Report of the Appointments, Remunerations and Sustainability Committee of Elecnor, S.A. in favour of the approval of the "Directors' Remuneration Policy of Elecnor, S.A. for 2022, 2023, 2024 and 2025" that is submitted to the shareholders for approval at the General Shareholders' Meeting under item Nine on the Agenda

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1. INTRODUCTION

Article 529 *novodecies* of the recast text of the Spanish Companies Act approved by Legislative Royal Decree 1/2010 of 2 July 2010 (Ley de Sociedades de Capital – "**LSC**"), amended by Law 5/2021 of 12 April 2021 amending the recast text of the Spanish Companies Act ("**Law 5/2021**"), provides that listed companies have the obligation to draw up the Policy on Remuneration of the Board of Directors and submit it to approval by the shareholders in General Meeting.

The Board of Directors is responsible for preparing the reasoned proposal for the Remuneration Policy that is submitted for approval by the shareholders at the General Meeting and which must be accompanied by a specific report on the Policy from the Appointments, Remunerations and Sustainability Committee. Both documents must be posted on the company's website as from the call of the General Shareholders' Meeting and the shareholders are granted the express right to have those documents given or delivered to them free of charge. That right must be expressly mentioned in the notice of call of the General Shareholders'Meeting.

Accordingly, the Appointments, Remunerations and Sustainability Committee of the Board of Directors of Elecnor S.A. (the "**Company**") has prepared this report on the proposed Directors' Remuneration Policy of Elecnor, S.A. for the remainder of 2022 and for 2023, 2024 and 2025 (the "**Remuneration Policy**"), which wholly substitutes the policy in place during years 2020 to 2022.

2. RATIONALE AND MAIN CHANGES MADE IN THE REMUNERATION POLICY

When designing the Remuneration Policy whose approval is submitted to the General Shareholders' Meeting of the Company, the Appointments, Remunerations and Sustainability Committee has considered various internal and external perspectives for assessing the level of the Remuneration Policy's fitness for its purpose. Among other aspects, the Committee examined the extent of the Policy's alignment with all stakeholders, in particular, with the Company's shareholders and with its commitment to long-term sustainability.

In any event, the purpose of preparing a new Remuneration Policy is to reflect the novelties introduced in the LSC by Law 5/2021, and to adapt its terms to the new remuneration system set out in the proposed amendment of article 12 of the Company Bylaws, the approval of which will be submitted to the shareholders at the upcoming General Meeting of the Company.

In particular, the Remuneration Policy essentially includes the same terms and conditions as the current Policy, the main novelties with respect to the current one being that the new proposed Policy:

(i) Adds a new section 2 in relation to the decision-making process that has been followed to design the Policy, in accordance with the terms of article 529 novodecies.3(h) LSC;

(ii) Updates the basic principles that govern the Policy in conformity with the Recommendations of the Good Governance Code;

(iii) Brings the remuneration of non-executive directors into line with the new remuneration system set out in the Bylaws;

(iv) Adds a new section 4 to include the Policy's contribution to the strategy, interests and long-term sustainability of the Company, as provided in article 529 novodecies.3(a) LSC;

(v) Introduces a new section 5 for the purpose of establishing the relationship between the Policy and the terms of remuneration and employment of the Company's employees, all in accordance with the new wording of article 529 novodecies.3 LSC;

(vi) Includes the maximum amount of annual remuneration payable to the directors in aggregate for their non-executive duties, as provided in article 529 septdecies LSC;

(vii) Specifies the amount of annual fixed remuneration payable to directors for performance of executive duties, in accordance with article 529 octodecies LSC;

(viii) Determines the remuneration components that directors will receive for the performance of executive duties and, in accordance with article 529 novodecies.3(d) LSC, lays out clear, complete and varied criteria with respect to the variable remuneration; and

(ix) Introduces a new section 8 on the possibility of the General Meeting authorising the grant of extraordinary remunerations.

The Policy also sets out the different parameters for fixing both the short and the long-term variable components, and the main terms and conditions of the contracts of the Chief Executive, including, among others, its duration, termination, indemnities, exclusivity and post-contractual no-compete covenant, confidentiality and the clawback clause.

