a procedure to identify, assess and record the environmental aspects originating in its activities in order to determine which are significant and to be able to take measures on them to minimise possible impacts.

The principles of the Environmental Management of the Elecnor Group are set out in the Integrated Management System Policy, the scope of which was updated in 2021. These principles of action are described below:

- Incorporating environmental considerations into the decision-making processes regarding investments and execution of activities, encouraging their being taken into account in cost-benefit analyses.
- Fostering the protection and conservation of biodiversity and the natural environment, implementing the necessary measures in order to mitigate, offset and even avoid the negative impacts produced by the Group's activities, promoting those that generate positive impacts.
- Making sustainable use of resources, fostering responsible consumption, waste minimisation and the circular economy.
- To responsibly and efficiently manage water resources, based on the fully integrated cycle, nurturing social development and the conservation of ecosystems.
- Involving all stakeholders (employees, shareholders, customers, suppliers and society at large) in the joint quest for useful solutions to the challenges of preserving and developing the environment and using natural resources sustainably.

The Elecnor Group actively and decisively contributes to building a low-carbon society. Climate change is a challenge on which the company has been working for years by undertaking various initiatives that have a positive impact on reducing its environmental footprint:

- Calculating its carbon footprint in accordance with internationally recognised standards and implementing actions to reduce GHG emissions within the scope of its activity.
- Verifying, for the seventh consecutive year, the inventory of greenhouse gas emissions pursuant to the ISO 14064-1 standard.
- Obtaining the “Calculo y Reduzco” seal awarded by the Spanish Office for Climate Change (OECC).
- Taking part for the fourth consecutive year in the Carbon Disclosure Project (CDP), presenting its voluntary report on climate change. In 2021, it upheld the score of A- achieved in 2020, a score that positions the Group yet again at the highest level in terms of sustainability, adaptation and mitigation of the impact of climate change.

In 2021, the Group continued progress in its commitment to decarbonisation by joining the SBT (Science Based Targets) initiative. This initiative identifies and fosters innovative approaches to setting science-based corporate emission reduction targets. Following the Group’s adherence to the SBT initiative, the Climate Change Strategy for 2035 has been revised. The new Strategy is structured into four overall areas of action: Governance, Strategy, Risk Management, Metrics and Targets, included in three cross-cutting lines: People, Assets and Knowledge, seeking to align with best disclosure practices in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The Committed to the environment chapter of the Non-Financial Information section of this Report outlines the goals, strategies and all the initiatives implemented in 2021 in accordance with the Group’s Environmental Management policy.

8. HUMAN RESOURCES

Elecnor's workforce (*)

At 31 December each year	2021	2020	Change (%)
Domestic	11,103	10,542	5.3%
International	10,328	7,661	34.8%
	21,431	**18,203**	**17.73%**

(*) This calculation does not include directors who are not on the Group's workforce.

People are Elecnor's main asset, and its overall strategy is underpinned by values such as talent, transparency and team work in conditions of the utmost safety. In this connection, occupational risk prevention is a common denominator throughout all the Group's activities. The commitment to prevention is part of its culture. And it is a commitment that goes beyond legal regulations and customers' requirements, with exacting and very clear goals: zero accidents and zero tolerance to non-compliances with the preventive measures established by the company.

At 2021 year-end, the Group's workforce had increased by 3,228 (17.73%) to 21,431 employees. In the domestic market the increase was 5.32%, largely in the area of Maintenance to cover the need to support the international business. Abroad, there was a general increase of 34.81%. The increases in headcount in Italy, Angola, Oman and Brazil were particularly noteworthy.

The section Our people, our best asset in the Non-Financial Information section of this Directors' report outlines all the information relating to the Group's workforce.

9. RDI

Innovation in the Elecnor Group contributes greater added value to the services it provides to its customers with the guarantee of sustainability, competitiveness and differentiation of the company.

The Group's main strategic lines of RDI target the following areas of activity. Elecnor, S.A. and its subsidiary Audeca are currently certified in accordance with UNE 166002 standard.

In 2021, the main initiatives undertaken were as follows:

- Maintenance of UNE 166002 certification for RDI Management Systems of Elecnor, S.A. and Audeca.
- Launch of INNOVA 2021 call for proposals for RDI project funding.
- Development of projects for the hybridisation of wind power with photovoltaic energy and studying the possibility of integrating a storage system in hybrid farms.
- The production of renewable hydrogen is being promoted —through the subsidiary Enerfín— as a vector towards ecological transition and decarbonisation.
- Integration of circular economy criteria into wind farm components, mainly turbine blades.
- Collaboration agreement with two hydrogen production technology manufacturers: Fusion Fuel and Ohmium.
- Design and manufacture of an auxiliary metal structure for assembling lighting on high-rise towers.
- Approval of three projects with the participation of the Group's technological subsidiary, Elecnor Deimos, within the scope of the EU's European Defence Industrial Development Programme (EDIDP). These projects are intended to develop new techniques for observing objects in Earth orbit, a command and control system for space defence systems and to outline a space system for the early detection of intercontinental ballistic missiles.
- Approval by the Provincial Council of Bizkaia of two innovative projects in the HAZITEK call for proposals: Genio Project in the Railway Department and QR Project for the activity of industrial plants.
- Training of staff for site and construction managers, tender and BIM personnel for lean construction.

Further information is presented referring to R&D&I in the Elecnor Group in the Non-Financial Information section of this Directors' Report, specifically in the Technology and Innovation chapter.

10. SIGNIFICANT EVENTS SUBSEQUENT TO YEAR-END

Between 31 December 2021 and the time of preparation of the Individual and Consolidated Financial Statements there were no significant events that might materially alter the true and fair view of said financial statements, except what follows.

On 18 February 2022, the Elecnor Group informed the CNMV of the start a search process for the possible incorporation of a financial partner in the capital of its wind energy subsidiary, Enerfín Sociedad de Energía, S.L.U., by acquiring a material but non-controlling stake in this subsidiary.

11. OUTLOOK FOR 2022

11.1. Economic context

As explained in section 2 of this report – Economic context, the outlook for next year is for global growth. Despite the persistent high degree of uncertainty due to possible new virus variants, the threat of rising interest rates, growing inflation and geopolitical risks, the world economy is expected to grow, bolstered by the main economies' policies in support of growth.

11.2. Elecnor Group

The Elecnor Group holds a leading position in the main activities that will be the driver of growth and will concentrate most of the stimulus measures promoted, in particular by the European Union and the United States. In that regard, the global trends that will drive the Group's businesses are:

- Electrification and energy efficiency
- Renewable energies
- Digitisation and connectivity
- Comprehensive rendering of urban services

On the basis of the foregoing, the Elecnor Group expects to continue to grow its results in 2022, as it has been doing year after year for the last decade.

12. SHARE CAPITAL AND ACQUISITION OF OWN SHARES

At 31 December 2021, the share capital of Elecnor, S.A. was represented by 87,000,000 shares, each with a par value of EUR 10 Euro, fully subscribed and paid in, implying a share capital of EUR 8,700,000.

Elecnor, S.A.'s shares are traded in Spain's SIBE electronic trading system, where shares in the leading Spanish companies are traded, and the market with the largest trading volume in Spain.

At 31 December 2020, Elecnor, S.A. had a portfolio of 2,320,942 shares. In 2021 it acquired 232,769 securities, and sold 232,962. Accordingly, at 31 December 2021 it had a total of 2,320,749 own shares, 2.7% of all shares in the company, unchanged on the previous year.

13. RELATED PARTY TRANSACTIONS

With regard to the disclosures on related party transactions, see the details in the notes to the individual and consolidated financial statements at 31 December 2021, as provided in article 15 of Royal Decree 1362/2007.

14. ANNUAL CORPORATE GOVERNANCE REPORT AND ANNUAL REPORT ON DIRECTORS' REMUNERATION

In compliance with the legal stipulations and in accordance with the model circulated by the Spanish National Securities Market Commission (CNMV), the Board of Directors of Elecnor, S.A. has drawn up the Annual Corporate Governance Report, as well as the Annual Report on Directors' Remuneration for the year ended 31 December 2021, which accompany this report. Said documents are available on the CNMV website and on the Group's corporate website.

15. NON-FINANCIAL INFORMATION

15.1 About this Report

GRI 102-1, GRI 102-5, GRI 102-45

This section of the Directors' Report is produced in compliance with the provisions of Law 11/2018, of 28 December, concerning non-financial information and diversity (preceded by Royal Decree-Law 18/2017, of 24 November).

Within this framework, information is included on the activities and the main economic, social, environmental and governance impacts of the Elecnor Group, and any aspects considered relevant for the company's main stakeholders in 2021. As shown in Appendix II, "Contents index of Law 11/2018 of 28 December, on non-financial information and diversity", the essential options of the international standards of the Global Reporting Initiative (GRI) have been followed in the drafting process and the requirements identified as material for the business have been taken into consideration.

The scope of the information reported in this report is the entire Elecnor Group (Elecnor, S.A. and subsidiaries), and also includes, where applicable, information on the joint venture Celeo Concesiones e Inversiones, S.L. With regard to environmental data, the scope is limited to those countries where the organisation has a permanent presence. Social information concerning the Elecnor Group and the Elecnor Foundation is included.

15.2 Progressing in our commitment to sustainability

The Elecnor Group considers it has an inherent responsibility in every aspect of the implementation of its activities and its business strategy, as well as its relations with stakeholders. This commitment is set out in its Strategic Sustainability Plan, which lays down the core areas of its social responsibility and the basis for ongoing improvement in sustainability management.

The Elecnor Group's 2021-2022 Strategic Sustainability Plan is based on five pillars that reflect the company's DNA and its purpose of generating change and well-being in the territories in which it operates. This strategy conveys to the Group's stakeholders its commitment to people, society and the environment, always based on ethical and responsible management.

The Strategic Sustainability Plan has been prepared by the Sustainability Committee, supervised by Management and submitted to the Appointments, Remuneration and Sustainability Committee, which has taken on the duties of promoting, monitoring and assessing all actions and policies on ESG issues undertaken in the company. Lastly, it has been approved by the Board of Directors.

Elecnor Group Sustainability Strategy

Main strategic lines

Profitable and forward-looking company

It comprises one of the core building blocks of sustainability seeking the long-term projection of the company in terms of financial solvency, efficiency and competitiveness. These are its lines of action:

> Sustainable financing linked to the performance of ESG goals and indicators

> Consolidating quality and strengthening client satisfaction

> Driving digital transformation and innovation

Solid governance structure

Geared towards making further progress in the Good Governance principles and continuing to strengthen the structure of good governance. These are its lines of action:

> Progressing in Corporate Governance

> Strengthening compliance

> Ongoing and preventive risk management and supervision

Develop sustainable infrastructures

Being one of the key agents in the development and progress of society through infrastructure, renewable energy, energy efficiency, water and environmental projects. These are its lines of action:

> Guaranteeing quality and sustainable infrastructures with future projection

> Undertaking projects and services that contribute to cutting greenhouse gases and facilitating access to renewable energy

> Progressing towards becoming a carbon neutral company

Improve the quality of life of people

Fostering the development and progress of society. These are its lines of action:

> In constant dialogue with stakeholders

> Supporting the communities where the Group operates

Promoting a culture of belonging and respect

The importance of people's health and safety, as well as aspects resulting in the motivation and personal and professional enrichment of the teams is particularly linked to the company's DNA. These are its lines of action:

> Strengthening the commitment to health and safety

> Attracting and retaining talent

> Strengthening equality and diversity

> Promoting work-life balance

Similarly, in the area of ongoing improvement, the company has outlined actions geared towards the more efficient management of sustainability that strengthens the Group's commitment in this area and achieves its full integration into the business.

Sustainability Committee

The Sustainability Committee of Elecnor Group, set up in 2020, is a cross-cutting body with representation from the company's various corporate and business areas. Its goal is to design the tools needed to manage sustainability throughout the Group, foster a coordinated strategy, ensure that it is properly adopted and followed, and monitor progress achieved with a view to nurturing best practices.

This year, the Sustainability Committee met on 4 occasions.

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

Alignment of the material issues, the Sustainable Development Goals and the Sustainability Strategy

GRI 102-42, GRI 102-43, GRI 102-44, GRI 102-46, GRI 102-47

In 2020, the Elecnor Group conducted a Materiality Analysis with the dual purpose of defining significant issues in connection with sustainability and prioritising the contents of this section of the Directors' Report.

The materiality analysis is prepared with the same frequency as the Group's Strategic Sustainability Plan.

In this regard, the process implemented consisted of:

1. **Identification of material issues,** for which purpose the company performed a benchmarking of major players in the sector and of its competitors based on their materiality matrices, as well as an analysis of the main public announcements and initiatives both in Spain and abroad. In addition, it considered sustainability standards such as SASB, GRESB and GRI, as well as regulations governing non-financial information.

   A total of 25 issues were identified, and grouped into five dimensions: Economy, People, Governance, Environment and Society.

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

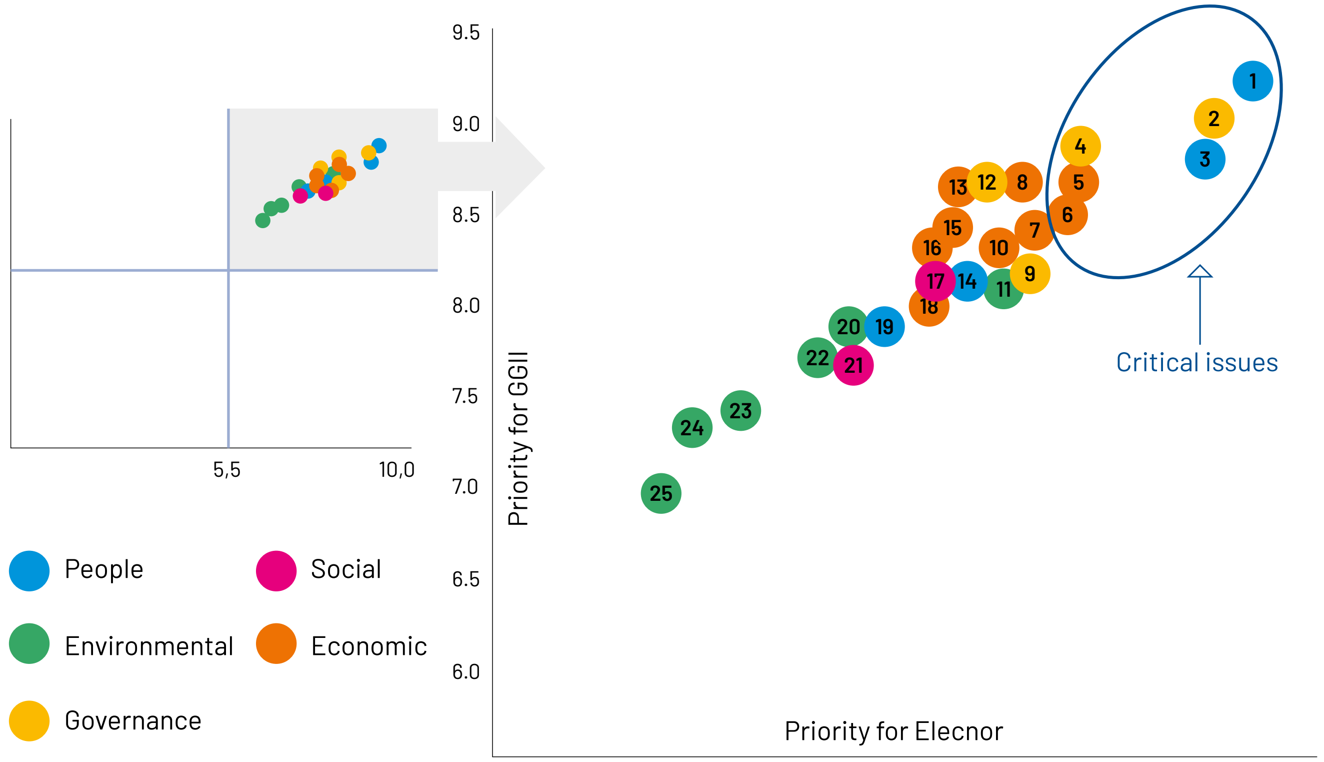
2. **Consultation with internal and external stakeholders.** The Elecnor Group sent a questionnaire to both its main stakeholder groups and the Group's Management in order to obtain their assessment of the issues identified in the preliminary phase. The Management's perspective reflects the relevance of the issues in the business and management of the Elecnor Group; and the stakeholders' perspective provides their view of the impact of the various matters on their decisions regarding the Group.

3. **Prioritisation of material issues.** Based on the assessments by the stakeholder groups and Management, a list of priority material issues was compiled, ordered from highest to lowest significance.

4. **Compilation of a materiality matrix** based on the results obtained. Said matrix contains the issues arranged by significance for the Elecnor Group and its stakeholders. The results were validated by Management.

In the process of preparing the Group's Sustainability Strategy, the Sustainability Committee did not identify any additional sustainability aspects, ratifying the validity of these material issues for 2021.

In 2022, the company will conduct a new materiality analysis taking into account the new universal standards of the Global Reporting Initiative, GRI.



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 on all of them.

Because of the significance of critical issues, below is an outline of their relationship with GRI standards, the Sustainable Development Goals, and the Sustainability Strategy:

Critical material matters	GRI Content	SDGs	Internal impact	External impact	Sustainability strategy
Occupational health and safety	403-1 403-2 403-3 403-4 403-5 403-6 403-7 403-8 403-9 403-10	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH	✓	✓	
Ethics and Compliance	102-16 102-18 205-2 205-3 307-1	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS	✓	✓	
Developing human capital	401-1 404-1 404-3	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCTION IN INEQUALITIES	✓		
Human rights	102-16 406-1	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCTION IN INEQUALITIES	✓	✓	
Service quality and customer focus	Elecnor Group own indicator.	7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE PRODUCTION AND CONSUMPTION		✓	
Business opportunities	Elecnor Group 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	✓		

Social dialogue with stakeholders

GRI 102-40

The Elecnor Group is in fluent and constant dialogue with its various stakeholder groups through a number of channels, through which it aims to ascertain and respond to their needs and expectations.

In 2020, within the framework of the Sustainability Committee, the list of the Group's stakeholders was updated so as to continue enhancing management of relations with these groups.

The main stakeholders and communication channels with them are outlined below:

Stakeholder group	Communication channel
Shareholders and investors	General Shareholders' Meeting
	Corporate and financial reporting: Corporate Governance Report, Annual Accounts, NFIS, Integrated Report, Elecnor Foundation Report, etc.
	Meetings
	Corporate websites
	Shareholder services channel
	Shareholder forum
Customer	Periodic visits
	Periodic communications
	Individual and consolidated annual and half-yearly accounts
	Satisfaction surveys
	Comprehensive report
	Elecnor Foundation report
	Corporate websites
	Social media
	Trade fairs
Employees	Periodic meetings
	Work groups
	Comprehensive report
	Elecnor Foundation report
	Communication campaigns
	Training sessions and courses
	Corporate websites
	Social media
	Buenos Días Elecnor intranet
	eTalent
	Ethical Code whistleblower channels
	E-mail igualdad@elecnor.com
Public Entities and regulatory bodies	Official filings
	Corporate and financial reporting: Corporate Governance Report, Annual Accounts, NFIS, Integrated Report, Elecnor Foundation Report, etc.
	Corporate websites
	Social media

Continued on next page

Stakeholder group	Communication channel
Suppliers	Meetings and work groups
	Conventions, fairs and congresses
	Audits
	Management platforms
	Comprehensive report
	Corporate websites
	Social media
	Ethical Code whistleblower channels
Social environment	Social projects
	Comprehensive report
	Elecnor Foundation report
	Sponsorships and patronage
	Corporate websites
	Social media
	Specific project websites
Opinion generation	Press releases
	Information briefings
	Individual and consolidated annual and half-yearly accounts Integrated Report
	Elecnor Foundation report
	Corporate websites
	Social media
Partners	Collaboration agreements
	Forums, fairs and congresses
	Corporate and financial reporting: Corporate Governance Report, Annual Accounts, NFIS, Integrated Report, Elecnor Foundation Report, etc.
	Corporate websites
	Social media
Unions	Information briefings
	Meetings with workers' representatives
	Comprehensive report
	Corporate websites
	Ethical Code whistleblower channel
Lenders/Insurers	Meetings
	Corporate and financial reporting: Corporate Governance Report, Annual Accounts, NFIS, Integrated Report, etc.
	Corporate websites
	Social media

These are some key figures in the communication with the various stakeholders in 2021:

websites
24 Corporate **websites**

users
208,571 users on the Elecnor Group website

followers
320,703 followers on social media

22,250 users visited the channel Shareholders and Investors of the Elecnor Group

16 meetings with investment funds and analysts

55 consultations recibidas y atendidas en accionistas@elecnor.com

446 internal communications sent to the Elecnor Group workforce

1,850 satisfaction surveys sent to customers

Other actions in the field of sustainability management

AENOR SOCIAL RESPONSIBILITY IQNet SR10

The Elecnor Group is undergoing certification in accordance with the IQNet SR10 Corporate Social Responsibility standard, which is expected to be completed during the first half of 2022. This seal certifies that companies have all the necessary elements for correct sustainability management, endorsing their level of commitment in this field.

15.3 Business model. GRI 102-2

Information on the company's business model is contained in the Purpose, vision and business model section of this Directors' Report. Information concerning the outlook for 2022 can be found in the section with the same name.

Strategic goals

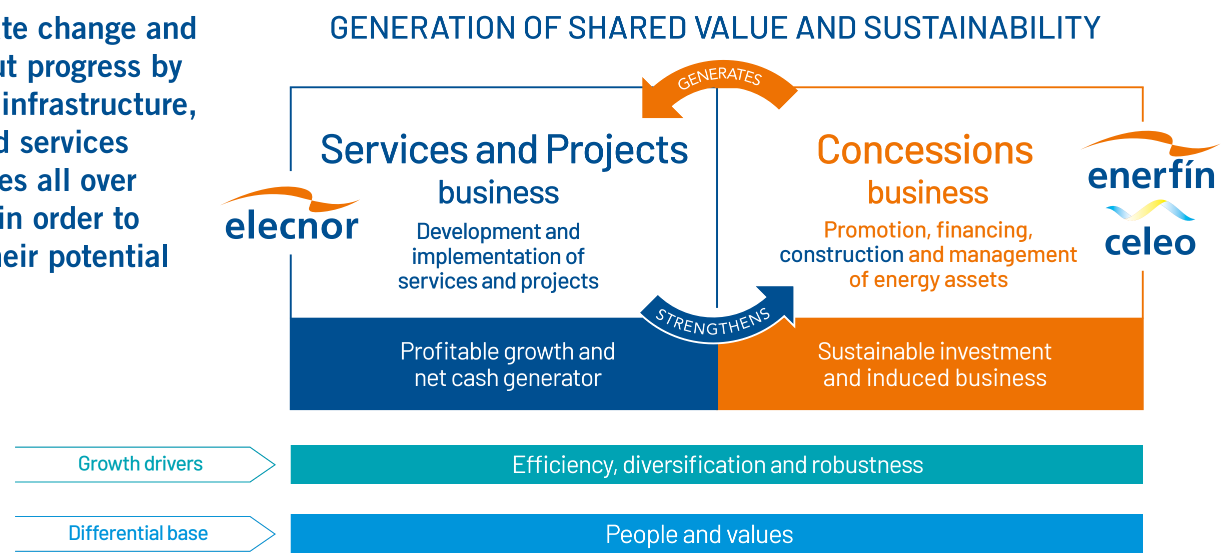
The strategy of the Elecnor Group is in line with its purpose and is backed by a multidisciplinary, qualified and diverse team that enables it to take advantage of opportunities and drive growth.

Thanks to a solid, durable business model with strong synergies between its businesses, the Elecnor Group is committed to diversification, internationalisation and technological excellence in order to drive the development of essential services and renewable energies.

In that regard, the Group's strategy is based on the protection and safety of its people and its activity, as well as on technical and financial solvency, efficiency and control. All this with the focus on generating value for all of its stakeholder groups.

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



Implementation of the European Taxonomy on Sustainable Finance

The European Taxonomy is a classification system for environmentally sustainable economic activities. This classification outlines what is considered sustainable and which activities are sustainable. In order to facilitate the classification of sustainable activities, the Taxonomy Regulation was published.

In 2020, the European Parliament and the Council of the European Union adopted the Taxonomy Regulation (TR), Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments, amending Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (RSFDR).

The requirements on how and to what extent the activities of companies are associated with economic activities that are deemed environmentally sustainable are specified in Article 8 of the TR which, in its first two paragraphs, states:

1. Any company required to disclose non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU will include in its consolidated non-financial statement information on how and to what extent the activities of the company are associated with economic activities that are deemed to be environmentally sustainable in accordance with Articles 3 and 9 of this Regulation.

2. In particular, non-financial companies will disclose the following information:

   a. The proportion of their turnover that comes from products or services related to economic activities that are deemed environmentally sustainable pursuant to Articles 3 and 9.

   b. The proportion of its capital expenditure and the proportion of its operating expenses related to assets or processes associated with economic activities that are deemed environmentally sustainable pursuant to Articles 3 and 9.

Furthermore, two delegated regulations have been published to implement the TR:

- Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.

- Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.

Therefore, pursuant to the foregoing, the Elecnor Group is subject to the obligation to disclose in the Non-Financial Information Statement (NFIS) for 2021, information on the manner and extent to which the company's activities are associated with economic activities that are considered environmentally sustainable in relation to goals to mitigate and adapt to climate change.

Thus, in this section of the NFIS, the Elecnor Group publishes the proportion of its eligible and non-eligible activities according to the taxonomy in its total turnover, its capital expenditure (CapEx), and its operating expenses (OpEx).

Methodology for the identification of eligible activities

Identification of activities conducted by the Elecnor Group

The Elecnor Group classifies its activities and sub-activities using an internal coding system. According to this coding, the Group gathers its activities into the following main activities:

- **Electricity:** designing, constructing and operating and any other type of action on distribution networks, transmission lines and transformation substations.

- **Energy efficiency:** undertaking of projects to improve energy efficiency both in public lighting installations in municipalities and in the tertiary and industrial sectors (financing, energy management, maintenance and full warranty during the concession period and the mixed supply and service contract).

- **Power generation:** executing turnkey projects mainly for wind and solar photovoltaic power generation facilities, as well as their operation and maintenance.

- **Gas&Oil:** designing, constructing and any other type of action on gas-associated facilities, ranging from transport to distribution.

- **Telecommunications and Systems:** developing telecommunications infrastructures and systems for operators (mainly engineering, construction, installing customer equipment and maintenance).

- **Railways:** turnkey projects for electrification, signalling, interlocking, communications and control systems in the area of railways, underground railways, trams and trolleybuses.

- **Maintenance:** customised solutions for the rendering of technical, commercial and auxiliary services in the field of public services for electricity, communications, gas, water and installations.

- **Instalaciones:** soluciones integrales para grandes instalaciones (diseño, construcción y puesta en marcha y operación y mantenimiento).

- **Construction:** civil works, building and hydraulic works.

- **Water:** multidisciplinary projects for both hydrological planning and water transport and distribution networks, developing water treatment solutions and water purification and treatment projects for urban and process water supplies.

- **Environment:** turnkey solutions with own developments in waste treatment and waste management engineering, forestry activities, maintenance of green areas, street cleaning and infrastructure maintenance and conservation.

- **Space:** design, engineering, solution development and systems integration for the areas of space and information and communication technologies.

Categorisation of activities into eligible and non-eligible activities

The above activities and their corresponding sub-activities have been analysed using the classification of economic activities included in the delegated acts corresponding to the goals to mitigate and adapt to climate change, and which are based on the NACE (Statistical Classification of Economic Activities in the European Community) classification.

The correspondence of the Elecnor Group's economic activities with the NACE codes included in the two delegated acts has been analysed. Following the exercise conducted, it has been concluded that the following Elecnor Group activities are deemed eligible according to the taxonomy:

			Taxonomy		
ACTIVITY	SUB-ACTIVITIES	NACE Code	Taxonomy Activity	Activity Description	Activity Goal and Type
Electricity	Distribution and transmission networks, substations, transformer stations and live working	3512: Electricity transmission 3513: Electricity distribution	4.9. Transmission and distribution of electricity	Construction and operation of: transmission systems that transport electricity on the very high voltage and high voltage interconnected system; and distribution systems that transport electricity on high, medium and low voltage distribution systems	Mitigation (enabling activity) Adaptation (direct contribution activity)
Energy efficiency	Street lighting	3312: Machinery repair	7.3. Instalación, mantenimiento y reparación de equipos de eficiencia energética	Individual renovation measures comprising installation, maintenance or repair of energy-efficient equipment	Mitigation (enabling activity) Adaptation (direct contribution activity)

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ACTIVITY	SUB-ACTIVITIES	NACE Code	Taxonomy: Taxonomy Activity	Taxonomy: Activity Description	Taxonomy: Activity Goal and Type
Power generation	Wind farms, solar photovoltaic, power generation plants, self-consumption and online distribution and sale of photovoltaic products	3511: Wind, hydroelectric and other electricity production 4321: Electrical installations 2711: Manufacture of electric motors, generators and transformers	4.1. Generation of electricity using solar photovoltaic technology 4.2. Electricity generation by concentrating solar-power technology 4.3. Electricity generation from wind energy 4.5. Electricity generation from hydropower 4.8. Electricity generation from bio-energy 7.6. Installation, maintenance and repair of renewable energy technologies 3.1. Manufacture of renewable energy technologies	Construction and operation of solar photovoltaic (PV), concentrating solar-power, wind, hydro or biomass-only, biogas or bioliquid electricity generation facilities, installation, maintenance and repair of renewable energy technologies, in situ, and manufacturing of renewable energy technologies	Mitigation (direct contribution activity) Adaptation (direct contribution activity)
Railways	Catenary, traction substations, signalling and interlocking, and communications	4212: Construction of aboveground and underground railway lines 4321: Electrical installations	6.14. Rail transport infrastructure	Construction, modernisation, operation and maintenance of aboveground and underground railways, bridges and tunnels, stations, terminals, railway service facilities, safety and traffic management systems, including the rendering of architectural, engineering, draughting, building inspection, surveying and mapping services, in addition to services performing physical, chemical and other analytical testing of all types of materials and products	Mitigation (enabling activity) Adaptation (direct contribution activity)
Maintenance	Urban services	3811: Non-hazardous waste collection	5.5. Collection and transport of non-hazardous waste in source-segregated fractions	Separate collection and transport of non-hazardous waste in individual or mixed fractions to prepare it for reuse or recycling	Mitigation (direct contribution activity) Adaptation (direct contribution activity)
Facilities	Electricity and instrumentation, air-conditioning, HVAC, PCI and plumbing and comprehensive installations	4321: Electrical installations 4322: Plumbing, heating and air-conditioning systems installations	7.5. Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings	Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy efficiency of buildings	Mitigation (enabling activity) Adaptation (direct contribution activity)

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ACTIVITY	SUB-ACTIVITIES	NACE Code	Taxonomy: Taxonomy Activity	Taxonomy: Activity Description	Taxonomy: Activity Goal and Type
Construction	Non-residential buildings	4120: Construction of buildings	7.2. Renovation of existing buildings	Construction and civil engineering works or preparation of such works	Mitigation (transition activity) Adaptation (direct contribution activity)
Water	Water treatment plants	4299: Construction of other civil engineering projects n.e.c.	5.1. Construction, expansion and operation of water catchment, purification and distribution systems 5.2. Renewal of water collection, purification and distribution systems 5.3. Construction, expansion and operation of waste-water collection and treatment systems	Construction, expansion and operation of water collection, purification and distribution systems and centralised waste-water systems, including collection (sewerage) and treatment and their renewal	Mitigation (direct contribution activity) Adaptation (direct contribution activity)
Environment	Environmental works	0210: Silviculture and other related activities 0240: Silviculture support services	1.1. Forestry 1.2. Rehabilitation and restoration of forests, including reforestation and natural regeneration of forests after extreme events 1.3. Forest management 1.4. Conservation silviculture	Establishment of forest by planting, deliberate seeding or natural regeneration on land that was hitherto under other use or unused, forest rehabilitation and restoration, forest management and other forest management activities seeking to preserve one or more habitats or species	Mitigation (direct contribution activity) Adaptation (enabling activity)

Furthermore, the following activities of the Elecnor Group do not appear in the taxonomy and have therefore been catalogued as ineligible activities:

ACTIVITY	SUB-ACTIVITIES	NACE Code
Power generation	Combined cycle thermal power plants	3516: Production of conventional thermal electricity
Gas&oil	Distribution and transmission, infrastructure operations (domestic grid), domestic services and miscellaneous facilities and oil	3522: Distribution of gaseous fuels through pipelines 3523: Trade in gas by pipeline 4950: Pipeline transport 0610: Extraction of crude oil
Telecommunications and systems	Network creation, customer registration, internal plant and equipment, network engineering and maintenance, projects and maintenance of communications, security and automation and control systems, special and unique installations, product engineering and development, smart cities (systems)	4222: Construction of electrical grids and telecommunications networks 6110: Cable telecommunications 6120: Wireless telecommunications 6130: Satellite telecommunications 6190: Other telecommunications activities 8020: Security systems services

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ACTIVITY	SUB-ACTIVITIES	NACE Code
Maintenance	Comprehensive maintenance of buildings, electrical and instrumentation, air conditioning, HVAC, plumbing, mechanical, industrial maintenance and maintenance of transport infrastructure and green areas	3314: Repair of electrical equipment 3320: Installation of industrial machinery and equipment 4211: Construction of roads and motorways 4213: Construction of bridges and tunnels 4322: Plumbing, heating and air-conditioning systems installations 8130: Landscaping activities 9104: Activities of botanical gardens, zoos and nature reserves
Facilities	Interior design	7410: Specialised design activities
Construction	Non-residential buildings	4211: Construction of roads and motorways 4213: Construction of bridges and tunnels 2361: Manufacture of concrete elements for construction purposes
Water	Waste disposal plants, waterworks and water distribution systems	4299: Construction of other civil engineering projects n.e.c. 4291: Waterworks 4221: Construction of fluid power networks
Space	Space	6190: Other telecommunications activities 8030: Research activities

Estimation of the indicators for eligible activities: Turnover, capital expenditure (CapEx) and operating expenses (OpEx)

After cataloguing the activities of the Elecnor Group as eligible and non-eligible, the indicators (KPIs) required by the abovementioned regulations have been calculated.

In order to calculate them, and pursuant to the applicable regulations, the scope of the Elecnor Group's companies and organisations that comprise its consolidation scope for in order to prepare the consolidated annual accounts was considered. This includes all those consolidated using the full or proportionate consolidation method, and therefore does not include the figures relating to other organisations over which the Elecnor Group exercises joint control or significant influence, which are included in the annual accounts using the equity method. As a consequence, the figures relating to the Celeo Group have not been considered when calculating these indicators, even though its activities, which mainly comprise the development, third-party financing, construction and operation and management of electricity transmission lines and photovoltaic and solar thermal farms, have been classified as eligible.

The methodology used to calculate each of these indicators and the results obtained are outlined below.

Proportion of turnover from products or services related to environmentally sustainable economic activities.

The Elecnor Group has a highly developed, mature and consolidated analytical accounting and works/project management system (the latter hereinafter referred to as the works system) that allows it to precisely allocate its costs, both direct and indirect, to the various works in progress. These systems are common to practically all the organisations comprising the Elecnor Group and its consolidation scope, facilitating the process of managing and monitoring its activity.

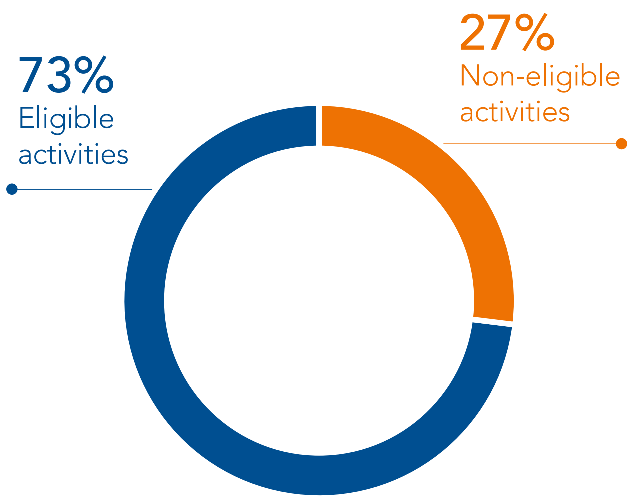
The Elecnor Group recognises its turnover using the stages of completion or percentage of completion method, as established in the applicable accounting legislation. Therefore, on a monthly basis, using the information on the costs of each project reported by the works system and taking into account the best estimate of the expected margin at the close of the project at any given time, the project managers estimate and record in the aforementioned system the production corresponding to the allocated costs. Based on this production, the turnover is recorded monthly in the accounts.

As stated previously, the Elecnor Group has a commercial management system in which all bids submitted are recorded. Each of these bids must be assigned to one of the activities set out in its internal activity coding system. If the project is ultimately awarded to the Group, and in order to be able to properly manage it (cost allocation, production recording, invoicing, etc.), the corresponding work is created in the works system, which must be associated with a bid recorded in the commercial management system. Thereby, each and every work registered in the system is associated with an activity code.

As stated previously, the works systems of the various subsidiaries and organisations comprising the Elecnor Group integrate all the information related to the economic figures of the works in progress (chiefly turnover, expected margin at the end of the works and allocated costs). This information is consolidated and grouped by activity.

Taking this into account, the Elecnor Group has calculated the turnover indicator for 2021 that comes from eligible activities as follows:

Turnover according to the EU Taxonomy



- **Numerator:** turnover for 2021 ("Net turnover") that comes from activities that have been deemed eligible activities according to the regulations in force pursuant to the analysis conducted – Euros 2,284,377 thousand.

- **Denominator**: "The Elecnor Group's "Net turnover" included in the consolidated annual accounts for 2021 prepared by the Board of Directors on 23 February 2022 – Euros 3,122,421 thousand.

Therefore, the percentage of the Elecnor Group's turnover for 2021 that comes from environmentally sustainable activities (eligible activities) amounts to 73%.

As previously stated, the turnover of the Celeo Group, which is accounted for using the equity method, has not been taken into account for the calculation of this indicator, even though its activities are eligible activities. The turnover of the Celeo Group for 2021 amounted to Euros 197,646 thousand.

Proportion of capital expenditure (CapEx) related to assets or processes associated with sustainable environmental economic activities

The nature of the Elecnor Group's main capital expenditure, without taking into account investments made through its subgroup Celeo (mainly electricity transmission lines and facilities generating photovoltaic and solar thermal energy) is as follows:

- Wind power generation facilities and rights of use over associated assets.

- Machinery, tools and equipment, transport equipment and other assets necessary for the rendering of services and execution of works and projects, in addition to rights of use over assets of this nature *(hereinafter, assets for the execution of projects).*

- Other supporting property, plant and equipment not directly related to business activities, such as computer systems or furniture and fixtures.

The Elecnor Group keeps a register, through the various fixed asset systems or modules of its subsidiaries and organisations, of all its property, plant and equipment. This system makes enables each of these assets to be identified individually, to be managed appropriately (maintenance, recording additions and disposals and estimating their depreciation and amortisation, among other aspects) and to ensure that they are properly recorded in the accounting systems.

These assets are not individually assigned to any of the activities established in the internal activity coding system or to the different works in progress, as they, and in particular the assets for the execution of projects, are used in a cross-cutting manner in various works and even in different activities. The cost of the use and utilisation of these assets, materialised through their systematic depreciation and amortisation and other costs directly related to them, is allocated to the various projects through the corresponding equipment utilisation reports and vehicle utilisation reports (cost allocation rates of equipment per day of use), which are completed monthly by the operators.

In such circumstances, the Elecnor Group deems the best approximation of the extent to which its investments in this type of asset are related to sustainable activities is the abovementioned allocation of the consumption of the assets (depreciation and other costs related to their use and utilisation) to the various projects and works. This means, with the due precautions, that the percentage of these costs associated with eligible activities is represented by the indicator relating to turnover estimated in the above section. Therefore, in order to avoid duplication when calculating the various indicators, as laid down in the regulations in force, investments in assets for the execution of projects have not been included as part of the numerator for the purposes of calculating this indicator, even though, as previously stated, a very significant part of them is consumed in projects related to eligible activities.

Among the strategic objectives of the Elecnor Group in the field of climate change, the renewal of the fleet for more efficient vehicles and the development of projects by country for the switch to more sustainable fuels are prominent.

Furthermore, investments in wind power generating facilities and associated rights of use, which are incurred in their entirety by the Enerfín subgroup, have been categorised as related to sustainable activities.

Taking this into account, the Elecnor Group has calculated the capital expenditure (CapEx) indicator for 2021 associated with eligible activities as follows:

- **Numerator:** capital expenditure made in 2021 by the Enerfín subgroup (investments in wind power generating facilities and associated rights of use), calculated as the sum of the consolidated "Additions" for the financial year under the headings "Intangible assets – Other intangible assets", "Right-of-use assets" and "Property, plant and equipment" of the Enerfín subgroup that comprise the consolidated Elecnor Group – Euros 40,826 thousand.
- **Denominator:** sum of the "Additions" for the year under "Intangible Assets - Other Intangible Assets", "Right-of-Use Assets" and "Property, plant and equipment" of the Elecnor Group included in the related explanatory notes to the consolidated annual accounts for 2021 prepared by the Board of Directors on 23 February 2022 – Euros 147,881 thousand.

Therefore, the percentage of the capital expenditure (CapEx) of the Elecnor Group for 2021 relating to assets or processes associated with environmentally sustainable economic activities (eligible activities) amounts to 28%.

Proportion of operating expenses (OpEx) related to assets or processes associated with sustainable environmental economic activities

The regulations in force establish that in order to calculate this indicator, only the percentage of certain operating costs that are related to assets or processes associated with eligible activities should be considered as a percentage of the total operating costs. Specifically, and as a basis of calculation of the indicator, only the costs of research and development, building renovation, leases, maintenance and repair and other direct costs related to the day-to-day operation of fixed assets (exclusively property, plant and equipment) necessary for their ongoing and correct functioning must be taken into account. The Elecnor Group recognises these costs under "Research and development expenses", "Leases" and "Repair and maintenance", as identified in the related note to its annual accounts, under "Other operating expenses" in the income statement.

As stated in the above section, the subsidiaries and organisations included in the consolidation scope of the Elecnor Group do not generally own fixed assets other than assets required for the execution of projects, wind power generating facilities and other support assets not directly related to business activities.

As regards the assets necessary for the execution of projects, and as previously stated in relation to the depreciation thereof, the various related operating costs are allocated to the projects through the corresponding equipment utilisation reports and vehicle utilisation reports. For this reason, and once again, the Elecnor Group deems the best measure to establish how the operating expenses referred to in this section are associated with sustainable activities to be through this allocation, which is already represented by the indicator corresponding to turnover.