As a result, the new Remuneration Policy forms a continuum with the previous one and makes no significant changes in the remuneration that will actually be received by the members of the Board of Directors, although, as noted above, it does incorporate certain modifications mainly for the purpose of adapting it to the terms of Law 5/2021.

3. CONTENT OF THE REMUNERATION POLICY

The full text of the proposed Directors' Remuneration Policy is attached as an **Annex** to this report.

4. EFFECTIVE DATE AND TERM

Article 529 novodecies LSC, in the wording given by Law 5/2021, provides that the proposal for the new Policy must be submitted for General Meeting approval before the end of the last year of application of the previous Policy, and authorises the General Meeting to decide to have the new Policy take effect as from the date of its approval and apply during the following three financial years. Therefore, the Policy will apply to Company directors as from its approval and remain in effect for the remainder of 2022 and during 2023, 2024 and 2025.

5. CONCLUSION

Having regard to the content of this report, the Appointments, Remunerations and Sustainability Committee of the Company considers that the Remuneration Policy proposed for the remainder of 2022 and through 2025, which wholly substitutes the policy in effect from 2020 to 2022, contains the provisions required by the applicable laws and regulations, particularly as regards the regulation of remuneration in listed companies, conforms to good governance and transparency criteria and is aligned with the interests of the shareholders and other stakeholders.

Madrid, 28 March 2022

ANNEX

Proposal for the "Directors' Remuneration Policy of Elecnor, S.A. for 2022, 2023, 2024 and 2025"

Directors' Remuneration Policy of Elecnor, S.A.
for 2022, 2023, 2024 and 2025

1. Preamble

In accordance with article 529 novodecies.1 of the recast text of the Spanish Companies Act (Ley de Sociedades de Capital – the "**LSC**"), the authority to approve the remuneration policy for directors of listed companies rests with the shareholders in General Meeting, as a separate item on the agenda, and for application during a maximum of three financial years. Nevertheless, the General Meeting may decide that the proposals for new remuneration policies apply as from the date of their approval and during the following three financial years.

In compliance with that provision, the Board of Directors of Elecnor, S.A. (the "**Company**"), at its meeting of 30 March 2022 and pursuant to the proposal of the Appointments, Remunerations and Sustainability Committee of 28 March 2022, resolved to bring a proposal before the Ordinary Annual General Shareholders' Meeting of the Company, scheduled for 18 May 2022, for approval of this Elecnor Directors' Remuneration Policy for the remainder of 2022 and during 2023, 2024 and 2025 (the "**Remuneration Policy**" or the "**Policy**").

This Policy incorporates the novelties introduced in the LSC by Spanish Law 5/2021 of 12 April 2021 amending the recast text of the Spanish Companies Act approved by Legislative Royal Decree 1/2010 of 2 July 2010, and other financial rules as regards the encouragement of long-term shareholder engagement in listed companies ("**Law 5/2021**").

The General Shareholders' Meeting of the Company, at the proposal of the Board of Directors, has approved the amendment of article 12 of the Company Bylaws, which now reads as follows:

"***Article 12.- Remuneration of the Board of Directors***

A. Remuneration of Directors for the performance of non-executive duties.

All Directors will receive the following remuneration for the performance of non-executive duties:

(i) An annual fixed cash amount.

(ii) Per diems for attending meetings del Board of Directors.

The remuneration policy will set at least the maximum amount of annual remuneration payable to the Directors in aggregate for the performance of non-executive duties and the criteria for its distribution having regard to the duties and responsibilities attributed to each Director.

Authority to fix the individual remuneration for each Director for the performance of non-executive duties within the framework of these Bylaws and of the remuneration policy will rest with the Board of Directors, upon prior report from the Appointments, Remunerations and Sustainability Committee.

B. *Remuneration of the directors for the performance of executive duties.*

In addition to the remuneration that Directors receive for performing non-executive duties, Directors with executive duties at the company will receive the remuneration established in their respective contracts for the following items:

(i) An annual fixed amount of remuneration in cash.