Furthermore, all of the operating expenses of this nature incurred by the Enerfín subgroup are directly related to the wind power generation facilities it owns. In that regard, and in relation to 2021, the expenses incurred by the Enerfín subgroup recorded under the headings "R&D&I expenses", "Leases" and "Repair and maintenance" amounted to a total of Euros 5,450 thousand.

The Elecnor Group's total operating expenses included under the headings stated in this section for 2021 amounted to Euros 130,263 thousand. Therefore, the percentage of the abovementioned expenses incurred by the Enerfín subgroup as a percentage of the total amounts to 4%.

15.4 Our people, our best asset

The Elecnor Group has a team of more than 21,000 people and more than 60 nationalities. It is these people who set us apart, through their effective and efficient work, and they are therefore the cornerstone of the Group's activity.

Integrated Human Resources Management System

GRI 103-1, GRI 103-2, GRI 103-3

The Group's Integrated Human Resources Management System is geared towards attracting the best talent available, as well as deploying, fostering and developing the existing talent in the organisation.

Selection Acquiring and attracting the best available talent in the market, prioritising internal talent.	**10%** Increase in new hires
Performance Process of analysis of the actions and results of each person in their post, as well as the identification of improvement areas.	**3,142** people evaluated
Compensation Focused on fair remuneration, that rewards and recognises merits.	Salary surveys Social benefits
Development This means a maximum commitment to existing potential in order to offer employees opportunities for growth and improvement over the course of their career.	
Training Aimed at developing skills and broadening knowledge to achieve optimal suitability of person to post.	**352,936** Training hours **16.47** Hours of training/employee GRI 404-1

21,431
employees

Selection

The Elecnor Group strives for the utmost fairness in the duties, remuneration and recognition of posts of equal value within the Group, regardless of the characteristics of the person occupying the post. In this connection, it has established selection guidelines to achieve maximum equality in these aspects.

Moreover, the Group has an internal selection and mobility policy aimed at attracting and retaining the best available talent in the market.

Aware of the difficulties inherent to international selection processes and the level of competition in some countries due to the scarcity of skilled profiles, work is ongoing to boost the Group brands as a standard-bearing company for professional development. In this regard, a LinkedIn profile Elecnor Talento is mainly used to coordinate job vacancy postings in the international market. This year, a boost was given using specific campaigns on LinkedIn and other employment websites in order to identify talent among those who are not actively seeking work. This year's campaigns have been geared towards boosting the brand image and identifying profiles for renewable projects.

2021 has been characterised by the need to recruit a large number of national and international profiles for renewable energy projects, both wind and photovoltaic, in Spain, Brazil, Colombia and Australia. In Africa, within the framework of the Group's expansion plan, its goal has been to select various profiles for the start-up of activities in new markets, such as Zambia.

The Elecnor Group actively partners with universities and vocational schools in order to attract students and new graduates. Thus, it has taken part in various employment forums, both on-site and virtual, as a result of the current health situation. In order to attract site personnel for the electricity activity, the Group has been present in vocational training institutes in Spain.

640
EMPLOYEES WITH TRAINING CONTRACTS

459
INTERNS
311 IN SPAIN
148 ABROAD

As regards the international scholarship programme, thanks to Basque Government scholarships, 12 students from this programme are going to join the Group's companies in the United States, Scotland, Portugal and Italy. Furthermore, we are exploring with universities the possibility of incorporating domestic talent, which will subsequently be transferred to African countries and Lithuania.

The ICEX scholarships in Chile, Lithuania and Mexico are also upheld.

As described in greater detail in the Equality and diversity section of this NFIS, this year emphasis has been placed on publicising the commitment of the Elecnor Group to including people with disabilities in the workplace. This commitment has materialised in the form of support for the Adecco Foundation's #EmpleoParaTodos (JobsForEveryone) programme. This is an organisation that has been working for over 20 years to foster the employability of people at risk of exclusion. Furthermore, we have launched the Aflora project, which seeks to normalise disability in the company by informing and orienting people who, due to certain health conditions, are eligible to obtain a disability certificate.

Performance management GRI 404-3

One of the Elecnor Group's main lines of action comprises developing its human capital, working on attracting, retaining and developing it.

The Group is committed to managing talent by identifying key posts and talent groups (high potential, key people and successors), thereby helping to devise specific development and career plans.

Performance Management provides relevant, objective and transparent information with a view to establishing remuneration, training and development plans.

In the Performance Management process started in 2020 and closed in January 2021, 612 managers have assessed 3,142 employees (2,424 in the previous year), representing upwards of 92% of the people subject to this process.

Each manager assessed the people directly under them, evaluating a series of skills to identify whether the person is eligible for promotion, such as commercial performance, production performance, relationship with employees and the rest of the organisation, commitment to prevention and support for the Group's projects.

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

	Male	Female	Total
Structure	2,187	955	**3,142**
Management	106	17	**123**
Executive	670	156	**826**
Technician	1,411	782	**2,193**
Works	0	0	**0**
Basic	0	0	**0**
Total	**2,187**	**955**	**3,142**

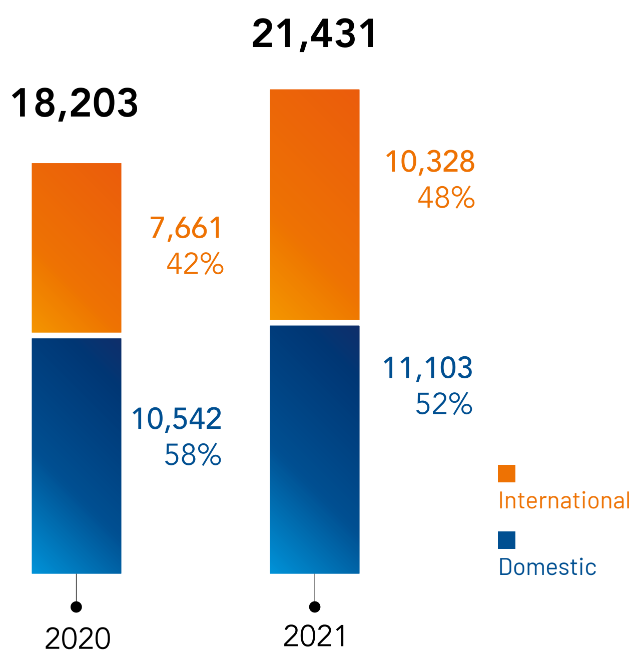
Profile of the workforce

GRI 102-4, GRI 102-8, GRI 405-1

The Elecnor Group has an international, multicultural and diverse profile with a presence in more than 50 countries across five continents. The international workforce accounts for 48% of the total, and the domestic workforce 52%.

At the end of 2021, the Elecnor Group employed 21,431 people, a 18% increase on the previous year (18,203 employees). This increase chiefly comes from the international market, where the workforce has grown by 35% compared to 2020, with the rise most noteworthy in Australia, Africa and Latin America. In the domestic market, there was an increase of 5%.

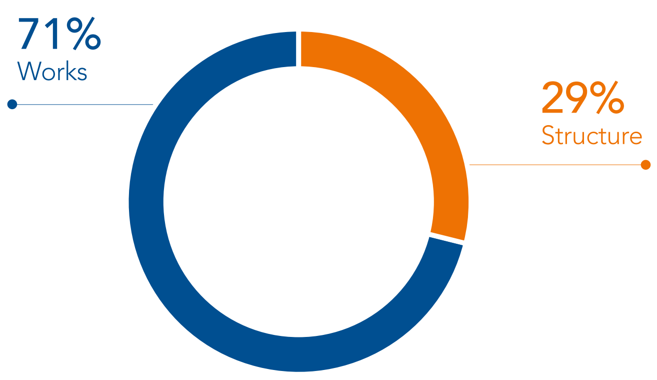
Employee developments by market



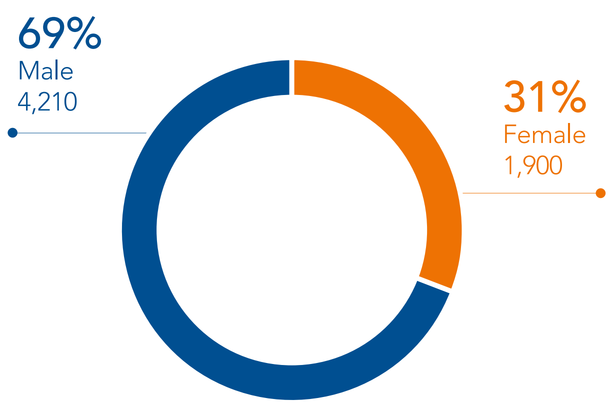
The Elecnor Group's workforce comprised 29% **Structure** staff and 71% **Works** staff.

In line with the historical trend in the sector, men have a greater presence in the Group, as they account for more staff in Works, where women only account for 5%. However, in the Structure category, there is a greater balance between men and women (the latter accounting for 31%, and numbering 1,900).

Workforce breakdown



Structure workforce by gender



The company's commitment to equality and diversity fosters growth in the number of women at the organisation, and there has been a 21% increase at Group level in the last year. Note also that 43% of women in the workforce hold degree qualifications or above and they increasingly occupy positions of responsibility in the Group.

It is also worth highlighting the effort made by the company to recruit female engineers as the Group's most demanded profile. At present, in Spain, 46% of the Group's graduates are female engineers or architects, a figure that contrasts with 7.3% of the total number of female graduates from all Spanish universities.

Over the course of this chapter and in Appendix I hereto, the workforce figures by employee type (Structure and Works) are broken down in the gender information so as to adequately represent the profile of the workforce.

Staff in Structure

	2020	2021	% Change
	5,327	**6,110**	**15%**
Male	3,749	4,210	12%
Female	1,578	1,900	20%

Staff in Works

	2020	2021	% Change
	12,876	**15,321**	**19%**
Male	12,305	14,620	19%
Female	571	701	23%

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

	2020		2021	
Geographic area	Male	Female	Male	Female
Spain	2,402	1,047	2,559	1,159
Europe	207	118	246	175
North America	221	43	233	48
Latin America	671	272	794	365
Africa	194	90	226	112
Asia	22	4	80	7
Oceania	32	4	72	34
Total	**3,749**	**1,578**	**4,210**	**1,900**

The Elecnor Group is committed to improving employment quality. Thus, in spite of the adverse circumstances generated globally by the health crisis, the Group has increased the number of open-ended contracts by 27% compared to the figure for 2020. It is worth highlighting the increase in the number of open-ended contracts in the Works personnel, reaching 33%, compared to 20% last year. Furthermore, 99% of the Group's contracts are full time. All the information broken down by type of contract and type of employment can be found in Appendix I to this report.

In 2021, the number of hours of absenteeism in the Elecnor Group totalled 2,206,895 (1,959,662 hours in 2020), implying an absenteeism[6] ratio of 4.9% (5.7% in 2020).

In Spain's case, it was found that, due to COVID-19, a total of 121,172 working hours were lost (156,935 hours in 2020), equivalent to 0.3% of total hours worked in Spain.

This year, the impact of COVID-19 on employment was much lower than in the previous year in the Group.

Workforce turnover[7] GRI 401-1

Workforce turnover this year was 39% compared to 33% the previous year. The turnover figures in segment are due mainly to contracts ending due to project completions over the course of the year. Appendix I of this report contains in-depth figures on workforce turnover.

New hirings GRI 401-1

In order to implement projects, 9,271 new recruitments were made in 2021, which implies a 10% increase compared to 2020 (8,397).

By gender and type of employee

	Structure			Works	
	Male	Female	Total	Male	Female
2020	961	425	**8,397**	6,698	313
2021	1,060	513	**9,270**	7,366	331

(6) The absenteeism ratio is calculated as hours of absenteeism including all absences (unjustified, remunerated and non-remunerated leave, illness, accident, maternity and paternity) /actual hours worked.

(7) Turnover is determined as total departures (sum of voluntary redundancies, leaves of absence, retirements, deaths, dismissals, end-of-contract and other kinds of departure) /average employment * 100.

Training and development GRI 404-1

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

The Training Plan is designed by the Training Department based on the needs detected by the Delegates, Managers and Area Heads of each Directorate or General Sub-Directorate.

The Group pays special attention to training intended to ensure that staff are aware of the suitability and importance of their activities and how they contribute to achieving its growth, competitiveness and profitability goals, as well as aspects of occupational risk prevention, quality, environmental management, energy management, information security, R&D&I and compliance management.

In 2021, the Elecnor Group continued in its commitment to the training and developing its employees as key factors for the organisation's success, expanding on training and professional growth opportunities.

Thus, of note are the following training itineraries, designed according to existing positions and needs.

> Executive itineraries

In 2021, three people took part in a Senior Management Programme (SMP).

Furthermore, a Management Development Programme has been designed for occupying the position of Delegate. The first edition, in which 25 people will take part, started in December 2021 and will end in April 2022. Advanced Negotiation is another new itinerary for Delegates in which 48 people have taken part, which will continue in 2022 with the rest of the organisation.

Furthermore, for Production Centre Managers, the company has developed upon Building Stable Relationships with Customers, a new itinerary attended by 106 people.

> Events in the delegations

At these events, the head of a branch, the delegate, conveys the business messages to key professionals and places special emphasis on the critical aspects for their organisation.

The first of these meetings was held in 2021 and will continue next year.

> Itineraries on management skills

They include courses related to leadership, finance, sales, negotiation and professional productivity strategies and techniques (new itinerary in 2021). A total of 520 attendees took part.

> Specialised itineraries

Courses related to the more specific aspects of each position, attended by 314 people.

> Office automation/technical IT

216 attendees have taken a course to update or learn new office automation tools.

> Safety Excellence Project (SEP)/Risk Factor

Two courses were taken to convert 29 people into trainers in "The Risk Factor".

Besides classroom training, the Elecnor Group offers training courses using the following methodologies:

- **Online live:** live training where attendees interact with the speaker and participants.
- **Online:** various training contents are hosted on digital platforms. On the online platform Pharos, 342 participants have completed some of the available courses on technical or specific training.

It is worth highlighting two initiatives that demonstrate the Group's commitment to the training and professional development of its workforce. On the one hand, a Development/Career Plan has been designed for new university graduates, which will be launched in 2022; and, on the other hand, the Manager School. This project will provide the necessary knowledge to people who occupy or will occupy the position of manager, to enable them to carry out their duties and achieve the established goals.

Training indicators [8]

Item	2020	2021	Changes
Investment in training (€)	5,933,227	8,445,224	42%
Training hours	251,529	352,936	40%
No. of attendees*	29,161	34,951	20%
Training hours/employee	13.82	16.47	19%

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

Structure and Works training tailored to the needs of their job descriptions:

- **Structure**. In 2021, 7,602 people attended training events, such as: management, technology, IT, languages, quality and environment, and occupational risk prevention.

- **Works.** Works personnel receives training in connection with electricity, installations, maintenance, gas, telecommunications, vehicle and machine operators, quality and environment, and occupational risk prevention. This continuous training makes it possible to acquire and maintain the necessary qualifications to perform specialist tasks involving execution risk. In total, 27,349 people have received some of the aforementioned training.

2020

Staff in Structure		Attendees			Hours		
Area	No. of courses	Male	Female	Total	Male	Female	Total
Management	61	1,360	531	**1,891**	4,040	2,108	**6,148**
Technology	90	321	48	**369**	5,523	1,193	**6,716**
IT	61	238	126	**364**	2,946	1,516	**4,462**
Languages	313	251	132	**383**	2,338	786	**3,124**
Quality and Environment	211	797	261	**1,058**	2,956	1,196	**4,152**
Occupational health and safety	276	3,301	1,057	**4,358**	24,884	8,047	**32,931**
Total	**1,012**	**6,268**	**2,155**	**8,423**	**42,687**	**14,847**	**57,533**

Staff in Works		Attendees			Hours		
Area	No. of courses	Male	Female	Total	Male	Female	Total
Management	14	532	19	**551**	630	2	**633**
Technology	833	5,628	19	**5,647**	73,338	243	**73,581**
IT	6	34	6	**40**	425	58	**482**
Languages	3	5		**5**	63		**63**
Quality and Environment	35	743	29	**772**	774	43	**817**
Occupational health and safety	1,833	13,419	304	**13,723**	116,057	2,365	**118,422**
Total	**2,724**	**20,361**	**377**	**20,738**	**191,286**	**2,710**	**193,996**

(8) The figures correspond to 91.4% of the Group's workforce.

2021

Staff in Structure		Attendees			Hours		
Area	No. of courses	Male	Female	Total	Male	Female	Total
Management	136	1,219	507	**1,726**	7,975	3,264	**11,239**
Technology	115	537	151	**688**	6,701	1,479	**8,180**
IT	58	218	146	**364**	2,519	2,052	**4,571**
Languages	282	166	118	**284**	1,957	1,513	**3,470**
Quality and Environment	72	292	131	**423**	1,410	863	**2,274**
Occupational health and safety	361	2,961	1,156	**4,117**	25,800	9,902	**35,703**
Total	**1,024**	**5,393**	**2,209**	**7,602**	**46,363**	**19,073**	**65,435**

Staff in Works		Attendees			Hours		
Area	No. of courses	Male	Female	Total	Male	Female	Total
Management	8	279	19	**298**	232	29	**261**
Technology	1,418	10,357	30	**10,387**	124,759	307	**125,066**
IT	10	53	14	**67**	739	280	**1,019**
Languages	2	2	0	**2**	274	0	**274**
Quality and Environment	12	448	2	**450**	602	4	**606**
Occupational health and safety	1,956	15,838	307	**16,145**	157,840	2,435	**160,275**
Total	**3,406**	**26,977**	**372**	**27,349**	**284,446**	**3,055**	**287,501**

Training hours and attendees by professional category and type of employee

Professional category	2020		**2021**	
	Attendees	Hours	Attendees	Hours
Structure	**8,423**	**57,479**	**7,607**	**65,472**
Management	180	1,032	150	1,459
Executive	1,743	11,555	1,466	12,813
Technician	6,500	44,892	5,991	51,201
Works	**20,738**	**194,050**	**27,344**	**287,464**
Basic	20,738	194,050	27,344	287,464
Total	**29,161**	**251,529**	**34,951**	**352,936**

Training hours by gender and type of employee

	Structure			Works	
	Male	Female	Total	Male	Female
2020	42,687	14,847	**251,529**	191,285	2,710
2021	46,363	19,073	**352,936**	284,446	3,055

Average hours of training by category and gender

2020

Category	Male Number	Male Average	Female Number	Female Average	Total Work-force	Total Average
Structure	**3,748**	**11.38**	**1,578**	**9.38**	**5,326**	**10.79**
Management	145	6.57	21	3.79	166	6.22
Executive	1,102	9.05	231	6.85	1,332	8.67
Technician	2,502	12.69	1,326	9.91	3,828	11.73
Works	**12,305**	**15.55**	**571**	**4.82**	**12,877**	**15.07**
Basic	12,305	15.55	571	4.82	12,877	15.07
Total	**16,054**	**14.57**	**2,149**	**8.17**	**18,203**	**13.82**

2021

Category	Male Number	Male Average	Female Number	Female Average	Total Work-force	Total Average
Structure	**4,210**	**11.01**	**1,900**	**10.03**	**6,110**	**15.55**
DManagement	141	8.26	20	14.73	161	9.06
Executive	1,110	9.26	233	10.87	1,343	9.54
Technician	2,959	11.81	1,647	9.86	4,606	11.12
Works	**14,620**	**19.45**	**701**	**4.36**	**15,321**	**18.76**
Basic	14,620	19.45	701	4.36	15,321	18.76
Total	**18,830**	**17.57**	**2,601**	**8.51**	**21,431**	**16.47**

With a view to continuous improvement, the Group assesses each training itinerary considering the opinion of trainees by means of an anonymous questionnaire. In the global satisfaction survey, 91% of trainees rated the training as good (41%) or very good (50%).

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

Compensation and benefits GRI 401-2

Elecnor's job chart clarifies and simplifies its organisational structure, the responsibilities of each post and the profiles required. This definition of jobs and responsibilities makes it easier to adapt remuneration in a more objective and fair way, rewarding and recognising merit where due. In 2021, the job mapping was completed for the entire Group.

The Elecnor Group offers its employees social benefits that are described in more detail in the Work-Life Balance section of this chapter. In 2021, progress was made to prepare country reports on the benefits offered to expatriate staff and their salary conditions.

Remunerations policy GRI 405-2

In the framework of the Integrated Human Resources Management System, the Elecnor Group seeks to ensure that its remuneration policy respects the criteria of objectivity, fairness and non-discrimination, recognising and rewarding merits.

The Group uses salary surveys as a benchmark to obtain information relating to the salaries and social benefits in the sector or at similar companies. These surveys are a tool to gauge how competitive positions are as compared to the same positions in the market. Furthermore, the Group also accesses other market research to achieve this purpose.

In order to gathering all the necessary information on employee payrolls in a uniform, agile and effective manner, in 2021, the SAP Success Factors tool was implemented. This tool enables the information from the payroll systems of subsidiaries and branches in the foreign market to be obtained by automation.

A remuneration register was also prepared this year to adapt to the requirements of Royal Decree 902/2020 of 13 October on equal pay for men and women.

The Elecnor Group's wage policy is for men and women performing jobs with equal responsibility to receive equal pay. As outlined in its Equality Plan, The Group implements a remuneration system that guarantees neutrality at all times with no conditioning factors whatsoever on the basis of gender, a circumstance that will continue over time.

The table below details the wage gap ratio which represents the salary difference between men and women by professional category and employee type in the Elecnor Group. The wage gap has been calculated as the difference between the median wage of men and of women, over the median wage of men.

This year, the salary gap has been reduced in all the markets in which the Group is present, as is shown in the tables of fixed average remuneration in Appendix I of this Report.

Category	2020	2021
Management	18.1%	16.1%
Executive	8.1%	7.5%
Technician	20.8%	16.3%
Basic	27.4%	78.3%

Employee type	2020	2021
Structure	24.3%	20.4%
Works	27.4%	78.3%

Moreover, it is worth representing the wage gap in Spain, where 52% of the workforce is located. In this market, the wage gap has narrowed in all categories, and it is worth noting that in the Works personnel (Base category) the median wage of men is lower than that of women.

Spain

Employee type	2020	2021
Structure	18.4%	17.2%
Works	1.7%	-4.4%

Category	2020	2021
Management	14.2%	9.9%
Executive	3.7%	3.6%
Technician	15.9%	10.8%
Basic	1.7%	-4.4%

Work-life balance

The Elecnor Group organises working hours in accordance with sector-specific and conventional standards applicable to the company and by means of negotiations with the Employee Representatives at each work centre, and this is materialised in various work schedules.

The company considers that the concept of work-life balance encompasses measures to improve quality of employment, support for families, professional development, equality of opportunities and flexibility in accordance with framework agreements such as family-friendly company. In this connection, the Group is working to improve each aspect based on the circumstances of the company, country and individual worker.

Although there is currently no formal policy to facilitate disconnection from work, the company encourages the implementation of policies, wherever possible, that facilitate a work-life balance, such as avoiding late meetings, scheduling training during work hours, having flexible working hours, compressed work schedules every Friday and in summer or, where applicable, shorter working days, with all measures provided in the various applicable regulations being implemented.

With respect to digital disconnection, the Elecnor Group has an agenda system marking the workforce's rest and availability periods to prevent any meetings or actions of any kind being scheduled during this period. Furthermore, "scheduled sending" has been enabled in the email system to ensure that, if an email is sent, the recipient receives it during their working hours. The whistleblowing channel and the post office box that the company makes available to employees accepts complaints, reports or observations on this matter.

The Elecnor Group has a Flexible Compensation Plan to which Structure personnel in the domestic market with open-ended contracts have access. This plan includes health insurance (employees may include their spouse and children), training, IT, dinner vouchers and cards, transport and kindergarten. 698 people joined in 2021.

Moreover, there is a study support programme available to all Group staff in Spain who have children aged 4 to 16, regardless of their contract and work hours. The only requirement is to have been at the company for at least one year. In 2021, 3,141 employees have benefited from this assistance for a total cost of Euros 570 thousand. Study support is also available for disabled children of employees, which varies depending on the school year.

Other social benefits granted by the company are life insurance and accident insurance, travel insurance for employees who travel, medical insurance for employees in positions of responsibility, medical check-up for all employees, company car for those whose work requires them to travel by car and a retirement plan for Management.

Note also that the Más Elecnor digital platform includes special offers and discounts on products and services for the entire workforce and their direct relatives.

In aspects related to health and well-being, there are several initiatives: agreements with physiotherapy clinics and insurance companies, weekly mailing with health tips and good practices, etc. Furthermore, the company seeks to foster and encourage sport among its employees, and has therefore subsidised their participation in running events.

Equality and diversity GRI 103-1, GRI 103-2, 103-3, GRI 406-1

The Group's Gender Equality Plan reflects its commitment to equal opportunities for men and women and non-discrimination in its guiding principles.

Furthermore, Elecnor's commitment to equal opportunities is enshrined in its Code of Ethics and Conduct: "The Group Elecnor applies criteria of non-discrimination and equal opportunities in its selection processes as well as in the development of the professional careers of its employees. Race, colour, nationality, social origin, age, sex, marital status, sexual orientation, ideology, religion and kinship are excluded as factors for professional assessment. The only professional differentiation features used are merit, effort, the results of hard work, training, experience and future potential. Promoting equality entails a special area concerning gender balance, as evidenced in the selection and recruitment practices, professional promotion procedures, training and general work conditions.

The Equality Plan establishes various working areas to boost equality between men and women in the following axes of action: selection and recruitment, professional classification, training, promotion, work conditions, work-life balance, female representation and remuneration.

Moreover, the Group has a Compliance Policy and internal controls to ensure all forms of discrimination are prevented; these controls include workplace harassment, sexual harassment and pregnancy risk protocols, among others.

The e-mail in-box **igualdad@elecnor.com** is a communications channel for employees to submit suggestions of any kind or to resolve conflicts. In 2021, no complaints have been received in terms of equality or discrimination of treatment on the grounds of sex or similar matters.

In line with historical trends regarding gender in the sector, men are more widely represented in the Group, especially among Works personnel. Staff in Structure, however, are more balanced: at 31 December 2021, 31% were women and 69% men; while in Works, 5% were women and 95% men.

In the year, 407 male employees were entitled to paternity leave and 99% took said leave; 79 female employees were entitled to maternity leave and all of them took said leave.

Diversity in Governing Bodies GRI 405-1

The Elecnor Group's Policy for the Selection of Directors and for Board Diversity outlines all the measures adopted in relation to the selection of directors, diversity policy in relation to gender, age, experience, etc., as well as the procedures for said selection so as to foster a diversity of experience, knowledge, competencies and gender and so as to ensure that, in general, they do not entail implicit biases that might imply any kind of discrimination.

Furthermore, the Appointments, Remuneration and Sustainability Committee regularly examines the Policy so as to make further improvements on an ongoing basis.

Similarly, the company has an Equality Plan, applicable not only to the Board of Directors but also to the Management Team and all Group personnel, which lays down specific actions to be conducted for persons holding positions of responsibility in each of the aforementioned fields of work.

This Equality Plan is one of the main tools used by the Appointments, Remuneration and Sustainability Committee to foster inclusion and diversity among the Group's employees, including its executives.

With regard to the recommendation of ensuring that the number of female directors represents at least 40% of members of the Board of Directors by the end of 2022 and thereafter, and no lower than 30% before then, the company intends to continue fostering an increased presence of female directors on the Board so as to fulfil the recommendation without affecting the normal functioning of the Board and the suitability of its members as a whole to discharge their duties.

Representation of women in executive positions	2020	2021
Women in executive positions *	12.7%	12.4%
Women in the Board of Directors **	13.3%	13.3%

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

The Policy for the Selection of Directors and for Board Diversity and the Equality Plan are available on the Group's corporate website.

Disability

The Elecnor Group is committed to having diverse and inclusive teams comprising people with different competencies, skills, perspectives and experiences.

In Spain it employs a total of 84 people with various disabilities, accounting for 0.76% of the national workforce and for 0.4% of the total workforce. The Group combines the hiring of personnel with disabilities with the adoption of alternative measures pursuant to Spain's Disabled Persons and Social Inclusion Act (LGD).

In particular, in Spain, the company resorted to alternative measures by acquiring raw materials, tools, PPE and procuring various services from special employment centres for a value of more than Euros 3.7 million.

Suppliers	
P&M SL	€ 2,438,189
Comercial Mathius	€ 318,084
CEE Apta	€ 2,596
Integra PMC	€ 52,094
I.L. Sijalon	€ 788,365
Iturri CEE	€ 396
Gelim	€ 102,732
Total	**€ 3,702,456**

In the interests of data confidentiality, no information is reported regarding differently-abled persons in the rest of countries in which the Group is present.

In 2021, a collaboration agreement was signed with the Adecco Foundation to foster the company's commitment to the labour inclusion of people at risk of exclusion. In that context, the Aflora Plan was launched with the goal of normalising disability in the Group, seeking to identify employees who are eligible to obtain a disability certificate. A series of awareness-raising campaigns were conducted for this purpose.

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

About our people

Internal communication is essential in the Elecnor Group. Its core goal is to maintain a constant connection between the company and the team comprising it. The ongoing dissemination of corporate information and aspects related to the company's social responsibility were the main axes on which internal communication was based in 2021.

As is customary in the Group's culture of ongoing improvement, this year new initiatives were launched and those started in the previous year were advanced.

The Group's more than 20,000 people are interconnected through the communication channels set up, the main one being the corporate intranet, Buenos Dias Elecnor.

Some notable initiatives implemented include:

Aflora Plan, #EmpleoParaTodos (JobsForEveryone)

The Elecnor Group decided to support the Adecco Foundation's #EmpleoParaTodos (JobsForEveryone) project to help the most vulnerable people find work and avoid social exclusion.

The Aflora Plan is a corporate strategy comprising actions based on commitment, awareness, information and advice, the goal of which is to normalise disability in the company. Through this strategy, fears, mistrust, mental barriers and lack of knowledge around disabilities are reduced, fostering normalisation and corporate dialogue.

Accomplice or Protector?

As part of World Day for Safety and Health at Work, the Elecnor Group holds an annual event on Occupational Risk Prevention that seeks to raise awareness, foster and reward occupational prevention actions in all fields and spheres. Historically, this event was held in person with a large number of attendees, but this year it became an online event broadcast to all countries where the Group operates, with more than 3,700 people connected live.

This year's campaign launched a reflection on being an "Accomplice or Protector?" in the face of health and safety breaches, concluding with the guidance of the defence of prevention in all circumstances.

Helping to Help

This initiative was launched on World Environment Day and seeks to acknowledge and help drive projects of non-profit entities (NGOs and associations) that contribute to improving our natural heritage through the protection of biodiversity, the preservation of environmental and ecosystem quality, the sustainable use of natural resources and the fight against climate change.

Digital transformation

Digital transformation, one of the Elecnor Group's strategic projects, was created to effect cultural change, enhance processes, and boost operating efficiency and competitiveness. This year, a campaign called *Mi yo digital* (My digital self) was conducted to allow all the people in the Group to associate the digital transformation of the company with an opportunity to become more effective in their skills, digitally updated, gain professional value and achieve more advantages personally. To do so, it was proposed to use gamification to create an avatar for each person, enabling them to experience a digital transformation of themself. Each stages of the campaign enabled people to transform their current SELF into their DIGITAL SELF.

In parallel, a monthly video was broadcast throughout the year by Group employees from various fields, in which they shared their experience of how the digital transformation has enhanced their area of work, improving processes, boosting capacities and gaining efficiency.

Cybersecurity is also particularly relevant area in the digital sphere as a result of the increase in attacks on companies in the most digitalised economies and the greater need for connectivity which has occasionally generated greater risk and vulnerability of systems. Therefore, in 2021, the awareness-raising and training initiatives for the entire workforce begun in previous years were upheld and new ones were developed in order to maintain a high level of protection against external threats.

You make Elecnor

With a view to recognising the commitment of the people who have been with the Elecnor Group for the longest time, a meeting called *Tú haces Elecnor* (You make Elecnor) was held, attended by people who joined the company in the 1970s and 1980s.

The Quality League

Following the success of the first edition of this initiative in 2020, the second edition was launched this year in order to raise awareness around the importance of quality and its processes. This time around, more than 1,300 people from 18 countries of the Group took part.

Being healthy

This Human Resources initiative, as part of the TuneIn initiative (the communication channel geared towards people), seeks to improve the physical and emotional well-being of the people comprising the Elecnor Group.

A healthy well-being plan that consists of disseminating content in various formats (audiovisual, infographics, reports, etc.) that combine three areas of knowledge: nutrition, emotional well-being and physical activity.

Company Race

The Elecnor Group believes in the importance of adopting healthy habits inside and outside the workplace, building a safe and healthy workplace filled with energy. Therefore, this year the proposal to take part in the Company Race held in Madrid was launched for all the Group's employees. The goal is to increase participation in the multitude of races that are held for this purpose.

Furthermore, throughout 2021, various awareness-raising campaigns have remained ongoing, such as the campaign for International Women's Day and the International Day of Women and Girls in Science.

Social dialogue GRI 102-41

In Spain, 100% of the workforce is covered by collective bargaining agreements. In the other countries where the Group is present, employees are supported by the labour relations framework established in the relevant local labour legislation.

The Elecnor Group also has Human Resources Departments to ensure compliance with and application of the current legislation throughout all the countries where it operates.

The work centres in Spain with between 10 and 49 employees have staff delegates, with Workers' Committees representing employees at centres with 50 workers or more.

Both the staff delegates and the Committee members are chosen in trade union elections, in which both unions and independent groups may field candidates. At present, the majority union is Comisiones Obreras (CCOO), but others are also represented: UGT, ELA, LAB, USO, ESK, CSIF and independent groups. In the rest of countries the Group is compliant with legislation in force.

Labour relations at the Group are managed on the basis of provincial collective bargaining agreements within the sector. In certain cases, specific agreements are signed with particular groups. The company holds quarterly meetings with each and every one of the Workers' Legal Representations (RLT), in which it provides the information required by both the Workers' Statute and the Organic Law on Trade Union Freedom. Nonetheless, extraordinary meetings may be held at the request of both the Group and the RLTs themselves.

In 2021, the iron and steel agreements in Almería, Barcelona, Burgos, Córdoba, Gerona, Huesca, Jaén, Lleida, Madrid, Orense, Palencia, Pontevedra, Salamanca, Segovia, Soria, Tarragona, Valladolid and Ceuta, in addition to the construction agreement in Córdoba, were revised.

The Group has various channels for employee dialogue and participation, such as meetings with workers' representatives, Equality Plan Monitoring Committee, the Buenos Días Elecnor intranet, the platform eTalent and the email addresses **codigoetico@elecnor.com** and **igualdad@elecnor.com**, among others.

15.5 We look after our people

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

This commitment is formalised in the Group's Integrated Management System, which comprises the aspects of environment, quality, health and safety, energy management, R&D&I management and information security, with the latter being integrated this year. These six vectors comprise the Elecnor Group's Integrated Management Policy, each with its specific objectives and strategies, but all with a common mission: the ongoing improvement of the organisation.

As regards health and safety, the principles of action reflected in the Integrated Management System Policy are as follows:

- Provision of the necessary material resources.
- Focus on training in prevention techniques.
- Development of awareness campaigns for the entire Group.
- Continuous performance of inspections and audits on site and adoption of the appropriate remedial actions to rectify the origin of the deficiencies.

In the Elecnor Group, the Health and Safety Area is structured based on the Joint Prevention Service (JPS), which is broken down into Central and Health and Safety Technicians. The latter have a presence in the various countries where the Group operates.

The Central JPS comprised 14 people at the end of the year, structured as follows:

- Technical Office Department. Prepares and maintains the Group's occupational risk prevention (OPR) documentation, campaigns, etc., as well as ensuring that internal audits are conducted in Spain and some countries in the international market.
- Internal Work Audit Department. Which conducts this kind of control in Spain as well as certain other countries.
- International OPR Coordinator Coordinating with all the Group's international organisations by means of reviewing reports, conducting meetings, monitoring implementation of the Safety Excellence Plan and software rollout, among other things.
- Technicians. Who coordinate and unify actions at broad implementation customers in Spain.

Health and Safety Technicians provide services to the various units on a day-to-day basis. Their duties include, inter alia, technical support to customers, inspections and training, and coordinating the application of the Management System in their business unit.

In the national market, there are 123 technicians[9], with different levels (chiefly senior level) and specialities (most of them have the three specialities required by Spanish legislation), mainly dedicated to health and safety tasks. Abroad, there are 264 technicians in various categories in accordance with the legislation of each country.

For the undertaking of Health and Safety activities in 2021, the company allocated a budget of more than Euros 12.3 million euros in Spain alone, which was expanded by more than Euros 1.3 million due to investments related to the pandemic (the figure for the international market is not available, although it is estimated that the figure may have been similar).

Health and safety management

GRI 403-1, GRI 403-2, GRI 403-3

Health and safety management in the Elecnor Group is conducted with the conviction of minimising or eliminating the main risk that may occur as a result of undertaking a project: a major or fatal accident. This risk is mainly related to working at heights, electrical risk, handling large loads, confined spaces, etc.

The Elecnor Group has implemented a Health and Safety Management System encompassed within the Integrated Management System, which applies to all workers, activities and places of work. Its goal is to remove or minimise the risk situations that people might face when executing their activity. To this end, the following actions are conducted:

- Safety inspections and internal work audits to monitor the conditions in which work is executed.
- Information and training on health and safety for all workers.
- Monitoring and awareness meetings.
- Campaigns to increase awareness and change behaviours.

All Management System activities have been strengthened during the year with the implementation of the Digital Transformation and Safety Excellence projects, which continue to make positive progress.

The Management System includes the initial risk assessment procedures (adapted to the legal requirements of each country) identifying the risks associated with activities, the probability of those risks emerging and the severity of the consequences of their materialising. Below are the corrective/preventive measures to eliminate or reduce risk.

By means of controlling work conditions (safety inspections, internal work audits, system audits, principal risk permits or spontaneous observations), the environment in which activities are conducted is monitored and remedial measures are implemented, which may include the re-assessment of the work to be executed. If there has not been a re-assessment the risk assessment is reviewed and, where applicable, it is modified every 3-5 years.

The risk assessments are performed by health and safety technicians. The safety inspections involve the entire hierarchical structure to foster integration of health and safety in people's everyday routines. Those directly responsible for projects are in charge of the principal risk permits, observations and other activities. In addition, all these aspects are monitored in conjunction with the Group's Management.

The Elecnor Group's Health and Safety Policy, formalised in the Integrated Management System, includes the right of workers to refrain from performing work where there is grave or imminent risk, requesting that execution of the work should halt and consulting their managers or the Safety Technician to perform the work in a safe way, without being subject to any type of penalty. Employees can report such situations through various mechanisms such as spontaneous risk observations, PRP, safety inspections, etc.

The Management System contains a procedure to investigate workplace accidents and incidents that define the responsibilities and actions, including the application of the remedial measures to avoid the repetition of the event or minimise its consequences. The findings of accident and incident investigations are analysed on a monthly basis, and the advisability of reviewing the System is assessed.

In 2021, the system was adapted to the requirements of the ISO 45001:2018 standard, replacing the previous standard OHSAS 18001. The certification was conducted in Spain and in other subsidiaries whose system was certified by the previous standard, except Elecnor Mexico, Brazil and Canada, which had already migrated to the new standard in 2020.

70% of turnover is certified in accordance with international ISO 45001 standard.

In 2021, 20 internal audits were performed in Spain in accordance with ISO 45001 standards. As regards external audits on the same standard, these were carried out for Elecnor and the subsidiaries included in the Multisite Certificate Adhorna, Atersa, Deimos Space, Deimos Engineering, Ehisa, Elecnor Infrastrutture and Jomar Seguridad, all with satisfactory results. Similarly, Audeca and Enerfín, which have independent certification, obtained satisfactory results in their audits.

Abroad, 15 internal audits were conducted in accordance with ISO 45001 requirements. Additionally, 9 external audits were conducted in various countries, also with satisfactory results.

Among other actions, 85,590 safety inspections were conducted throughout the Group, as a result of which 66,759 remedial measures were implemented, and 1,192 internal works audits were implemented as a means of control and in-depth analysis of the safety environment at projects.

Health and safety committees

GRI 403-4, GRI 403-8

93% of the Group's employees are represented in formal health and safety committees, in which aspects such as work procedures, protection equipment, etc. are discussed. In Spain the committees are specific to work centres and in other countries they may be specific to work centres or project sites.

Generally speaking, in almost all the countries where the Elecnor Group operates, there are worker participation committees, in which the workers' chosen representatives and representatives of the company intervene.

They are equal consultative and participatory bodies. The frequency of the meetings is that established in applicable legislation, but they normally meet monthly or quarterly.

In work places or countries where there is no worker representation, consultation and participation is by means of other mechanisms (awareness meetings, notice boards, circulars, e-mails, etc.).

(9) They do not include health technicians hired specifically for large projects.

Training in workplace occupational health and safety GRI 403-5

In 2021, the Elecnor Group continued with health and safety training activities to further foster a culture of prevention in the workplace. Depending on the activity, training is given on the following aspects:

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

The attendees who have received health and safety training, as well as the hours dedicated by type of market, are set out below:

	Attendees			Hours		
	2020	2021	Changes	2020	2021	Changes
Spain	15,750	28,280	80%	112,141	159,338	42%
International	45,012	226,625	403%	140,140	452,344	223%
Total	**60,762**	**254,905**	**320%**	**252,281**	**611,682**	**142%**

Training actions were held in Spain for a collective of 28,280 attendees (27,319 men and 961 women), most of whom attended more than one training action, resulting in 80% growth compared to 2020. A total of 159,338 training hours were provided (150,936 hours by men and 8,402 hours by women), 42% up on last year. There are also other technological and management training, which also have a clear impact on prevention, and which are not included in this total (qualifications/electrical permits, machinery operators, etc.). This increase is largely due to the increase in activity and the reduced impact of COVID-19 on training activities.

The most notable training actions in Spain are:

Courses	Participants	Hours
Basic course	736	44,150
First cycle of the TPC	1,441	11,528
Second cycle of the TPC	2,588	17,686
Working at heights	2,937	24,397
Confined spaces	1,535	12,448
First aid	1,149	5,541
The Risk Factor course	2,732	14,126
Total	**13,118**	**129,876**

Internationally, it is worth noting the increase in both the number of participants and the number of training hours given. Training actions were conducted specifically for a collective of 226,625 attendees (223,498 men and 3,127 women), most of whom attended more than one training action, compared to 45,012 in 2020. In terms of total training hours, the figure stood at 452,344 hours (437,488 hours by men and 14,856 hours by women), compared to 140,140 hours in the previous year. These figures include the induction actions given for entry to the major projects.

One of the most significant initiatives in 2021 was the World Day for Safety and Health at Work campaign, titled "Accomplice or Protector", which was held on 28 April to commemorate the event. This year, the campaign's presentation event was organised globally over streaming for all the countries in which the Group operates, which featured the participation of Management and which more than 3,700 people streamed live.

In line with the health and safety awareness-raising of all employees, it is worth highlighting the implementation of the Safety Contacts. This entails —at all meetings, training sessions, etc.— the person in charge of the meeting beginning by talking about health and safety. The topics addressed can be related to both occupational safety and the non-occupational sphere, since the goal is to raise the level of risk perception in general and to generate a behavioural change towards an interdependent safety culture.

Occupational health services GRI 403-3

The Elecnor Group is committed to the health of its workers, providing them access to health services at work so as to identify and eliminate hazards and minimise risks. As a result of the monitoring of these services, actions considered necessary are taken and, in extreme cases, may lead to a change of service.

Depending on where the activity is conducted, a different type of service is offered:

- Presence of an adequate medical service on site (doctor, nurse, paramedic or trained personnel).
- If necessary, workers may be transported in their own vehicles if their injuries permit or via ambulance to the nearest hospital.
- If workers use their own transport, the resulting expenses will be reimbursed.

In any event, workers are given the necessary information for their use in the local language or, where applicable, in the language in which said indications are understandable to them.

For workers who are in another country (expatriates/travelling), an emergency notification service has been contracted that channels the action to enable the worker to receive information on where to go wherever they are. Furthermore, the care service for other non-medical emergencies is also included: security events, natural catastrophes, etc. In extreme cases, this service includes the necessary actions for individual or collective repatriation.

Occupational Health and Safety in the workplace with customers and subcontractors GRI 403-7

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

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

In Spain, there is a procedure for subcontractor assessment and a model for tracking their health and safety performance using the computer software Evalu@.

This procedure enables the actions of subcontractors to be analysed and the action plans to be established in the event that they fail to meet the health and safety standards established by the Elecnor Group.

Within the activities conducted in order to continuously improve the health and safety of subcontractors, in October the 1st Aliado Awards were presented, seeking to encourage and reward good practices undertaken by subcontractors, in order raise their level of prevention and collaborate in achieving the goal of zero accidents. The awards were presented as part of European Week for Safety and Health at Work.

The origin of these awards lies in the framework of the Safety Excellence Project, within the line of action seeking to improve the performance of subcontractors, and in the High Level Risk Map Task Force, which identified the actions of subcontractors in the field of health and safety as crucial.

The awards were announced in two categories, "Self-employed workers and companies with less than 50 workers" and "Companies with more than 50 workers", and involved more than 7,500 subcontractors active on the e-coordina platform.

The 19 finalist applications were analysed by a jury of health and safety experts, who selected the winner and the two runners-up in each of the two categories.

With regard to customers and other stakeholders (for example, third parties present at the workplace, with or without a contractual relationship with the customer), business health and safety coordination initiatives are implemented to eliminate or reduce to a minimum the potential hazards due to interference.

For the public in general, demarcation, signalling and surveillance helps avoid injury to third parties.

Accident rates GRI 403-9, GRI 403-10

In 2021, the Group's frequency rate was 2.7, the same figure as in 2020, and the severity score was 0.11, compared with 0.10 in 2020. The frequency rate value is once again the best value since these indices began to be drawn up in 1967, while the severity score is the second best ever obtained, only bettered by the score in 2020.

	2020	2021
Frequency rate	2.7	2.7
Severity	0.10	0.11
Incident rate	5.14	5.1

Frequency rate = (number of accidents involving more than one day's leave, not counting those on way to or from work/hours worked) x 10^6
Severity = (number of days lost/hours worked) x 10^3
Incident rate = (number of accidents involving more than one day's leave/Average number of employees) x 10^3.

In Spain, the frequency rate stands at 3.4, which is the best figure in the historical series, compared to 3.5 in 2020, and the severity score was 0.16 compared to 0.15 in 2020. There were no fatal work-related accidents in 2021 and there were 79 accidents, compared with 69 in 2020.

In the international market, the final frequency rate was 1.9, the second lowest since the series commenced, compared with 1.6 in 2020. The severity rate was 0.07, down from 0.04 in 2020. This year, there was an increase in accidents (40 compared to 24 in 2020) as a result of increased activity in the international market.

Figures broken down by gender

	2020		2021	
	Male	Female	Male	Female
Frequency rate	3.0	0.0	3.0	0.2
Severity	0.12	0.0	0.12	0.0
Occupational illness rate*	0.10	0.0	0.32	0.0

(*) Occupational illness rate = (number of occupational illnesses/hours worked) x 10^6.

In general, figures are compiled using IT tools, varying from payroll software, intranet, health and safety management tools (Notific@, SegurT, Delt@, etc.), spreadsheets, monthly reports, follow-up meetings, etc.

Employee accident rate

Geographic area	No. of injuries due to workplace accidents			No. of workplace accidents with serious consequences [1]			Hours worked		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Spain	**79**	**0**	**79**	**1**	**0**	**1**	**20,424,031**	**2,939,079**	**23,363,110**
Europe	8	0	8	0	0	0	2,269,756	310,435	2,580,191
North America	6	0	6	0	0	0	1,611,188	110,718	1,721,906
Latin America	16	0	16	1	0	1	10,516,904	1,091,927	11,608,831
Africa	9	1	10	0	0	0	4,322,313	681,192	5,003,505
Asia	0	0	0	0	0	0	287,715	560	288,275
Oceania	0	0	0	0	0	0	224,759	63,460	288,219
Total international	**39**	**1**	**40**	**1**	**0**	**1**	**19,232,635**	**2,258,292**	**21,490,927**
Total	**118**	**1**	**119**	**2**	**0**	**2**	**39,656,666**	**5,197,371**	**44,854,037**

(1) Injury due to workplace accident leading to death or so severe that the employee cannot recover or fully recover their state of health as it was prior to the accident, or is not expected to fully recover their state of health as it was prior to the accident within a period of 6 months.

The most significant workplace hazards with serious consequences are determined based on the record of accidents at the company:

- Working at heights (risk of falling to another level from, in many cases, considerable height).
- Work involving electrical hazard (risk of electrical contact, arc flash, fire or spatter from incandescent material).
- Handling large loads (risk of objects falling or of becoming trapped by objects).
- Work in confined spaces (risk of suffocation or explosion).
- Traffic accidents (risk of crashes, being run over, fire).

There were two fatal commuting accidents involving the Group's own staff in 2021.

Accident rate at subcontractors

Geographic area	No. of injuries due to workplace accidents			Hours worked		
	Male	Female	Total	Male	Female	Total
Spain	**55**	**0**	**55**	**10,560,839**	**0**	**10,560,839**
Europe	4	0	4	1,177,965	0	1,177,965
North America	0	0	0	7,865	0	7,865
Latin America	20	0	20	6,263,697	0	6,263,697
Africa	8	0	8	3,042,755	0	3,042,755
Asia	1	0	1	290,343	0	290,343
Oceania	1	0	1	350,130	0	350,130
Total interna-tional	**34**	**0**	**34**	**11,132,755**	**0**	**11,132,755**
Total	**89**	**0**	**89**	**21,693,594**	**0**	**21,693,594**

There were 2 fatal accidents involving subcontracted staff in 2021.

Health surveillance GRI 403-6, GRI 403-10

In general terms, the Elecnor Group employees do not perform activities with a high rate or risk of occupational illnesses. In those activities in which there might be a risk of developing an occupational illness (work at nuclear plants, involving asbestos, phytosanitary products, etc.) the necessary preventive measures are implemented and health monitoring performed, including checking physiological parameters that may help detect any problems in those tasks that may harm employees' health and safety. There were no significant cases in 2021.

When Elecnor employees are working in areas where there are endemic diseases (malaria, dengue, yellow fever, typhoid, AIDS, etc.), these are tackled through vaccines or preventive/prophylactic measures, backed by the relevant information campaigns.

In 2021, awareness initiatives have focused on conducting campaigns to combat AIDS and sexually transmitted diseases in various countries, with actions and campaigns to foster healthy habits (avoiding cardio-respiratory disease and musculoskeletal disorders, nurturing a healthy and balanced diet, etc.), back training, and prevention of endemic diseases in the international market, etc.

Furthermore, campaigns were conducted to coincide with World Breast Cancer Day and World Prostate Cancer Day, and the physiotherapy programme to prevent musculoskeletal injuries has been upheld in various cities in Spain.

Similarly, various actions were also implemented to raise awareness among workers and their families regarding the risk of COVID-19 infection.

Employee occupational illnesses

Geographic area	No. of occupational medical conditions and illnesses Men	Women	Total	Hours worked Men	Women	Total
Spain	**4**	**0**	**4**	**20,424,031**	**2,939,079**	**23,363,110**
Europe	0	0	0	2,269,756	310,435	2,580,191
North America	0	0	0	1,611,188	110,718	1,721,906
Latin America	0	0	0	10,516,904	1,091,927	11,608,831
Asia	0	0	0	287,715	560	288,275
Africa	9	0	9	4,322,313	681,192	5,003,505
Oceania	0	0	0	224,759	63,460	288,219
Total international	**9**	**0**	**9**	**19,232,635**	**2,258,292**	**21,490,927**
Total	**13**	**0**	**13**	**39,656,666**	**5,197,371**	**44,854,037**

The most significant workplace hazards that present a risk of medical condition or illness are determined on the basis of their past record at the Group:

- Endemic diseases in certain countries where the company operates: malaria, dengue fever, etc.
- Asbestosis in places where there is asbestos.
- Musculoskeletal diseases at construction sites.

In 2021, there were 13 cases of occupational illnesses, all of them in men (9 cases of malaria in expatriate personnel in Africa that were not serious, and 4 cases of musculoskeletal origin in Spain), although these figures are partial as there are countries where they are not registered as such due to their legislation. Cases among local staff in countries with endemic diseases are not considered to be occupational illnesses.

Safety Excellence Project (SEP)

This year, progress has been made in the second stage of the SEP in Spain, although it has been slowed down due to the COVID-19 pandemic.

Similarly, the work groups in Angola, Argentina, Chile and Uruguay have adapted and implemented many of the actions defined in the SEP in Spain, in accordance with the characteristics of each country.

Furthermore, in Italy, work has been conducted to implement all the lines of the project, as not all the actions defined in the PES had previously been implemented, and in Brazil and Mexico, work has begun and progress has been made on the majority of the lines of action, which are expected to be completed in the first four months of 2022.

The digital transformation of occupational health and safety

The digital transformation in health and safety enables the optimisation of processes, the most appropriate technology to be applied and efficiency to be gained.

In 2021, initiatives were launched and consolidated within the framework of the Group's Digital Transformation project. Some of the most notable of these are:

- The Principal Risk Permit (PRP) tool is fully implemented in Spain. This year, a total of 316,000 PRPs were conducted in this market.
- Development of various modules of the new CORE tool, which groups together the processes of the Integrated Management System: planning, goals, risks and action plans, improvement management, internal audits, monitoring of corrective measures, etc.
- Completion of the development of the new Segurplan, which will allow risk assessments and health and safety studies and plans to be conducted more quickly.
- Continued improvement of SegurT and PRP for application in the international market.
- Progress in the process of implementing the various Health and Safety IT tools (SegurT, Notific@, PRPs, e-coordina) in various countries (Australia, Brazil, Mexico, etc.), adapting them to current legislation and their specific characteristics. This process will be completed in successive years throughout the international market.
- Other noteworthy initiatives have included restructuring of the health and safety documentation on the Buenos Dias Elecnor intranet; unifying documents and criteria on the e-coordina platform as regards access and payment requirements; implementing the new e-pocket app, which facilitates on-site consultation of data on our subcontractors with a view to conducting better control, etc.

Health and safety management during COVID-19

The COVID-19 pandemic has continued worldwide during 2021. Therefore, the Elecnor Group continues to face this threat with the aim of limiting the spread among its own workers and subcontractors in the workplace to the extent possible.

The Group's priority has been to guarantee the health of its employees, customers and suppliers; to maintain production so as to ensure the maintenance of critical infrastructure in the energy, telecommunications, water, gas and transport sectors; and to boost the Group's financial strength.

As a measure of the Group's efforts, note that in Spain alone it has invested more than Euros 1.3 million in measures to prevent or minimise COVID-19 infections within the organisation.

Following the actions conducted in 2020, the Group continues the following Action Plan established, which is enabling it to effectively manage the pandemic with a low number of cases in the workplace:

- Holding Monitoring Committee meetings made up of the Group's Management, Prevention Service and Corporate Development.

- Adapting the specific protocols for both construction sites and fixed work centres (warehouses, offices, factories, etc.), following the spread of the pandemic towards the new normal.
- Maintaining preventive equipment: masks, gloves, disposable suits, watertight goggles, sanitisers, thermometers at entrances to work centres, screens separating work stations, disposable tissues, waste paper baskets, specific disinfectants, etc.
- Continuing with the protocol to protect workers who are most vulnerable due to their specific physical conditions.
- Conducting serological tests, PCRs, and antigens.
- Management of confirmed cases and close and casual contacts of confirmed cases.

Throughout the pandemic, the company paid special attention to the development of information and awareness-raising work for workers and their families, generating ongoing communications from the Buenos Dias Elecnor intranet which, under the slogan *Cuídate, cuídame* (Care for you, care for me) launch clear and practical messages to prevent the spread.

The Elecnor Group monitors the number of cases of personnel affected by COVID-19, as well as the quarantines decreed for both Works and Structure personnel in all the countries in which it operates. This process is conducted using a system developed by Human Resources.

15.6 Operational excellence

GRI 102-11, GRI 103-1, GRI 103-2, GRI 103-3

As introduced in the section on We look after our people in this NFIS, the Elecnor Group has an Integrated Management System that includes the aspects of environment, quality, health and safety, energy management, R&D&I management and information security. All of them comprise the Group's Integrated Management Policy and encompass the organisation's common goal of ongoing improvement.

The Integrated Management System is set up around the following guiding principles, which are reflected in its Integrated Policy:

- Strict compliance with applicable legislation and any other requirements binding upon the Group in the markets in which it operates.
- Customer satisfaction.
- The prevention of any injuries to and deterioration in the health of the Group's workers, improving work conditions to provide them greater health and safety protection.
- Pollution prevention.
- Efficient energy use and consumption.
- The activities having a favourable impact on the social environment.
- Improvement in competitiveness through R&D&I.
- Effective and efficient protection by way of a preventive, detective, reactive and dynamic approach to the use of information.

Based on these principles, specific commitments and action lines are established for each sphere.

In 2021, the scope of the Integrated Management System Policy has been expanded to include the Information Security sphere on the basis of the ISO 27001 standard, in order to ensure the protection of the Group's assets while preserving the confidentiality, integrity and availability of information. This policy is available on the corporate websites of the various Group companies and on the Buenos Dias Elecnor intranet.

As outlined in the section "Progressing in our commitment to sustainability", the Elecnor Group is in the process of implementing the Corporate Social Responsibility Management System based on the IQNet SR10 standard. This standard specifies the requirements for integrating sustainability and social responsibility throughout the organisation; contributing to sustainable development, taking into account the needs and expectations of stakeholders; and showing the organisation's ability to meet the requirements, through ethical and transparent behaviour.

This System has international coverage and certification is expected to be obtained in the first half of 2022.

In 2021, multisite certification audits were conducted according to ISO standards 9001:2015 and 14001:2015. This is a single certificate for all of the organisations in the Elecnor that contains all of the scopes of the various activities and all of the work centres. Internationally, the Quality and Environmental Management System has been implemented and certified in Elecnor Angola pursuant to these standards and has been included in the Group's Multisite Certification.

73% of turnover is certified in accordance with international ISO 9001 standards.

The information regarding the rest of the certifications of the Integrated Management System is explained in each of the corresponding sections of this report (We look after our people, Committed to the environment and Technology and innovation).

Quality management

The Elecnor Group's quality strategy consists mainly of strengthening client satisfaction, consolidating the continuous improvement in the organisation's processes through risk management and opportunities and implementing opportunities for improvement and lessons learned, and involving the workforce in this process.

Within this framework, the initiatives implemented in 2021 have consisted of:

- Launching the Quality and Environment Management System internationally. In particular, Elecnor Angola has been incorporated into the Group's Multisite Certificate and the implementation and alignment of the IQA and Hawkeye systems in Elecnor Mexico has continued.
- Optimising processes through the CORE tool, which encompasses the digitalisation of Integrated System processes. The Improvement Management and Audits modules are available at present. The Improvement Management process is one of the most crucial in the Management System, since it enables knowledge to be shared throughout the company.
- Implementing CRM in all businesses incorporating quality processes.
- Undertaking actions to improve the satisfaction of customer needs and expectations.
- Identifying, documenting and providing 255 opportunities for improvement and 60 lessons learned.
- Launching the second edition of The Quality League campaign, which featured the participation of more than 1,300 people from 18 of the Group's countries. Its aim is to raise awareness around the importance of quality and its processes.
- Introducing improvements into the Central Regional Office warehouses to optimise supply and dispatch logistics by reducing the loss of components.

Customers, at the heart of the business

Customer satisfaction is a priority goal for the Elecnor Group. For this reason, different activities and initiatives are undertaken to strengthen its management.

The Group continues to measure customer satisfaction through digital surveys, enabling it to gauge the degree of satisfaction with the services offered, as well as to identify strengths and areas for improvement.

This year, 1,828 customer satisfaction surveys were sent, with a response rate of 64% (1,169 responses). The results show that Elecnor's average score among its customers has improved compared to 2020, rising from 8.53 to 8.56.

Satisfaction survey	2020	2021
Number of surveys	1,089	1,169
Average score	8.53	8.56
The most highly valued aspects	• Compliance with the safety requirements • Global valuation • Response and attention to need for changes	• Compliance with the safety requirements. • Training and technical capacity. • Attention and communication.

As proof of the Elecnor Group's commitment to customer satisfaction, a methodology has been set up for surveys that obtain a score under 7 in order to find out in detail the causes of this score and to analyse how to improve it. This is implemented by means of improvement management reports defining the necessary corrective actions to remedy the cause of the score obtained. Once these actions have been implemented, the customer is asked again about these less satisfactory aspects to assess the client's conformity with the action plans.

As for customer claims or complaints, they are managed in accordance with the "Internal and External Communication and Consultation" and "Improvement Management" procedures that outline the system to be applied for their management, analysis of causes and definition of efficient remedial actions.

Furthermore, the Elecnor Group acts with due diligence when addressing complaints through the following actions:

- Designating persons responsible for assessing client complaints and coordinating their resolution on the basis of improvement management reports.
- Annual recording and monitoring of the number of complaints received.
- Measuring the degree of resolution of closed/pending complaints and the time invested in this.
- Outlining action plans and/or improvement actions when considered necessary.
- Assessing client satisfaction once the improvement action has been implemented following the complaint.

In 2021, 255 customer complaints were filed, most of which were linked to technical management (48%), materials and equipment (23%) and environment (13%). All complaints were fielded within a defined period and 70% of them were closed with a satisfactory result

Supply chain

GRI 102-9 GRI 103-1, GRI 103-2, GRI 103-3, GRI 308-1, GRI 408-1, GRI 409-1, GRI 414-1

Guaranteeing the most stringent quality standards to customers requires optimal supplier management. For this reason, the company affords priority to those suppliers of materials and services that can have a significant impact on the final quality provided by the Group to its customers.

Whenever possible, priority is afforded to contracting local suppliers to boost the area's economy. The "Social Impact" chapter of this Report provides details of the Group's procurements from local suppliers.

From a risk standpoint, the Elecnor Group works on two different levels. On the one hand, they are analysed at a high level by Management and, on the other, the analysis is conducted at an operational level after identifying those responsible for the different processes.

In the supply chain, in 2021, the main risk identified in both high-level and operational risks was the late delivery of supplies, both equipment and materials. In order to curb these risks and have a more resilient network of suppliers and contractors, the Elecnor Group has an action plan based on fostering digital transformation in procurement management.

Therefore, this year, progress was made in implementing the Fullstep procurement platform nationally. This platform enables all parties involved in the procurement process to view the status of their processes in real time. Some relevant figures are set out below:

- More than 12,200 suppliers have registered with Fullstep, accepting the General Terms and Conditions of Procurement in which ethical, labour, social and environmental criteria, among others, are established.
- More than 2,900 internal procurement users.
- More than 50 training sessions have been given to more than 1,400 internal users.
- More than 259,000 procurement orders have been placed for approximately Euros 600 million.

The Materials/Services Supplier Management procedure forms the basis for managing the supply chain.

The Elecnor Group deems major suppliers to be all the materials and services that, as a result of their effect on the safety of the installation and/or continuity of service, seriously affect the final quality of the installations it carried out.

Approval as a major supplier is granted after its documentation is analysed using the criteria of quality, environment, energy management, occupational risk prevention, compliance, R&D&I, information security and sustainability. This year, the sustainability criterion has been added, positively rating the contribution of SR10, SGE21, SA 8000 and the Family-Friendly Company Model Certificates.

Currently, the Elecnor Group has a total of 5,652 approved suppliers: 4,877 in Spain and 775 internationally across 15 countries. In 2021, 1,988 suppliers have been approved, of which 680 (34.21%) have been proven to be aligned with environmental requirements and 22 (1.11%) with the social requirements required by the Group.

It is also worth noting that by including Scope 3 of the carbon footprint in the company, environmental performance data has been requested from certain suppliers and subcontractors, with 119 responses obtained.

The re-assessment of suppliers remains ongoing using 3 tools: surveys to assess procurement, supplier complaints and audits of critical suppliers.

The Elecnor Group has selected its critical suppliers, which represent 48% of its procurement volume, and audits them applying quality, environmental and compliance criteria. In 2021, 9 audits were conducted on critical suppliers, the result of which directly affects their approval as a major supplier. This is why the relationship with critical suppliers is ongoing.

It is worth noting that, in 2021, the Elecnor Group has not suspended its commercial relationship with any of its suppliers due to irregularities detected in both the procurement of materials and the management of services supplied.

For the purpose of maintaining optimal relations and processes with suppliers, the Group has several communication channels:

> Fullstep (procurement platform)

- **soporteproveedores@elecnor.es**
- Manuals for suppliers

> E-coordina (platform for the coordination of business activities)

- **soporte@e-coordina.com**
- Library for suppliers

> Whistleblowing channel

- **codigoetico@elecnor.com**
- Apartado de Correos nº 266-48080

15.7 Committed to the environment

The commitment of the Elecnor Group to environmental sustainability is inherent to the undertaking of its activities and its business strategy. On the one hand, the Elecnor Group contributes to building a sustainable, low-carbon future through its renewable energy generation, energy efficiency, water and environmental activities; and, on the other hand, reducing its carbon footprint and undertaking appropriate environmental management.

Environmental management

GRI 102-11, GRI 103-1, GRI 103-2, GRI 103-3

The Elecnor Group's General Services Area is responsible for managing the Integrated Management System, which encompasses the quality management, environmental management, occupational risk prevention, energy management, R&D&I and information security systems of all the company's organisations.

In order to monitor the areas of Quality and Environmental Management, there is a team of 101 people distributed between the General Services Area and the various organisations of the Group, both in Spain and internationally.

The principles of the Environmental Management of the Elecnor Group are set out in the Integrated Management System Policy, the scope of which was updated in 2021. These principles of action are described below:

- Incorporating environmental considerations into the decision-making processes regarding investments and execution of activities, encouraging their being taken into account in cost-benefit analyses.
- Fostering the protection and conservation of biodiversity and the natural environment, implementing the necessary measures in order to mitigate, offset and even avoid the negative impacts produced by the Group's activities, promoting those that generate positive impacts.
- Making sustainable use of resources, fostering responsible consumption, waste minimisation and the circular economy.
- To responsibly and efficiently manage water resources, based on the fully integrated cycle, nurturing social development and the conservation of ecosystems.
- Involving all stakeholders (employees, shareholders, customers, suppliers and society at large) in the joint quest for useful solutions to the challenges of preserving and developing the environment and using natural resources sustainably.

The Elecnor Group's activity is framed by its Environmental Management System and Energy Management, certified in accordance with ISO 14001:2015 and ISO 50001:2018 standards, respectively, as well as its Climate Change Strategy. The Environmental Management System defines a procedure to identify, assess and record the environmental aspects originating in its activities in order to determine which are significant and to be able to take measures on them to minimise possible impacts. Thereby, the most relevant aspects have been identified as waste generation, impact on the natural environment, use of natural and energy resources, and impact on flora and fauna.

In 2021, the company has mainly advanced in three lines of environmental action:

- Launching the Environmental Management System internationally. Elecnor Angola has been incorporated into the Group's Multisite Certificate and the implementation and alignment of the IQA and Hawkeye systems in Elecnor Mexico has continued.
- Optimising processes through the CORE tool, which encompasses the digitalisation of Integrated System processes, with the Improvement Management and Audits modules available.
- Cutting greenhouse gas emissions through adherence to the SBT (Science Based Targets) initiative. The Elecnor Group is committed to cutting Scope 1 and 2 emissions by 38% and Scope 3 emissions by 18% by 2035. The Elecnor Group's Climate Change Strategy has been updated based on these goals.

This year, multisite certification audits were conducted according to ISO standards 9001:2015 and 14001:2015. This is a single certificate for all of the organisations in the Group's infrastructures area that contains all of the scopes of the various activities and all of the work centres. Furthermore, certificates were maintained at the subsidiaries Audeca, Elecnor Deimos, Hidroambiente, Enerfín, Elecnor México, Elecnor do Brasil, Elecnor de Argentina, IQA and Montelecnor.

73% of turnover is certified in accordance with ISO 14001 standard.

The Elecnor Group has renewed the AENOR Environment CO_2 Verified Certificate pursuant to the ISO 14064-1:2018 standard, and extended the scope of the certification of the UNE-EN ISO 50001:2018 standard to the activity of rendering comprehensive operation, maintenance, conservation and energy efficiency services in water treatment systems (drinking and waste-water).

In 2021, the Group has allocated a total of Euros 4.5 million to managing environmental impacts, broken down as follows:

Activity	Investment (€)
Actions to minimise environmental impacts (climate change strategy, waste management, others)	1,446,000
Environmental awareness-raising	12,000
People dedicated to environmental activity	3,030,000
Environmental certifications	25,775
Environmental consultancy and advice	47,000
Total	**4,560,775**

The Elecnor Group has an environmental liability policy in force until 30 September 2022 covering the activities of Elecnor, S.A. and its subsidiaries, and the general limit of the policy stands at Euros 20 million. This policy guarantees compensation required from the policyholder for environmental damage, pursuant to the terms established therein.

The fight against climate change

GRI 103-1, GRI 103-2, GRI 103-3

The Elecnor Group actively and decisively contributes to building a low-carbon society. Climate change is a challenge on which the company has been working for years by undertaking various initiatives that have a positive impact on reducing its environmental footprint:

- Calculating its carbon footprint in accordance with internationally recognised standards and implementing actions to reduce GHG emissions within the scope of its activity.
- Verifying, for the seventh consecutive year, the inventory of greenhouse gas emissions pursuant to the ISO 14064-1 standard.
- Obtaining the "Calculo y Reduzco" seal awarded by the Spanish Office for Climate Change (OECC).
- Taking part for the fourth consecutive year in the Carbon Disclosure Project (CDP).

In 2021, the Group continued progress in its commitment to decarbonisation by joining the SBT (Science Based Targets) initiative. This initiative identifies and fosters innovative approaches to setting science-based corporate emission reduction targets.

Climate change strategy GRI 201-2

The Elecnor Group has conducted a strategic diagnosis of adaptation to climate change, in order to identify opportunities and risks in that connection. The analysis of opportunities concludes that Angola, Brazil, Spain and Mexico are the countries that have the best opportunities in the electricity, power generation, construction, environment and telecommunications businesses. As regards risk analysis, business lines focusing on power grid and wind energy concessions are most affected, with those located on the American continent presenting the highest levels of climate risk.

Owing to the results obtained from the diagnosis, the Elecnor Group designed its 2030 Climate Change Strategy, which established greenhouse gas emission reduction targets that were reached between 2019 and 2020.

Following the Group's adherence to the Science Based Targets (SBT) initiative, the Climate Change Strategy for 2035 has been revised.

SBT is an initiative led by CDP, United Nations Global Compact, the World Resources Institute (WRI), the WWF and We Mean Business, in order to help companies set ambitious science-based climate targets in order to cut greenhouse gas emissions and limit global warming to below 2ºC, taking advantage of opportunities during the transition to a low-carbon economy.

The new Strategy is structured into four overall areas of action: Governance, Strategy, Risk Management, Metrics and Targets, included in three cross-cutting lines: People, Assets and Knowledge, seeking to align with best disclosure practices in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD's goal is to foster the quality of financial reporting on the potential impacts of climate change with a view to improving the ability of investors to assess climate-related risks and opportunities.

The new Climate Strategy will contribute to ensuring lower costs and, at the same time, more effective responses to climate change. Similarly, it is set to be the basis for a profitable and growing business, making the Elecnor Group a strong, competitive and sustainable company. The Group's resilience to climate change will be defined by its ability to address the risks and take advantage of the opportunities arising from this phenomenon.

The 2035 Climate Change Strategy, establishes the framework for all the Group's actions to reduce greenhouse gas emissions, adapt to climate change impacts and tap into the associated opportunities. Therein, the Elecnor Group establishes the commitment to cutting Scope 1 and 2 emissions by 38%, and Scope 3 emissions by 18% by 2035. This endeavour will enable work to be carried out along four lines of action:

> **Fuels:**

- Renewing the fleet for more efficient and less carbon-intensive vehicles.
- The most sustainable fuels will be analysed for the changeover, according to the country.

> **Renewable energy:**

- Procuring 100% renewable energy electricity by 2035 internationally.

> **Value chain:**

- Setting up a collaboration programme with the main suppliers as regards carbon, focusing on obtaining primary information and subsequently accompanying them on their reduction path.

> **Risk management:**

- Managing the short, medium and long-term risks and opportunities linked to climate change.
- Establishing an internal carbon price as a tool to support the integration of climate aspects within the company.

In 2022, once a GAP analysis has been conducted in order to determine the starting point with respect to the TCFD recommendations, the Group will focus on formalising the processes for monitoring and controlling climate risks and opportunities in order to secure business continuity and management support.

Similarly, it will also advance in formalising the processes for assessing and quantifying the financial impact associated with the climate risks and opportunities identified in the short, medium and long term, to enable this analysis to be used as a useful tool in the associated management processes.

Monitoring, evaluation and review of the climate change strategy for 2020 GRI 302-4

Below is a description of the main results obtained in 2020 according to the document "Monitoring of the Elecnor Group's Climate Change Strategy", finalised in July 2021.

Strategic line	Investment (€)	Shares	Emissions avoided tCO_2e
Fuel and energy	817,612.98	• Conference calls encouraged to avoid journeys. • Giving courses in efficient driving practices. • Acquiring sustainable and efficient vehicles. • Acquiring sustainable and efficient machinery and tools • Acquiring efficient tools (computers, tablets, etc.) • Improvements in renewable energy generation facilities and the acquisition of green power. • Installation of timers for electronic devices and automatic off switches. LED lighting to replace existing fixtures. • Controlling air-conditioning.	2,987.32
Agua	58,614.96	• Developing a plan to reduce water consumption. • Implementation of awareness campaigns.	2,223.81
Papel	3,500	• Developing a plan to reduce paper offices.	41.46
Total	**879,727.94**		**5,252.61**

Emissions GRI 305-1, GRI 305-2, GRI 305-4, GRI 305-5

Carbon footprint

Each year, the Elecnor Group calculates its carbon footprint pursuant to international standards using a tool that enables each organisation in the Group to report the consumption data associated with Scopes 1, 2 and 3.

In February 2021, the Elecnor Group verified greenhouse gas emissions in accordance with UNE ISO 14064-1 standard, linked to the direct and indirect emissions relating to its activities. Within the framework of carbon footprint registration, offsetting and CO_2 absorption by the Ministry for Ecological Transition (MITECO), the Group also renewed the "Calculo y Reduzco" seal granted by the Spanish Office for Climate Change (OECC). This seal acknowledges the calculation and verification of GHG emissions and recognises the Elecnor Group as one of the organisations to effectively reduce its carbon footprint for more than 4 consecutive years.

This seal acknowledges the calculation and verification of GHG emissions and recognises the Elecnor Group as one of the organisations to effectively reduce its carbon footprint for more than 4 consecutive years. In 2021, it upheld the score of A- achieved in 2020, a score that positions the Group yet again at the highest level in terms of sustainability, adaptation and mitigation of the impact of climate change.

In 2021, the Elecnor Group's carbon footprint was 63,959 tCO_2e for Scope 1 and Scope 2 (57,070 in 2020). Factoring in Scope 3 emissions, deriving from the value chain both upstream and downstream, the Group's total emissions amounted to 360,416 tCO_2e (214,181 in 2020).

Emissions ($t CO_2e$) GRI 305-1, GRI 305-2, GRI 305-3

Scope	2020	2021	Changes (%)
Scope 1 Stationary and mobile combustion*	**53.394**	**61.721**	**15%**
Scope 2 Consumption of electricity	**3,676**	**2,238**	**-39%**
Scope 1 & 2 totals	**57,070**	**63,959**	**12%**
Scope 3**	**157,111**	**296,457**	**89%**
Total	**214,181**	**360,416**	**68%**

(*) Fugitive emissions were counted, but not reported since they are only reported every three years due to their representing less than 1% of the total carbon footprint.
(**) Scope 3 emissions for 2020 come from an in-depth study of all the relevant categories and they are not verified.

Scope 3 of the carbon footprint refers to processes associated with the Elecnor Group's value chain, but which take place in sources that do not belong to it and which it does not control. The categories are calculated according to the "GHG Protocol Corporate Value Chain (Scope 3) Standard". This protocol classes Scope 3 emissions into 15 subcategories. Those applicable and relevant to Elecnor are as follows:

- Supply chain (procurement of products and services).
- Capital goods (reported in conjunction with supply chain).
- Life cycle of fuels and energy consumed.
- Transport and distribution of goods (upstream).
- Management of waste generated.
- Business travel by air, train and car (private, rental and taxi), in addition to stays at hotels.
- Employee commuting to and from the workplace.
- Leases (downstream).
- End of life of products sold.
- Investments.

Scope 1 emissions have increased by 15% compared to the previous year, due to an increase in activity in Chile which mainly resulted in a rise in fuel consumption.

Meanwhile, more Group organisations have committed to using electricity from renewable sources in Spain, which has led to a 39% reduction in Scope 2 emissions.

At 2021 year-end, for Scopes 1 and 2 the ratio of emissions generated per hour worked was 1.75 $kgCO_2e$/hour, 6% down on 2020 (1.86 $kgCO_2e$/hour). Nevertheless, taking 2014 as the basis for comparison, the ratio has clearly improved, having fallen by 29% (2.4 $kgCO_2e$/hour in 2014 vs. 1.75 $kgCO_2e$/hour in 2021).

Scope 3 emissions account for 82% of total emissions.

Scope 3* emissions	2020*	2021	Changes (%)
Acquisition of goods and services and capital goods	124,859	252,090	102%
Energy-production-related activities (not included in Scope 1 or 2)	14,207	11,197	-21%
Upstream transport and distribution	2,151	1,552	178%
Waste generated during the operation	732	3,321	354%
Work trips	6,233.6	7,677	23%
Home-work-home commuting of employees	3,392	13,937	311%
Assets leased by the organisation	360	1,502	318%
Waste deriving from products sold by the organisation	72	77	5%
Investments**	5,104	5,104	0%
Total	**157,111**	**296,457**	**68%**

(*) Scope 3 emissions for 2020 come from a detailed study of all relevant categories and are not verified.

(**) The investments correspond to Celeo.

It is worth highlighting the partnership with the Spanish Quality Agency (AEC) in the Climate Change task force, exchanging experiences and generating useful documentation for all the AEC's members and partners. The matters addressed relate to actions to combat climate change (carbon footprint, energy efficiency, decarbonisation, etc.) and related legal developments.

Offsetting emissions

The Elecnor Group has several programmes in motion to offset emissions through reforestation. In particular, it is worth mentioning the programme launched by Elecnor do Brasil consisting of planting Atlantic forest seedlings as part of the Green Initiative's Carbon Free Programme. The planting began in December 2020 and will offset 30% of the carbon footprint in 2019.

Mitigation through activities. Emissions avoided

The Group's power generation activity using renewable sources avoids the emission of greenhouse gases. The company undertakes projects in the areas of wind, solar PV and solar thermal power, hydroelectric and biomass plants.

By means of its Concessions Business, the Group has holdings in 1,700 MW of renewable energy facilities in operation and construction in Spain, Brazil, Canada and Colombia (1,694 MW in 2020), broken down as follows:

Renewable energy MW	2020	2021
Wind energy	1,349	1,335
Solar thermal energy	150	150
Solar PV energy	195	195
Total	**1,694**	**1,700**

As part of its commitment to diversification, the Group's wind power subsidiary Enerfín, is implementing innovative projects that include, among others, the hybridisation of wind energy and photovoltaic energy and storage, or generation, storage and supply of green hydrogen. In an initial phase, these projects are centred in Spain in light of the new regulation (Royal Decree Law 23/2020) and the National Recovery and Resilience Plan.

This kind of project responds to the need to decarbonise the economy, enabling, on the one hand, greater penetration of renewables in the electricity system (hybridisation, storage); and, on the other hand, reaching sectors with high emissions such as heavy goods transport or cogeneration. Along these lines, the administrative processing of two hybridisation projects and an innovative green hydrogen production project began in 2021. In particular, through its subsidiary Renovables del Cierzo, S.L., it has started to process the solar wind hybridisation projects of the Corral del Molino I and El Montecillo wind farms, with an installed solar power of 3.4 and 6.2 MWp respectively.

It is worth highlighting that the Elecnor Group sent 5,986,189 tonnes of waste to clean points in 2021, and that the generation of renewable energy at Enerfín reached 3,064,060 MWh in 2021.

The table below shows the greenhouse gas emissions that were avoided as a result of the two abovementioned initiatives.

Initiatives	Emissions avoided (tCO_2e)
Waste management on clean points	22,115
Renewable energy generation	1,367
Total	**23,482**

Source: prepared by the authors using a comparison with a trend scenario. The equivalent in tCO_2e has been calculated by comparing the avoided emissions using a trend scenario, in other words, what the associated emissions would have been if the waste had not been processed at a clean point or if the energy had not been generated from renewables.

Below are some of the most significant renewables projects awarded in 2021:

Wind energy

Spain
Cometa I and II wind farms, 64 MW
Solans wind farm, 50 MW
Loma de los Pinos wind farm, 40 MW
Barroso wind farm, 22.5 MW
Cantadal and La Serma wind farms, 20 MW
Expansion of Gecama wind farm, 16 MW

International
Cajuina II wind farm, 312 MW, Brazil
Sao Fernando IV wind farm, 85 MW, Brazil
WESP wind farm, 10 MW, Colombia

Solar PV energy

Domestic
Brovales solar PV farm, 250 MW

International
Casablanca solar PV farm, 239 Mwp, Brazil
Esperanza solar PV farm, 90 MW, in Dominican Republic
Rio do Peixe I e II solar PV farm, 70 MW, Brazil
Cedro & Caoba solar PV farm, 26 Mwp, Panama

Consumption management
GRI 103-1, GRI 103-2, GRI 103-3

Energy consumption GRI 302-1

In 2021, energy consumption totals 712.46 TJ, 10% down on the previous year (788.41 TJ).

It is worth highlighting that 100% of the electricity consumed by the Elecnor Group's facilities in Spain in 2021 comes from renewable sources.

The various energy consumptions are presented below:

Energy consumption (TJ)

	2020	2021
Gas natural	0,13	0,21
Gasóleo	29,24	48,41
Gasolina	54,14	21,49
Gasoil	479,75	507,01
Biodiésel	156,41	0,13
Electricidad	64,23	65
Fuente no renovable	43,42	31,87
Fuente 100% renovable	20,65	33,12
Otros combustibles	4,51	5,22
Total	**788,41**	**647,47**

Note: All the electricity consumed by the Elecnor Group's facilities in Spain in 2021 comes from 100% renewable sources.

Energy efficiency initiatives

Energy management is one of the Group's areas of activity Elecnor is certified as an Energy Services Company (ESC), empowering it to develop projects to boost energy efficiency in street lighting, buildings and facilities. At present, Elecnor manages 267,869 street lights in 90 Spanish municipalities.

Meanwhile, internally, over the course of 2021, a number of energy-saving and energy efficiency actions were implemented, most notably:

- Fleet renewal, including new hybrid vehicles in the organisation.

- One-off modifications to the facilities at water treatment plants to reduce electricity consumption, installing more energy-efficient machines.
- Conference calls encouraged to avoid journeys.
- Courses in efficient driving practices to drivers of vans and heavy vehicles.
- Installation of timers for electronic devices and automatic off switches.
- Replacement of existing lighting with low-consumption LED lighting (offices, wind turbines in some wind farms, etc.).
- Implementation of a "PaperCut" user register for the offices' main printers, in order to keep better control of printing by each user and minimise the number of print-outs.
- Installation of photovoltaic solar panels in one of the warehouses of the North-Eastern Regional Office.

Sustainable financing GRI 201-2

The Elecnor Group has restructured its long-term financing sources, which are now sustainable.

In that regard, the company **renewed its Syndicated Financing Contract**, arranged in 2014, previously renewed in 2015, 2016, 2017, 2018 and 2019 enabling successive extensions of the maturity and improved conditions. This latest novation extends the maturity until September 2026 and has been executed by Santander (Agent), Caixabank, Abanca, BBVA, Kutxabank, Sabadell, Barclays, Société Générale, Unicaja, Crédit Agricole, Banco Cooperativo and Bankoa.

This financing complies with the requirements laid down by the Sustainability Linked Loan Principles and, therefore, it has been classified as sustainable.

Furthermore, the Group signed three long-term private placements totalling Euros 100 million:

- 50 million at 10 years, in sustainable loan format, coordinated by Banca March.
- 20 million at 10 years, which additionally fulfils the Green Loan Principles, as the funds are used for projects classified as green, executed by ICO and with Banco Sabadell as coordinator.
- 30 million at 14 years, in the form of a sustainable bond issued in the MARF, with an Elecnor Group rating (investment grade; BBB-, issued by Axesor) and structured and placed by Banco Sabadell.

The new funding facilities will contribute to the intention to boost Sustainable Development Goal 13 "Climate Action" of the United Nations Global Compact, by encouraging the development of sustainable and environmentally friendly projects.

Consumption of renewable energy

The electricity consumed by the Elecnor Group's facilities in Spain in 2021 comes from 100% renewable sources.

Celeo in Brazil generates photovoltaic energy for its own consumption at its maintenance base in Uberlândia. Similarly, Celeo in Chile has photovoltaic panels at the new Atacama maintenance base, with an estimated generation capacity corresponding to 92.8 kWh/day (2,783 kWh/month).