(ii) Variable remuneration calculated according to benchmark indicators or parameters, whether qualitative or quantitative, including financial and non-financial criteria, linked to the degree of achievement of their objectives (agreed by the Board of Directors at the proposal of the Appointments, Remunerations and Sustainability Committee).

(iii) Remuneration based on the delivery of shares or options over shares or remuneration linked to the price of the company's shares.

(iv) The following corporate benefits or remuneration in kind: (i) they will have the right to participate in social welfare schemes (for the coverage of survival, illness, accidents, etc.) under terms that are similar to those that may be established in general at any given time for Executives of the Company; and (ii) they will also be beneficiaries of a life insurance plan and a health insurance plan and enjoy all of such benefits as the Company may offer the members of the executive management team.

(v) As well as the eventual compensation due to contract termination, as long as dismissal is not due to a breach of the Director's duties.

These contracts must be previously approved by the Board of Directors at the proposal of the Appointments, Remuneration and Sustainability Committee, and be compliant with the requirements of the applicable legislation. In addition, the remuneration policy will set at least the minimum amount of the annual fixed remuneration payable to the Directors for the performance of their executive duties and other provisions set out in the Law.

Authority to fix the individual remuneration for each Director for the performance of the executive duties assigned to the Director within the framework of the remuneration policy and in accordance with the terms of the Director's contract will rest with the Board of Directors, upon prior report from the Appointments, Remunerations and Sustainability Committee.

Without prejudice to what is provided in sections (A) and (B) above, the Directors will be included in the civil liability insurance policy that the Company may contract from time to time, and they will be paid or reimbursed, as the case may have it, for the reasonable and duly justified expenses they may incur as a result of travel, meeting attendance and other tasks directly related to the performance of their duties."

In this respect, this Remuneration Policy conforms to the new remuneration system laid down in the Bylaws approved by the General Shareholders' Meeting to adapt it to the reform of the LSC. In any event, this Policy forms a continuum with the previous Remuneration Policy anterior, which was approved by a majority of the General Shareholders' Meeting in 2019 with the favourable vote of 95.07% of the share capital presented and represented there, as the main changes proposed with respect to the previous policy seek to adapt it to Law 5/2021 and to the new director remuneration system provided in article 12 of the Company Bylaws.

In accordance with article 529 novodecies.4 LSC, the reasoned proposal for the Remuneration Policy is accompanied by a specific report from the Appointments, Remunerations and Sustainability Committee explaining the rationale for the changes.

The date and result of the General Shareholders' Meeting vote on approval of the Remuneration Policy will also be posted on corporate website (www.grupoelecnor.com) as from its approval and for so long as the Policy continues to apply.

2. Design of the Remuneration Policy

The purpose of this Remuneration Policy is to define the Company's remuneration practices in relation to its directors and contribute to long-term sustainable creation of shareholders value. In this regard, the Appointments, Remunerations and Sustainability Committee will continuously verify that this Remuneration Policy is contributing to the creation of long-term value for the shareholders and the Company's other stakeholders.

The Remuneration Policy must be approved at least every three (3) years by the General Shareholders' Meeting. That approval requires involvement of the following bodies:

(i) **Appointments, Remunerations and Sustainability Committee**: This Committee, wholly composed of external, i.e. non-executive, directors is tasked with preparing the proposed Remuneration Policy for referral to the Board of Directors and must also approve a specific report explaining the rationale for the Remuneration Policy.

The Appointments, Remunerations and Sustainability Committee also conducts periodic reviews of the remuneration policy applied to directors and members of the executive team, including, where applicable, share-based remuneration systems and their application, ensuring that the individual remuneration is proportionate to the remuneration paid to the rest of the directors and executives of the Company.

This Committee also informs the Board of Directors regarding the determination of the individual remuneration of each director for performance of non-executive duties within the framework of the Company Bylaws and the Remuneration Policy, as well as for determining the individual remuneration of each director for performance of the executive duties assigned to them within the framework of the Remuneration Policy and according to the terms of their contracts.