Water consumption GRI 303-1, GRI 303-2

The Elecnor Group's water consumption as a result of its activities is as follows:

- Own consumption. Water used in the facilities and to conduct the Group's various activities.
- Water treatment for customer. Water captured from waste water treatment facilities or water supply services, or discharged water from treatment plants operated by Elecnor and processed to attain human consumption quality or a degree of treatment as established by law.

The Elecnor Group deems the water footprint to be a material issue with low criticality and that it does not generate a significant impact on the water resource in the undertaking of its activities. However, it is aware of the importance of this limited resource and that some of its activities are performed in areas where there is a high risk of water stress. Therefore, it drives initiatives to reduce and optimise the consumption of this resource.

Similarly, the environmental administration establishes preventive measures to curb possible effects on river ecosystem species and other bodies of water, as well as to fulfil the environmental flow regime and the technical requirements laid down by the administration itself. The processes that ensure compliance with water collection and discharge requirements are part of the environmental management systems that the company implements, verifies and certifies pursuant to the international standard ISO 14001.

Through the Environmental Management System, the Group identifies its own water consumption as a non-material environmental aspect. Even so, the possible impacts related to water consumption in the activities conducted are assessed and monitored at the permanent facilities and in the works executed. This monitoring is conducted through:

- Monitoring of consumption
- Identification and compliance with legal requirements
- Standard environmental management procedures
- Location of areas at high risk of water stress (WRI)

The control mechanisms are related to the implementation of good practices in order to encourage cutting consumption to a minimum.

Initiatives to reduce and optimise water consumption are described below:

- Conducting awareness campaigns related to water saving.
- In Angola, a rainwater harvesting system was built for an (alternative) tank and the normal intakes were replaced with pressure or sensor intakes.
- Continuing to measure consumption and assess annual results for the purpose of planning targets for improvement and reduction of consumption.
- Several initiatives have been implemented in the AH Natchigal project (Cameroon), including a method for harvesting rainwater at various points in the project's life base. The stored non-drinking water can be used for watering gardens, vehicle cleaning or other possible needs.

Moreover, the company ensures compliance with all legislation in the areas where it performs its activities. The Elecnor Group avoids collecting water in areas of high water stress where it operates.

GRI 303-3, GRI 303-5	2020	2021
Mains water consumption (hm³)	0.094	0.102
Water consumption in areas of high water stress (hm³)	0.057	0.043
Water consumption in areas without water stress (hm³)	0.037	0.059

Note. Water-stress areas have been identified using the "WRI Aqueduct 2019" database, specifically areas of "high" or "extremely high" water stress.

While total water consumption has risen in 2021, water consumption in areas of water stress has decreased.

The Elecnor Group ensures compliance with legislation, which guarantees that the discharges conducted are within the limits stated in the corresponding authorisations or permits. Thus, no anomalous circumstances have been detected that could significantly affect water resources and related habitats.

Other consumption

The Elecnor Group uses the following raw materials: steel, cables, insulators, electrical panels, cells, pumps and pipelines. The company currently implements initiatives to recycle and re-use some of these, such as cables and steel.

Waste management GRI 306-1, GRI 306-2

The Elecnor Group's Environmental Management System includes the protocol for managing waste generated in order to ensure adequate protection of people's health and the environment, as well as compliance with applicable legislation. The waste generated is treated in accordance with current legislation for authorised management, seeking the best available techniques for recycling, wherever possible. Moreover, in 2021 the company generated a total of 38,012 tonnes of waste (32,981 tonnes in 2020), 75% of which was recovered (re-use, recycling, soil treatment or other means) (73% in 2020).

The Elecnor Group also contributes to waste recovery by managing municipal recycling centres and recovering silt at the water treatment plants (WWTP and DWTP) it manages.

Below are details of the amounts of waste generated in its operations:

Waste generation by type	2020	2021
Hazardous waste	713,193	397,436
Non-hazardous waste	32,267,427	37,614,204
Total	**32,980,620**	**38,011,640**

GRI 306-4, GRI 306-5	Hazardous waste (Kg)	Non-hazardous waste (Kg)
Waste not destined for disposal	**127,097**	**28,327,827**
Reuse/Preparation for reuse	22,868	6,910,599
Recycling	17,000	11,749,117
Other recovery operations	87,229	9,668,110
Waste destined for disposal	**270,339**	**9,286,377**
Incineration (with energy recovery)	342	64,220
Incineration (no energy recovery)	9,568	37,100
Transfer to landfill	211,639	9,050,489
Other elimination operations	48,790	134,569
% Destined for recovery	**75%**	
Total	**38,011,640**	

Other initiatives

Certain major initiatives implemented to prevent waste generation (recycling, reuse, etc.) are described below.

Celeo continued with the "Celeo Recicla" (Celeo Recycles) campaign which is aimed at fostering separation and recycling at work centres by providing separate bins, placing information signs and conducting awareness campaigns.

Enerfín is committed to circular economy initiatives, which can be highlighted with the increasing repowering of old wind farms and the consequent dismantling of existing wind turbines. Along these lines, Enerfín is taking part in a business partnership project with AIN Circular Platform, whose aim is to develop a circular economy strategy to integrate it into management, and to provide a collaborative approach between the participating companies.
The subsidiary Atersa has improved the efficiency of photovoltaic panels marketed in year 2021. Here, efficiency means the amount of Watts used in a solar panel expressed in W/m^2. This improvement entails fewer product units needed to achieve the same installation power, resulting in reduced waste generated.

Environmental awareness

The Elecnor Group involves its employees and all other stakeholders in environmental awareness programmes and campaigns.

Some of the most notable initiatives include:

- Helping to Help competition. In order to acknowledge and promote projects by non-profit organisations that contribute to improving natural heritage through biodiversity protection, the preservation of environmental quality and ecosystems, the sustainable use of natural resources and combating climate change, the Elecnor Group launched the first call for entries for this competition, with a prize of Euros 12,000.

  The Sustainability Committee selected the three finalist projects (Fenix, Recicla + and La Mar de Limpio) from among the six candidates. The employees chose the winning project through the Buenos Días Elecnor intranet: *"La Mar de Limpio: de ti depende"* (Clean sea: its down to you), an environmental volunteer project by Fundación Oxígeno to clean seas and beaches.

- Climate Action Day. As part of this celebration, internal and external communications were sent to raise awareness around the Elecnor Group's participation in building a sustainable, low-carbon future.

- *Calculo y Reduzco* (I calculate and reduce). Through the renewal of the Calculo y Reduzco seal, internal and external communications were sent to reinforce the message that the Elecnor Group is an organisation committed to reducing its carbon footprint.

- In the context of the SE Jurupari project by Elecnor do Brasil, various awareness-raising campaigns were conducted in World Environment Week with the river community of Praia Verde, close to the project, on forest preservation, composting and artisan production using reusable wooden pallets.

- "No hay excusas para no reciclar" (No excuses for not recycling) awareness campaign. The environmental department of Algete Council, in collaboration with Audeca, continues with the public awareness campaign to encourage residents to recycle and use each container correctly. The Council seeks to raise awareness around the importance of recycling using an audiovisual campaign, on the internet and social networks.

- Similarly, in Santa Margalida Council (Spain) another awareness-raising campaign has been conducted by Audeca, where besides carrying out a selective collection of household waste fractions, it has raised awareness door to door on the best waste separation practices.

- Environmental awareness and information programme on renewable energies, conducted at the Cofrentes wind farm, seeking to raise awareness among the region's population and stakeholders around respect for the environment, its conservation and protection. In particular, an environmental and renewable energy awareness day was held at the Cofrentes wind farm for children aged 9, 10 and 11 from the Maestre Caballero school in Cofrentes.

- The PAREP Project by Green Light Contractors is conducting an awareness-raising programme involving the public. In this case, the scout group of Port Augusta, a town close to the project, regularly removes packaging waste, obtaining a contribution for this removal, which they then use for materials for their activities.

- Environmental awareness campaign to improve the management of hazardous waste at wind farms.

- Delivering glass bottles to employees to reduce the use of plastic bottles and cups.

- Undertaking various initiatives in the offices to recover waste and foster the circular economy: selective collection and recovery of masks in order to obtain fuels and lubricants, and collection of coffee capsules and coffee grounds to make catering utensils, buckets and flowerpots, as well as agriculture fertiliser.

- Undertaking various initiatives in the works for the recovery of waste or materials and fostering the circular economy (the projects AH Nachtigal (Cameroon), Brovales Clúster (Spain), Forest Line (Finland): donation of surplus wood or materials to local companies to be used for other purposes.

Management of biodiversity and protection of the natural environment

GRI 103-1, GRI 103-2, GRI 103-3, GRI 304-1, GRI 304-2, GRI 304-3

The Elecnor Group's human-induced impact on bioversity refers to the potential effects on flora and fauna due to disturbances, loss of habitat and even loss of species. The Group identifies and assesses this impact from all its activities, either for legal compliance or at the own initiative of the organisation or its customers. As a result, it undertakes activities and measures that reduce the impact on biodiversity to a minimum or even generate a positive impact on biodiversity.

Some of the mitigation actions conducted in 2021 to minimise and limit the impact on biodiversity are described below:

Related to fauna conservation

- Photovoltaic solar plant Fotón I-II-III (Manzanares, Ciudad Real). The declarations request the development of environmental proposals to integrate the works and improve the habitat of fauna (lesser kestrel, owl and steppe-land birds). To that end, the company has conducted interior and perimeter planting, landscape integration measures and actions to increase the populations of kestrels and owls.

- Baza – Caparacena 400 kV Transmission Line Project (Spain). A conservation programme for birds of prey is being conducted using biological recovery periods, following the survey on fauna and the installation of deterrents in a critical area for the conservation of birds of prey living among the rocks.

- Guajira I wind farm (Colombia) In order to reduce the impact on wildlife to a minimum as a result of the works, a fauna management programme has been undertaken that includes measures to repel, rescue and relocate vertebrate fauna found in the area under the jurisdiction of the wind farm works. The programme also features staff training on interactions and management of fauna and potential risks.

  Other complementary strategies were also developed, such as daily grazing of vertebrate species of medium to high mobility (e.g. goats and sheep) to maintain the current vegetation, training project staff on the care and protection of biodiversity and ecosystem services, in addition to designing and developing 20 double-sided informative and preventive signs, both in Spanish and Wayuunaiki, to reduce the number of accidents and deaths of wildlife and domestic species.

- Llanos del Viento wind farm project (Chile). Actions have been taken to prevent contingencies and emergencies related to the risk of wildlife being run over.

- Enerfín's Ribera de Navarra wind farms (Montecillo, Corral I, Corral II, and Volandín). Actions have been implemented to avoid affecting steppe-land birds.

- Enerfín's Aerosur wind farm (Spain). Environmental monitoring during the operating phase, meaning specialised monitoring in detecting birds and shutting down wind turbines that could pose a risk to them.

- PATE- LT230 kV Oriximiná-Juruti-Parintins e Subestações Associadas (Brazil). Various mitigation and compensation actions are being conducted, such as the rescue of plant germplasm, the fauna rescue programme, the raptor conservation programme and the environmental education programme for workers.

Related to flora conservation

- Complexo Solar Fotovoltaico Lar do Sol (Brasil) – Casablanca. Mitigation measures are conducted, such as rescuing plant germplasm and the programme for scaring, managing and rescuing fauna.

- New England Solar Farm (Australia). The project has a Biodiversity Management Plan conducted by specialists, with measures such as marking sites identified as habitats of interest for diversity in order to avoid altering or removing them without proper supervision by a specialist.

- Coromuel wind farm (Mexico). During the construction of the project, shredding and composting is being conducted. This is considered a good practice for the generation of substrates rich in vegetative material and germplasm, which are subsequently used in reforestation activities in areas impacted by the project's various activities.

The Elecnor Group develops wind power projects through its subsidiary Enerfín. In the pre-operational (construction) phase, exhaustive environmental impact studies are conducted in agreement with the administration and lasting at least one year, for the purpose of characterising the bird species and populations existing in the area and their behaviour in the different seasons (identifying nesting and roosting areas, determining flight heights, etc.). The findings of these studies are crucial for the project's viability.

Once the facility enters operation, the concessionary subsidiary conducts birdlife monitoring plans, in addition to various checks for the conservation of ecosystems existing in the project area, reporting the data from this monitoring to these administrations in due course.

Restoration projects conducted in 2021. The most important ones are described below:

- Restoration of Lake Yaoundé (Cameroon). The purpose of this project is to carry out Phase One of the Project for the Tourism and Economic Development of the Municipal Lake and Development of the Mingoa Valley in Yaoundé on behalf of the Urban Community of Yaoundé, in the Republic of Cameroon.

  This initial phase includes the cleaning and sanitation of the lake, reinforcement of the banks, purification of the lake water and waste water from the buildings erected or to be erected in the vicinity, construction of restorative water lily area, the development of paths, trails and car parks around the perimeter of the lake, the urbanisation and/or restoration of green spaces around the lake.

- Restoration project of the Zapardiel river as part of the integrated project Life16 IPE/ES/019 (Spain). The project consists of the fluvial restoration of 70 km of the Zapardiel river.

  This development is included among the actions of Life IP-RBMP Duero, a project that will enable the management of water resources of the Duero river basin through innovative, sustainable, participatory solutions that can be exported to the rest of the river basins.

- Reforestation work on the SA DUAIA public estate (Artá-Mallorca) for Endesa (Spain). This initiative is part of the Endesa Forest initiative, which endeavours to contribute to the restoration of degraded and burnt land in Spain by planting and sowing native forest species, thereby contributing to absorbing greenhouse gases from the atmosphere and regulating the local climate.

- 56 MW Coromuel wind farm. The reforestation activities include the propagation and germination of endemic flora for the project. Its goal is to conserve the biological diversity of the ecosystem and sustainable management, seeking to repopulate the areas affected by the ongoing civil and electromechanical construction work on the project.

- PAREP (Australia). A rehabilitation plan has been implemented to start revegetating the areas once the construction works have been completed. The plan consists of trialling the planting of small areas with native Australian seeds of plants that grow in the area and, depending on the results of the trial, finalising the plan for the entire 60 ha site.

  The purpose of the site restoration and rehabilitation work is to return the disturbed areas to a functional ecosystem that can once again support grazing. Restoration and rehabilitation activities on the disturbed areas will be conducted in stages as the construction works progress.

At Celeo, the main biodiversity impacts identified of the activity of the electricity transmission lines in Brazil and Chile include, but are not limited to, the stifling or loss of vegetation, disturbance of fauna due to noise and dust, and the alteration of rainwater. The impacts are managed through an environmental impact assessment that defines mitigation, repair and compensation measures. The mitigation of impacts relating to the operation of electricity distribution lines is achieved through the optimisation and reduction of interventions to the minimum necessary, as well as the environmental regeneration of the areas affected.

Furthermore, the Elecnor Group includes projects located in or near protected areas of great value, the information on which is set out in Appendix I of this report.

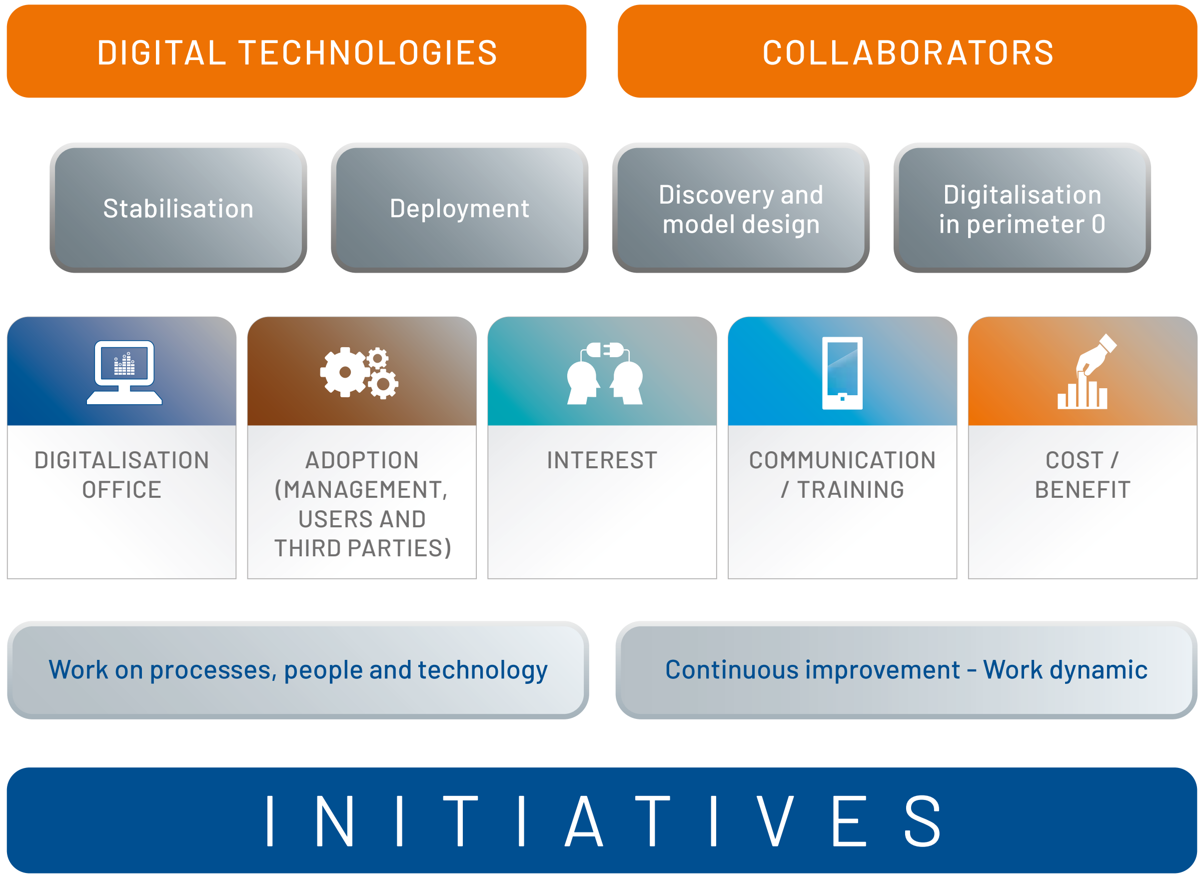
Similarly, the Group and its subsidiaries also monitor species that appear on the International Union for Conservation of Nature (IUCN) Red List and on national conservation lists whose habitats are in areas affected by the organisation's operations, by level of risk of extinction. Appendix I of this report lists the projects that conduct this monitoring.

15.8 Technology and innovation

The digital transformation in the Elecnor Group: processes, technology and people

The strategic project on Digital Transformation addresses the design, digitalisation and deployment of an innovative management model seeking to improve processes, operational efficiency, cultural change and competitiveness.

Along these lines, the Elecnor Group has developed a transversal technological innovation process for management that is now in a mature phase.



The now-consolidated Digitalisation Office is the driving force behind this innovation and is in charge of providing it with a structure, method and a governance model that is responsible for fulfilling the goals set and measuring progress using two complementary indices: the Digital Development Score and the Implementation Rate.

Through various initiatives, the Digitalisation Office coordinates the progress of innovation in processes, technologies and people. Each initiative involves the required number of people within the organisation to reach a decision on which process to implement and the most suitable IT medium.

The decisions adopted are assessed by the Digital Transformation Committee, which includes representation from all areas of the company and contributes a transversal business approach.

Achievements 2021

- The initiatives implemented obtained a Digital Development Score (DDS) of 96.23% and an Implementation Rate (IR) of 95.43%.
- Progress in the digitalisation of transversal and business processes: procurements management, fleet management, financial reporting, various spheres of occupational risk prevention, consolidation of financial statements, insurance management, estimated closures, clocking in, document management, overseeing of major construction projects, framework agreement management, time sheets, CRM, etc.
- Deployment and adoption throughout the Group of the different processes and their applications. 40 deployments have been conducted in 13 countries.
- Increased levels of involvement: +3,000 participants, +6,000 users, +7,000 third parties, 600 working sessions, +80 training sessions and 19 committee meetings held.
- Dissemination sessions and internal case studies on applications have been initiated, obtaining the following results of interest:

13 Informative sessions

21 Applications demonstrated

+2,800 people convened

+1,900 Participants

155 Participants /Session

+4,800 Surveys sent

+1,500 Surveys returned

3.57/5 Average mark

Information security

GRI 103-1, GRI 103-2, GRI 103-3

In 2021, the Elecnor Group has included the information security aspect in its Integrated Management System, as well as in the Integrated Policy. Furthermore, the Information Security Management System has been certified pursuant to the ISO 27001 standard. Through this system, security measures are conveyed in order to reduce the possibility of threats materialising and to ensure that the security incidents detected are resolved as soon as possible to prevent them from affecting the information processed or the services provided by the Elecnor Group.

Cybersecurity continues to be a relevant area for the company as a result of, on the one hand, the increase in attacks on companies in the most digitalised economies, and on the other, the greater need for connectivity in companies as a result of the pandemic, which has occasionally generated greater risk and vulnerability of systems.

In that regard, the Elecnor Group has undertaken the following projects:

- Start of the International Cybersecurity Plan.
- Implementing secure Wi-Fi and other projects seeking to guarantee security in facilities and plants (OT).
- Awareness and training to the entire workforce, crucial to maintain a high degree of protection against external threats.

Tackling COVID-19 by means of the digital transformation

From a technology standpoint, managing the pandemic in 2020 was a major challenge that was successfully overcome and which is ongoing this year in terms of guaranteeing the continuity of employees' work in tasks that can be carried out remotely.

In that regard, the difficult circumstances arising from COVID-19 have facilitated the digital transformation process and have considerably accelerated the adoption of digital habits in the Group. These include video conferencing, which remained at around 20,000 per month in 2021.

Similarly, the Group has a Contingency Plan encompassing the possible circumstances that might affect the availability of information systems, such as power outages, internet and server failures, impossibility of accessing buildings, etc.

Innovation and new business opportunities

Innovation in the Elecnor Group contributes greater added value to the services it provides to its customers with the guarantee of sustainability, competitiveness and differentiation of the company.

The Group's main strategic lines of RDI target the following areas of activity. Elecnor, S.A. and its subsidiary Audeca are currently certified in accordance with UNE 166002 standard.

The Group's main strategic lines of RDI target the following areas of activity:

Infrastructure

- Railway
- Electricity transmission/distribution
- Gas transmission/distribution
- Roads
- Construction and building solutions

Energy

- Renewable/conventional generation
- Substations
- Energy storage systems
- Hybrid fossil fuel + solar PV systems
- Biomass
- Construction solutions
- Improvements in efficiency, O&M and management of generation plants

Facilities

- Electrical installations
- Energy services
- Safety
- Buildings and large facilities (ports, airports, industry, hospitals, etc.)
- Construction solutions
- Smart cities

Environment

- Management and treatment of waste and waste-to-energy
- Carbon capture systems (CCS)
- Soil decontamination
- Improvements in efficiency, O&M and management of plants

Water

- Systems for desalinating sea water and brackish water
- Waste water treatment systems
- Drinking water purification systems
- Water transport and distribution networks
- Improvements in efficiency, O&M and management of plants and water networks

Singular projects

- Development of projects in which innovation provides a significant qualitative leap.

Achievements 2021

- Maintenance of UNE 166002 certification for RDI Management Systems of Elecnor, S.A. and Audeca.
- Launch of INNOVA 2021 call for proposals for RDI project funding.
- Development of projects for the hybridisation of wind power with photovoltaic energy and studying the possibility of integrating a storage system in hybrid farms.
- The production of renewable hydrogen is being promoted —through the subsidiary Enerfín— as a vector towards ecological transition and decarbonisation.
- Integration of circular economy criteria into wind farm components, mainly turbine blades.
- Collaboration agreement with two hydrogen production technology manufacturers: Fusion Fuel and Ohmium.
- Design and manufacture of an auxiliary metal structure for assembling lighting on high-rise towers.
- Approval of three projects with the participation of the Group's technological subsidiary, Elecnor Deimos, within the scope of the EU's European Defence Industrial Development Programme (EDIDP). These projects are intended to develop new techniques for observing objects in Earth orbit, a command and control system for space defence systems and to outline a space system for the early detection of intercontinental ballistic missiles.
- Approval by the Provincial Council of Bizkaia of two innovative projects in the HAZITEK call for proposals: Genio Project in the Railway Department and QR Project for the activity of industrial plants.
- Training of staff for site and construction managers, tender and BIM personnel for lean construction.
- In 2021, the total figure of expenditure on all the Group's R&D&I projects amounted to Euros 6.3 million.

Innovation projects

In the year, the Elecnor Group was involved in a huge number of innovation projects that, in many cases, it performs in collaboration with various universities and technological centres and institutes, such as Railway Innovation Hub, University of Valladolid, Madrid's Polytechnic University, University of Burgos, ICAI Institute of Technological Research, CENES in France, UKSA in the United Kingdom, POLSA in Poland, CENER (National Renewable Energy Centre); the company Tekiner or aerospace agencies such as Spain's Institute of Aerospace Technology (INTA) and Tecnalia, among others.

Highlighted projects

Green Hydrogen Project

This project by Enerfín, the Group's wind power subsidiary, endeavours to design, develop, implement and validate a 1 MW green hydrogen generation, storage and supply plant (Green H2 Langosteira) for subsequent use in heavy goods transport, public transport fleets and industrial use.

The green hydrogen produced will be used to supply a plant that currently consumes natural gas.

The project involves various partners and has been submitted to the Ministry for Ecological Transition and Demographic Challenge.

Enerfín is partnering with Spain's National Hydrogen Centre (CNH_2), whose highly qualified staff specialise in the design and optimal sizing of hydrogen facilities.

SIGIDEL Project

The goal of this project is to implement an advanced electrical supervision and control system for an aerial installation. It endeavours to develop the necessary technology to provide facilities of these characteristics with a series of systems at the cutting edge of technology that fulfil the conditions for the correct management of the facilities in real time.

The purpose is to study and develop new SCADA modules, with a view to improving the current contingency criteria between the supervision systems between buildings, as well as the implementation of the different peripherals, remote units, communication systems, application software, etc. of the SCADA system (control, supervision and data acquisition system), comprising newly developed elements.

Smart cities

This project is geared towards the design, development and integration of a new model of smart cities by means of automating irrigation and lighting systems.

The project seeks to integrate autonomous watering systems in parks by means of a centralised system, allowing local operation in each park and in the command centre. Accordingly, resources are optimised and, using historical data, it is possible to make suitable tweaks to ensure continuous improvement in efficiency terms.

Moreover, the system can also read 100 temperature and humidity sensors over a Siemens IoT 2040 gateway through its open source programming system. This programming consists of capturing signals and processing and delivering data to the cloud by means of the SIGFOX protocol.

In addition, the project also tackles the control aspect of street lighting and pilot plans for waste integration via an online platform with global access.

The Genio project

The Main goal of the project is to develop a smart system to support planning and execution of maintenance. To do so, Elecnor's Railway Department has implemented a complex asset management system based on information management so as to gain competitiveness and market share, in particular in Spain.

The technological solution is geared towards industrial maintenance, and its goal is to further the knowledge and application of various technologies linked to artificial intelligence within this field.

Predictive Maintenance

The increase in the operating portfolio and ageing of wind assets is resulting in the updating of management processes in wind farm operation and maintenance towards a predictive-type management model.

As Enerfín is aware of this situation, it is developing a multi-year project to equip its resources with tools that enable early detection of faults that may occur in wind turbines' main mechanical and electrical elements. This project endeavours to digitalise predictive maintenance processes, applying artificial intelligence and big data technologies and developments with the help of companies specialising in advanced data analytics.

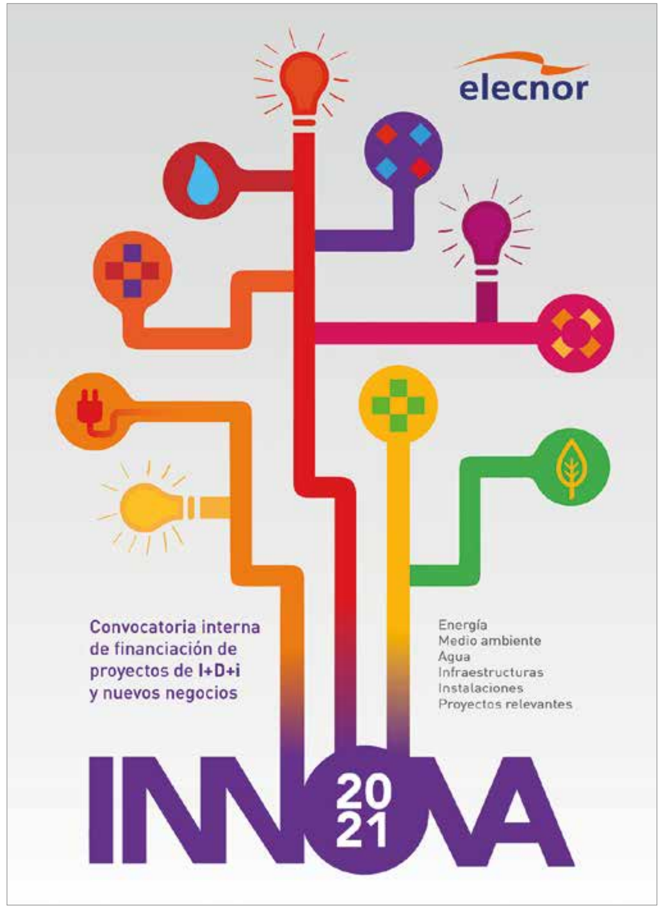
Thermographic inspection using an uncrewed aerial vehicle (UAV)

In Spain, the joint venture Celeo has implemented thermographic inspection using an uncrewed aerial vehicle (UAV) for photovoltaic plants of more than 1 MW. The images obtained are processed using artificial intelligence, providing an accurate and rapid analysis of the condition of the installed photovoltaic panels.

Innova 2021 calls for proposals

The Elecnor Group, through its Innova programme for funding RDI projects proposed, aims to align RDI with the development of new business for the Group, to boost competitiveness, achieve early identification of RDI projects and enhance internal collaboration.

All Elecnor Group organisations based in Spain and foreign subsidiaries can apply for funding for RDI projects.



Innova 2021 featured projects

Data analytics for improved processes

This project enables Elecnor's Systems Area to propose the integration of data analytics in automated processes. Until now, automation systems have been limited to collecting data, but have not been dedicated to using them, which could bring a competitive advantage in the integration of new installations or the expansion of existing ones.

The project proposes the following goals:

- To store the facility's data in a secure environment in the cloud, fulfilling security protocols, while accessing it from any device and location with the necessary permissions.
- To improve the data management and analytics process.
- Data use and statistical analysis in a visual and user-friendly manner, facilitating interaction with the results, extending exploratory capabilities in a visual interface to understand data and build models.

iSignal

iSignal is a trailblazing solution that uses artificial intelligence in road maintenance work. This project enhances road safety because it fulfils the dual function of, on the one hand, warning road users (drivers) of the existence of an incident on the road and, on the other, warning and alerting road maintenance workers of the existence of a hazard in real time. All of this is conducted with a robot that travels autonomously on the hard shoulder of the road, without affecting traffic and using artificial intelligence for the early detection of possible risks.

This innovative project is also co-funded through the CDTI (Spain's Centre for Industrial Technological Development of the Ministry of Science and Innovation) funds.

Mobile-terminal monitoring of control systems in industrial plants with augmented reality, geolocation and QR code

This project is an innovative application in the areas of augmented reality, geolocation and QR code reading. It comprises control systems that enable the optimisation of monitoring and remote control of industrial plants, thus achieving increased efficiency, productivity and agility in process management.

Innovating through startups

Collaboration with startups enables the Elecnor Group to access greater knowledge, develop innovative solutions and create new business opportunities that may contribute added value to customers.

In that regard, the Group has been conducting initiatives with disruptive or exponential technology in partnership with innovative start-ups. In the context of the Bind 4.0 programme, a public-private acceleration programme seeking to encourage the development of the best start-ups in the field of Industry 4.0 by fostering projects with leading industrial companies and a comprehensive support programme, the following projects have been conducted:

- **Asimob.** Proof of concept in the monitoring of traffic signs and road surface irregularities at a road maintenance centre on the Iberian Peninsula using artificial vision.
- **Codecontract**. Two proofs of concept on the traceability of IT developments and the traceability of the company's insurance applications using blockchain technology.
- **Grabit**. Proof of concept of PPE inventory control through artificial vision.

Membership of RDI associations and platforms

- Associate member of Eraikune Construction Cluster in the Basque Country. Eraikune helps boost the competitiveness of companies in the Construction Industry by means of training, innovation and internationalisation.
- Associate member of the Asturias Innovation Club (Innovasturias).
- Platinum member of the Efficient Energy Cluster of Catalonia.
- Member of the Interior Air Quality Cluster (IAQ), an association of businesses that cooperate and share synergies with the main goal of leading future decisions on how to improve interior air quality in buildings and infrastructure.
- Members of the R&D committees of Spain's Association of Technological Aeronautics, Space and Defence Companies (TEDAE), the European Association of Remote Sensing Companies, the European Association of Space Companies Eurospace and the Open Geospatial Consortium.
- Elecnor Deimos is a member of the Spanish Aerospace Platform, which comprises all the players in this sector, including companies, public and private research centres and universities, and submits the proposed strategic RDI agenda to administrations.
- Enerfín is a member of AEPIBAL, Batteries, Cells and Energy Storage Business Association; AeH2, Spanish Hydrogen Association; AIN, Navarre Industry Association; and REALTEC, Innovation Platform within the Spanish Wind Energy Association.

Participation in forums, congresses and awards

Forums and conferences

- Digital debate "New technologies applied to road maintenance", held by the Spanish Road Association.
- 16th Conference on Road Maintenance "The Road: Essential Infrastructure", held by ACEX and the Technical Road Association.
- 8th Solar Forum, UNEF.
- *European Space Policy Conference.*
- *International Astronautical Conference,* in Dubai.
- *International Conference of Astrodynamics Tools and Techniques,* from ICATT.
- International Geoscience and Remote Sensing Symposium, from IGARSS.
- GEO Week.
- *Earth Observation Phi-Week,* of the ESA.
- *RailLive, Technology, Innovation & Strategy for the entire rail supply chain.*
- International Defence Trade Fair, by FEINDEF.
- *European BIM Summit.*
- 2nd International Congress for Ecological Transition.
- AIN Circular Platform.
- Presentation of the Navarre Green Hydrogen Agenda.
- Cluergal Conference "Green hydrogen in the energy transition: challenges and opportunities".

Awards

17th National ACEX Award for Safety in Conservation

The project SMS+ of the subsidiary Audeca has won the 17th National ACEX Award for Safety in Conservation, in the general category.

The SMS+ system comprises an emergency and first aid communications network, and a platform to support this network in areas where there is no mobile phone coverage and with special emphasis on extreme weather phenomena.

Its goal is to establish communication by means of text messages between terminals or to send an SOS by pressing a button on a communication component. This development endeavours to facilitate the communication of personnel when conducting public service, within tolerable safety margins, enabling intervention in an exact location and with the necessary means, all in the shortest possible time. Shortening the response time in the event of incidents means resolving them more quickly and efficiently, reducing unforeseen consequences.

15.9 Responsible management

Corporate governance GRI 102-18

The Elecnor Group meets the requirements established in Spanish Companies Act and is guided by the recommendations in the Code of Good Governance of Listed Companies issued by the National Securities Market Commission[10].

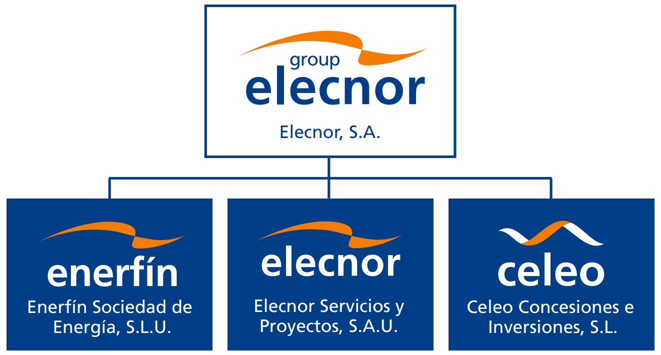
(10) This information is available under Corporate Governance in the Shareholders and Investors section of the Elecnor Group corporate website.

Corporate structure

In 2021, the General Shareholders' Meeting of Elecnor, S.A. (the "Spun-off Company") and that of Elecnor Servicios y Proyectos, S.A.U. (the "Beneficiary Company") have approved the joint spin-off project formulated by their management bodies, pursuant to the provisions of Law 3/2009, of 3 April, on structural modifications of commercial enterprises ("LME").

The partial spin-off operation involves the separation of the part of the assets of the Spun-off Company dedicated to the services and projects business activity, which undertakes the execution of all kinds of engineering, renewable energy, construction and services projects and which is conducted both directly and through branches and companies established in Spain and abroad in relation to the following sectors: electricity, power generation, gas, telecommunications and systems, railways, maintenance and energy efficiency, installations, construction, water, environment and space.

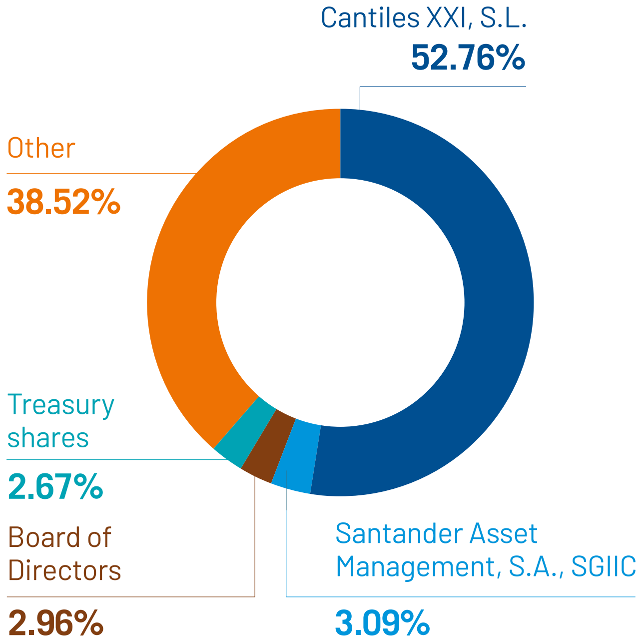
Elecnor, S.A. continues to be the Group's listed parent company and the subsidiaries Elecnor Servicios y Proyectos, S.A.U. and Enerfín Sociedad de Energía, S.L.U., as well as the partner company Celeo Concesiones e Inversiones, S.L., report to it.



The purpose of this spin-off is to adapt the Group's corporate structure to the organisational reality in which the company has been working for years, as well as to enable the risks, assets employed or profits of the activities conducted by each of them to be adequately individualised and, in consequence, the added value of each of the Group's activities to be suitably differentiated.

Ownership structure

Shareholding



The company Cantiles XXI, S.L., comprising various family groups, holds a 52.76% interest in Elecnor, S.A., which gives it control of the company within the meaning of article 42 of the Code of Commerce.

The heading "Other" in the chart includes shareholders with a non-material shareholding (less than 3%).

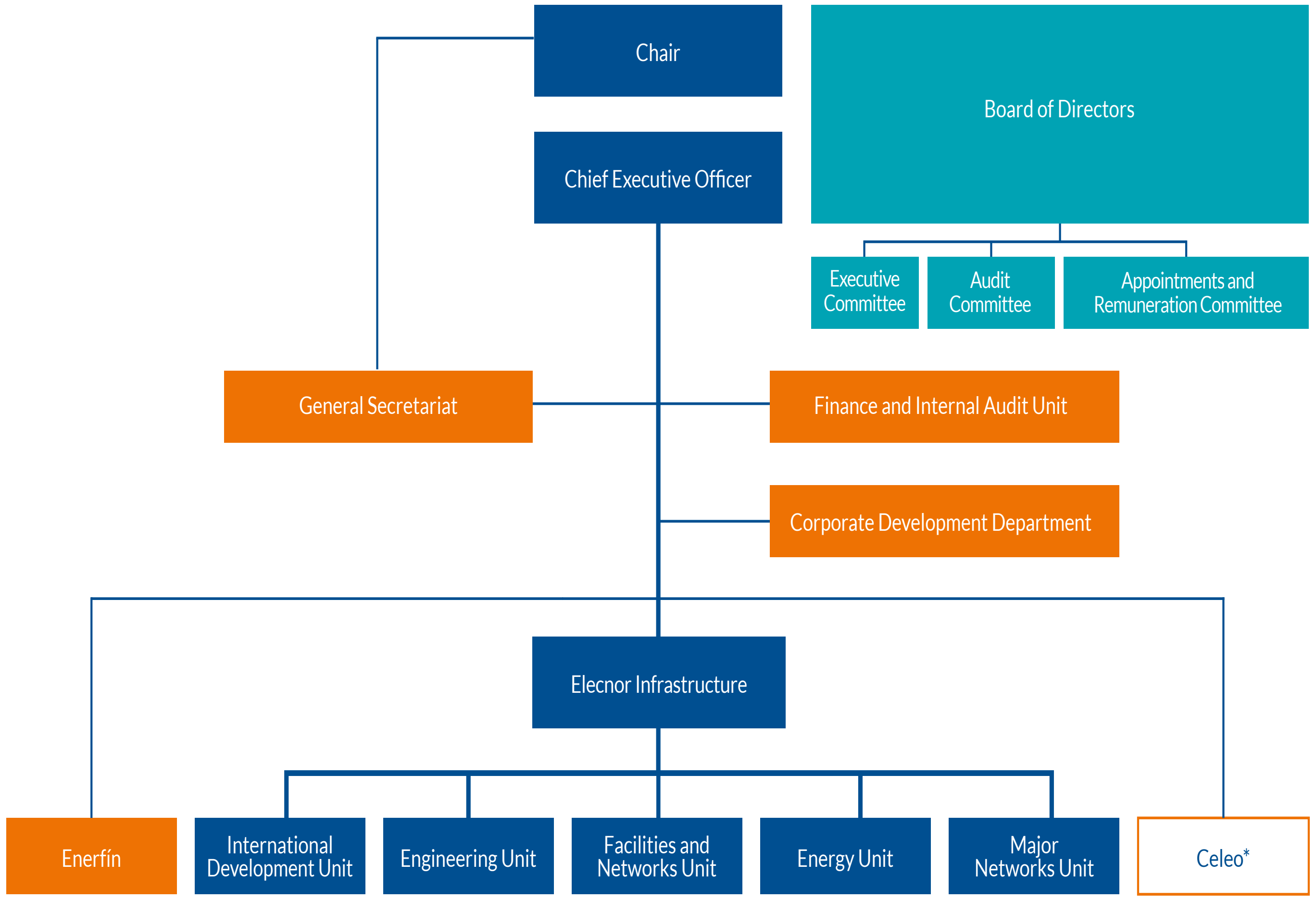
Governance structure

The governing bodies of the parent company (Elecnor, S.A.) are its General Shareholders' Meeting and the Board of Directors. The Executive Committee, Audit Committee and Appointments, Remuneration and Sustainability Committee report to the Board of Directors.

In 2021, the General Shareholders' Meeting was held exclusively online on 23 June, with an attendance rate of 80.31%.

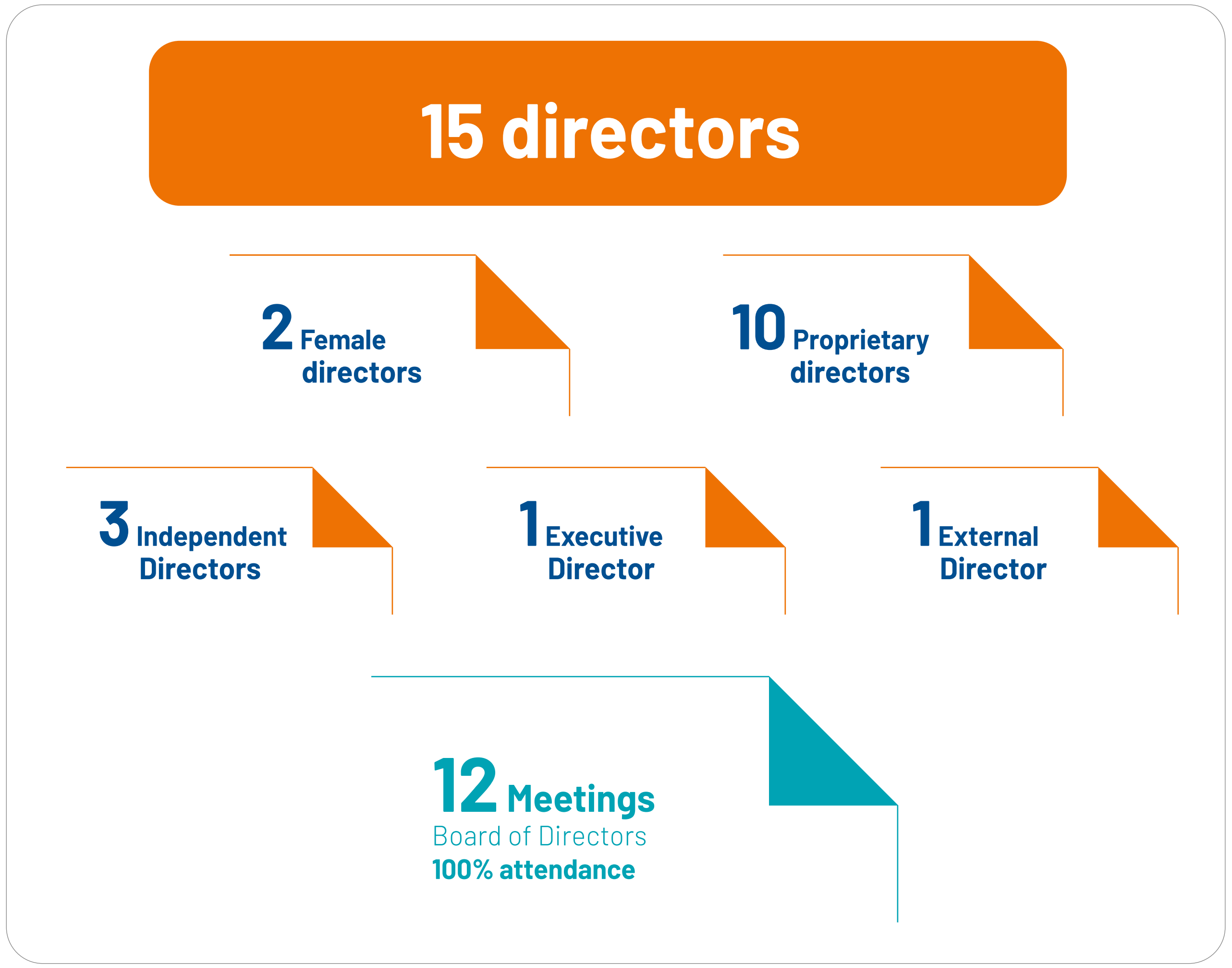
Organisational structure at 31 December 2021

GRI 102-18



(*) Sociedad cogestionada 51% Grupo Elecnor y 49% APG.

Board of Directors



Director name	Position on the Board	Category	Date last appointed
Jaime Real de Asúa Arteche	President (non-executive)	Proprietary	01 June 2018
Ignacio Prado Rey-Baltar	Vice-Chair	Proprietary	01 June 2018
Rafael Martín de Bustamante Vega*	Director and Chief Executive Officer	Executive	23 June 2021
Cristóbal González de Aguilar Alonso-Urquijo	Deputy-Secretary	Proprietary	22 May 2019
Fernando Azaola Arteche	Member	Other External	01 June 2018
Miguel Cervera Earle	Member	Proprietary	01 June 2018
Isabel Dutilh Carvajal	Member	Independent	22 May 2019
Joaquín Gómez de Olea y Menda-ro	Member	Proprietary	20 May 2020
Irene Hernández Álvarez	Member	Independent	01 June 2018
Juan Landecho Sarabia	Member	Proprietary	01 June 2018
Santiago León Domecq**	Member	Proprietary	23 June 2021
Miguel Morenés Giles	Member	Proprietary	01 June 2018
Gabriel de Oraa y Moyúa	Member	Proprietary	01 June 2018
Rafael Prado Aranguren	Member	Proprietary	01 June 2018
Emilio Ybarra Aznar	Member	Independent	22 May 2019
Pedro Enrile Mora-Figueroa	Secretary non-director		24 June 2020

(*) Reappointed for four more years. (**) Appointed by cooptation by the Board of Directors on 28/10/2020. Ratified by the General Shareholders' Meeting on 23/06/21.

Board of Directors' Committees

Executive Committee

The core functions of the Executive Committee are to prepare information on the issues to be addressed by the Board of Directors and the drafting of proposed resolutions; monitoring the implementation of the Elecnor Group's policies; and monitoring of the business of the company and its Group, which comprises confidential information due to its competitive sensitivity, which must be treated with the utmost safeguards on confidentiality. All of the foregoing is pursuant to the rules of operation of this Committee, as set forth in the deed of incorporation of the Committee.

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

Executive Committee	Number	% of total
Executive directors	1	16.7%
Proprietary directors	4	66.6%
External directors	1	16.7%
Committee meetings	**21**	

The following matters were raised at the meetings of the Executive Committee during the year:

- Spin-off project of the services and projects branch of activity.
- Processes of the possible onboarding of partners into certain projects.
- Main investment and divestment operations of the Elecnor Group.
- Progress of the Elecnor Group's main business subsidiaries, i.e., Elecnor Servicios y Proyectos, S.A.U. and Enerfín Sociedad de Energía, S.L.U., and the partner company Celeo Concesiones e Inversiones, S.L., including their priority issues and the monitoring of their goals.
- Reviewing impacts and managing risks arising from the COVID-19 pandemic.
- Actions on sustainability and climate change.
- Analysing changes in the regulatory environment.
- Studying the restructuring of the Elecnor Group's long-term financing sources, placing special emphasis on its sustainable and/or green rating.
- Monitoring the multi-currency promissory note programme in the MARF, amounting up to Euros 300 million.
- Dividend proposals.
- Assessment of the Committee itself.
- Progress of the Company's share price and shareholding

Comprehensive information of the Report on the Activities of the Executive Committee is contained in the Annual Corporate Governance Report, available in the Shareholders and Investors section on the Group's corporate website.

Audit Committee

The Audit Committee provides support to the Board in the supervision of financial and non-financial reporting, internal control and internal and external auditing, risk management and control, compliance with the company's corporate governance rules and internal codes of conduct, and it reports, among other matters, on related-party transactions.

Name	Position	Type
Irene Hernández Álvarez	President	Independent
Miguel Morenés Giles	Secretary	Proprietary
Isabel Dutilh Carvajal	Member	Independent
Ignacio Prado Rey-Baltar	Member	Proprietary
Emilio Ybarra Aznar	Member	Independent

Audit Committee	Number	% of total
Independent directors	3	60%
Proprietary directors	2	40%
Female directors	2	40%
Committee meetings	**11**	

The following matters were raised at the meetings of the Audit Committee during the year:

- **The review of regular financial and non-financial information published in markets and the goals and forecasts at year end**

The Committee supervises the preparation process and the integrity of the financial and non-financial information of the Company and the consolidated group. It reports favourably to the Board in that regards for subsequent submission to the authorities and the market, as well as for submission to the shareholders for approval at the General Meeting.

Prior to its submission to the Board of Directors, the Committee reviews the quarterly (March and September), half-yearly (June, subject to limited review by the Group's auditor) and annual (December, subject to review by the Group's auditor) financial information (and in the case of annual information, it also reports non-financial information) to be reported to the CNMV and published on the markets (key figures, evolution compared to the previous year, evolution of the main businesses and geographic areas, etc.). The annual report on non-financial information is also subject to independent verification by KPMG.

The Finance and Internal Audit General Sub-Directorate provides the Audit Committee with the appropriate explanations regarding the accounts. The accounting treatment of extraordinary transactions and the tax treatment of significant transactions are analysed, conferring with the Group's auditors and/or advisors.

The re-appraisals of targets and year-end forecasts are presented throughout the year, and deviations from targets are explained.

- **The monitoring of the main risks with the potential impact on the income statement and other material matters relating to the annual accounts, the Risk Management System and the Internal Audit system**

The Committee performs ongoing monitoring on the main risks with a potential impact on the income statement, which, in order to analyse them better, are structured by general sub-directorates and business divisions and quantified in terms of exposure for the Group, as well as contingent balances with customers and debtor balances with public bodies. After reporting the risks, the suitability of their possible provisioning for accounting purposes is analysed on a case-by-case basis.

The Audit Committee also monitors the most relevant judgements and estimates impacting financial information, specifically those relating to impairment tests on goodwill, intangible and tangible assets, deferred tax assets and the recording, control and measurement of derivative financial instruments.

The Audit Committee monitors the main risks relating to tax matters and the effective application of the corporate tax policy and reviews the tax treatment of transactions with particular importance in this respect. The Group's transfer pricing policy has also been reviewed this year.

As regards related-party transactions, besides those related to the spin-off project of Elecnor, S.A.'s branch of activity to Elecnor Servicios y Proyectos, S.A.U., there were no related-party transactions in 2021 that had to be reviewed by the Committee.

The main risks to which the Group is exposed (governance, strategic and environmental, operational, information and compliance) are subject to ongoing monitoring through the supervision of the Risk Management System and, specifically, the risks identified, the assessment of their potential impact, the likelihood of their materialisation and the action plans outlined to improve their management.

The Audit Committee has adequately supervised the Internal Audit function, approving and monitoring its annual work plan and monitoring its monitoring and review of the main risks affecting the organisation, its processes and controls. The Audit Committee also receives, reviews and approves the corresponding Activity Report from Internal Audit annually.

- **Monitoring and supervising the spin-off project of the branch of activity of Elecnor, S.A. in favour of Elecnor Servicios y Proyectos, S.A.U**

The Audit Committee has regularly and exhaustively monitored the spin-off project of the branch of activity of Elecnor, S.A. to Elecnor Servicios y Proyectos, S.A.U., supervising the progress of the various action plans established and the main risks of the project. In particular, at its meeting held on 1 March 2021, after an appropriate review, the Audit Committee decided to report favourably to the Board of Directors on —inter alia— the spin-off balance sheet (31 December 2020) and on the spin-off project itself, both of which were prepared by the Board of Directors at its meeting held on 2 March 2021.

- **The relationship with the Group's external auditors, supervision of their independence and approval of fees**

The Audit Committee met three times with the Group's external auditors in 2021, all without the presence of other members of the Company or its Group.

The main matters addressed with the external auditors at these meetings are:

- Planning and strategy of the annual audit of the Company's individual accounts and the Group's consolidated accounts (materiality, scope, main audit risks identified, schedule, etc.).
- Outcome of the annual audit of the individual and consolidated annual accounts and of the limited review of the Group's half-yearly abridged financial statements.
- Internal control shortcomings identified and, where applicable, recommendations for improvement.
- Declaration and written confirmation by the external auditors of their independence and in-depth information on services additional to the audit.

The Audit Committee assesses the performance of the external auditor and its contribution to audit quality and the integrity of financial reporting on an annual basis.

As regards the supervision of the appropriate independence of the external auditor, according to the internal procedure established in that regard which regulates the process for the approval —from an independence perspective— of non-audit services to be provided by the external auditor, the Audit Committee delegates to the Group's head of internal audit the due approval of all such services, provided that such services are not prohibited by current legislation or do not compromise the auditor's independence, except in cases in which the amount of the fees proposed for the provision of the services submitted for approval represent a specific percentage of the fees for audit services rendered by the main auditor in the immediately preceding year, in which case the approval is made directly by the Audit Committee. The head of Internal Audit has regularly informed the Audit Committee of the services approved according to this procedure and always prior to the submission by the external auditor of its annual declaration of confirmation of independence, in which the external auditor sets out the fees charged to the Company and its related companies, broken down by item, both for audit and non-audit services, in the year in question both by the auditor itself and by other firms in its network.

For the approval of the corresponding non-audit services, the Audit Committee or, where applicable, the head of Internal Audit, relies on specific documentation, which should at least comprise a draft of the corresponding proposal for services and documentation accrediting the independence analysis conducted by the external auditor and its conclusion in that regard. Occasionally, and depending on the nature and the fees proposed, the Audit Committee seeks the appropriate explanations from both Internal Audit and other Group managers. In all cases, besides the determination of whether or not the proposed service is a prohibited service, the assessment process involves analysing threats to independence (self-interest, self-review, advocacy, familiarity or trust and intimidation) and, where applicable, the safeguards to be applied in that regard.

The Committee has concluded that the auditor of the Company's individual and consolidated accounts has performed its audit work independently and has reported to the Board of Directors in a timely manner.

The Audit Committee has also ensured that the external auditor has held a meeting with the full Board of Directors in order to report on the work conducted and on the development of the Company's accounting and risk situation.

The Audit Committee reviewed KPMG's proposal of fees to audit of the individual and consolidated annual accounts for 2021 and decided to submit it to the Board of Directors for approval.

Lastly, in view of the legal obligation to replace the Group's current auditor as from 2023, the Audit Committee decided at its September meeting to start the selection process for a new auditor for the years 2023 to 2025. Following the process conducted, at its meeting in December 2021, the Audit Committee decided to submit its proposal for appointment to the Board meeting held in the same month for submission to the General Shareholder's Meeting.

- **Supervision of the Compliance System and the activities of the Compliance Committee**

In line with the Group's comprehensive commitment to this matter, this is one of the activities to which it devotes an especially important effort. The Group's head of Compliance was present at six of the Committee meetings held in 2021, reporting on the activities of the Compliance Committee and the initiatives, actions and/or incidents that have taken place in the field of Compliance, seeking the approval of the Committee when necessary.

In short, the tasks conducted by the Audit Committee in this field in 2021 were as follows:

- Reviewing and approving the Annual Compliance Report for 2020.
- Monitoring the main compliance risks to which the Group is exposed.
- Approving and monitoring the compliance goals for 2021.
- Approving and monitoring the Compliance Training Plan for 2021.
- Reviewing the Elecnor Group's Code of Ethics and Conduct and its Compliance Policy, which have been reviewed and updated in 2021, and of the new policies undertaken in terms of anti-corruption and anti-trust, and submitting them to the Board for approval.
- Monitoring the processes of adapting the Group's Compliance System to the special circumstances and requirements of the various countries in which it operates (organisations and subsidiaries).
- Monitoring the complaints and/or concerns communicated through the Ethics Channel, analysing conclusions and deciding upon the measures to be taken.

Throughout 2021, the Audit Committee has conducted special monitoring of the operation of the new Compliance organisation, which was approved by it at the end of 2020 in order to strengthen, improve and continue to keep the Compliance System permanently operational.

Similarly, the Committee monitors the evolution of the various judicial and administrative proceedings with potential impact on the legal entities forming part of the Elecnor Group.

- **Monitoring of the Group's Digital Transformation Project**

The head of the Group's IT and Technology Area, together with the heads of the Financial General Sub-Directorate and Internal Audit, reported on the degree of progress of the key project on process re-engineering and digitalisation that has been under way since 2016 and that seeks operational excellence, meaning the capacity of the organisation, processes and systems to contribute to efficiency, information control, service quality and regulatory compliance.

Similarly, the Audit Committee has been kept informed of the key advances and projects in the area of Information Systems security, highlighting the progress made in the field of cybersecurity, both nationally and internationally, and the attainment of ISO 27001 certification for Information Security Systems in March 2021.

Additionally, the Audit Committee monitored the progress of the project headed by the Consolidation area to implement a computer application to support the Group's entire financial reporting and consolidation process, a project that was successfully completed within the established time frames.

- **Information to the General Shareholders' Meeting**

As a result of the special circumstances that occurred in 2021 due to the health crisis, the General Shareholders' Meeting held on 23 June 2021 was held online. Notwithstanding these limitations, Irene Hernández Álvarez, in her capacity as Chair of the Audit Committee, reported at the General Shareholders' Meeting on the activity conducted by the Committee in 2020 and up to that date.

- **Supervision of compliance with the Company's Corporate Governance rules and internal codes of conduct. Assessment of the Committee**

In the field of Corporate Governance, the Audit Committee has analysed the issues deriving from the assessment of the Committee by the Board of Directors, establishing its proposals for action in relation to this assessment. Similarly, the Audit Committee adequately supervises compliance with the Company's corporate governance rules and its internal codes of conduct.

It is also worth highlighting the work of the Audit Committee to review, update and amend several of the Company's operating Policies and Regulations in order to adapt them to the recommendations outlined in the Code of Good Governance of Listed Companies and other standards. In particular, during the year, the Committee reviewed the Regulation of the Audit Committee, reporting favourably on the proposed amendments in order for them to be definitively approved by the Board of Directors.

Comprehensive information of the Report on the Activities of the Audit Committee is contained in the Annual Corporate Governance Report, available in the Shareholders and Investors section on the Group's corporate website.

Appointments, Remuneration and Sustainability Committee

This committee, which changed its name from Appointments and Remuneration Committee to its current name by resolution of the Board of Directors on 24 November 2021, assesses the skills, knowledge and experience required on the Board. Additionally, it proposes and reviews the remuneration policy for Directors and Management, and reviews the corporate governance and sustainability of the company.

Name	Position	Type
Emilio Ybarra Aznar	President	Independent
Jaime Real de Asúa Arteche	Secretary	Proprietary
Miguel Cervera Earle*	Member	Proprietary
Isabel Dutilh Carvajal	Member	Independent
Appointments, Remuneration and Sustainability Committee	**Number**	**% of total**
Proprietary directors	2	50%
Independent directors	2	50%
Female directors	1	25%
Committee meetings	**8**	

*Appointed 22/03/2021.

The following matters were raised at the meetings of the Appointments, Remuneration and Sustainability Committee during the year:

Over the course of the year, the Appointments, Remuneration and Sustainability Committee performed the following actions:

- **With regard to the composition of the Board of Directors and its Committees**

The Committee has reviewed the category of each of the Directors, concluding that the current categories remain fully in line with their circumstances.

Each year, the Committee conducts an ongoing process of analysing and studying the structure, composition and operation of the Board of Directors, and, in this regard, in 2021, the Committee has been advised by the Professor of Commercial Law Alberto Alonso Ureba, to continue the analysis conducted in 2017 by Spencer Stuart, as a leading international external consultant, and for the purpose of progressing with adapting said structure to the best practices and recommendations of good governance.

- **With regard to selecting Directors and members of the management team**

The Appointments, Remuneration and Sustainability Committee has performed a preliminary analysis of the needs of the Board of Directors including competencies, know-how and experience required by the Board, all of which was taken into account when compiling proposals and reports submitted to the Board concerning the appointment and re-election of Directors.

In particular, at the request of the Board of Directors, the Committee reported favourably on the proposal to re-appoint Rafael Martín de Bustamante Vega as Director, with the category of executive, for a four-year term, in addition to the proposal to ratify the appointment by cooptation, in October 2020, of Santiago León Domecq, as proprietary Director of the Company.

- **With regard to Board positions**

The Committee approved the Succession Plan for the Chairman of the Board of Directors and the Chief Executive Officer, and also reviewed the Succession Plan for the management team.

- **With regard to the remuneration of Directors and members of the management team**

The Appointments, Remuneration and Sustainability Committee proposed the annual fixed and variable remuneration for the Executive Director and compiled the 2020 Annual Report which the Board of Directors presented to shareholders at their General Meeting for an advisory vote.

Similarly, the Committee proposed the remuneration policy for the management team and its application, including its variable remuneration proposal, both short-term (yearly) and the long-term incentive system for the period 2020-2022.

Similarly, an external comparative analysis was conducted on the management team's remuneration, with the help of consultant Willis Towers Watson, WTW, a project that comprises a quantitative analysis of the remuneration to the Chief Executive Officer and the management team, and a diagnosis of the current policy in relation to the market and corporate governance best practices.

- **With regard to reviewing corporate governance and sustainability**

The Appointments, Remuneration and Sustainability Committee has been no stranger to the drive for sustainability on a global level and has taken measures associated with this field under its remit, following the creation of the Sustainability Committee comprising people from various business areas of the Company.

Similarly, as previously stated, the amendment to the Regulations of the Committee itself has been proposed to the Board, as well as the approval of the Elecnor, S.A. Corporate Governance Policies and of the Elecnor Group Structure Definition and of a new Related-Party Transactions Protocol, in order to adapt these texts to the abovementioned Spanish Companies Act reform.

- **Other functions**

The Committee has reviewed the situation in issues related to COVID-19, such as the influence on the Company's personnel and its performance in certain areas.

In relation to the self-assessment of the Board, the Committee has reviewed the templates for assessing the Board, the Chairman and its Committees in 2020, and conducted the assessment of the Committee itself, concluding that the applicable composition and operational requirements have been satisfactorily fulfilled.

Furthermore, as regards these assessment for 2021, and as three years have elapsed since the last time this process was conducted with an external consultant, the Commission has agreed to undertake this matter with the firm Russell Reynolds.

In the same way, it reviewed the questionnaire sent to all Directors in connection with possible conflicts of interest in 2021.

When necessary, the Commission has received consultancy from external experts, having previously analysed in these cases the potential conflicts of interest existing with them, and no risk situation has been detected.

Comprehensive information of the Report on the Activities of the Appointments, Remuneration and Sustainability Committee is contained in the Annual Corporate Governance Report, available in the Shareholders and Investors section on the Group's corporate website.

Diversity of the Board of Directors and Director selection GRI 405-1

The Elecnor Group's Policy for the Selection of Directors and for Board Diversity, available on the Group's website, outlines all the measures adopted in relation to the selection of Directors, diversity policies in connection with gender, age, experience, etc.

In December 2020, the Board of Directors agreed to amend this Policy to bring it in line with the reform of the Code of Good Governance of Listed Companies approved by the CNMV in June of the same year.

The Policy is governed by the following guiding principles:

- Adequate composition of the Board of Directors, for which purpose the Director selection processes must be grounded on a prior analysis of the competencies required by the Board.
- Fostering diversity in the Board and its Committees, among other aspects, in relation to know-how, experience, age and gender.
- Non-discrimination and equal treatment, whether on the grounds of race, gender, age, disability or any other reason.
- Transparency in selecting candidates for Directors, with the Board of Directors being obliged to provide all significant information in this regard, duly documenting the selection processes and including the main conclusions in the reports and proposals by competent bodies that must be made available to shareholders at their General Meeting.
- Compliance with applicable regulations and the principles of good corporate governance.

Said Policy establishes that the bodies in charge of ensuring the diversity of the Board of Directors and its Committees as well as of the processes of selection of members of the Board will be the Board of Directors and the Appointments, Remuneration and Sustainability Committee, without prejudice to the appointment powers of the General Meeting of Shareholders.

With regard to the recommendation of ensuring that the number of female directors represents at least 40% of members of the Board of Directors by the end of 2022 and thereafter, and no lower than 30% before then, the company intends to continue fostering an increased presence of female directors on the Board so as to fulfil the recommendation without affecting the normal functioning of the Board and the suitability of its members as a whole to discharge their duties.

In compliance with legal stipulations, the Board of Directors of Elecnor, S.A. compiled the Annual Corporate Governance Report for the year ended 31 December 2021. Said document is available on the websites of the CNMV and the Elecnor Group.

Remuneration Policy

On 27 March 2019, at the proposal of the Appointments, Remuneration and Sustainability Committee, the Board of Directors of Elecnor approved the Remuneration Policy corresponding to the years 2020, 2021 and 2022, which is a continuation of the Remuneration Policy in force until 2019.

As the foremost measure of the Remuneration Policy, the Board of Directors, after studying the prevailing legal and legislative context, agreed to amend the Bylaws (article 12) and the Regulations of the Board of Directors in relation to Directors' remuneration. Article 12 establishes that the General Shareholders' Meeting will determine and approve the maximum remuneration to be received as compensation by Directors for all items and all duties they perform, including both executive and non-executive functions.

This Policy aims to reduce mercantile and tax risks emerging in the future in relation to the remuneration of Directors in the event of a change of legislation, as occurred at non-listed companies.

The Policy is governed by the following guiding principles:

- Moderation: remuneration must be reasonable, in accordance with trends and references of similar companies and in proportion to the Company's situation and the economic context at each given time.
- Suitability: the Policy is designed to attract, motivate and retain directors. It rewards directors' quality, dedication, responsibility and knowledge of the business, as well as their professional track record and commitment to the Company.
- Profitability and sustainability: remuneration to directors performing executive duties will provide an incentive for performance and reward value creation in the long term.
- Transparency: the design, establishment and application of the Policy will be implemented in strict observance of transparency. In particular, the Company will make available to shareholders, at the General Meeting, this Policy and the related Report, and it will be outlined in both the notes to the Company's annual accounts and its Annual Corporate Governance Report.
- Safeguarding shareholders' interests.

Without prejudice to the foregoing, the Board of Directors of Elecnor, S.A. intends to present to the upcoming Ordinary General Shareholders' Meeting in 2022 the proposal to amend the Directors' remuneration policy to expressly incorporate the new provisions of the Code of Good Governance approved by the CNMV in June 2020 and of Law 5/2021, of 12 April, amending the revised text of the Spanish Companies Act, with regard to promoting long-term shareholder involvement in listed companies.

Total remuneration accrued by the Board of Directors in 2021 amounted to Euros 4,789.6 thousand (Euros 4,938.1 thousand in 2020), including remuneration deriving from their executive functions (CEO) and their non-executive functions.

The table below shows a breakdown of this amount, in thousands of Euros, on an individual basis for each member of Elecnor, S.A.'s Board of Directors. This breakdown is also available in the Annual Report on Remuneration to the Directors of the Company, published by the CNMV and on the Group's corporate website.

	Remuneration accrued within the Company					Remuneration accrued within companies in the Group					
Director Name	Total cash remuneration	Gross profit on vested shares or financial instruments	Remuneration from savings schemes	Other items of remuneration	Total in 2021	Total cash remuneration	Gross profit on vested shares or financial instruments	Remuneration from savings schemes	Other items of remuneration	Group total in 2021	Company + Group total in 2021
Jaime Real de Asúa Arteche / PROPRIETARY	481.5				481.5	20.0				20.0	501.5
Ignacio Prado Rey-Baltar / PROPRIETARY	214.0				214.0	20.0				20.0	234.0
Rafael Martín de Bustamante Vega EXECUTIVE	1,690.0			5.2	1,695.2	20.0				20.0	1,715.2
Joaquín Gómez de Olea y Mendaro / PROPRIETARY	174.0				174.0	20.0				20.0	194.0
Cristóbal González de Aguilar Alonso-Urquijo PROPRIETARY	199.0				199.0	20.0				20.0	219.0
Fernando Azaola Arteche / EXTERNAL	197.5				2.5	200.0					200.0
Miguel Cervera Earle PROPRIETARY	183.4				183.4	20.0				20.0	203.4
Isabel Dutilh Carvajal INDEPENDIENTE	189.0				189.0						189.0
Irene Hernández Álvarez INDEPENDIENTE	181.5				181.5						181.5
Juan Landecho Sarabia PROPRIETARY	161.5				161.5	20.0				20.0	181.5
Santiago León Domecq PROPRIETARY	167.7				167.7	10.0				10.0	177.7
Miguel Morenés Giles PROPRIETARY	214.0				214.0	20.0				20.0	234.0
Gabriel Oraa y Moyúa PROPRIETARY	161.5			1.8	163.3	20.0				20.0	183.3
Rafael Prado Aranguren / PROPRIETARY	161.5				161.5	20.0				20.0	181.5
Emilio Ybarra Aznar INDEPENDENT	194.0				194.0						194.0
Total	**4,570.1**			**9.5**	**4,579.6**	**210.0**				**210.0**	**4,789.6**

Board of Directors' Evaluation

The Company's Board of Directors evaluates, by means of various questionnaires to be completed by all of its members, its own activity and that of its Committees, as well as the activity and actions of its Chair, Secretary and Chief Executive Officer, pinpointing the strengths and areas for improvement and applying the adequate remedial measures. These questionnaires are reviewed by the respective Committees.

They include the evaluation of areas such as the degree of compliance with targets, value creation and strategy, composition and dynamic of the Board, risk management, transparency and relations with shareholders, Corporate Governance and corporate social responsibility, the operation of the Board Committees and the performance of the duties of the Chairman and Secretary of the Board and the Chief Executive Officer.

Pursuant to the recommendations of the Code of Good Governance, it is worth noting that for the 2021 assessment, the external consultant Russell Reynolds has again been hired to review and update the assessment system, conducting individual interviews with each of the members of the Board of Directors as part of the assessment process

Progress on the principles of good governance

The Group has a "Policy on communication of information, contacts and engagement with shareholders, institutional investors, asset managers, financial intermediaries, proxy advisers and other stakeholders" through which the Board of Directors of Elecnor, S.A. endeavours, in the corporate interest, to encourage the Company's ongoing dialogue with these groups, on the basis of transparency.

This Policy, which is published on the corporate website, establishes the Group's general information and communication channels, as well as specific channels that enable dialogue and participation of shareholders, institutional investors, asset managers, financial intermediaries and proxy advisers, to ensure that they have adequate and up-to-date information concerning the Company.

The General Shareholders' Meeting of Elecnor, S.A. held exclusively online in Madrid on 23 June 2021, approved the amendment to the Company's Bylaws and the Regulations of the General Shareholders' Meeting.

At its meeting on 24 November, the Board of Directors unanimously agreed to approve the change of the current name of the Appointments and Remuneration Committee to "Appointments, Remuneration and Sustainability Committee", thus strengthening the Company's commitment to sustainability and pursuant to Recommendation 53 of the Code of Good Governance of Listed Companies.

In that regard, it is worth noting that this year, the aforementioned Appointments, Remuneration and Sustainability Committee submitted the Elecnor Group's Sustainability Strategy to the Board of Directors for approval. This strategy includes the company's commitments in ESG matters. Along these lines, the Committee has scheduled meetings to monitor and assess this matter in 2022.

Also on 24 November 2021, the Board of Directors unanimously approved the amendment to the Regulations of the Board of Directors, the Regulations of the Audit Committee and the Regulations of the Appointments, Remuneration and Sustainability Committee, in order to adapt them to the new provisions implemented by Law 5/2021, of 12 April, on the promotion of the long-term involvement of shareholders in listed companies, which transposes into Spanish law Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017, and which has amended, in addition to other regulations, the revised text of the Spanish Companies Act.

On 29 November 2021, the Elecnor Group sent its Equity Story to the CNMV, which encapsulates its value project and future investment proposal. This document is a tool for transparency and market positioning.

Lastly, according to the provisions of article 529 ter.1, sections c) and e) of the revised text of the Spanish Companies Act, the Board of Directors, at its meeting held on 15 December 2021, unanimously agreed to approve two new corporate policies, which are available on the Company's website: Elecnor Group Structure Definition Policy and Corporate Governance Policy.

Risk management GRI 205-1

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

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

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

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

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

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

- **Governance risks.** Relating to the organisation's governance structure and method (structure and composition of the governing body, risk management, social responsibility and sustainability strategy and management of stakeholders' expectations).
- **Strategic, planning and economic environment risks.** Those linked to the main strategic variables and decisions, with the manner in which the strategy is executed and with movements or changes in the economic environment that might have a material impact on the organisation's activities and compliance with its goals. These include:
  - Business model
  - Managing and fulfilling the changing requirements of customers
  - Growth
  - Sub-contracting strategy
  - Business concentration
  - Changes in the market, industry and competition
  - Public health
  - Laws and regulations
  - Political or social situation
  - Changes in exchange and interest rates
- **Operating risks.** Comprising the manner in which the organisation carries out its activity and administers its resources in accordance with the established processes and procedures. These include risks relating to the management of projects, management and maintenance of assets, supply chain, commercial management, financing, credit, liquidity, financial and budget planning, legal aspects, human resources, information systems, etc.
- **Reporting risks.** Risks relating to information at both internal and external level, including risks ranging from the capture and processing of information to the preparation of reports and distribution thereof to designated recipients, whether management reports or mandatory reports (annual accounts, reports and tax filings, etc.).
- **Compliance risks.** Relating to the mechanisms in place to ensure compliance with laws and regulations and with the organisation's policies and procedures, emphasising areas such as the promotion and consolidation of the culture of compliance, management of risks of this kind, communications or incident management.

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

As regards the risks arising from COVID-19, in 2020, the Group reviewed its Risk Management System and raised the level of importance of the public health risk, conducting an analysis of the potential impacts resulting from the outbreak and of the management mechanisms available. This enabled the Group to enhance monitoring of the various action plans put in place to manage the crisis, identify potential impacts with sufficient advance notice and design new prevention mechanisms.

Ethical management and regulatory compliance

GRI 102-16 GRI 103-1, GRI 103-2, GRI 103-3

The Elecnor Group's responsible management and ethical, honest and transparent conduct with stakeholders is underpinned by a firm commitment, solid corporate values and the implementation of robust ethical management and regulatory compliance systems. At present the company has the necessary tools to ensure compliance with legislation in force and responsible management in its relations with shareholders, employees, customers, suppliers, competitors and social representatives.

Our mission

We generate change and bring about progress by deploying infrastructure, energy and services to territories all over the world in order to develop their potential.

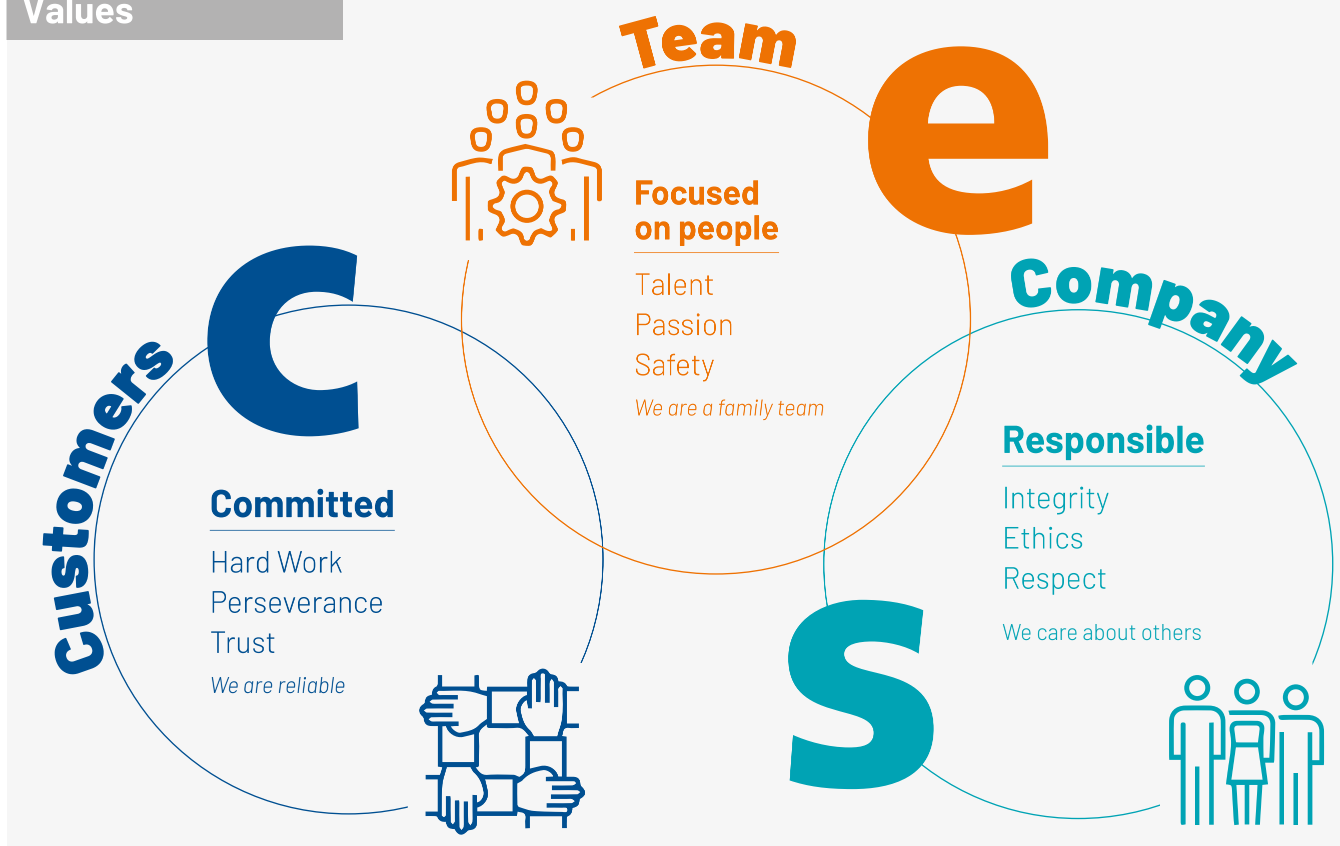
We place engineering and technology at the service of people's well-being.

Vision

A global enterprise whose purpose is developed through a people-centric business model and that believes in generating shared value and sustainability.

Efficiency, diversification and robustness are our levers for growth and expansion.

Values



From the outset, the Elecnor Group has remained unwaveringly committed to implementing the highest ethical standards in the course of its activities, a commitment that is the embodiment of its business culture and philosophy and the abovementioned solid values upon which its way of conducting business and relating to the environment rest.

The Elecnor Group's Code of Ethics and Conduct is the cornerstone of its ethical and compliance culture and is designed to serve as a guide for the personal and professional behaviour of everyone belonging to the organisation, as well as the rest of persons and companies collaborating and having relations with the Elecnor Group in the course of its activities.

This commitment to ethical behaviour and doing the right thing is not optional. No specific business circumstance may ever justify acting unlawfully or behaving in a manner that is contrary to its ethical values and standards. Everyone at the Elecnor Group must accept and foster the values and principles laid out in this Ethical Code.

Certification to UNE-ISO 37001 anti-bribery management system standard

This is the most updated and stringent international standard on anti-bribery management systems and the adoption of compliance protocols in general.

iuriscert COMPLIANCE ISO 37001 AENOR conform

Compliance system

GRI 205-3, GRI 408-1, GRI 409-1

With a view to preventing and adequately managing the compliance-associated risks, the Elecnor Group has a fully operational Compliance System that is designed and operates according to the best national and international practices. This Compliance System applies to all the Group's subsidiaries and employees, and the company also expects all its business partners to act pursuant to its principles and values, which are mainly laid down in the abovementioned Code of Ethics and Conduct, and in the Group's Compliance Policy. The Elecnor Group takes a zero tolerance approach to malpractice in connection with ethics and integrity.

The Compliance System is certified according to the UNE-ISO 37001 anti-bribery management system standard and the UNE 19601 criminal compliance management system standard.

Certification to UNE 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.

iuriscert COMPLIANCE PENAL UNE 19601 AENOR conform

The main elements of the Compliance System

- Code of Ethics and Conduct
- Policy on Compliance, Anticorruption and the subject of Competition Law
- Compliance Management System Manual
- Compliance Committee
- Map of Compliance Risks and Procedures and mandatory internal controls
- Ethical Code whistleblower channel
- Anticorruption Policy
- Policy relating to Competition Law
- Guide to Compliance
- Code of Ethics and Conduct for suppliers, subcontractors and collaborators

The main policies and documents in relation to the Compliance System are available on the Group's various websites and on the corporate intranet.

The Compliance System of the Elecnor Group is based on and structured using the appropriate identification of compliance risks and the controls established or necessary to ensure their correct management.

As a basis for identifying these risks, the Group analyses, firstly, those situations in which, in accordance with the provisions of Spain's current Criminal Code and equivalent local regulations, legal persons may be criminally liable for certain offences committed by their employees or by certain related parties. Similarly, for each of them, the main areas in which the organisation may be exposed to them are identified, with the Group conducting impact and probability analyses in order to establish the degree of criticality associated with each of these areas of exposure, which facilitates the appropriate design of the corresponding procedures and controls and the effective allocation of resources for their management. In that regard, and in relation to corruption-related risks, for instance, special importance is given to tender processes (especially in the public sector), to those related to managing claims or collection procedures (for instance, with customers), and those related to administrative procedures or claims before public entities or the courts, in addition to others. With regard to human rights, the Group places special emphasis on working and employment conditions, both for Group employees and subcontracted workers who carry out work on the various projects under way.

The main risks associated with these offences potentially imputable to legal persons and that could potentially affect the Group are described below:

Type of risk (*)	Impact
Foreign citizens and human traffick-ing	Imposition of forced labour or services, slavery or similar practices and helping persons to remain unlawfully.
Bribery and corruption	Inducement to lack of impartiality or obtaining undue benefits by delivering or promising gifts, favours, etc.
Natural resources and environment	Failure to comply with laws, legal provisions or regulations.
Taxation authorities and Social Security	Evading taxes or Social Security contributions (including false accounting) and improperly obtaining grants, aid or funds.
Money laundering	Using, performing transactions with or concealing the unlawful origin of goods obtained through criminal activity.
Financing of terrorism	Performing activities with goods or securities in the knowledge that they will be used in terrorist activities.
Market and consumer fraud	Incurring in antitrust practices, deceiving in order to make a profit, changing prices, disseminating, revealing or passing on trade secrets and using insider information.
Industrial and intellectual property	Profit from goods protected by industrial and/or intellectual property rights without the rights holder's consent.
Discovery and revelation of secrets	Discovering secrets or breaching privacy or using private information without permission.
IT damage	Erasing or damaging computer data or hampering the operation of systems.
Illegal financing of political parties	Performing donations or making contributions to political parties or similar organisations in breach of the law.

(*) There have been no material changes in compliance risks this year.

Due to the very nature of these risks, inasmuch as they imply a potential criminal liability, their possible impacts would be both short- and long-term, so the Group lays particular emphasis on preventive management in this regard.