(ii) **Board of Directors**: The Board is responsible for submitting a reasoned proposal for the Remuneration Policy to the General Shareholders' Meeting. That proposal must be made available to the shareholders when the General Meeting is called. The Board of Directors is also the competent body, after hearing the proposal of the Appointments, Remunerations and Sustainability Committee, for determining and approving the terms and conditions of the contract of the Company's Chief Executive Officer (CEO) within the framework of the Remuneration Policy approved by the General Shareholders' Meeting (articles 249 and 529 octodecies LSC). The CEO is required to abstain from participating in the deliberations and vote on those resolutions.

(iii) **General Shareholders' Meeting**: The authority to approve, or otherwise, the Remuneration Policy of the Company rests with the shareholders in General Meeting. If approved, the Policy remains in force as from the date of its approval and for the following three years. The General Meeting is also responsible for determining the maximum aggregate remuneration the Board as a whole will be entitled to receive each year. In order to avoid possible conflicts of interest, directors who after a public solicitation are appointed as proxies for a shareholder at a General Meeting will abstain from exercising the voting rights of the proxy shares in relation to resolutions on the Remuneration Policy unless they have received voting instructions for that resolution. Any modification or replacement of the Policy will also require the prior approval of the General Shareholders' Meeting, without prejudice to what is provided in article 529 novodecies.5 LSC with respect to remuneration that has been expressly approved by the General Meeting.

3. Basic constituent principles

The aim of this Policy is to ensure that the remuneration of directors for their executive and non-executive duties and of the CEO is aligned with the Bylaws and contributes to attracting, retaining and developing the best talent and thus furthers the business strategy and advances the Company's long-term sustainability and interests.

The Policy is governed by the following fundamental principles:

(i) **Moderation**: Compensation must be reasonable, in line with trends and benchmarks in similar companies and be reasonably proportionate to the Company's situation and general economic context at each point in time, taking into account, in the case of remuneration tied to company earnings, any possible qualifications that may be made in the report of the external auditor that could diminish those earnings.

(ii) **Proportionality**: Director remuneration must be reasonably proportionate to the size of the Company, its economic situation from time to time and its consolidated earnings performance, as well as to the market standards for comparable enterprises.

(iii) **Suitability**: Director remuneration should be sufficient to attract and retain directors with the desired profile and compensate the commitment, abilities and responsibility that the office demands, but not so high as to compromise the independent judgement of non-executive directors.

(iv) **Profitability and sustainability**: The CEO's compensation should incentivise his or her professional performance and reward the creation of long-term value so as to ensure that the CEO's interests are aligned with those of the Company and its shareholders.

(v) **Transparency**: The design, approval and application of the Policy will be done ensuring the appropriate transparency. In particular, when a General Meeting is called the Company will make available to the shareholders a reasoned proposal regarding the Policy and a specific report thereon from the Appointments, Remunerations and Sustainability Committee, and will include supplementary information on the design, approval or, as the case may have it, modification and implementation of the Policy in the notes to the annual accounts and in the Annual Report on Remuneration of Directors of the Company.

(vi) **Protection of shareholder interests**: This Policy seeks to establish a remuneration system for directors that protects the interests of shareholders in the near, medium and long term.

4. Contribution of the Remuneration Policy to the Company's strategy, interests and long-term sustainability

As noted above, the profitability and sustainability of the Company and its Group is one of the core principles underpinning the Company's Remuneration Policy.

In this respect, one of the Policy's specific aims is to provide long-term incentives for the sustainable achievement of strong earnings and alignment with the interests of the shareholders and all of the Company's stakeholders.

The Remuneration Policy has been and will continue to be a key instrument for integrating sustainability into the day-to-day work of all areas of the Company. Along these lines, the Board of Directors of the Company approved the Elecnor Group Sustainability Strategy initiatives that have been taken into account when designing this Policy. So the Policy is viewed as one more element, along with the rest of the Group's internal policies and principles, that contributes to the corporate strategy and the interests and long-term sustainability of the Company and of the Elecnor Group.

Accordingly, the variable components of the CEO's remuneration are tied to predetermined and measurable parameters that consider the risks taken on to obtain a result, promote the Company's sustainability and are focused on achieving a balance between the delivery of short, medium and long-term objectives, so that the performance measurement is not based solely by one-off, occasional or extraordinary events or on the general performance of the markets or the sector in which the Company does business.