With a view to reducing the Group's exposure to such risks and areas to an acceptable level, the Elecnor Group has specific controls, such as the publication and dissemination of the Code of Ethics and Conduct and Compliance, Anti-Corruption Policy and Anti-Trust Policy; specific compliance training; the Ethics Channel; procedures for procurement, payment management, comprehensive management of major projects, setting up temporary business associations/consortiums/joint ventures, etc.; compulsory models for contracts with subcontractors and collaboration agreements for joint bidding; centralised management and control of powers of attorney; various corporate policies; centralised process for selecting and hiring personnel; a supplier evaluation system, etc.

All these procedures and controls can be classified as financial and non-financial. The latter includes certain due diligence procedures, both in relation to Group employees and third parties.

The main due diligence measures for employees mainly involve the design of the personnel recruitment process and compliance training and awareness-raising activities. Similarly, the Elecnor Group has a well-defined structure of powers and responsibilities.

With regard to the third parties with which the Group has relations (business partners), the corresponding due diligence measures are devised according to the assessment of the risk associated with each of them.

Thus, at present, the main due diligence measures with third parties are intended for possible partners with whom collaboration agreements, temporary business associations or joint ventures are signed, for consultants of a commercial nature and for subcontractors.

As regards the first two groups, the Elecnor Group has specific procedures for requesting the contracting or agreement, due diligence, approval and contracting or signing the agreement. The main characteristics of such procedures are as follows: i) making a centralised request for contracting or agreement through the legal counsel; ii) obtaining compliance reports on the third party through a specialised external entity; iii) obtaining express statements from the third party with regard to its adherence to Elecnor's Code of Ethics and the highest ethical standards; iv) having models of contracts and agreements with specific clauses on ethics and anti-corruption; v) gaining approval for the contract or agreement at the highest level following a report prepared by legal counsel; and vi) restrictive powers of attorney for signing the corresponding contracts or agreements.

As regards subcontractors, the Elecnor Group has a specific contracting, control and monitoring procedure, the main characteristics of which are as follows: i) centralised request for the preparation of contracts through the respective management areas of the various business units; ii) models of contracts and agreements with specific clauses on ethics and anti-corruption; iii) restrictive powers of attorney for signing the corresponding contracts; and iv) centralised control, validation and monitoring of the necessary documentation to be provided by subcontractors.

With respect to other suppliers, the Elecnor Group's General Procurement Conditions, which must be signed by all suppliers, include a specific clause on ethics and anti-corruption.

Similarly, and when circumstances may determine the existence of a higher-than-normal risk with regards to the supply chain (for instance, in certain projects in new countries), in each case, Elecnor assesses the advisability of strengthening such procedures for suppliers and subcontractors.

In any case, and within the framework of the policy of ongoing improvement of its processes and procedures, the Elecnor Group is in the process of completing a project conducted mainly during 2021 intended to improve its compliance due diligence procedures in relation to its supply chain. The measures designed within the framework of this project are expected to be fully operational during the first six months of 2022. It is worth highlighting, in that regard, the recent publication of the Elecnor Group's Code of Ethics and Conduct for Suppliers, Subcontractors and Collaborators and its incorporation into the Group's procurement platform to be accepted by suppliers and subcontractors.

The Compliance System of the Elecnor Group is subject to an ongoing improvement process to guarantee the adequate management of the risks identified in terms of prevention and detection, correction and monitoring, which, among other matters, encompasses the implementation and/or review and ongoing improvement of its procedures and controls. The Elecnor Group uses certain KPIs to conduct better monitoring on the correct operation and performance of its Compliance System. The key indicators in that regard are geared towards aspects such as training and the activity of the Ethics Channel, without prejudice to the indicators that may be established each year in order to better monitor the annual goals in the field of compliance.

The head of Compliance and the Compliance Committee are responsible for the ongoing improvement and correct operation of the Compliance System, by delegation of the Audit Committee and the Board of Directors.

The Compliance Committee, which functionally reports to the Audit Committee, is entrusted with the duties of ongoing improvement and ensuring the correct operation of the Compliance Management System, through its appropriate supervision, monitoring and control. The Committee is headed by the Group's head of Compliance and currently comprises him and eight other members representing the fields of general services, human resources and legal counsel. In 2021, the Compliance Committee held a total of 5 meetings.

The main actions that guarantee the ongoing improvement and correct operation of the Compliance System are as follows:

- Establishing on an annual basis and conducting ongoing monitoring on compliance goals, which are reported to and approved by the Audit Committee.
- Regularly reporting to the Audit Committee on any aspect or matter related to compliance (ongoing projects, initiatives, etc.).

- Designing, developing and deploying the annual compliance and awareness training plan.

- Operating the whistleblowing channel and regularly reporting to the Audit Committee regarding the communications received and, where applicable, the investigations in progress and the conclusions reached.

- Conducting an ongoing review and audit of identified key controls related to compliance risks.

- Two annual external audits of the Compliance System conducted by two different audit/consultancy firms.

The Compliance Committee compiles an Annual Compliance Report describing the main actions conducted during the year in the spheres of prevention and monitoring of and response to compliance risks, which is submitted to the Audit Committee and the Management to help them in their duties of supervision of the System.

The Elecnor Group provides its professionals and/or third parties with a legitimate interest with a confidential channel through which to report any questions regarding the interpretation of this Code of Ethics and Conduct or its implementing regulations, to propose improvements in the existing internal control systems, and to report in good faith any conduct that is unlawful or contrary to the provisions of the abovementioned Code, the regulations on which it is based, its implementing policies and/or procedures or the prevailing legislation.

All Elecnor Group professionals are obliged to immediately report any irregular practice or unlawful or unethical conduct of which they become apprised or which they witness. This channel may be accessed via the email address codigoetico@elecnor.com or post office box 26-48080.

In 2021, no complaints were received in the sphere of human rights, in particular, in connection with respect for freedom of association and the right to collective bargaining, the abolition of forced or compulsory labour or the effective abolition of child labour through the Ethics Channel or other available channels. Likewise, neither were any complaints received through the Ethics Channel in connection with corruption, bribery or money laundering.

The fourteen complaints received in 2021 via the Ethics Channel and managed by the corresponding people on the Compliance Committee refer mainly to job-related issues. At the time of completing this report, there were no complaints pending resolution.

Actions 2021 GRI 205-2, GRI 412-2

- Review of the Code of Ethics and Conduct and the Compliance Policy, and issuance of the Elecnor Group's Anti-Corruption Policy and Anti-Trust Policy. All these documents were approved by the Board of Directors of the company at its meeting on 28 July and communicated to the entire organisation. They are available on the Group's various websites and corporate intranet.

- Preparing and disseminating the Quick Guide to Anti-Trust Compliance, in order to facilitate the organisation's understanding of competition law regulations and the corresponding compliance risks.

- Compliance Training:

  - In 2021, and without prejudice to other training actions conducted in the Group's various organisations and subsidiaries, a total of almost 250 professionals corresponding to the Group's management team, both nationally and internationally, received specific anti-trust training. For the preparation and delivery of these training sessions, the company partnered with a specialised firm (Deloitte).

  - Furthermore, a specific digital training module on compliance that must be completed by all new Structure personnel in Spain in the on boarding phase, has been in operation since April. In 2021, a total of 457 employees have completed this training module.

The Elecnor Group allocates significant investment to raising awareness and training its staff in connection with compliance issues. Below are details of the number of employees who have received this kind of training in the last 3 years (from the end of 2018 up to the present), broken down by professional category and geographical area:

	Management		Executive		Technician	
	No. employees	%	No. employees	%	No. employees	%
Spain	125	94.0	712	83.9	2,014	93.5
Europe	2	1.5	23	2.7	18	0.8
America	5	3.8	51	6.0	47	2.2
Africa	1	0.7	41	4.8	64	3.0
Asia	-	-	5	0.6	3	0.1
Oceania	-	-	17	2.0	8	0.4
Total (*) (**)	**133**	**100.0**	**849**	**100.0**	**2,154**	**100.0**

(*) Compliance training is intended for staff in Structure. Staff in Works, given their lower exposure to compliance risk, are not included in these specific training plans.

(**) Includes a total of 457 employees (chiefly geographical area "Spain" and professional category "Technician") who have joined the Elecnor Group in Spain since April and who have received specific training on compliance as part of the on boarding phase training.

- Review and improvement of the compliance risk assessment and due diligence procedures in relation to third parties (mainly suppliers and subcontractors). The following actions, inter alia, have been conducted throughout 2021:

  - Preparing and disseminating the Elecnor Group's Code of Ethics for Suppliers, Subcontractors and Collaborators, which must be accepted by suppliers and subcontractors through the procurement platform.

  - Incorporating a specific compliance due diligence questionnaire (in the process of being implemented), as part of the supplier approval process.

  - Enhancing the capabilities and scope of the platform for conducting third-party compliance risk analysis.

- Executing the IE-Elecnor work plan Observatory on Sustainable Compliance Cultures, notably featuring:

  - Preparing the first study on "Radiography of the sustainable compliance culture in Spanish SMEs. Current status and drivers".

  - Holding two events broadcast via streaming and featuring the participation of various compliance experts from both the business and academic spheres.

  - Consolidating the Observatory website.

  - Launching a new initiative consisting of the recording and broadcasting of videopodcasts ("Compliance Matters") with various personalities from the business, academic and legal worlds, etc. in order to discuss various aspects related to business ethics, compliance and sustainability, culture in organisations, etc.

  This initiative has been acknowledged by the 3rd edition of Expansión's "Compliance" Awards as one of the five finalist initiatives in the Best Ethical Initiative Category.

- Reviewing compliance indicators (KPI) and improving the review and monitoring process.

- Reviewing and strengthening the procedure for participation in associations.

- Consolidating the large projects integrated management procedure (opportunity, bid and contract), aimed at improving the system, risk assessment (including compliance risk) and coordination between departments as soon as a major project opportunity arises and until the relevant contract is signed.

- Continuing the consolidation and improvement of the Compliance System at the various subsidiaries and organisations belonging to the Group, in accordance with the Compliance System Rollout Plan. In that regard, the progress made in the wind power subsidiary Enerfín is noteworthy.

Goals in 2022

In 2022, work will be continued in relation to the following goals in terms of compliance, among others:

- Consolidating the improvements implemented in 2021 in relation to compliance risk analysis and due diligence procedures of third parties (mainly suppliers and subcontractors).
- Improving the system for outlining training needs and for designing, developing and implementing training initiatives.
- Improving the systematic approach to the design, development and implementation of awareness-raising initiatives.
- Preparing and publishing the second study as part of the collaboration with the IE Law School through the IE-Elecnor Observatory on Sustainable Compliance Cultures and implementing the rest of the planned activities.
- Completing the project to improve systems relating to the preparation, issuance and approval, dissemination, review and monitoring of the mandatory Corporate Policies and Procedures.
- Improving integration between the Compliance and Integrated Management Systems.
- Continuing the Compliance System Rollout Plan.

The Elecnor Group has partnered various sector associations in order to continue driving the sectors of activity in which it operates. In accordance with its Compliance System, it does not make financial contributions that are unlawful or aimed at obtaining special treatment. In 2021, the Elecnor Group contributed Euros 1.2 million to sector associations (Euros 1.1 million in 2020).

Committed to fighting corruption, bribery and money laundering

The Elecnor Group's Compliance System is its main tool to combat corruption, bribery and money laundering. The effectiveness of the system has led to the company being certified in accordance with the UNE-ISO 37001 and UNE 19601 standards, as mentioned above.

Pursuant to the principles and values in force since its incorporation in 1958, the Elecnor Group is firmly committed to ensuring strict compliance with anti-bribery and anti-corruption regulations, and one of its priorities is to develop a solid corporate culture of regulatory compliance that permeates the daily decision-making processes by its Directors, executives and employees, as well as any other natural or legal persons acting on behalf of the Group, enabling them, within the scope of their respective functions and responsibilities, to detect and prevent practices that might constitute acts of corruption or bribery.

This commitment is not optional. The Elecnor Group implements the principle of zero tolerance to practices that contravene any provisions concerning ethics and integrity, and in particular concerning bribery and corruption, and expects its professionals and third parties with whom it has dealings to always act and behave in a manner consistent with the principles and values established in its Code of Ethics and Conduct, in its Compliance Policy and, specifically, in the Group's Anti-Corruption Policy.

Under no circumstances shall the employees of the Elecnor Group and its partners resort to unethical practices that could be construed as being conducive to a lack of impartiality, transparency and integrity in the decisions of any third party with whom they have dealings, whether they belong to the public sector (authorities, civil servants or persons involved in the performance of public duties) or the private sector.

In particular, the Elecnor Group strictly prohibits:

- Offering, promising or granting, directly or indirectly, bribes to any third party, whether in the public or private sector.
- Offering, promising or granting, directly or indirectly, facilitation payments to commence or facilitate administrative processes or procedures.
- Offering, promising or granting, directly or indirectly, gifts, presents or courtesies to any third party who breaches the provisions of the "Elecnor Group's Policy on Gifts, Presents and Courtesies".
- Offering, promising or performing, directly or indirectly and on behalf of the Elecnor Group, contributions for political purposes.
- Using sponsorships or donations as a means of obtaining favourable treatment.
- Requesting, accepting or receiving any kind of unwarranted benefit or advantage with a view to unduly favouring a third party in the acquisition or sale of products, contracting of services and any other commercial or business dealings.
- Establishing business relationships with third parties without complying with the duty of minimum due diligence in getting to know them.

In order to promote respect for these action principles, the Elecnor Group is firmly committed to:

- Acting and requiring others to act at all times in accordance with the provisions of the applicable legislation on combating bribery and corruption, its Anti-Corruption Policy and the rest of regulations, policies and complementary internal procedures, applying, where necessary, the applicable disciplinary framework, in accordance with labour regulations and collective bargaining agreements in force, in the event of non-compliance in this sphere.
- Disseminating the organisation's commitment to strict compliance with legislation, in particular in combating bribery and corruption, among both its employees and its partners.
- Disseminating among its employees, by means of suitable communication and training programmes, the importance of discharging their duties and responsibilities in accordance with the highest ethical standards and in strict compliance with the law.
- Providing Elecnor Group employees the necessary knowledge and tools to detect, prevent and properly manage any situations that may lead to a breach of the law or that may contravene the principles and values of the Elecnor Group and the Anti-Corruption Policy.
- Encouraging and requiring its partners to have the utmost respect for the principles and values of the Elecnor Group.
- Making available to its employees proper communication channels to enable them to convey any queries they may have in connection with the Anti-Corruption Policy and to fulfil their duty to report and inform of any irregular conduct of which they are aware or which they suspect.

In that regard, and among the dynamics and practices established to foster and disseminate this commitment among employees, it is worth noting that all meetings of the Board of Directors, Executive Committee, Management Committee and other major committees have included a specific item on the agenda on compliance issues ("Compliance Contact") since the end of 2018, at the proposal of the Board of Directors.

As regards money laundering, and as previously stated, the corresponding associated risks are identified among the risks that are monitored by the Elecnor Group's Compliance System. In that regard, the Elecnor Group's Code of Ethics and Conduct expressly states that *"The Elecnor Group is firmly committed to the prevention of money laundering. Under no circumstances will we engage in activities aimed at affording the appearance of legitimacy or legality to property or assets obtained through criminal actions"*.

In the same manner, the Compliance Policy states that *"...under no circumstances shall the Elecnor Group's staff or the related persons acquire, own, use, convert or transfer goods if it is known that they arise from crime, irrespective of whether the criminal activity was carried out on national territory or abroad. Likewise, the performance of any act to hide or conceal its illegal origin, or to help someone who has participated in such breach by avoiding the legal consequences of his actions, is expressly prohibited. Elecnor Group's staff shall therefore be extremely cautious and diligent in their transactions with third party providers of goods and services, to assure that they do not arise from a criminal activity."*

The Elecnor Group has procedures and controls in place to prevent and manage such risk.

Human Rights

GRI 102-12, GRI 103-1, GRI 103-2, GRI 103-3

Since it commenced its activities, the Elecnor Group has been fully committed to supporting, respecting and safeguarding human rights in all spheres of action, based on its ethical principles and its corporate social responsibility.

As outlined in its Human Rights Policy, all the Group's companies are unwaveringly committed to compliance with and defence of human rights in developing their activities in all of the countries where they operate. Moreover, this Policy extends to all the Company's stakeholders with a view to sharing and requiring the same exacting level of commitment in its relationships with them.

This Policy is fully aligned with the Group's Corporate Social Responsibility Policy and its Ethical Code, as well as with the UN Universal Declaration of Human Rights, the principles of the UN Global Compact and the Sustainable Development Goals, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises.

The Human Rights Policy lays particular emphasis on equality of opportunities regardless of people's characteristics, as well as the abolition of child labour and forced labour and respect for the rights of ethnic or indigenous minorities.

THE GLOBAL COMPACT
WE SUPPORT

Furthermore, as a Signatory of the United Nations Global Compact, the Group has undertaken to incorporate the 10 principles in relation to human rights, labour, environment and anti-bribery into its corporate strategy, and to promote the Sustainable Development Goals (SDGs).

The companies co-owned by the Elecnor Group, Celeo Redes in Chile and Brazil, have also subscribed to the Global Compact.

Fiscal transparency

GRI 207-1, GRI 207-2, GRI 207-3

The Elecnor Group's Board of Directors decided to approve a governance framework for tax matters in order to ensure that the Group's actions and operations are governed by clear principles, values and standards, to enable any employee, person or entity having a relationship with the Group, when appropriate, and the Board itself to adopt suitable decisions so as to comply with tax legislation. This framework is fully aligned with the principles and criteria on which the Group's Risk Management and Control System is based.

Accordingly, the Elecnor Group's Tax Policy reflects the Group's fiscal strategy and its commitment to the application of best tax practices. The strategy consists of ensuring compliance with applicable tax regulations and seeking to properly coordinate the fiscal practices followed by Group companies, for the corporate interest and in support of a long-term business strategy that avoids tax risks and inefficiencies in executing business decisions.

The Group's tax strategy is based on the following principles:

1. Fulfilling their tax obligations with the utmost diligence in the various countries and territories in which the Group operates.
2. Submitting all the Group's tax filings in a timely manner, including those that do not involve tax payments.
3. Paying in a proper and timely manner all taxes payable in accordance with the applicable laws.
4. Making tax decisions on the basis of a reasonable interpretation of the regulations, refraining from taking material tax risks, without relinquishing legitimate tax efficiency to maximise the Group's value for shareholders.
5. Paying particular attention, when applying tax law, to the interpretation thereof emanating from the courts in relation to each of the operations or matters that have a tax impact.
6. Preventing and minimising, to the extent possible, the tax risks associated with the Group's strategic operations and decisions.
7. Defining and implementing frameworks for the supervision, review and control of the tax function.
8. Informing the management bodies in regard to the main tax implications of the operations or matters submitted for their approval, when they constitute a significant factor in determining their intentions.
9. Fostering an open relationship with the tax authorities based on respect for the law, loyalty, trust, professionalism, collaboration, reciprocity and good faith, without prejudice to any legitimate disputes that, upholding the above principles and in defence of the corporate interest, may emerge with said authorities in connection with the interpretation of the regulations.

The Elecnor Group's Tax Policy is available on the corporate website and intranet.

The Elecnor Group publishes its tax information in an exercise of reporting transparency. The taxes paid by the Group in the countries and territories where it operates constitute one of its main contributions to society.

In 2021, the Elecnor Group has submitted the 2020 Country by Country Report, which can be found in Appendix I hereto. The full list of Elecnor Group companies and their main activities is published annually in Appendix I of the Consolidated Annual Accounts.

Profit before tax by country

Figures in thousands of Euros	2020	2021
Germany	219	-69
Angola	11,777	6,352
Algeria	9,561	-1,625
Argentina	1,299	1,231
Australia	-325	11,704
Belgium	-3,636	1,228
Bolivia	-178	-23
Brazil	65,936	83,400
Cameroon	-2,064	2,679
Canada	2,734	-121
Chile	18,611	4,931
Colombia	-1,345	-4,062
Ivory Coast	-2	-1,404
Ecuador	1,469	571
El Salvador	741	88
Spain	2,144	-2,864
United States	8,128	12,317
Finland	919	-321
France	-20	-15
Ghana	-1,647	-1,556
Guatemala	47	-
Guinea	-	-76
Honduras	2,737	2,985
Italy	-2,446	-4,161
Jordan	-1,248	310
Kuwait	-5	-15
Lithuania	1,460	3,278
Morocco	-33	-17
Mauritania	-1,171	-1,283
Mexico	8,888	11,497
Mozambique	-135	-898
Norway	6,634	8,256
Oman	-2,316	3,883
Panama	-1,729	-2,896
Paraguay	2	-23
Peru	206	2,405
Portugal	-2,185	2,695
UK	4,375	2,795
Dominican Republic	-1,001	390
Romania	60	70
Senegal	-1,234	185
South Africa	1	8
Uruguay	1,062	391
Venezuela	-359	-203
Zambia	-	31
Total	**125,931**	**142,049**

Payment of income tax

Figures in thousands of Euros	2020	2021
Angola	1,128	1,163
Argentina	429	445
Australia	483	-3
Bolivia	50	0
Brazil	17,274	19,593
Cameroon	4	0
Canada	86	0
Chile	760	952
Colombia	3	239
Ecuador	227	376
El Salvador	28	69
Spain	1,206	11,202
United States	57	1,001
France	140	0
Ghana	6	17
Equatorial Guinea	6	10
Honduras	13	-55
Italy	18	109
Jordan	73	0
Kuwait	13	25
Lithuania	0	6
Morocco	0	435
Mauritania	229	68
Mexico	-225	1,552
Mozambique	0	4
Norway	0	1,080
Panama	656	0
Peru	0	0
Portugal	153	102
UK	36	-116
Dominican Republic	263	0
Romania	2	5
Senegal	2	0
Uruguay	274	207
Venezuela	0	46
Total	**23,394**	**38,532**

The Elecnor Group has made its best estimate of the breakdown of results by country, as well as the payments made in income tax by country, based on the data available at the time of preparing these Annual Accounts. For this breakdown by country, the same criteria were used as those applied to preparing the Consolidated Annual Accounts, likewise breaking down harmonisations and removals as required for the presentation of the Consolidated Income Statement.

Estimated corporate income tax payments in countries in which the Group operates, correspond mainly to the final settlement of taxes accrued in 2020, and to payments on account of taxes accrued in 2021 which will be settled in 2022.

Public grants received GRI 201-4

In 2021, the Elecnor Group received public grants amounting to Euros 3,307 thousand, compared with Euros 3,744 thousand in the previous year, as detailed below.

Figures in thousands of Euros Country	2020	2021
Spain	2,499	2,348
Canada	117	178
Italy	-	29
UK	340	110
Portugal	788	491
Romania	30	151
Total	**3,774**	**3,307**

15.10 Social impact

Through its various initiatives, the Elecnor Group has a direct impact on employment, progress and social welfare. It also acts as a driving force for development in the countries in which it operates, while contributing to resolving specific major global challenges reflected in the 2030 Agenda, such as the fight to combat climate change, the reduction of the energy gap and secure access to essential resources such as energy and drinking water, among others.

Furthermore, the Elecnor Group generates value and distributes it among its main stakeholders as a result of its sustained growth.

The Group's social commitment is chiefly coordinated though the Elecnor Foundation with social infrastructure projects in the places most in need and through a commitment to the training, research and employability of young people.

Moreover, by means of the main Group companies, numerous social and/or environmental programmes are implemented with local communities.

Value creation
GRI 102-7, GRI 103-1, GRI 103-2, GRI 103-3, GRI 203-2

Direct financial value generated and distributed GRI 201-1

The information continued in this report concerning the creation and distribution of the financial value shows how the Elecnor Group continues to generate wealth for its stakeholders.

In thousands of Euros	2020	2021
Generated financial value	**2,549,406**	**3,165,816**
Income[1]	2,549,406	3,165,816
Distributed financial value	**2,485,785**	**3,028,382**
Operating costs[2]	1,683,196	2,035,937
Personnel expenses[3]	708,571	868,281
Payments to capital providers[4]	70,017	84,981
Tax contribution[5]	23,394	38,532
Investment in the community[6]	607	652

Source. igures from the income statement in the Consolidated Annual Accounts for 2021, except for dividend payments and income tax payments shown in the statement of cash flows included in the Consolidated Annual Accounts.

1. Includes: Amount of turnover + change in inventories + self-constructed assets + other operating income + finance income.
2. Includes: Materials consumed + external services + taxes + other management expenses.
3. Includes: Personnel expenses.
4. Includes: Finance expenses + dividend payments (statement of cash flows).
5. Includes: Income tax payments (from the statement of cash flows).
6. Includes: Contributions to the Elecnor Foundation and to various non-profit organisations, associations and foundations.

Job creation

With a team of more than 21,000 people in over 50 countries, people are the main asset for the Elecnor Group, being crucial to the optimum execution of its activities.

At the end of 2021, the Group's workforce had increased by 3,228 people (up 18% on the previous year).

Workforce	2020	2021	Changes
Domestic	10,542	11,103	5%
International	7,661	10,328	35%
Total	**18,203**	**21,431**	**18%**

The Elecnor Group contributes to the development and well-being of local communities by means of direct job creation by contracting local employees and suppliers.

Local employment

	2020		2021	
Location	Employees	Local employment	Employees	Local employment
Spain	10,542	95%	11,103	94%
Europe	1,033	78%	1,253	79%
America	4,861	97%	6,396	97%
Africa	1,683	93%	2,378	95%
Asia	44	82%	188	43%
Oceania	40	58%	113	73%
Total	**18,203**	**94%**	**21,431**	**94%**

Procurements from local suppliers GRI 204-1

As introduced in the chapter on Operational Excellence of this NFIS, the Elecnor Group is focused on the ongoing optimisation of the supply chain. In that regard, and whenever possible, it gives priority to hiring local suppliers to foster the economy in the countries in which it operates.

The table below shows the percentage of the volume of purchases made from local suppliers:

	2020	2021
Spain	88%	93%
Brazil	95%	100%
Chile	54%	74%
United States	100%	100%
Mexico	81%	87%
UK	66%	80%
Other	75%	77%
Total	**87%**	**90%**

Profitability for shareholders

Elecnor, S.A.'s shares are traded in Spain's SIBE electronic trading system, where shares in the leading Spanish companies are traded, and the market with the largest trading volume in Spain.

The Company has been able to consistently create value for its shareholders in the last few years. In 2021, the dividend yield has been maintained compared to the previous year.

Stock market indicators	2020	2021
Closing share price (€)	11.00	10.50
Dividend yield	3.1%	3.1%

In 2021, two dividends were paid to shareholders: a supplementary dividend against 2020 profit in a gross amount of Euros 0.27455644 per share (Euros 0.28207889 including the pro-rata distribution of treasury shares); and an interim dividend against 2021 profit in a gross amount of Euros 0.05961779 per share (Euros 0.06125324 including the pro-rata distribution of treasury shares).

The Elecnor Group's social action

GRI 103-1, GRI 103-2, GRI 103-3, GRI 203-1, GRI 413-1

The Group's social action is mainly coordinated by means of the Elecnor Foundation.

In 2021, the Elecnor Group donated a total of Euros 651,604 to various associations, foundations and non-profit entities to support a range of social causes (Euros 607,479 in 2020). Of that amount, the Group contributed Euros 600,000 to the Elecnor Foundation (600,000 in 2020).

Elecnor Foundation. Generators of change and well-being

Since its launch, the Foundation's mission has been closely linked to the Elecnor Group's own activities, with the aim of helping to improve people's living standards and powering the economic and social progress of the communities in which Elecnor has a stable presence.

Throughout its history spanning more than 60 years, the Elecnor Group has built a corporate culture based on conducting its activity in a responsible and committed manner, voluntarily incorporating social and environmental criteria into business practice.

With the Elecnor Foundation, the company took another step forward in this strategy, expanding the scope of its commitment to the environments in which it operates and to key aspects of today's society, such as training and research. In that regard, the work of the Foundation is strongly tied to the Elecnor Group's own activity, with the priority areas of action being countries in which the company is present and projects related to its lines of business.

Since its creation in 2008, the Elecnor Foundation has been projecting the more human side of engineering with solid values through all its actions, geared towards:

- The development of water and energy infrastructure for social purposes to benefit those who most need i t as well as the environment.
- Fostering training and research to nurture the professional development and projection of young people.

Since its incorporation, the Foundation has been present in Spain, Honduras, Dominican Republic, Ghana, Chile, Uruguay, Peru, Angola, Nicaragua, Cameroon, Mexico, Senegal and Republic of Congo. The Elecnor Group has allocated funds amounting to Euros 6.7 million. Moreover, the Foundation has obtained other funds totalling Euros 5.8 million. Accordingly, the Elecnor Foundation has led projects worth a total of Euros 12.5 million.

In 2021, the Foundation invested Euros 674,769 in the various projects.

Social infrastructure projects

In 2021, the Foundation has worked on four social infrastructure projects in Spain, Ghana, Senegal and Brazil. Two of them will be executed during 2022.

» *Nos importa el aire que respiras*, Spain

This project (titled "We care about the air you breathe") is an indoor air treatment project at the Ronald McDonald House in Madrid with the goal of boosting the health of particularly vulnerable children living in the house and minimising their possible exposure to COVID-19 to the extent possible.

Along with its technological partner Aire Limpio, the Foundation has implemented a project chosen by the CDTI in its call for proposals for "RDI and Investment projects to tackle the health emergency declared as a result of COVID-19".

The innovative project also includes smart systems for counting people and taking temperatures and, once executed, it will be scalable for deployment at elderly care homes, hospitals, etc.

The Elecnor Foundation has been a member of the Board of Trustees of the Ronald McDonald House in Madrid since 2013, the year in which Elecnor built this home for 30 families and implemented an energy efficiency project at the facility. Fundación Infantil Ronald McDonald offers a "home away from home" to families who have travelled from their habitual place of residence so that their children can receive medical treatment.

» *Solar por health.* Ghana

In 2013, the Elecnor Foundation, along with the Congregation of Sisters of Charity of Saint Anne and Congregation of Sisters Hospitallers of the Sacred Heart of Jesus, launched the Solar Back-Up Systems project. The aim of this initiative was to strengthen the electricity supply and mitigate the severe problem facing hospitals and health centres due to the obsolescence of their electrical installations, resulting in a high risk of disruption or deficient operation of equipment due to a faulty electricity supply.

As a result of this project, both institutions have identified the need to implement new photovoltaic systems in order to improve healthcare, especially in the ICUs of the following hospitals, which benefit more than 200,000 people per year.

Congregation of the Sisters Hospitallers of the Sacred Heart of Jesus:

- St. Francis Xavier Hospital in Assin Fosso (60 kWp).
- Adjacent training centre (25 kWp).
- Benito Menni health centre in Dompoase (25 kWp).

Congregation of Sisters of Charity of Saint Anne :

- Our Lady of Grace Hospital in Asikuma (60 kWp).
- Our Lady of Rocio Clinic in Walewale (25 kWp).

The Solar for health project was launched in November 2021.

Looking ahead to the upcoming year, two more projects combining water and energy are being undertaken. On the one hand, Heath Energy, in Senegal, a solar photovoltaic project seeking to reduce energy consumption and ensure a sustainable and adequate electricity supply to the medical services of Hospital St Jean De Dieu in the city of Thiés.

And on the other, in Brazil, a second implementation of the H_2OMe project is being designed (the first was in Angola), which seeks to improve the standard of living of the Quilombola community around a rural school located in the municipality of Óbidos. H_2OMe will filter and purify the school's groundwater, relying on green and environmentally friendly energy from a photovoltaic solar farm.

Training and Research Projects

» IE-Elecnor *Observatory on Sustainable Compliance Cultures*

This Observatory was created at the end of 2019 by the Elecnor Foundation and the Instituto de Empresa Foundation, in partnership with the law firm Eversheds Sutherland. It is geared towards fostering a compliance culture and progress in the fight to combat corruption in business, in the defence of competition law, human and labour rights and respect for the environment, placing special emphasis on small and medium-sized enterprises.

This year, the following actions were performed:

- "Compliance in times of uncertainty" event. An event that brought together experts and professionals to discuss, on the one hand, the specific challenges facing small and medium-sized enterprises to foster a culture of compliance and, on the other hand, the various strategic ways to implement it.
- Presentation of the report "Radiography of the sustainable compliance culture in Spanish SMEs", current status and drivers. This report sheds light on the incipient state of the management of aspects relating to ESG and compliance in companies of this size, the need for basic tools, such as the code of conduct and whistleblowing channels, people's feeling of psychological security, as a key factor, besides other conclusions.

» **Corporate Leadership in Entrepreneurship and Innovation programme. Deusto Business School.**

The Elecnor Foundation has a collaboration agreement with Deusto Business School and Icade Business School to collaborate in the development of this programme, which includes the most innovative entrepreneurial initiatives of major corporations explained by the executives who have led them.

» **Growing in prevention: the journey of emotions.**

Growing in Emotional Prevention is intended for 3rd, 4th and 5th year Primary School pupils and their teachers. It undertakes an educational project on emotional risk prevention through the digital environment and classroom activities

These are its goals:

- Raising awareness among pupils and the education community regarding the importance of educational orientation and the prevention of emotional risks in all the areas and facets of their lives, so that they can integrate these lessons into their daily routines and future careers.
- Providing educational resources to teachers and students in order to work on the importance of emotional risk prevention in students' most everyday contexts: home, outside and school.
- Fostering emotional risk prevention in the family context by families being involved and participating in students' educational and training process.

By 2021, 14,000 children in the Madrid and Extremadura regions will have benefited from this educational project.

» **Specialist course in medium- and low-voltage electrical installations. Vocational training at Colegio Salesianos Deusto**

In 2021, the Elecnor Foundation continued to collaborate with Colegio Salesianos Deusto's vocational training. The ninth edition of the course was held this year.

Currently, three students who have completed this training are working at the Elecnor Group in the field of electrical distribution.

» **Advanced qualification in renewable energies. Dual vocational training.**

Dual vocational training enables students to train both in the classroom and in the company under the supervision of a tutor. With this programme, the Elecnor Foundation fosters the development of young people who could later occupy leadership positions in the Group's projects.

Thus, two agreements have been signed with two centres of the Regional Government of Extremadura:

- IES Javier Garcia Téllez (Cáceres). One student has completed his internship at the Astexol-2 Solar Thermal Power Plant.
- IIES Cuatro Caminos (Don Benito, Badajoz). In 2022, five students are expected to carry out internships at Elecnor Group facilities

» **Master's thesis grants. Valencia's Polytechnic University (UPV).**

The Elecnor Foundation, as part of its collaboration with the UPV spanning more than 30 years, has awarded five scholarships for 2020-2021, acknowledging the talent of students who have developed their work in various areas of knowledge linked to the Elecnor Group's activities.

» **Agreement with the Jaume I University of Castellón.**

The Jaume I University of Castellón, the Elecnor Foundation and Elecnor signed a general collaboration agreement to establish and develop academic, cultural and scientific relations between the three entities.

Other social projects

The Elecnor Group has a clear commitment to the communities where it operates, and programmes to foster social, environmental and economic development in the surrounding communities have become especially significant. Furthermore, it has continued to actively contribute to the health and social emergency caused by COVID-19.

Below are some of the initiatives launched by the Concessions companies Celeo and Enerfín.

Brazil

The Group's wind power subsidiary, Enerfín, approved by the Brazilian government and in compliance with tax incentive legislation, has contributed to social development, culture and sport. Some of these initiatives were being undertaken in 2020 and have been maintained during 2021.

» **Visitors' centre at the Osorio wind complex**

Following the visitor centre's construction in 2016, visits are received each year from different groups, mainly schoolchildren between 7 and 18 years of age, and content is provided on wind energy and the sustainability of this wind farm complex. In 2021, 168 visitors were received.

» **Banco do Nordeste's Together for Life Campaign**

Action undertaken by Banco do Nordeste seeking to collect food and hygiene items for communities in need living in the regions surrounding the Ventos de São Fernando wind farm complex. This initiative had the backing of the complex, which donated 200 food baskets and 200 hygiene and cleaning kits purchased from small businesses in the region.

» **Brasil Brasileiro - Popular Art**

This is a project designed by a leading Brazilian photographer in order to showcase the popular art produced from the south to the north of the country.

» **Annual activities schedule with Fundação Iberê**

The Iberê Camargo foundation is a highly representative cultural institution in Porto Alegre. Its goal is to foster the interaction of the general public with art, culture and education through interdisciplinary programmes. Currently, the Foundation conserves its collection, fosters the study and dissemination of Iberê Camargo's work, and also presents temporary exhibitions of modern and contemporary art and a permanent parallel programme.

» **Restoration and conservation of the Military Brigade Museum's bibliographic collection**

This is a project undertaken by the Military Brigade, an institutional body responsible for public security, and the Rio Grande do Sul State Highway Police. The goal is to restore and conserve the Museum's bibliographic collection. It is also hoped that the information can be digitalised and made available on the website.

» **The saga of Giuseppe Garibaldi in Capivari do Sul**

This project coordinated by the municipality of Capivari do Sul, a region of interest for wind purposes, consists of recreating the saga of Giuseppe Garibaldi and its representation throughout the region.

» **Projeto Virada Sustentável POA**

This is a very popular event in Porto Alegre, especially among young people, which tackles topics relating to conservation and environmental sustainability. This year's edition of Festival Virada Sostenible Porto Alegre consisted of visual art actions and urban art interventions, concerts and musical shows, and a number of theatrical and artistic-literary representations.

Furthermore, numerous social projects were conducted throughout 2021, including the following are examples:

» **Hospital São Lucas da PUC (RS)**

The Physical Activity Incentive Programme for the Elderly (PIAFI) comprises a set of actions intended for people over 60 years of age to take physical exercise, in order to foster and improve the physical condition of the elderly and their quality of life. This project seeks to fulfil the new and growing demands arising from the ageing of the population.

» **Checkmate for All - Brazilian Chess Federation for the Visually Impaired (Porto Alegre/RS)**

This project seeks to foster the practice of chess for 80 visually impaired people throughout Brazil, between 8 and 80 years of age, seeking to improve individual health and well-being. Besides to the activities planned in the various stages of the project, an integration event will be held for the fellowship of all participants. The event is set to be held at the Centro Paralímpico de São Paulo, a venue that will be assigned to the entity.

Celeo implemented several social actions, including the following:

» Launch of the Celeo in the Community programme seeking to contribute to the quality of life and the development of local human capital by undertaking social projects. For the years to come, a youth education project is scheduled in São João do Piauí (Piauí), and a project on environmental education and the SDGs in practice in Atibaia (São Paulo), an area of influence of the CANTE transmission line.

» Completion of the Viver bem em Caetetuba project comprising the renovation and construction of an annex to the Caetetuba train station (Atibaia, São Paulo) in order to install a social assistance centre (CRAS) that will also be used to provide vocational training courses. It will benefit around 20,000 people in situations of high social vulnerability.

» Launch of the initiative #Cestou Celeo. Internal campaign for the donation of hampers of basic necessities to support the most vulnerable people in the health crisis. In total, 186 hampers were collected from employees, added to another 186 purchased by Celeo, which had committed to make a contribution equivalent to that made by the employees.

» Donation of hospital equipment to the municipalities of São João do Piauí (Piauí) and Parintins (Amazonas).

Canada

Enerfín performed the following actions:

» Guided tours of the L'Erable wind farm. These visits are organised in partnership with the local tourism office, but in a new format for small, independent groups as a result of the health restrictions.

» Providing support to community organisations and events in the municipalities of Saint Ferdinand, Saint-Pierre-Baptiste and Sainte-Sophie-d'Halifax. Although many of the events that received support have been cancelled due to the health measures in place to combat COVID-19, support has been given to these entities this year in order to maintain assistance for schoolchildren with difficulties, and to build a permanent stage where concerts and exhibitions can be held.

Chile

Celeo's social projects are mainly geared towards environmental education. In 2021, the environmental education programmes were continued in the Corel and Charrúa schools, and the programme was launched in two further schools, with workshops on environmental awareness, flora, fauna and conservation.

Furthermore, in coordination with the Celeo Sports Club, 80 sanitary material kits for protection against COVID-19 were delivered to various organisations in the commune of Colbún and Rincón de Pataguas.

Spain

As part of its corporate social responsibility, Celeo Spain has agreed the following two actions to be implemented in the first quarter of 2022. Both initiatives have been duly reviewed and authorised by the Compliance Committee.

On the one hand, it will make a contribution to the Madrid Food Bank; and, on the other, to the Padre Piquer Training Centre to collaborate with its Scholarship School programme.

Diálogo con las comunidades locales

Communication, ongoing dialogue and proper management of impact on local communities are essential to maintain social legitimacy and ensure the success of the Group's projects.

In the context of the Environmental Assessment Studies of the projects, there are stakeholder outreach processes, the goal of which is to outline the main characteristics of projects, their design and planning to communities that might be affected. Queries are also fielded and their comments taken on board so as to minimise the projects' impact on their territory.

Chile

For the Los Lagos wind farm project, Enerfín has conducted a social impact assessment, which is necessary to complete the Environmental Impact Study. Nine indigenous communities and stakeholders close to the project have been identified in this process. The company has held interviews and informative meetings to inform the communities about the project and its progress, and the latter have raised their concerns, doubts and expectations with the company, discussing voluntary commitments associated with the possible impacts arising from the project.

Having initiated the meetings, work will continue through negotiation tables with the communities until the Environmental Impact Study is presented and approved by the corresponding administrations.

In turn, Celeo conducted a Community Diagnosis in the Diego Almagro area in order to generate links with the community through the development of a project for the benefit of the community. Thanks to this exercise and the development of strategic lines of social investment, the first social investment projects of Celeo Chile were conducted in the commune. The first edition of the Water and Energy Efficiency Workshop was held with the support of EcoGen Recycling, a local enterprise, and an agreement was signed with the fire brigade of the city of Diego de Almagro.

Furthermore, in the context of the CASTE and MATE projects, certain social initiatives will be implemented on the basis of results obtained from the PAC (Citizen Participation Process), which are currently in the assessment phase.

Canada

Through its various subsidiaries, Enerfín belongs to various associations that foster renewable energy and optimise its integration into the environment and rural communities. At a national level, these initiatives include the Canadian Renewable Energy Association (CANREA), and at a provincial level L'Association des Producteurs d'Énergie Renouvelable du Québec (AQPER).

Mexico

Enerfín held informative meetings with the Agreement Monitoring Committees of the five Mayan communities in the area of influence of the projects it has in progress in Yucatan.

Brazil

Celeo has a stakeholder engagement process called the Integra Project. This voluntary project is chiefly geared towards:

- Minimising risks.
- Fostering stakeholder awareness of environmental conservation, burning and forest fires.
- Training the Operation and Maintenance teams in approaching and communicating with local stakeholders.
- Increasing transparency.
- Understanding stakeholder concerns and interests and bringing them into its processes and activities.
- Enhancing the way it communicates and interacts with stakeholders.

The main channels of communication are open meetings with the local community, landowners and other people affected by the projects.