The director remuneration for performance of non-executive duties likewise does not include metrics that could encourage excessive risk-taking by the Company, as that compensation is limited to fixed remuneration for membership of the Board and attendance of Board meetings.

5. Relation of the Policy with the terms of employment and remuneration of Elecnor employees

The Company's remuneration system offers all its professionals (which includes directors, management and all other employees) fair compensation aligned with the labour market and with their job performance.

In this way the Company seeks to retain talent and motivate and engage all of its professionals to ensure the long-term sustainability of its business. Employee remuneration, including management and non-management personnel, is determined having regard to the position, functions and competencies, professional worth and level of responsibility. Based on these criteria, the Company maintains what it considers to be a fair and reasonable remuneration system at all levels. The terms of the directors' remuneration set out in this Remuneration Policy have been determined taking into account the terms of remuneration and employment of all Company employees.

The remuneration set out in this Policy therefore forms part of the Elecnor Group Equality Plan, which expresses and formalises the Company's commitment and strategic positioning with respect to fostering equal opportunity, respect for differences and non-discrimination in all activities involving human resources management, and seeks to ensure that compensation policies and practices at all times guarantee non-discrimination for reasons of sex, age, culture, creed, race or any other circumstance. In this respect, the Elecnor Group has applied and now applies a remuneration system that at all times respects the principles of objectivity, equity and non-discrimination, and this will continue in the future. When studying remuneration, the Company uses blind data that take into account the position and not the person.

In addition, just like the rest of the Elecnor Group management team, a significant part of the total remuneration of directors who perform executive duties in the Company is variable and its attainment is tied to the achievement of a combination of specific, predetermined, quantitative and qualitative objectives aligned with the Group's interests. The variable remuneration of directors with executive duties is not guaranteed; it is completely flexible and may be fully withheld if the minimum performance thresholds are not achieved.

6. Remuneration of directors for the performance of non-executive duties

In accordance with the applicable laws and regulations and the proposed amendment of article 12 of the Company Bylaws, the Company's directors have the right to receive as remuneration for performance of their non-executive duties an annual fixed cash amount and per diems for attending Board meetings. The directors will also be covered by the civil liability insurance contracted by the Company from time to time for senior managers and directors, and they may also be paid or reimbursed, as applicable, for the reasonable, duly justified expenses they incur as a consequence of travel, meeting attendance and other tasks relating to the performance of their duties, although according to this Remuneration Policy, the Board of Directors and the Appointments, Remunerations and Sustainability Committee, within their respective areas of responsibility, may take into account for these purposes the differences in the duties performed by each director.

The maximum annual amount of remuneration the Company can pay to its directors in aggregate for the items referred to in this section will not exceed four (4) million euros.

That limit set by the shareholders in General Meeting will apply until it is modified by a new resolution of the shareholders in General Meeting.

6.1. Annual fixed remuneration

The Board of Directors will establish the criteria for determining the annual fixed remuneration for each director, taking into account among other aspects: (i) the specific duties and responsibilities taken on; (ii) the experience and knowledge required to perform those duties; and (iii) other objective circumstances deemed relevant.

Taking the above into account, it is expected that each director of the Company will receive for the performance of their non-executive duties an annual fixed remuneration of 143.5 thousand euros.

In addition, the Board members who sit on the:

- Executive Committee will receive additional annual fixed remuneration of 30,000 euros;

- Audit Committee will receive additional annual fixed remuneration of 20,000 euros, and the Chair of the Audit Committee will receive a fixed annual sum of 25,000 euros; and
- Appointments, Remunerations and Sustainability Committee will receive additional annual fixed remuneration of 17,500 euros for participating in the Committee meetings, and 22,500 euros in the case of the Committee Chair.
- Elecnor Committee envisaged in the Policy on Definition of the Elecnor Group Structure will receive additional annual fixed remuneration of 12,500 euros for participating in the Committee meetings.

Lastly, the Chairman of the Board will have an additional annual fixed remuneration of 270 thousand euros.

The above amounts may be modified by the Board of Directors, upon prior report from the Appointments, Remunerations and Sustainability Committee having regard to the specific circumstances of each director, such as his or her professional background and experience, capacities and skills for discharging the directorship, in all cases subject to the upper limit laid down in this Policy for directors for performance of non-executive duties.

6.2. Per diems for attendance

In addition, the members of the Board of Directors will be entitled to 1,500 euros for effective personal attendance of each meeting of the Board of Directors.

6.3. Civil liability insurance

The members of the Board of Directors will also be covered by the civil liability policy the Company may contract from time to time for directors and senior managers.

7. Remuneration of directors for the performance of executive duties

The CEO's remuneration for performance of executive duties will be independent of and compatible with the remuneration and compensation stipulated for directors for the performance of non-executive duties and will comply with the remuneration policy in effect from time to time.

In this regard, in accordance with article 12 of the Company Bylaws, in addition to the remuneration that directors will receive for their non-executive duties, the Company's CEO may receive the remuneration fixed in his or her contract for the performance of executive duties, based on the following items:

7.1. Fixed remuneration

According to the remuneration system provided for in the Company Bylaws, the Company's CEO will receive 588,379 euros per year as fixed remuneration for performance of his or her executive duties. Nevertheless, the Board of Directors has the option, at the proposal and after seeing the report from the Appointments, Remunerations and Sustainability Committee, to make specific changes to the CEO's fixed remuneration during the term of this Policy, provided that it does not exceed 750,000 euros per year.

To determine the fixed remuneration and its possible revisions, the Board of Directors, upon prior report from the Appointments, Remunerations and Sustainability Committee, should take into account the principles discussed above and, when advisable, the appropriate salary studies in order to fix remuneration that is sufficient to retain the CEO and compensate his or her dedication, qualification and responsibilities, having regard to the market standards for comparable companies.

If such variations are made, they will be disclosed in the Annual Report on Remuneration of Directors which is submitted each year to an advisory vote at the General Shareholders' Meeting.

7.2. Variable remuneration

The CEO's variable remuneration is tied to the Company's performance and his or her own personal performance, using qualitative and quantitative, financial and non-financial parameters and benchmarks tied to the level of achievement of the CEO's objectives.

The CEO's variable remuneration will therefore be determined, in accordance with the terms of his or her contract, according to the level of achievement of a series of quantifiable and measurable objectives that will be set by the Board of Directors, at the proposal of the Appointments, Remunerations and Sustainability Committee, and which are set out in this Remuneration Policy.

In any event, pursuant to the initiatives of the Elecnor Group Sustainability Strategy, the CEO's remuneration must incentivise his or her performance and reward the creation of long-term value.

The Company has two variable remuneration arrangements for the CEO: short-term variable remuneration (annual) and long-term variable remuneration, as described in the following paragraphs:

7.2.1. Short-term variable remuneration (annual):

The CEO's variable remuneration for each year may reach up to 160% of the CEO's annual fixed remuneration and will accrue according to the fulfilment of certain previously determined objectives, between 50% and 80% of which are tied to financial parameters of the Group and between 20% and 50% to non-financial Group parameters.

In this respect:

(i) Between 50% and 80% of the annual variable remuneration will be tied to certain Group financial parameters that are specified and quantified on the basis, in particular, of the Group consolidated net profit and other metrics such as the Group's annual sales, annual revenue figures in the Group's different businesses, industrial and operational aspects (efficiency ratios) and the evolution of the Group's debt, without prejudice to other parameters also being taken into account depending on the circumstances and, in all events, in alignment with the corporate interests and with the initiatives of the Elecnor Group Sustainability Strategy.

(ii) Between 20% and 50% of the annual variable remuneration is tied to non-financial parameters, namely, the evolution of risks, compliance with environmental, social and governance (ESG) principles (e.g., reduction of emissions, accident rates and waste), coordination of the succession of the management team, prevention, performance management (with respect to financing the growth of the concession business, corporate development and the team's compliance) and the evaluation received, where applicable, from the Board of Directors.