Respect for indigenous communities

The Elecnor Group sometimes executes projects close to indigenous communities or areas with other social minorities. In these cases the social and/or environmental impacts on the affected areas are analysed and, where necessary, measures are implemented to mitigate them.

Chile

As part of the preparation of the Environmental Impact Study for the Los Lagos Project, Enerfín is analysing the area of influence and determining the degree of impact on indigenous communities

Colombia

In the context of the El Ahumado, Musichi, Trupillo, Dividivi and Brisas del Caribe wind farm projects, since 2018, Enerfín has achieved 82 Preliminary Consultation processes and obtained the free and informed consent of them.

In 2021, agreements have been obtained in 17 processes with Wayuu indigenous communities for the Brisas del Caribe Wind Farm project. These participatory processes were conducted in several meetings and were accompanied by various Colombian state entities.

In order to guarantee the social participation of the communities in the various projects, the company has held more than 70 meetings in the territory, opening permanent communication channels with the local communities.

Similarly, follow-up meetings have been held by the Colombian government on the agreements reached at the El Ahumado wind farm, demonstrating compliance with the commitments and the company's socially responsible actions with the communities.

Pursuant to ILO Convention 169 (Right to Preliminary Consultation), Enerfín conducted 23 consultation processes for the Brisas del Caribe wind farm, of which 20 reached an agreement and 3 remain ongoing. As a result of the Preliminary Consultation process, actions to prevent, mitigate, correct or offset each of the impacts identified were outlined together with the community.

Furthermore, in 2021, various activities were conducted to provide support to the 90 indigenous communities with which there is a relationship due to the projects being undertaken in the Colombian department of La Guajira. These notably include the following:

- Social and cultural support. Donation for the purchase of food, medicines, materials, biosecurity (COVID-19), etc.
- Giving of Christmas gifts. 2,300 gifts were given to the children of the indigenous communities.
- Providing support to the Mayor's Office of Uribia (Guajira). Food and gifts were donated for distribution among the indigenous communities in the area.

In the social dialogue processes with the Colombian indigenous communities, strict compliance with the security protocols laid down by the government remains in place.

Brazil

In the context of its environmental legislation, Celeo Brazil conducted Indigenous Component Studies (ICS) or Quilombola Component Studies (QCS), to gauge the specific impacts of the project on these communities. Subsequently, control and mitigation measures are conducted for each impact identified in a Basic Indigenous Environmental Plan (BIEP) or Quilombola (BQEP).

During the year, the company has been monitoring the studies and plans pending assessment and approval by the corresponding bodies.

Elecnor, committed to the SDGs GRI 102-12

The goal of the Elecnor Group is to ensure that its actions, together with those of the Foundation, are in keeping with the challenges presented by the 2030 Agenda Sustainable Development Goals.

Because of the nature of its activity, the Elecnor Group is a key player in society's development and progress. Its infrastructure, renewable energy, water and environmental projects contribute solutions to some of the current and future challenges such as climate change, the reduction of inequalities, and the energy gap, among others.

Contribution to SDGs deriving from the main businesses

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 **Celeo** Social projects **Elecnor Foundation** Social infrastructure projects
2 HAMBRE CERO	**Celeo** Social projects
3 GOOD HEALTH AND WELL-BEING	**Elecnor Group** Certification Safety Excellence Project (SEP) ISO 45001 certification Awareness campaigns Health and safety training plan **Elecnor Foundation** Social infrastructure projects
4 QUALITY EDUCATION	**Elecnor Group** Collaboration with universities and vocational training centres **Enerfín** Training programmes in various projects **Celeo** Social initiatives **Elecnor Foundation** Education 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 **Audeca** Water and waste water treatment projects Hidroambiente Water treatment solutions **Elecnor Foundation** Social infrastructure projects
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 start-ups Digital Transformation Plan Innova calls for proposals Innovation projects

SDGs	Some projects and initiatives by the Elecnor Group and Elecnor Foundation
10 REDUCTION IN INEQUALITIES	**Elecnor Group** Equality plan **Enerfín** Social projects **Celeo** Energy transportation projects Social projects **Elecnor Foundation** Social infrastructure projects Training and research projects
11 CIUDADES Y COMUNIDADES SOSTENIBLES	**Elecnor Group** Energy efficiency projects Smart Cities Projects Managing street lighting **Audeca** Urban waste collection projects
12 RESPONSIBLE PRODUCTION AND CONSUMPTION	**Elecnor Group** Energy efficiency projects Smart Cities Projects Managing street lighting **Audeca** Urban waste collection projects **Enerfín** Wind farms **Celeo** Energy transportation projects Solar PV farms
13 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 VIDA DE ECOSISTEMAS TERRESTRES	**Elecnor Group** Initiatives to foster biodiversity **Audeca** Projects to preserve natural spaces **Enerfín** Plan to monitor bird life in wind projects **Celeo** Environmental initiatives
16 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
17 PARTNERSHIPS FOR THE GOALS	**Elecnor Group** Partnerships and collaborations with entities and associations - Participation in forums **Elecnor Foundation** Partnerships and collaborations with entities and associations

Other channels for engagement with society

Participation in associations GRI 102-13

The Elecnor Group is actively involved in flagship associations in the industries and countries where it operates. There follows a list of the most important of these for the Group:

Spain
ACEX, Asociación de Empresas de Conservación y Explotación de Infraestructura
ADEMI, Asociación de Empresas de Ingeniería, Montajes, Mantenimientos y Servicios Industriales
AEDYR, Asociación de Desalación y Reutilización del Agua
AEE, Asociación Empresarial Eólica
AeH_2, Asociación Española del Hidrógeno
AELEC, Asociación de Empresas de Energía Eléctrica
AESPLA, Asociación Española de Servicios de Prevención Laboral
AIN, Asociación de Industria de Navarra
ANDECE, Asociación Nacional de la Industria del Prefabricado de Hormigón
ANESE, Asociación Nacional de Empresas de Servicios Energéticos
APIEM, Asociación Profesional de Instaladores Eléctricos y de Telecomunicaciones de Madrid
APPA Renovables - Asociación de Empresas de Energías Renovables
ASAGUA, Asociación Española de Empresas de Tecnologías del Agua
ASEALEN, Asociación Española de Almacenamiento de Energía
ATC, Asociación Técnica de Carreteras
CEOE, Confederación Española de Organizaciones Empresariales
CETRÉN, Asociación de Acción Ferroviaria
CONFEMETAL, Confederación Española de Organizaciones Empresariales del Metal
Enercluster, Cluster Eólico de Navarra
Plataforma enerTIC
EGA, Asociación Eólica de Galicia
FEMEVAL, Federación Metalúrgica Valenciana
FVEM, Federación Vizcaína de Empresas del Metal
Sedigás, Asociación Técnica Española de la Industria del Gas
SERCOBE, Asociación Nacional de Fabricantes de Bienes de Equipo
UNEF, Unión Española Fotovoltaica

Brazil
Spanish Chamber of Commerce in Brazil

Canada
Canadian Chamber of Commerce

Ecuador
Spanish Chamber of Commerce in Ecuador

Mexico
Spanish Chamber of Commerce in Mexico
Cámara Nacional de Manufacturas Eléctricas

Portugal
Associação Portuguesa Ind. Eng. Energetica
Associação Emp. Construção Obras Publicas e Serviços
Camara Comercio e Industria Luso Espanhola

Participation in forums

Throughout 2021, the Elecnor Group took part in various forums and events related to its fields of activity. Some of the most noteworthy ones are listed below:

» Africa 2023 Focus

Chief Executive Officer of the Group, Rafael Martín de Bustamante, took part in the presentation of the "Africa 2023 Focus" action programme held at La Moncloa.

The event was attended by the President of the Spanish Government, the President of Ghana, the President of the African Development Bank, the Government of Spain's Minister of Foreign Affairs, European Union and Cooperation, and the Minister of Foreign Affairs of Senegal.

Having spent four decades on the African continent, the Elecnor Group was the company chosen to talk about its experience in Africa and provide a Spanish business vision of the opportunities that this programme will promote.

» **Energyear Mediterránea**

This forum, held in Madrid, provided an in-depth examination of the challenges and opportunities of the Spanish renewable energy market. The Elecnor Group, as a leading player in this field, took part in the debate on the role of wind energy in reactivating Spain's economy.

» **Summit Canal CEO**

This congress, held by Canal CEO, brought together eighteen figures who have created their own style for leading and transforming the business horizon, achieving excellence in one of the ten essential competencies in the leaders of the future. The Chief Executive Officer of the Elecnor Group took part in a masterclass on well-being.

» ***IE-Elecnor Observatory on Sustainable Compliance Cultures***

The Elecnor Group, together with IE, held two events broadcast via streaming and featuring the participation of various compliance experts from both the business and academic spheres.

Similarly, the Group's various subsidiaries have been present at forums in their sectors of activity. Some of the most relevant ones are set out below:

Spain

In Spain, it is worth highlighting Enerfín's participation in the following events:

- **AIN Circular Platform.** Event organised by AIN on circular economy, presenting the conclusions of the programme co-funded by the Government of Navarra and AIN. Enerfín was one of the five companies selected to participate in the programme and took part in the round table..
- **CITE 2021:** 2nd International Congress for Ecological Transition. Enerfín provided support the congress as a gold sponsor and participated in a round table together with other major companies (Nordex Acciona, Siemens Gamesa and Ingeteam).

Enerfín has also attended several events both in person (6th Spanish Wind Energy Congress - AEE in Madrid, 8th Solar Forum - UNEF in Madrid, Green Hydrogen Day in Galicia in Ferrol, Next Generation EU: Opportunities for the participation of local entities, GT NEGA: encontros de transferencia e innovación, the Navarre Green Hydrogen Agenda, etc.), as well as online (webinar by REE on access and connection, webinar on how to design a more profitable PV in difficult terrain, webinar ECOVOLTAICA: The path towards developing sustainable photovoltaic plants, webinar Decarbonisation of the industry: green hydrogen, in addition to others).

The subsidiary Audeca took part in the following initiatives:

- **16th Conference on Road Maintenance "The Road: Essential Infrastructure".** Audeca took part in the trade fair held by ACEX and the Technical Road Association. It also collaborated with an informative talk on the SMS+ system that it has developed and won the 2021 ACEX Award.
- **Digital Debate "New technologies applied to road maintenance.** Audeca took part in this debate held by the Spanish Road Association, communicating its main R&D&I projects.
- **National Symposium on Roads and Local Administration Works.** Audeca has collaborated in this symposium held by the Spanish Road Association (AEC).
- **Ecofira international event.** This event is an international meeting point where companies and public bodies display the latest advances in efficient environmental management.

Brazil

In Brazil, Enerfín took part in WindPower 2021, the country's leading congress that brings together companies, federal bodies and other agents operating in the country's electricity sector, and in Enase 2021, a national meeting of professionals and agents in the Brazilian electricity sector.

Celeo also took part in Intersolar South America, the continent's largest solar sector event. The core goal of the event is to foster a space for global and local brands to present their cutting-edge technologies and to display the possibilities of profiting, saving and keeping up with the advances in the solar market. Celeo Brazil's head of business development, together with other specialists, discussed: "Large-scale solar PV projects - the main competitive factors: maximising return on investment - CapEX and OpEX".

Canada

Enerfín was present at the annual colloquium of the Quebec Association for the Production of Renewable Energy, theme of which was "Boosting our renewable energies, relaunching our economy".

Chile

Celeo took part in the FECI Science Festival, associated with the Explora programme, which is part of the science and society division of Chile's Ministry of Science, Technology and Innovation, implemented by the University of Atacama. The core goal of the project is to foster scientific culture in the school community and among the general public. At the fair, Celeo presented its Water Efficiency Workshop held in the community of Diego de Almagro.

Colombia

Enerfín was noteworthy with its participation as a panellist at:

- "Auctions: reactivating investment for renewables", within the International Renewable Energy Congress and Business Roundtable.
- "Sustainable transport and energy infrastructure as a pillar of economic recovery", in the context of the event held by the Colombian government through Procolombia "Colombia Investment Summit"
- "Wind energy: a driver of economic and social development in Colombia", as part of the Latam Future Energy Colombia 2021 event.

Africa

Enerfín was present at regular meetings held by the African Task Force of GWEC, congresses and talks organised by ALER and AMER, and several webinars held by ICEX, the Exporters Club and other foreign organisations on investments and the renewable energy sector in African markets.

Mexico

Enerfín took part in the 2021 Expo Foro Energía Yucatán, making a different-scale analysis of the electricity sector in Mexico. The purpose of the forum was to present the opportunities and challenges of the clean energy generation sector in the country for distributed generation, as well as for industry suppliers.

It was also present in the project "The challenges of graduates and students of renewable energy engineering" at the TecNM Campus Progreso, the goal of which is for the course graduates to present to students their study and work experience in the field of engineering.

Recognition

- The IE-Elecnor Observatory on Sustainable Compliance Cultures has been acknowledged by the 3rd edition of Expansión's "Compliance" Awards as one of the five finalist initiatives in the Best Ethical Initiative Category.
- The Elecnor Group has been recognised by Iberia in its 13th edition of the Awards for its best partners in 2021.
- Audeca was the winner of the 17th National ACEX Award for Safety in Conservation in the general category for its SMS+ project. Audeca has been a finalist 16 times and winner 7 times, proving its commitment to safety and innovation.
- Celeo Brazil and Celeo Chile took first and second place, respectively in their sector "Americas | Electricity Transmission Network | Maintenance and Operation" in the GRESB 2021 Sustainability Ranking.
- Celeo Chile has obtained the 2021 PEC Safety Excellence recognition and the Mutual COVID-19 Seal for its commitment and management associated with the health of all its workers.
- 3rd IBAMA Forum. Celeo's Environmental Education Programme (PEA) in Cantareira was acknowledged by IBAMA (Brazilian Institute of Environment and Renewable Natural Resources) as a national benchmark in the category of best socio-environmental impact mitigation programmes as part of environmental licensing.
- In the 17th Premios Corresponsables Awards, the Elecnor Foundation was a finalist in the category of non-profit organisations and social economy, with its initiative Growing in Prevention.

Appendix I

Supplementary information

Our people, our best asset

GRI 102-8, GRI 405-1

Workforce data (year-end)

Geographical area and country	2020	2021	Changes
Spain	**10,542**	**11,103**	**5%**
Europe	**1,033**	**1,253**	**21%**
Germany	0	1	-
Belgium	1	1	0%
Finland	0	3	-
The Netherlands	0	1	-
Italy	396	627	-28%
Lithuania	16	19	3819%
Norway	65	68	-71%
Portugal	189	224	-64%
UK	350	286	-36%
Romania	16	23	44%
North America	**805**	**759**	**-6%**
Canada	5	6	20%
United States	800	753	-6%
Latin America	**4,056**	**5,637**	**39%**
Argentina	96	94	-2%
Brazil	2,461	4,283	74%
Chile	612	611	0%
Colombia	17	33	94%
Ecuador	3	3	0%
El Salvador	133	48	-64%
Honduras	42	41	-2%
Mexico	85	99	16%
Panama	168	75	-55%
Paraguay	1	1	0%
Peru	1	0	-100%
Dominican Republic	190	112	-41%
Uruguay	228	218	-4%
Venezuela	19	19	0%

Geographical area and country	2020	2021	Changes
Africa	**1,683**	**2,378**	**41%**
Angola	975	1,622	66%
Algeria	1	1	0%
Cameroon	346	473	37%
Ivory Coast	0	6	-
Ghana	300	113	-62%
Guinea Conakry	0	1	-
Mauritania	5	5	0%
Mozambique	31	140	352%
Senegal	25	17	-32%
Asia	**44**	**188**	**327%**
India	0	1	-
Jordan	5	3	-40%
Oman	39	184	372%
Oceania	**40**	**113**	**183%**
Australia	40	113	183%
Total	**18,203**	**21,431**	**18%**

Professional category	2020			2021		
	Male	Female	Total	Male	Female	Total
Structure	**3,749**	**1,578**	**5,327**	**4,210**	**1,900**	**6,110**
Management	145	21	166	141	20	161
Executive	1,102	231	1,333	1,110	233	1,343
Technician	2,502	1,326	3,828	2,959	1,647	4,606
Works	**12,305**	**571**	**12,876**	**14,620**	**701**	**15,321**
Basic*	12,305	571	12,876	14,620	701	15,321
Total	**16,054**	**2,149**	**18,203**	**18,830**	**2,601**	**21,431**

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

By age

Staff in Structure	2020			2021		
	Male	Female	Total	Male	Female	Total
>50	576	158	**734**	653	189	**842**
From 30 to 50	2,443	1,018	**3,461**	2,733	1,212	**3,945**
<30	730	402	**1,132**	824	499	**1,323**
Total	**3,749**	**1,578**	**5,327**	**4,210**	**1,900**	**6,110**

Staff in Works	2020			2021		
	Male	Female	Total	Male	Female	Total
>50	2,430	55	**2,485**	2,930	86	**3,016**
From 30 to 50	7,937	376	**8,313**	9,209	439	**9,648**
<30	1,938	140	**2,078**	2,481	176	**2,657**
Total	**12,305**	**571**	**12,876**	**14,620**	**701**	**15,321**

Breakdown of information by contract type

By age	2020	2021	Changes
Open-ended	**11,150**	**14,160**	**27%**
>50	2,298	2,971	29%
From 30 to 50	7,257	9,039	25%
<30	1,595	2,150	35%
Temporary	**7,053**	**7,271**	**3%**
>50	921	887	-4%
From 30 to 50	4,517	4,554	1%
<30	1,615	1,830	13%
Total	**18,203**	**21,431**	**18%**

Average by age	2020	2021	Changes
Open-ended	**10,451**	**12,705**	**22%**
>50	2,292	2,929	28%
From 30 to 50	6,857	8,122	18%
<30	1,302	1,655	27%
Temporary	**6,314**	**7,929**	**26%**
>50	888	1,222	38%
From 30 to 50	4,139	5,107	23%
<30	1,287	1,600	24%
Total	**16,765**	**20,634**	**23%**

By geographical area	2020	2021	Changes
Open-ended	**11,150**	**14,1600**	**27%**
Spain	6,182	7,487	21%
Europe	676	838	24%
North America	290	297	2%
Latin America	3,493	5,105	46%
Africa	472	375	-21%
Asia	4	5	25%
Oceania	33	53	61%
Temporary	**7,053**	**7,271**	**3%**
Spain	4,360	3,616	-17%
Europe	357	415	16%
North America	515	462	-10%
Latin America	563	532	-6%
Africa	1,211	2,003	65%
Asia	40	183	358%
Oceania	7	60	757%
Total	**18,203**	**21,431**	**18%**

By professional category	2020	2021	Changes
Open-ended	**11,150**	**14,160**	**27%**
Management	166	161	-3%
Executive	1,139	1,160	2%
Technician	2,597	3,220	24%
Basic	7,248	9,619	33%
Temporary	**7,053**	**7,271**	**3%**
Management	0	0	-
Executive	194	183	-6%
Technician	1,231	1,386	13%
Basic	5,628	5,702	1%
Total	**18,203**	**21,431**	**18%**

Average by professional category	2020	2021	Changes
Open-ended	**10,451**	**12,705**	**22%**
Management	170	162	-5%
Executive	1,058	1,147	8%
Technician	2,441	2,931	20%
Basic	6,782	8,465	25%
Temporary	**6,314**	**7,929**	**26%**
Management	0	0	-
Executive	169	192	14%
Technician	1,083	1,405	30%
Basic	5,062	6,332	25%
Total	**16,765**	**20,634**	**23%**

By gender

Staff in Structure	2020	2021	Changes
Open-ended	**3,902**	**4,541**	**16%**
Male	2,681	3,072	15%
Female	1,221	1,469	20%
Temporary	**1,425**	**1,569**	**10%**
Male	1,068	1,138	7%
Female	357	431	21%
Total	**5,327**	**6,110**	**15%**

Staff in Works	2020	2021	Changes
Open-ended	**7,248**	**9,619**	**33%**
Male	6,893	9,173	33%
Female	355	446	26%
Temporary	**5,628**	**5,702**	**1%**
Male	5,412	5,447	1%
Female	216	255	18%
Total	**12,876**	**15,321**	**19%**

Average by gender

Staff in Structure	2020	2021	Changes
Open-ended	**3,678**	**4,240**	**15%**
Male	2,538	2,901	14%
Female	1,141	1,339	17%
Temporary	**1,203**	**1,597**	**33%**
Male	886	1,175	33%
Female	317	423	33%
Total	**4,881**	**5,837**	**20%**

Staff in Works	2020	2021	Changes
Open-ended	**6,773**	**8,465**	**25%**
Male	6,452	8,063	25%
Female	321	402	25%
Temporary	**5,111**	**6,332**	**24%**
Male	4,915	6,075	24%
Female	195	257	32%
Total	**11,884**	**14,797**	**25%**

Breakdown of information by employment type

By age	2020	2021	Changes
Full-time	**17,981**	**21,209**	**18%**
>50	3,068	3,713	21%
From 30 to 50	11,730	13,544	15%
<30	3,183	3,952	24%
Part-time	**222**	**222**	**0%**
>50	151	145	-4%
From 30 to 50	44	49	11%
<30	27	28	4%
Total	**18,203**	**21,431**	**18%**

Average by age	2020	2021	Changes
Full-time	**16,535**	**20,333**	**23%**
>50	3,015	3,999	33%
From 30 to 50	10,955	13,126	20%
<30	2,565	3,208	25%
Part-time	**230**	**301**	**31%**
>50	165	152	-8%
From 30 to 50	41	103	151%
<30	24	47	96%
Total	**16,765**	**20,634**	**23%**

By geographical area	2020	2021	Changes
Full-time	**17,981**	**21,209**	**18%**
Spain	10,339	10,915	6%
Europe	1,020	1,227	20%
North America	800	755	-6%
Latin America	4,055	5,635	39%
Africa	1,683	2,378	41%
Asia	44	187	325%
Oceania	40	112	180%
Part-time	**222**	**222**	**0%**
Spain	203	188	-7%
Europe	13	26	100%
North America	5	4	-20%
Latin America	1	2	100%
Africa	0	0	-
Asia	0	1	-
Oceania	0	1	-
Total	**18,203**	**21,431**	**18%**

By professional category	2020	2021	Changes
Full-time	**17,981**	**21,209**	**18%**
Management	165	160	-3%
Executive	1,317	1,329	1%
Technician	3,760	4,531	21%
Basic	12,739	15,189	19%
Part-time	**222**	**222**	**0%**
Management	1	1	0%
Executive	16	14	-13%
Technician	68	75	10%
Basic	137	132	-4%
Total	**18,203**	**21,431**	**18%**

Average by professional category	2020	2021	Changes
Full-time	**16,535**	**20,333**	**23%**
Management	167	160	-4%
Executive	1,213	1,324	9%
Technician	3,461	4,260	23%
Basic	11,694	14,589	25%
Part-time	**230**	**301**	**31%**
Management	3	2	-33%
Executive	15	16	7%
Technician	63	75	19%
Basic	149	208	40%
Total	**16,765**	**20,634**	**23%**

By gender

Staff in Structure	2020	2021	Changes
Full-time	**5,242**	**6,020**	**15%**
Male	3,701	4,160	12%
Female	1,541	1,860	21%
Part-time	**85**	**90**	**6%**
Male	48	50	4%
Female	37	40	8%
Total	**5,327**	**6,110**	**15%**

Staff in Works	2020	2021	Changes
Full-time	**12,739**	**15,189**	**19%**
Male	12,176	14,503	19%
Female	563	686	22%
Part-time	**137**	**132**	**-4%**
Male	129	117	-9%
Female	8	15	88%
Total	**12,876**	**15,321**	**19%**

Average by gender

Staff in Structure	2020	2021	Changes
Full-time	**4,801**	**5,744**	**20%**
Male	3,377	4,018	19%
Female	1,424	1,726	21%
Part-time	**81**	**93**	**15%**
Male	47	57	21%
Female	34	36	6%
Total	**4,881**	**5,837**	**20%**

Staff in Works	2020	2021	Changes
Full-time	**11,734**	**14,589**	**24%**
Male	11,228	13,952	24%
Female	506	637	26%
Part-time	**149**	**208**	**40%**
Male	139	187	35%
Female	10	22	120%
Total	**11,884**	**14,797**	**25%**

Workforce turnover [11] GRI 401-1

By age range, gender and geographical area

Location	Departures	Average employment	Turnover in 2021	Turnover in 2020	Change in Turnover 2021 vs. 2020
Spain	**1,964**	**11,014**	**18%**	**16%**	**2%**
Male	1,793	9,658	19%	17%	2%
>50	341	2,685	13%	15%	-2%
From 30 to 50	1,100	6,098	18%	16%	2%
<30	352	875	40%	28%	12%
Female	171	1,356	13%	10%	3%
>50	15	201	7%	7%	0%
From 30 to 50	107	923	12%	9%	3%
<30	49	232	21%	18%	3%
Europe	**571**	**1,252**	**46%**	**25%**	**21%**
Male	461	1,063	43%	26%	17%
>50	82	246	33%	29%	4%
From 30 to 50	269	601	45%	24%	21%
<30	110	216	51%	26%	25%
Female	110	189	58%	18%	40%
>50	18	34	53%	31%	22%
From 30 to 50	60	108	56%	15%	41%
<30	32	47	68%	19%	49%
North America	**262**	**795**	**33%**	**48%**	**-15%**
Male	252	741	34%	49%	-15%
>50	40	181	22%	49%	-27%
From 30 to 50	157	430	37%	44%	-7%
<30	55	130	42%	62%	-20%
Female	10	54	19%	32%	-13%
>50	1	7	14%	88%	-74%
From 30 to 50	5	34	15%	22%	-7%
<30	4	13	31%	20%	11%
Latin America	**4,424**	**5,231**	**85%**	**82%**	**3%**
Male	4,202	4,752	88%	86%	2%
>50	439	626	70%	72%	-2%
From 30 to 50	2,640	3,062	86%	82%	4%
<30	1,123	1,064	106%	103%	3%
Female	222	479	46%	44%	2%
>50	12	33	36%	52%	-16%
From 30 to 50	128	298	43%	43%	0%
<30	82	148	55%	45%	10%

Continued on next page

Location	Departures	Average employment	Turnover in 2021	Turnover in 2020	Change in Turnover 2021 vs. 2020
Africa	**710**	**2,142**	**33%**	**20%**	**13%**
Male	636	1,827	35%	21%	14%
>50	33	93	35%	20%	15%
From 30 to 50	454	1,335	34%	21%	13%
<30	149	399	37%	21%	16%
Female	74	315	23%	14%	9%
>50	2	10	20%	22%	-22%
From 30 to 50	42	213	20%	12%	8%
<30	30	92	33%	18%	15%
Asia	**4**	**111**	**4%**	**38%**	**-34%**
Male	3	105	3%	43%	-40%
>50	1	11	9%	0%	9%
From 30 to 50	0	72	0%	55%	-55%
<30	2	22	9%	43%	-34%
Female	1	6	17%	20%	-3%
>50	0	0	0%	0%	0%
From 30 to 50	1	4	25%	100%	-75%
<30	0	2	0%	0%	0%
Oceania	**33**	**89**	**37%**	**13%**	**24%**
Male	28	67	42%	15%	27%
>50	14	19	74%	0%	74%
From 30 to 50	12	39	31%	18%	13%
<30	2	9	22%	20%	2%
Female	5	22	23%	0%	23%
>50	1	6	17%	0%	0%
From 30 to 50	4	11	36%	0%	36%
<30	0	5	0%	-	-
Total Group	**7.968**	**20.634**	**39%**	**33%**	**6%**

(11) Turnover is determined as total departures (sum of voluntary redundancies, leaves of absence, retirements, deaths, dismissals, end-of-contract and other kinds of departure)/average employment * 100.

By geographical area, gender and type of employee

2020

Structure		Location	Works	
Male	Female	Location	Male	Female
9%	8%	**Spain**	19%	18%
26%	19%	**Europe**	26%	9%
22%	16%	**North America**	57%	129%
24%	28%	**Latin America**	99%	86%
19%	18%	**Africa**	21%	12%
0%	33%	**Asia**	100%	0%
11%	0%	**Oceania**	0%	50%
14%	**13%**	**Total**	**41%**	**30%**

2021

Structure		Location	Works	
Male	Female	Location	Male	Female
13%	11%	**Spain**	20%	21%
36%	56%	**Europe**	45%	0%
17%	23%	**North America**	41%	0%
36%	34%	**Latin America**	99%	75%
25%	14%	**Africa**	36%	28%
0%	17%	**Asia**	6%	0%
40%	20%	**Oceania**	60%	0%
20%	**19%**	**Total**	**46%**	**38%**

New hirings GRI 401-1

By gender and geographical area

Staff in Structure Location	2020	2021	Changes
Spain	**579**	**645**	**11%**
Male	419	450	7%
Female	160	195	22%
Europe	**146**	**166**	**14%**
Male	93	79	-15%
Female	53	87	64%
North America	**86**	**45**	**-48%**
Male	71	38	-46%
Female	15	7	-53%
Latin America	**377**	**485**	**29%**
Male	242	314	30%
Female	135	171	27%
Africa	**144**	**100**	**-31%**
Male	93	70	-25%
Female	51	30	-41%
Asia	**22**	**48**	**118%**
Male	14	46	229%
Female	8	2	-75%
Oceania	**32**	**84**	**163%**
Male	29	63	117%
Female	3	21	600%
Total	**1,386**	**1,573**	**13%**

Staff in Works Location	2020	2021	Changes
Spain	**1,707**	**1,476**	**-13%**
Male	1,662	1,441	-13%
Female	45	35	-22%
Europe	**323**	**503**	**56%**
Male	295	437	48%
Female	28	66	136%
North America	**545**	**237**	**-57%**
Male	532	233	-56%
Female	13	4	-69%
Latin America	**3,545**	**4,353**	**23%**
Male	3,446	4,220	22%
Female	99	133	34%
Africa	**868**	**1,106**	**27%**
Male	747	1,016	36%
Female	121	90	-26%
Asia	**19**	**14**	**-26%**
Male	14	14	0%
Female	5		-100%
Oceania	**4**	**8**	**100%**
Male	2	5	150%
Female	2	3	50%
Total	**7,011**	**7,697**	**10%**

By gender and age range

Staff in Structure Age	2020	2021	Changes
>50	**96**	**104**	**8%**
Male	86	85	-1%
Female	10	19	90%
From 30 to 50	**709**	**807**	**14%**
Male	510	552	8%
Female	199	255	28%
<30	**581**	**662**	**14%**
Male	365	423	16%
Female	216	239	11%
Total	**1,386**	**1,573**	**13%**

Staff in Works Age	2020	2021	Changes
>50	**792**	**812**	**3%**
Male	768	776	1%
Female	24	36	50%
From 30 to 50	**4,301**	**4,718**	**10%**
Male	4,115	4,533	10%
Female	186	185	-1%
<30	**1,918**	**2,167**	**13%**
Male	1,815	2,057	13%
Female	103	110	7%
Total	**7.,011**	**7,697**	**10%**

Dismissals

Dismissals in the Elecnor Group are displayed, referring to the non-voluntary termination of the employment contract due to application of the disciplinary code governing the employee, regardless of whether it is declared proper or whether the company acknowledges that the dismissal is improper when so declared by a court.

The following data includes information from Angola, Argentina, Brazil, Cameroon, Chile, Colombia, Ivory Coast, El Salvador, Ghana, Italy, Mauritania, Mozambique, Norway, Panama, Peru, Portugal, Senegal, Spain, the United Kingdom and the United States.

By gender and professional category

	2020			2021			
Category	Male	Female	Total	Male	Female	Total	Changes
Structure	**78**	**17**	**95**	**85**	**41**	**126**	**33%**
Management	4	0	4	6	1	7	75%
Executive	17	3	20	20	4	24	20%
Technician	57	14	71	59	36	95	34%
Works	**363**	**9**	**372**	**718**	**35**	**753**	**102%**
Basic	363	9	372	718	35	753	102%
Total	**441**	**26**	**467**	**803**	**76**	**879**	**88%**

By gender and age

Staff in Structure	2020			2021			
Age	Male	Female	Total	Male	Female	Total	Changes
>50	15	2	**17**	19	4	**23**	35%
From 30 to 50	48	10	**58**	56	28	**84**	45%
<30	15	5	**20**	11	9	**20**	-5%
Total	**78**	**17**	**95**	**86**	**41**	**127**	**33%**

Staff in Works	2020			2021			
Age	Male	Female	Total	Male	Female	Total	Changes
>50	62	3	**65**	84	3	**87**	34%
From 30 to 50	237	5	**242**	491	17	**508**	110%
<30	64	1	**65**	142	15	**157**	143%
Total	**363**	**9**	**372**	**717**	**35**	**752**	**102%**

Remunerations Policy

Fixed average remuneration by gender, age and professional category

2020	Structure						Works	
	Management		Executive		Technician		Basic	
Age	Male	Female	Male	Female	Male	Female	Male	Female
Spain								
>50	143,087	98,460	56,647	57,662	34,262	29,820	23,151	22,697
From 30 to 50	96,868	92,929	47,470	46,521	31,636	27,504	21,577	21,624
<30			36,356	38,159	27,449	25,575	19,194	19,808
Europe (Italy, Norway, Portugal, United Kingdom and Romania)								
>50	-	-	51,677	49,260	41,897	29,445	29,409	33,588
From 30 to 50	-	-	50,318	33,785	37,692	31,770	27,941	28,031
<30	-	-	26,463	21,173	30,758	23,295	22,692	26,021
North America (United States and Canada)								
>50	164,073	*	106,262	*	111,685	54,211	84,125	*
From 30 to 50	151,599	-	101,544	72,185	70,050	49,788	80,684	69,663
<30		-	70,170	43,565	51,469	39,959	67,400	51,775
Latin America (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Honduras, Mexico, Panama, Peru, Dominican Republic and Uruguay)								
>50	-	-	44,942	34,248	24,145	8,160	9,589	7,273
From 30 to 50	-	-	41,151	35,849	19,749	13,886	7,612	4,713
<30	-	-	*	-	11,738	6,996	5,403	6,571
Africa (Angola, Algeria, Cameroon, Ghana, Mauritania and Senegal)								
>50	-	-	*	-	17,974	10,666	5,637	2,000
From 30 to 50	-	-	36,526	28,317	16,838	5,555	5,917	1,938
<30	-	-	*	5,093	4,614	5,251	2,733	1,795
Asia (Jordan and Oman)								
>50	-	-	-	-	52,372	-	28,280	-
From 30 to 50	-	-	78,867	-	25,542	*	16,307	-
<30	-	-	-	-	19,979	20,495	15,227	*
Oceania (Australia)								
>50	-	-	71,359	*	59,476	*	*	-
From 30 to 50	-	-	91,270	-	80,877	44,324	-	46,158
<30	-	-	-	-	57,983	-	*	-

(*) This information is not shown in the interest of protecting the data of the persons represented, since there is only one employee in that professional category.

2021	Structure						Works	
	Management		Executive		Technician		Basic	
Age	Male	Female	Male	Female	Male	Female	Male	Female
Spain								
>50	141,357	111,793	54,599	55,235	32,021	28,277	22,816	21,749
From 30 to 50	98,311	88,054	48,637	47,491	32,234	27,856	21,713	21,458
<30			36,273	38,423	27,609	26,271	19,312	19,864
Europe (Italy, Norway, Portugal, United Kingdom and Romania)								
>50	-	-	71,381	62,575	41,064	32,959	27,546	36,345
From 30 to 50	-	-	47,055	38,293	35,717	32,968	27,160	33,377
<30	-	-	25,250	19,854	28,584	23,988	21,212	35,014
North America (United States and Canada)								
>50	173,089	-	119,846	90,056	125,808	58,139	92,419	77,757
From 30 to 50	178,111	149,966	109,555	81,168	79,149	50,556	86,975	69,556
<30	-	-	80,165	51,862	52,708	43,405	77,476	60,728
Latin America (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Honduras, Mexico, Panama, Peru, Dominican Republic and Uruguay)								
>50	-	-	51,344	38,646	22,778	10,734	8,547	8,177
From 30 to 50	-	-	41,299	35,250	17,813	12,405	6,722	5,019
<30	-	-	20,784		9,092	6,365	4,494	3,912
Africa (Angola, Algeria, Cameroon, Ghana, Mauritania and Senegal)								
>50	-	-	51,344	38,646	22,778	10,734	8,547	8,177
From 30 to 50	-	-	41,299	35,250	17,813	12,405	6,722	5,019
<30	-	-	20,784	-	9,092	6,365	4,494	3,912
Asia (Jordan and Oman)								
>50	-	-	-	-	62,689	-	23,546	-
From 30 to 50	-	-	45,322	-	19,459	21,575	13,454	-
<30	-	-	-	-	14,244	17,836	11,756	-
Oceania (Australia)								
>50	-	-	88,634	46,793	100,581	63,297	-	*
From 30 to 50	-	-	105,652	-	79,719	49,154	87,488	-
<30	-	-	-	-	51,936	51,406	59,183	-

(*) This information is not shown in the interest of protecting the data of the persons represented, since there is only one employee in that professional category.

Fixed average remuneration by geographical area, gender and type of employeel

2020	Structure		Works	
	Male	Female	Male	Female
Spain	40,795	32,018	21,791	21,549
Europe (Italy, Norway, Portugal, United Kingdom and Romania)	38,014	29,270	27,212	28,149
North America (United States and Canada)	90,125	55,734	84,199	60,575
Latin America (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Honduras, Mexico, Panama, Peru, Dominican Republic and Uruguay)	21,992	12,627	7,226	5,506
Africa (Angola, Algeria, Cameroon, Ghana, Mauritania and Senegal)	15,630	6,786	5,041	1,894
Asia (Jordan and Oman)	31,565	18,908	18,934	12,083
Oceania (Australia)	72,167	46,758	71,061	46,158

2021	Structure		Works	
	Male	Female	Male	Female
Spain	40,565	31,731	21,851	21,348
Europe (Italy, Norway, Portugal, United Kingdom and Romania)	35,991	30,809	26,144	34,521
North America (United States and Canada)	112,062	61,976	85,803	68,374
Latin America (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Honduras, Mexico, Panama, Peru, Dominican Republic and Uruguay)	19,931	11,401	6,319	4,832
Asia (Jordan and Oman)	23,837	20,507	13,966	0
Africa (Angola, Algeria, Cameroon, Ghana, Mauritania and Senegal)	13,833	8,777	4,416	2,367
Oceania (Australia)	82,336	53,708	78,053	*

(*) This information is not shown in the interest of protecting the data of the persons represented, since there is only one employee in that professional category.

Management of biodiversity and protection of the natural environment GRI 304-1

Projects located in or near protected and high-value areas

Country	Project/Activity	Proximity to protected areas or zones of great value for biodiversity: Type and name of protected area affected	Location with respect to the protected area (interior, adjacent, partial)	Area/Length affected
Spain	Baza - Caparacena 400 kV Transmission Line Project	Critical area for the conservation of birds of prey living among the rocks	Part-time	6,020 m
Spain	220 kV Trives - Aparecida Transmission Line Dismantling Project	Some support provided is located in the following protected areas: "Macizo Central" (Code ES1130002). "Pena Trevinca" (Code ES11330007)	Part-time	The area to be restored spans approximately 31,975 m^2
Spain	Gecama Wind Farm 400 kV transmission line	"Hoces de Alarcón" Site of Community Importance (SCI)	Adjacent	N/A
Australia	Bungala Solar Farm	The Dutchmans Stern Conservation Park - approximately 10 km to the North East	Adjacent	N/A
Brazil	PATE- LT230 kV Oriximiná-Juruti-Parintins e Subestações Associadas	Áreas Prioritárias para a Conservação da Biodiversidade: Várzeas do Médio Amazonas, Rio Amazonas, Várzea Médio Amazonas e Cachoeira do Aruã	Adjacent	N/A
Brazil	Complexo Solar Fotovoltaico Lar do Sol - Casablanca	Próxima a APCB Buritizeiro/Pirapora e a APCB Rio São Francisco e Grandes Afluentes	Adjacent	N/A
Spain	Malpica wind farm	Costa da Morte (ZEPA)	Adjacent	N/A
Spain	Malpica wind farm	Costa da Morte Site of Community Importance (SCI)	Part-time	The total estimated impact (interior roads, underground MV lines and control building) is 20,308 m^2
Spain	Aerosur wind farm	"La Janda" lagoon, Migratory route between Africa and Europe (Strait of Gibraltar)	Adjacent	N/A
Spain	Construction of a cage for capercaillies, in Caboalles de Arriba, Villablino (León) Castile and León Natural Heritage Foundation	Valle de Laciana Biosphere Reserve	Domestic	2 ha
Spain	Conservation of the grey partridge by diversifying its natural habitat, in the Sanabria Lake Natural Park and Segundera and Porto mountain ranges	Sanabria Lake Natural Park	Domestic	45.8 ha

Continued on next page

		Proximity to protected areas or zones of great value for biodiversity		
Country	Project/Activity	Type and name of protected area affected	Location with respect to the protected area (interior, adjacent, partial)	Area/Length affected
Spain	Regeneration of pasture land and other physical assets of forest land. Various mountains of the Sierra de Gata, Government of Extremadura	Special Protection Area for Birds "Sierra de Gata y Valles de las Pilas" and in the "Sierra de Gata" Special Conservation Area	Domestic	368 ha
Spain	Expansion of the Sevilla la Nueva WWTP, in the municipality of Sevilla la Nueva, promoted by Canal de Isabel II	Regional Park of the Middle Course of the Guadarrama River and its Surrounding Area	Domestic	10 ha
Spain	Adapting and improving the Fuenteheridos WWTP (Huelva)	Sierra de Aracena and Picos de Aroche Natural Park	Domestic	5 ha
Spain	Actions for public use in the Sierra de la Culebra Regional Hunting Reserve (Zamora)	Sierra de la Culebra Regional Hunting Reserve (Zamora)	Domestic	2 ha

Projects including monitoring of species appearing on the International Union for Conservation of Nature (IUCN) Red List GRI 304-3

		Classification according to IUCN					
Country	Project	CR*	EN*	VU*	NT*	LC*	Other
Spain	Baza - Caparacena 400 kV Transmission Line Project					2	
Spain	Gecama Wind Farm 400 kV transmission line					4	
Colombia	Guajira I wind farm					7	
Australia	Bungala Solar Farm					13	
Chile	Llanos del Viento wind farm project	1				2	
Chile	PFV Caracas Medium-Voltage Line Project					1	
Chile	PFV Sunhunter Medium-Voltage Line Project					2	
Chile	PFV Anakena Medium-Voltage Line Project					2	
Chile	Guardiamarina 110/23 - 13 kV Substation					1	
Brazil	Complexo Solar Fotovoltaico Lar do Sol - Casablanca	2			1		9
Spain	Malpica wind farm						20
Spain	Aerosur wind farm		1	1		1	
Brazil/Celeo	PATE- LT230 kV Oriximiná-Juruti-Parintins e Subestações Associadas	3	2	7	7	18	178
Brazil/Celeo	SITE and PATE		4	12		50	
Chile/Celeo	AJTE and CHATE			3	1		
Chile/Celeo	CHATE					1	
	Total	**6**	**7**	**23**	**9**	**104**	**207**

(*) **CR:** Critically endangered
(*) **EN:** Endangered
(*) **VU:** Vulnerable
(*) **NT:** Near threatened
(*) **LC:** Least concern

Fiscal transparency

Country by Country Report 2020 GRI 207-4

Tax jurisdiction	Number of employees	Revenue from sales to third parties (€)	Revenue from intra-group transactions with other tax jurisdictions (€)	Pre-tax profit or loss (€)	Tangible assets other than cash and cash equivalents (€)	Tax paid on profits (€)	Tax payable on profits (€)	Difference between tax payable and the result of applying the tax rate to accounting profit and los (explanatory notes*)
GERMANY	-	-	-	-3,720.89	7.00	-	-	4
ANGOLA	975.00	37,655,054.61	-	6,190,944.31	1,188,086.18	1,127,851.45	1,990,824.24	8
ALGERIA	83.42	13,377,337.73	-	-1,336,385.90	31,673.60	18,161.84	2,201,837.59	8
ARGENTINA	96.00	5,078,338.16	-	1,304,783.56	556,717.92	428,574.86	498,523.08	6
AUSTRALIA	36.00	21,460,330.18	104,318.95	-220,772.44	204,838.80	483,137.46	40,670.91	6, 11, 12
BELGIUM	1.00	7,496,631.86	-	1,160,500.90	-	-	60,481.47	5
BOLIVIA	-	12,420.10	-	-272,873.54	9,750.91	49,906.45	49,906.45	9
BRAZIL	2,458.75	158,287,217.00	155,635,783.54	58,503,944.82	344,208,173.04	11,095,640.24	16,789,201.53	10
CAMEROON	153.00	13,047,975.88	-	114,462.65	2,360,416.43	4,360.05	213,353.16	6
CANADA	5.00	28,564,184.99	905,771.26	12,228,188.38	154,270,771.53	239,189.06	996,828.81	5
CHILE	612.00	35,780,139.33	37,669,082.87	16,805,911.62	2,183,154.67	759,894.77	4,369,030.11	5
COLOMBIA	17.00	711,943.64	-	-1,149,582.01	234,328.32	3,029.87	1,667.39	6
IVORY COAST	-	12,602.23	-	0.00	8,220.19	-	-	N/A
DOMINICAN REP,	275.00	17,091,806.61	-	-3,662,327.56	363,676.77	72,170.01	334,006.33	1, 6
ECUADOR	44.00	16,852,523.39	2,204,983.62	2,151,628.23	56,212,019.75	226,758.17	471,389.38	5
USA	800.00	226,271,575.89	529,955.72	13,747,278.72	12,497,062.98	57,444.94	1,198,398.64	5, 7
EL SALVADOR	133.00	7,523,963.78	-	584,898.72	835,397.72	55,374.26	-583.52	12
SPAIN	7,706.50	1,410,643,514.40	141,137,135.68	75,048,782.03	212,009,293.60	-962,512.61	10,467,442.97	5, 6, 7
FINLAND	15.00	4,518,125.58	-	919,081.46	145,369.68	-	-	12
FRANCE	-	-4,390.98	-	-19,826.09	-	140,323.00	-4,252.33	4, 12
GAMBIA	5.00	830,263.08	-	-647,482.13	-	-	-	3
GHANA	300.00	10,531,572.47	-	-511,249.89	669,431.75	6,503.42	-	4
GUATEMALA	-	43.78	-	-2,274.13	-	-	-	4
GUINEA	7.50	3,284,983.27	-	24,432.41	176,591.88	6,240.00	2,688.54	1, 3
GUINEA BISSAU	4.00	1,851,008.54	-	-237,552.30	67.57	-	-	3
HAITI	3.00	-601,635.31	-	1,290,529.03	236,056.80	-	-	9, 12
HONDURAS	42.00	5,582,549.44	121,468.90	2,849,402.76	140,840.45	12,793.10	164,617.26	3
ITALY	396.00	46,080,347.64	11,225.34	3,012,177.04	2,272,162.72	17,592.75	148,495.51	1
JORDAN	5.00	2,119,201.97	689,033.58	-1,447,522.49	72,190.75	72,632.91	-910.15	3
KUWAIT	-	421,179.64	-	123,757.53	-	12,690.95	22,752.37	11, 12
LIBERIA	44.00	4,361,703.51	-	-	-	-	-	N/A
LITHUANIA	16.00	2,977,230.01	-	1,459,714.69	89,932.20	-	-	12
MOROCCO	-	26,163.89	-	-84,973.28	-	-	277.00	1
MAURITANIA	-	2,741,095.94	303,629.48	-1,212,127.67	218,067.41	228,898.05	41,556.14	1
MEXICO	21.00	45,584,689.72	5,578,029.43	-19,776,927.76	1,044,180.49	-224,565.13	995,816.85	11, 12
MOZAMBIQUE	31.00	1,450,987.88	-	-134,516.22	320,451.51	-	-	12
NORWAY	65.00	21,983,499.99	15,749.38	6,345,569.32	195,992.10	-	374,092.25	2
OMAN	39.00	71,499,954.92	-	1,498,384.67	60,470,826.85	32,257.83	519,539.00	11, 12
PANAMA	187.00	19,132,024.09	-	-4,008,594.19	576,048.81	656,518.72	227,192.25	6
PARAGUAY	1.00	30.33	-	-21,546.79	-	-	-	4
PERU	2.00	1,578,362.63	-	564,273.80	162,720.64	3,511.37	847.90	7
PORTUGAL	189.00	13,523,327.77	2,034,809.67	-2,080,171.52	750,524.99	153,252.26	86,002.84	11, 12
UNITED KINGDOM	350.00	31,926,468.71	17,154,433.01	4,382,494.43	438,849.83	35,897.23	26,407.49	7
ROMANIA	16.00	789,239.37	8,961.55	59,574.47	3,065.76	1,668.22	1,499.52	7
SENEGAL	51.00	4,855,595.85	-	-849,992.54	3,270,543.21	1,791.29	7,003.01	1
SOUTH AFRICA	-	223.97	-	1,580.39	85.81	-	-	12
URUGUAY	228.00	14,082,050.38	29,273.67	1,063,735.36	558,616.44	274,327.72	92,635.06	1, 7
VENEZUELA	19.00	91,058.20	-	-164,230.17	642,817.92	22.10	44,256.32	11, 12
Overall total	**15,432.17**	**2,311,084,516.07**	**364,133,645.63**	**173,591,381.80**	**859,629,024.99**	**15,091,336.61**	**42,433,495.37**	

(*) Explanatory notes on the differences between effective tax rates and nominal tax rates:

1. Application of minimum tax
2. Special regime which defers payment of tax
3. Projects exempt from tax on profit
4. Country in which it has not conducted any activity, or where it has generated losses, consequently it has not generated any taxes payable
5. Negative tax adjustment (non-taxable income)
6. Positive tax adjustment (Non-deductible expenses) and inflation adjustment
7. Application of tax credits
8. Application of deferred taxes
9. Different tax year to the calendar year
10. Presumed profit
11. Grouping companies together from the same tax jurisdiction with re-tax losses reduces the estimated corporation tax payable
12. Adjustments for accounting summary

Appendix II

Index of content required by Law 11/2018, of 28 December, concerning non-financial information and diversity

Information required by Law 11/2018	Materiality	Page or section of the report responding to the requirement under Law 11/2018	Reporting criterion: GRI (2016 version unless otherwise stated)
General information			
A brief overview of the business model including the business environment, organisation and structure	Material	151, 229	GRI 102-2 GRI 102-7
Markets where it operates	Material	131-132, 161	GRI 102-3 GRI 102-4 GRI 102-6
The organisation's goals and strategies	Material	151	GRI 102-14
The main factors and trends potentially affecting future performance	Material	215	GRI 102-14
Reporting framework used	Material	142	GRI 102-54
Principle of Materiality	Material	144	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	183-184	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	184	GRI 103-2
Procedures for environmental assessment or certification	Material	184	GRI 103-2
Resources allocated to preventing environmental risks	Material	184	GRI 103-2
Application of the precautionary principle	Material	180, 183-184	GRI 102-11
Amount of provisions and guarantees for environmental risks	Material	184	GRI 103-2
Pollution			
Measures to prevent, reduce or remedy severe environmental emissions; taking into account any kind of atmospheric pollution specific to an activity, including noise and light pollution.	Not material	Not material	-
Circular economy and waste prevention and management			
Prevention, recycling, re-use, other methods of waste recovery and elimination	Material	191-192	GRI 306-1 (2020) GRI 306-2 (2020) GRI 306-4 (2020) GRI 306-5 (2020)
Actions for combating food wastage	Not material	Not material	-
Sustainable use of resources			
Water consumption and water supply in accordance with local constraints	Material	191	GRI 303-5 (2018)
Consumption of raw materials and measures implemented to boost efficiency in their usage	Material	191	GRI 103-2
Direct and indirect energy consumption	Material	189-190	GRI 302-1
Measures taken to boost energy efficiency	Material	189-190	GRI 103-2
Renewable energy use	Material	189-190	GRI 302-1

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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	184-187	GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4
Measures implemented to adapt to the consequences of climate change	Material	184-186, 190	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	184-186, 265	GRI 305-5
Safeguarding biodiversity			
Measures implemented to preserve or restore biodiversity	Material	194-195, 255	GRI 304-3
Impacts of the activities or operations on protected areas	Material	194-195, 253-254	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	159-160	GRI 103-2
Employment			
Total number of employees and breakdown by country, gender, age and professional category	Material	161-162, 242-245	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	242-245	GRI 102-8
Number of layoffs by gender, age and professional category	Material	162, 246-247	GRI 103-2 GRI 401-1
Average remuneration and evolution thereof by gender, age and professional category or equal value	Material	166-167, 250-252	GRI 103-2 GRI 405-2
Wage gap, remuneration of equal jobs or company average	Material	167	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	167, 213-214	GRI 103-2 GRI 405-2
Policies to facilitate disconnection from work	Material	167-168	GRI 103-2
Number of disabled employees	Material	169	GRI 405-1
Organisation of work			
Organisation of work time	Material	167	GRI 103-2
Number of hours of absenteeism	Material	162	GRI 103-2
Measures aimed at facilitating work-life balance and fostering a mutually responsible approach thereto by both parents	Material	167-168	GRI 103-2

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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)
Health and Safety			
Occupational Health and Safety conditions	Material	172-179	GRI 403-1 (2018) GRI 403-2 (2018) GRI 403-3 (2018) GRI 403-4 (2018) GRI 403-5 (2018) GRI 403-6 (2018) GRI 403-7 (2018) GRI 403-8 (2018)
Workplace accidents, in particular their frequency and severity, as well as occupational illnesses; broken down by gender	Material	177-178	GRI 403-9 (2018) GRI 403-10 (2018) occupational accidents, specifically their frequency and severity, as well as occupational diseases
Social relations			
Organisation of social dialogue, including procedures to inform and consult employees and to negotiate with them	Material	171	GRI 103-2
Percentage of employees covered by collective bargaining agreements by country	Material	171	GRI 102-41
Balance of collective bargaining agreements, especially in connection with occupational health and safety	Material	171	GRI 403-4 (2018)
Training			
Training policies implemented	Material	163	GRI 103-2
Total number of training hours by professional category	Material	160, 164-166	GRI 404-1
Universal access			
Universal access for disabled people	Material	169	GRI 103-2
Equality			
Measures implemented to promote equal treatment and equal opportunities for women and men	Material	168	GRI 103-2
Equality plans, measures adopted to promote employment, protocols against sexual harassment and gender-based harassment	Material	168	GRI 103-2
Policy against any kind of discrimination and, in the event, for managing diversity	Material	168-169	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	225-226	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	225-226	GRI 102-16 GRI 102-17
Complaints regarding human rights breaches	Material	168, 222	GRI 103-2 GRI 406-1
Measures implemented for the promotion and compliance with the iprovisions 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	225-226	GRI 103-2

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Information required by Law 11/2018	Materiality	Page or section of the report responding to the requirement under Law 11/2018	Reporting criterion: GRI (2016 version unless otherwise stated)
Combating bribery and corruption			
Management approach: description and results of policies concerning these issues and the main risks relating thereto in connection with the Group's activities.	Material	224-225	GRI 103-2
Measures implemented to prevent bribery and corruption	Material	217-219, 224-225	GRI 103-2 GRI 102-16 GRI 205-3
Anti-money laundering measures	Material	217-219, 224-225	GRI 103-2 GRI 102-16 GRI 205-3
Contributions to foundations and non-profit organisations	Material	224, 230	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	228	GRI 103-2
The company's commitment to sustainable development			
Impact of the business on society, with regard to jobs and local development	Material	228-236	GRI 103-2 GRI 203-2 GRI 204-1
The impact of the business on local communities and territory	Material	144-145, 228-236	GRI 102-43
Relations with the stakeholders in local communities and modalities of dialogue with them	Material	144-145, 148-149, 234	GRI 102-43
Association or sponsorship actions	Material	202, 224, 229, 230-234, 239	GRI 103-2 GRI 201-1
Subcontracting and suppliers			
Inclusion in procurements policy of social issues, equality and environmental considerations	Material	182-183	GRI 103-2
Consideration, in relations with suppliers and sub-contractors, of their social and environmental responsibility		182-183	GRI 102-9 GRI 308-1 GRI 414-1
Supervisory system and audits, and findings thereof	Material	182-183	GRI 102-9
Consumers			
Measures to ensure consumer health and safety	Material	181-182	GRI 103-2
Complaints systems, complaints received and resolution thereof	Material	182	GRI 103-2
Tax information			
Profits obtained by country	Material	227, 256	GRI 207-1 (2019) GRI 207-2 (2019) GRI 207-3 (2019)
Income tax paid	Material	228, 256	GRI 207-1 (2019) GRI 207-2 (2019) GRI 207-3 (2019)
Public grants received	Material	228	GRI 201-4
EU Regulation (202/852) - Taxonomy			
Regulation requirement	Material	151-159	Elecnor Group's own methodology based on article 8 of the European Taxonomy

Appendix III

Index of GRI indicators GRI 102-55

General contents

GRI standard	Contents	Page of the report featuring response	Omissions
GRI 101: Foundation 2016			
GRI 102: General disclosures 2016			
Organisational disclosures			
102-1	Name of the organization	142	-
102-2	Activities, brands, products and services	128,151	-
102-3	Location of headquarters	Paseo de la Castellana, 81 - Planta 20	-
		28046 - Madrid - Spain	-
102-4	Location of operations	161	-
102-5	Ownership and legal form	128, 142	-
102-6	Markets served	131	-
102-7	Scale of the organization	229	-
102-8	Information on employees and other works	161, 242-247	-
102-9	Supply chain	182	-
102-10	Significant changes in the organization and its supply chain	There have not been any significant changes	-
102-11	Precautionary Principle or approach	180-181, 183-184	-
102-12	External initiatives	225-226, 236-238	-
102-13	Membership of associations	139	-
Strategy			
102-14	Statement from senior decision-maker	The Chairman's Letter is published in the 2021 Integrated Report available at **https://www.grupoelecnor.com/annual-reports**	-
Ethics and integrity			
102-16	Values, principles, standards and norms of behaviour	217-218	-
Governance			
102-18	Governance structure	203-204	-
Stakeholder engagement			
102-40	List of stakeholder groups	148-149	-
102-41	Collective bargaining agreements	171	-
102-42	Identifying and selecting stakeholders	144-145	-
102-43	Approach to stakeholder engagement	144-145	-
102-44	Key topics and concerns raised	144-145	-

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GRI standard	Contents	Page of the report featuring response	Omissions
Reporting practices			
102-45	Entities included in the consolidated financial statements	142	-
102-46	Defining report content and topic Boundaries	144-145	-
102-47	List of material topics	144-145	-
102-48	Restatement of information	Not applicable	-
102-49	Changes in reporting	There have not been any significant changes	-
102-50	Reporting period	2021	-
102-51	Date of most recent report	2020	-
102-52	Reporting cycle	Annual	-
102-53	Contact point for questions regarding the report	**elecnor@elecnor.com**	-
102-54	Claims of reporting in accordance with GRI Standards	This report was prepared in accordance the Essential option of GRI Standards with	-
102-55	GRI content index	262	-
102-56	External assurance	273	-

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	185, 228-229	-
103-2	The management approach and its components	185, 228-229	-
103-3	Evaluation of the management approach	185, 228-229	-
GRI 201: Economic performance 2016			
201-1	Direct economic value generated and distributed	229	-
201-2	Financial implications and other risks and opportunities due to climate change	185-186,190	-
201-4	Financial assistance received from government	228	-
Indirect economic impacts			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its Boundary	230	-
103-2	The management approach and its components	230	-
103-3	Evaluation of the management approach	230	-
GRI 203: Indirect economic impacts 2016			
203-1	Infrastructure investments and services supported	230-231	-
203-2	Significant indirect economic impacts	229	-

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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	229	-
103-2	The management approach and its components	229	-
103-3	Evaluation of the management approach	229	-
GRI 204: Procurement practices 2016			
204-1	Proportion of spending on local suppliers	229	-
Anti-Corruption			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its Boundary	217-225	-
103-2	The management approach and its components	217-225	-
103-3	Evaluation of the management approach	217-225	-
GRI 205: Anti-Corruption 2016			
205-1	Operations assessed for risks related to corruption	215-217	-
205-2	Communication and training about anti-corruption policies and procedures	222-223	-
205-3	Confirmed incidents of corruption and actions taken	218-219	-
Taxation			
GRI 207: Management approach 2019			
207-1	Explanation of the material topic and its Boundary	226-228	-
207-2	The management approach and its components	226-228	-
207-3	Evaluation of the management approach	226-228	-
GRI 207: Tax 2019			
207-4	Country-by-country reporting	256-257	-
Energy			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its Boundary	189-191	-
103-2	The management approach and its components	189-191	-
103-3	Evaluation of the management approach	189-191	-
GRI 302: Energy 2016			
302-1	Energy consumption within the organisation	189	-
302-4	Reduction of energy consumption	186-187	-
Water and Effluents			
GRI 303: Management approach 2018			
303-1	Interactions with water as a shared resource	190	-
303-2	Management of water discharge-related impacts	190	-
GRI 303: Water and Effluents			
303-3	Water withdrawal	191	-
303-5	Water consumption	191	-
Biodiversity			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its Boundary	194	-
103-2	The management approach and its components	194	-
103-3	Evaluation of the management approach	194	-

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GRI standard	Contents	Page of the report featuring response	Omissions
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	194-195, 253-254	-
304-2	Significant impacts of activities, products, and services on biodiversity	194	-
304-3	Habitats protected or restored	194, 255	-
Emissions			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its Boundary	184	-
103-2	The management approach and its components	184	-
103-3	Evaluation of the management approach	184	-
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	187	
305-2	Energy indirect (Scope 2) GHG emissions	187	
305-3	Other indirect (Scope 3) GHG emissions	187	
305-4	GHG emissions intensity	187	
305-5	Reduction of GHG emissions	187, Note[12] in 265	
Waste			
GRI 103: Management approach 2016			
306-1	Waste generation and material waste-related impacts	191-193	-
306-2	Management of material waste-related impacts	192	-
GRI 306: 2020 waste			
306-4	Waste diverted from disposal	192	-
306-5	Waste directed to disposal	192	-
Environmental compliance			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its Boundary	183	-
103-2	The management approach and its components	183	-
103-3	Evaluation of the management approach	183	-
GRI 307: Environmental Compliance 2016			
307-1	Non-compliance with environmental laws and regulations	Note[13] , 265	-
Supplier Environmental Assessment			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its Boundary	182	-
103-2	The management approach and its components	182	-
103-3	Evaluation of the management approach	182	-
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	182	-

(12) The GHGs encompassed in the Elecnor Group's carbon footprint are those which, among those considered in the Kyoto Protocol, are generated by the Group's activity. These are carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O) and, additionally, hydrofluorocarbons (HFCs) associated with refrigerant gas leaks. Given that sulphur hexafluoride (SF_6), nitrogen trifluoride (NF_3) and perfluorocarbons (PFCs) are not generated within the Group's equipment or activities, they have not been considered for the scope of the current carbon footprint. GRI 305-5

(13) The Elecnor Group is not aware of having received any notification —through the channels enabled for this purpose— of the imposition of material fines or penalties for non-compliance with environmental laws or regulations. GRI 307-1

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GRI standard	Contents	Page of the report featuring response	Omissions
Employment			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its Boundary	159	-
103-2	The management approach and its components	159	-
103-3	Evaluation of the management approach	159	-
GRI 401: Employment 2016			
401-1	New employee hirings and employee turnover	162, 247-249	-
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	166	-
Occupational Health and Safety			
GRI 403: Management approach 2018			
403-1	Occupational health and safety management system	172	-
403-2	Hazard identification, risk assessment and incident investigation	172	-
403-3	Occupational health services	172, 175	-
403-4	Worker participation, consultation and communication on occupational health and safety	173	-
403-5	Worker training on occupational health and safety	174	-
403-6	Promotion of worker health	178	-
403-7	Prevention and mitigation of occupational health and safety impacts directly linked to business relationships	175	-
GRI 403: Occupational Health and Safety 2018			
403-8	Workers covered by an occupational health and safety management system	173	-
403-9	Work-related injuries	176-177	-
403-10	Work-related ill health	178	Note[14]
Training and education			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its Boundary	159	-
103-2	The management approach and its components	159	-
103-3	Evaluation of the management approach	159	-
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	159, 163-166	-
404-3	Percentage of employees receiving regular performance and career development reviews	160-161	-
Diversity and Equal Opportunity			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its Boundary	168	-
103-2	The management approach and its components	168	-
103-3	Evaluation of the management approach	168	-
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	161, 168, 212, 242	-
405-2	Ratio of basic salary and remuneration of women to men	166	-
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GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its Boundary	168	-
103-2	The management approach and its components	168	-
103-3	Evaluation of the management approach	168	-

(14) There is no systematised collection of the number of occupational illnesses and diseases by subcontractors.

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GRI standard	Contents	Page of the report featuring response	Omissions
GRI 406: Non-Discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	168	-
Child Labour			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its Boundary	225	-
103-2	The management approach and its components	225	-
103-3	Evaluation of the management approach	225	-
GRI 408: Child Labour 2016			
408-1	Operations and suppliers with a material risk of cases of forced or compulsory labour	182, 218	-
Forced or Compulsory Labour			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its Boundary	225	-
103-2	The management approach and its components	225	-
103-3	Evaluation of the management approach	225	-
GRI 409: Forced or Compulsory Labour 2016			
409-1	Operations and suppliers with a material risk of cases of forced or compulsory labour	182, 218	-
Human Rights Assessment			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its Boundary	225	-
103-2	The management approach and its components	225	-
103-3	Evaluation of the management approach	225	-
GRI 412: Human Rights Assessment 2016			
412-2	Employee training on human rights policies or procedures	222	-
Local communities			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its Boundary	230	-
103-2	The management approach and its components	230	-
103-3	Evaluation of the management approach	230	-
GRI 413: Local communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	230	-
Supplier Social Assessment			
GRI 103: Management approach 2016			
103-1	Explanation of the material topic and its Boundary	182	-
103-2	The management approach and its components	182	-
103-3	Evaluation of the management approach	182	-
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	182	-
Customer privacy			
GRI 103: Management approach 2016			
1103-1	Explanation of the material topic and its Boundary	180, 197	-
103-2	The management approach and its components	180, 197	-
103-3	Evaluation of the management approach	180, 197	-

APPENDIX CONTAINING ALTERNATIVE PERFORMANCE MEASURES

Elecnor presents the Alternative Performance Measures, according to the guidelines published by the ESMA (European Securities and Markets Authority). These measures are widely used by investors, securities analysts and other agents as performance measures that are supplementary, and should be considered as such, and in no case as a replacement.

Alternative measures of the Elecnor Group's performance

Key figures

(thousands of euros)	2021	2020	Change (%)
Turnover	3,122,421	2,455,952	27.1%
Domestic	1,422,918	1,238,600	14.9%
International	1,699,503	1,217,352	39.6%
EBITDA	271,769	245,802	10.6%
Profit before tax	142,048	125,932	12.8%
Attributable consolidated net profit	85,883	78,303	9.7%

Turnover by segments

(thousands of euros)	2021	2020	Change (%)
Services and Projects business	2,958,160	2,352,471	25.7%
Concessions business	166,593	145,232	14.7%
Subtotal Businesses	**3,124,753**	**2,497,703**	**25.1%**
Group Management and Other Adjustments	-	-	-
Operations between segments	(2,332)	(41,751)	-
	3,122,421	**2,455,952**	**27.1%**

Turnover by activity

(thousands of euros)	2021	2020	Change (%)
Electricity	1,260,553	982,949	28.2%
Power generation	685,292	470,708	45.6%
Telecommunications and space	267,522	233,301	14.7%
Facilities	209,434	213,434	-1.9%
Construction, environment and water	298,202	237,677	25.5%
Maintenance	194,514	170,770	13.9%
Oil & Gas	141,279	92,572	52.6%
Railways	65,625	54,541	20.3%
	3,122,421	**2,455,952**	**27.1%**

EBITDA

EBITDA is defined as operating income plus expense for amortisation, depreciation, impairment and charges to provisions. The group deems EBITDA to be a useful supplementary indicator that can be used in assessing the Group's operating performance.

(thousands of euros)	2021	2020	Change (%)
EBITDA = Gross Operating Profit:	**271,769**	**245,802**	**10.6%**
Operating income	178,684	146,568	-
+ Expense for amortisation, depreciation, impairment, and charges to provisions, and negative difference in business combinations	93,085	99,234	-

EBITDA by segments

(thousands of euros)	2021	2020	Change (%)
Services and Projects business	165,838	161,708	2.6%
Concessions business	131,301	112,791	16.4%
Subtotal Businesses	**297,139**	**274,499**	**8.2%**
Group Management and Other Adjustments	(25,109)	(21,394)	
Operations between segments	(261)	(7,303)	-
EBITDA	**271,769**	**245,802**	**10.6%**

Profit before income tax by segment

(thousands of euros)	2021	2020	Change (%)
Services and Projects business	114,957	112,311	2.4%
Concessions business	54,465	44,265	23.0%
Subtotal Businesses	**169,422**	**156,576**	**8.2%**
Group Management and Other Adjustments	(27,956)	(24,055)	
Operations between segments	582	(6,589)	
Total Group	**142,048**	**125,932**	**12.8%**

Consolidated net profit attributable by segment

(thousands of euros)	2021	2020	Change (%)
Services and Projects business	77,119	71,517	7.8%
Concessions business	34,876	30,970	12.6%
Consolidated net profits from the businesses	**111,995**	**102,487**	**9.3%**
Group Management and Other Adjustments	(26,533)	(19,815)	
Operations between segments	421	(4,369)	
Total Group	**85,883**	**78,303**	**9.7%**

Alternative measures of profit and loss of the holding company of the Elecnor Group

Key figures

(thousands of euros)	2021	2020
Turnover	67,456	1,544,049
Operating income	16,109	20,752
Profit before tax	7,361	46,765
Profit after tax	9,196	31,633

(thousands of euros)	2021	2020
EBITDA = Gross Operating Profit	**25,685**	**45,412**
Operating income	16,109	20,752
+ Depreciation and amortisation of fixed assets in the income statement of Elecnor, S.A.	3,897	14,465
+ Losses, impairment and changes in trade provisions in the income statement of Elecnor, S.A.	-	10,195
+ Impairment and losses under the heading Impairment and profit/loss on disposals of financial instruments in the income statement of Elecnor, S.A.	5.679	-

Stock market information

(thousands of euros)	2021	2020
Closing share price (€)	10.5	11
Total volume of securities (million)	5.6	4.3
Total cash traded (€ million)	57.7	39.8
Number of shares (million)	87	87
Market capitalisation (€ million)	913.5	957
PER	10.6	12.2
Dividend yield	3.1%	3.1%

Group backlog

Pending backlog

(thousands of Euros, at year-end)	2021	2020	Change (%)
Domestic	708,824	611,915	15.8%
International	1,798,144	1,661,166	8.2%
Total	**2,506,968**	**2,273,081**	**-**
Growth percentage	10.3%	2.3%	-

Alternative debt measures; indebtedness ratio

Net Financial Debt

(thousands of Euros, at year-end)	2021	2020	Change (%)
Net Financial Debt with recourse	**119,392**	**129,940**	-8.1%
EBITDA	271.769	245.802	-
With recourse	*138,284*	*144,591*	-
Without recourse	*133,485*	*101,211*	-
Ratio of Debt/EBITDA with recourse + projects div.	0.72	0.83	-
Total Net Financial Debt	**534,766**	**536,649**	-0.4%
EBITDA	271,769	245,802	-
With recourse	*119,392*	*129,940*	-
Without recourse	*415,374*	*406,709*	-
REBITDA	271,769	245,802	-
Ratio of Total Net Financial Debt/ EBITDA	1.97	2.18	-

(thousands of Euros, at year-end)	2021	2020
Net Financial Debt with recourse (Net Financial Debt in Note 16 of the Annual Accounts of Elecnor, S.A. and Subsidiaries)	**119,392**	**129,940**
EBITDA	271.769	245.802
EBITDA without recourse (from projects financed via funding without recourse)	*133,485*	*101,211*
EBITDA with recourse	*138,284*	*144,591*
Dividends from projects financed via funding without recourse	43,931	25,403
EBITDA with recourse + Dividends from projects without recourse net of the effect of IFRS 16	-17,001	-12,655
EBITDA with recourse + Dividends from projects without recourse net of the effect of IFRS 16	**165,215**	**157,339**
Indebtedness ratio = Net financial debt with recourse/(EBITDA with recourse + Dividends from projects)	**0.72**	**0.83**

Note: the purpose of eliminating the effect of IFRS 16 on Leases is to offset the impact of this standard —the impact increases the figures of EBITDA and Debt— and to comply with the method of calculating this figure contained in the financing contracts.

Calculation of Total Net Financial Debt

(thousands of euros)	2021	2020
+ Financial liabilities from issuing bonds and other marketable securities	134,581	110,349
+ Finance liabilities on loans and borrowings	789,598	807,840
+ Derivative financial instruments (non-current liabilities and current liabilities in the Consolidated Statement of Financial Position)	101,272	18,131
- Current investments in related companies	(323)	(141)
- Derivative financial instruments	(6,454)	(830)
- Cash and cash equivalents	(388,105)	(391,628)
- Other current financial investments	(11,214)	(9,594)
+ Loans granted by public entities (Note 16)	4,622	4,448
+ Derivative financial instruments (current assets in the Consolidated Statement of Financial + Position) arising from exchange rate hedges (Note 17)	6,122	391
- Derivative financial instruments (non-current liabilities and current liabilities in the Consolidated Statement of Financial Position) arising from exchange rate hedges (Note 17)	(10,723)	(4,220)
- Derivative financial instruments (non-current liabilities and current liabilities in the Consolidated Statement of Financial Position) arising from exchange rate hedges (Note 17)	(84,610)	-
- Reversal of the effect of the application of IFRS 9	-	1,903
Total Net Financial Debt	**534,766**	**536,649**
(increase on previous year's close)	-0.4%	8.6%

Other disclosures

Services and Projects business

(thousands of euros)	2021	2020	Change (%)
Turnover	2,958,160	2,352,471	25.7%
EBITDA	165,838	161,708	2.6%
Profit before tax	114,957	112,311	2.4%
Attributable net profit	77,119	71,517	7.8%

Concessions business

(thousands of euros)	2021	2020	Change (%)
Turnover	166,593	145,232	14.7%
EBITDA (1)	131,301	112,791	16.4%
Profit before tax	54,465	44,265	23.0%
Attributable net profit	34,876	30,970	12.6%

(1) EBITDA contributed by this business to the group comprises that contributed by ENERFIN (Euros 116,303 thousand) and that contributed by CELEO, which is consolidated using the equity method (Euros 14,998 thousand). For a better understanding of these figures, see Note 32 of the Notes to the Annual Accounts of Elecnor, S.A. and subsidiaries for the year ended 31/12/21 with the main projects.

Elecnor's workforce*

At 31 December each year	2021	2020	Change (%)
Domestic	11,103	10,542	5.3%
International	10,328	7,661	34.8%
	21,431	**18,203**	**17,7%**

(*) This calculation does not include directors who are not on the Group's workforce.

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Independent Assurance Report on the Non-Financial Information Statement of Elecnor, S.A. and subsidiaries for 2021

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

To the Shareholders of Elecnor, S.A.:

Pursuant to article 49 of the Spanish Code of Commerce, we have performed a limited assurance review of the Consolidated Non-Financial Information Statement (hereinafter NFIS) of Elecnor, S.A. (hereinafter the Parent) and subsidiaries (hereinafter the Group) for the year ended 31 December 2021, which forms part of the accompanying consolidated Directors' Report of the Group.

The consolidated (Directors' Report) includes additional information to that required by the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards), in its core option and prevailing mercantile legislation concerning non-financial information, which has not been the subject of our assurance work. In this respect, our work was limited exclusively to providing assurance on the information contained in the "Appendix II. Index of content required by Law 11/2018, of 28 December, concerning non-financial information and diversity" and "Appendix III. Index of GRI indicators" tables of the accompanying consolidated Directors' Report.

Directors' Responsibility

The Directors of the Parent are responsible for the content and authorisation for issue of the NFIS included in the Group's consolidated Directors' Report. The NFIS has been prepared in accordance with prevailing mercantile legislation and the GRI Standards, in its core option, based on each subject area in the "Appendix II. Index of content required by Law 11/2018, of 28 December, concerning non-financial information and diversity" and "Appendix III. Index of GRI indicators" tables of the aforementioned consolidated Directors' Report.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the NFIS is free from material misstatement, whether due to fraud or error.

The Directors of the Parent are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS was obtained.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

KPMG Asesores S.L., a limited liability Spanish company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.
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Our firm applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team was comprised of professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. We conducted our review engagement in accordance with the requirements of the Revised International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines for assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management, as well as of the different units and areas of the Group that participated in the preparation of the NFIS, reviewing the processes for compiling and validating the information presented in the NFIS and applying certain analytical procedures and sample review tests, which are described below:

- Meetings with the Group's personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these matters and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the NFIS for 2021 based on the materiality analysis performed by the Group and described in the "2. Progressing in our commitment to sustainability" section, considering the content required by prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the NFIS for 2021.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2021.
- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2021 and whether it has been adequately compiled based on data provided by the information sources.
- Procurement of a representation letter from the Directors and management.

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Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the NFIS of Elecnor, S.A. and subsidiaries for the year ended 31 December 2021 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and the GRI Standards, in its core option, based on each subject area in the "Appendix II. Index of content required by Law 11/2018, of 28 December, concerning non-financial information and diversity" and "Appendix III. Index of GRI indicators" tables of the aforementioned consolidated Directors' Report.

Emphasis of Matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment stipulates the obligation to disclose information on how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable in relation to climate change mitigation and climate change adaptation. This obligation applies for the first time for the 2021 fiscal year, provided that the Non-Financial Information Statement is published from 1 January 2022 onwards. Consequently, the attached consolidated Directors' Report does not contain comparative information on this matter. Additionally, certain information has been included in respect of which the Directors of Elecnor, S.A. have opted to apply the criteria that, in their opinion, best allow them to comply with the new obligation, and which are those defined in section "Implementation of the European Taxonomy on Sustainable Finance" in the accompanying consolidated Directors' Report. Our conclusion is not modified in respect of this matter.

Use and Distribution

This report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

(Signed on original in Spanish)

Patricia Reverter Guillot

24 February 2022

ECONOMIC PROFILE OF ELECNOR, S.A. 2021

Elecnor, S.A.

Balance sheet at 31 December 2021 (Thousands of Euros)

ASSETS	Notes to the Annual Accounts	Year 2021	Year 2020
NON-CURRENT ASSETS:		931,628	994,476
Intangible assets	**Note 7**	**7,292**	**6,075**
Concessions and patents		35	37
Goodwill		-	515
Computer software		7,257	5,523
Property, plant and equipment	**Note 8**	**11,276**	**75,703**
Land and buildings		7,679	16,737
Technical installations and other property, plant and equipment		3,597	58,966
Long-term investments in Group companies and associates		**897,722**	**866,934**
Equity instruments	**Note 10.2**	797,722	858,941
Credits to Group companies	**Notes 10.4 & 20**	100,000	7,993
Long-term financial investments	**Note 10.1**	**1,192**	**7,796**
Equity instruments		-	1,040
Credits to third parties		-	2,176
Derivatives	**Note 11**	216	180
Other financial assets		976	4,400
Deferred tax assets	**Note 17**	**14,146**	**37,968**
CURRENT ASSETS		207,649	1,169,045
Non-current assets held for sale	**Note 6**	**18,419**	**81**
Inventories		**748**	**31,186**
Raw materials and other materials consumed		-	2,180
Finished goods - short cycle		-	639
Advances to suppliers		748	28,367
Trade and other receivables	**Note 10.5**	**26,716**	**902,261**
Customers, sales and services rendered		11,894	857,816
Customers, Group companies and associates	**Note 20.2**	4,531	20,013
Sundry receivables		90	1,774
Personnel		124	95
Current tax assets	**Note 17**	7,035	4,177
Public Administrations, other	**Note 17**	3,042	18,386
Short-term investments in Group companies and associates	**Notes 10.4 & 20**	**145,219**	**31,534**
Credits to companies		110,400	28,439
Other financial assets		34,819	3,095
Short-term financial investments	**Note 10.1**	**335**	**7,129**
Credits to companies		-	13
Derivatives	**Note 11**	332	143
Other financial assets		3	6,973
Short-term accruals		**291**	**1,356**
Cash and cash equivalents		**15,921**	**195,498**
Cash		15,482	195,123
Cash equivalents		439	375
TOTAL ASSETS		1,139,277	2,163,521

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

EQUITY AND LIABILITIES	Notes to the Annual Accounts	Year 2021	Year 2020
EQUITY		576,455	593,717
EQUITY	**Note 12**	**579,704**	**599,569**
Capital		**8,700**	**8,700**
Issued capital		8,700	8,700
Reserves		**589,105**	**586,122**
Legal and statutory		1,743	1,743
Other reserves		587,362	584,379
Own shares and equity		**(22,110)**	**(21,899)**
Profit/loss for the year		**9,196**	**31,633**
Interim dividend		**(5,187)**	**(4,987)**
VALUATION ADJUSTMENTS			
Hedges		**(3,249)**	**(5,852)**
NON-CURRENT LIABILITIES		346,837	443,458
Long-term provisions	**Note 13**	**22,303**	**44,638**
Other provisions		22,303	44,638
Long-term payables	**Note 14**	**319,752**	**392,364**
Bonds and other marketable securities		30,000	-
Loans and borrowings		282,642	381,546
Finance lease payables	**Note 9**	3,385	3,880
Derivatives	**Note 11**	3,725	6,938
Deferred tax liabilities	**Note 17**	**4,782**	**6,456**
CURRENT LIABILITIES		215,985	1,126,346
Short-term provisions	**Note 13**	**5,633**	**40,255**
Short-term payables	**Note 14**	**76,698**	**118,733**
Bonds and other marketable securities		69,974	69,969
Loans and borrowings		1,829	3,769
Finance lease payables	**Note 9**	485	461
Derivatives	**Note 11**	1,143	1,176
Other financial liabilities		3,267	43,358
Short-term payables to Group companies and associates	**Note 20.2**	**113,308**	**16,883**
Trade and other payables		**20,346**	**948,839**
Suppliers		5,370	378,581
Suppliers, Group companies and associates	**Note 20.2**	0	27,327
Sundry payables		140	36,076
Personnel		2,620	19,096
Current tax liabilities	**Note 17**	1,019	4,111
Public Administrations, other	**Note 17**	5,692	32,732
Advances from customers	**Note 16**	5,505	450,916
Short-term accruals		**-**	**1,6366**
TOTAL EQUITY AND LIABILITIES		1,139,277	2,163,521

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

Elecnor, S.A.

Income Statement for 2021 (Thousands of Euros)

	Notes to the Annual Accounts	Year 2021	Year 2020
CONTINUING OPERATIONS			
Net turnover	Note 18.1	**67,456**	**1,544,049**
Sales		9,789	1,544,049
Rendering of services		10,862	-
Dividends		41,313	-
Finance income		5,492	-
Changes in inventories of finished goods		**-**	**(184)**
Self-constructed assets		**-**	**3,120**
Materials consumed		**(4,846)**	**(872,677)**
Consumption of raw materials and other consumables	Note 18.2	(2,836)	(430,009)
Work carried out by other companies		(2,010)	(442,668)
Other operating income		**1,123**	**8,055**
Non-trading income and other day-to-day income		1,123	7,214
Operating grants included in profit/loss for the year		-	841
Personnel expenses	Note 18.3	**(18,684)**	**(444,545)**
Salaries, wages and similar		(16,946)	(345,414)
Employee benefit costs		(1,738)	(99,131)
Other operating expenses		**(19,361)**	**(203,271)**
External services		(19,032)	(183,175)
Taxes		(329)	(6,354)
Losses, impairment and changes in trade provisions	Notes 10 & 13	-	(10,195)
Other day-to-day expenses	Note 8	-	(3,547)
Depreciation/Amortisation	Notes 7 & 8	**(3,897)**	**(14,465)**
Impairment and profit/loss on disposals of fixed assets		**(3)**	**670**
Profit/Loss on disposals and others		(3)	670
Impairment and profit/loss on disposals of financial instruments		**(5,679)**	**-**
Impairment and losses	Note 10.4	(5,825)	-
Profit/Loss on disposals and others		146	-
PROFIT/LOSS FROM OPERATING ACTIVITIES		16,109	20,752
Finance income		**-**	**40,054**
From holdings in equity instruments			
- Group companies and associates	Note 20.1	-	35,569
Marketable securities and other financial instruments			
- Group companies and associates	Notes 10 & 20.1	-	3,600
- Third parties	Note 10	-	885
Finance expenses	Note 14	**(8,566)**	**(10,198)**
Payables to Group companies and associates	Note 20.1	(104)	(343)
Payables to third parties		(8,462)	(9,855)
Translation differences		**88**	**3,391**
Impairment and profit/loss on disposals of financial instruments		**-**	**(7,234)**
Impairment and losses	Notes 10.2 & 10.4	-	(10,704)
Profit/Loss on disposals and others	Notes 6 & 10.2	-	3,470
FINANCE INCOME/EXPENSES		(8,478)	26,013
PROFIT/LOSS BEFORE TAXES		7,631	46,765
Income taxes	Note 17	1,565	(15,132)
PROFIT/LOSS FROM CONTINUING OPERATIONS		9,196	31,633
PROFIT/LOSS FOR THE YEAR		9,196	31,633

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

group elecnor

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