The cap on potential overperformance is set at 120% and with respect to the bottom of the interval, the net profit and revenue figures are considered the key parameters, depending on the cases, and they should reach at least 80% of the objective set if this variable annual incentive is to be applied.

At the prior proposal of the Appointments, Remunerations and Sustainability Committee, the Board of Directors will approve the objectives at the start of each year. And within no more than four (4) months after the end of each year, the Appointments, Remunerations and Sustainability Committee will check the level of fulfilment of those previously fixed objectives and draw up a proposal to be submitted to the approval of the Board of Directors for the payment of this remuneration within six (6) months following the date of fulfilment, taking into account the Company's liquidity needs and other circumstances.

7.2.2. Long-term variable remuneration (multi-year):

The CEO is the beneficiary of a multi-year remuneration component that forms part of a long-term incentives plan approved in 2020 for the period 2020-2022, which can reach up to 50% of his or her average annual variable remuneration of the last three (3) years and will accrue according to the fulfilment of certain previously determined objectives, 80% of which are tied to Group financial metrics and 20% to Group non-financial parameters.

The conditions required for the incentive to be paid are:

a) Financial parameters. The calculation of the incentive takes into account the value of assets of subsidiaries and investees and cash flows. The allowable overperformance for each parameter will be capped at 120%.

b) Non-financial parameters. The Appointments, Remunerations and Sustainability Committee will also value excellence in the CEO's achievement of the following parameters: Prevention, Compliance, Contingencies and Performance Evaluation. The Committee will also assess compliance with the ESG criteria and the creation of shareholder value.

The multi-year variable remuneration will be paid once the Appointments, Remunerations and Sustainability Committee, within a maximum of four (4) months after the end of the long-term incentives plan, has evaluated the level of achievement of the financial and non-financial parameters and made a proposal to the Board of Directors for its payment within six (6) months following the achievement date, taking into account the Company's liquidity needs and other circumstances that may apply.

In addition, the Company plans to approve a new long-term incentives plan for the CEO for the period 2023-2025, based on economic-financial objectives and objectives tied to the creation of shareholders value and to environmental, social and governance factors.

The metrics and objectives for the CEO's variable remuneration will be proposed by the Appointments, Remunerations and Sustainability Committee, taking into consideration their possible long-term impact, earnings sustainability and any associated risks.

7.3. Other remuneration items

The Company Bylaws also provide that directors may receive the following additional types of remuneration for their executive duties:

(i) Remuneration based on the delivery of shares or option rights over shares of the Company, in compliance with the applicable legal requirements.

(ii) The following corporate benefits or remuneration in kind: (ii) directors will continue to have the right to participate in social welfare systems (for the coverage of survival, illness, accidents, etc.), on terms similar to those that may be established from time to time for executives of the Company; and (ii) directors will be designated beneficiaries of a life insurance plan and a health insurance plan and enjoy all such benefits as the Company may offer the members of the executive management team.

(iii) Any indemnities for contract termination, provided the director's departure was not due to non-performance of the Director's duties.

7.4. Main terms and conditions of the Chief Executive Officer's contract with the Company

The employment agreement between the CEO and the Company must be approved by the Board of Directors by at least a two-thirds majority of the members. The CEO must absent him or herself from the deliberations and vote on the approval resolution.

The basic terms and conditions of the contract between the CEO and Company include the following among others:

(a) **Term**: The contract will remain in effect for so long as the CEO continues to hold that office.

(b) **Termination of the contract and Indemnity**: The CEO's contract provides for an indemnity payable to the CEO in the event of termination, provided that it is not the consequence of a breach attributable to the CEO or decided solely by the CEO.

The indemnity will be the equivalent of two (2) years of the CEO's total remuneration, not including the long-term variable remuneration. Nevertheless, by way of exception, if the dismissal and termination of the contract with the CEO is due to a change of control of the Company within the meaning of article 42 of the Spanish Commercial Code (Código de Comercio), or sale or transfer of all or a significant part of its assets or liabilities to a third party or merger into another corporate group, or to a change in the current shareholders who own more than 50% of the share capital or in the Company's shareholder of reference, the CEO will be entitled to receive an additional amount equivalent to one (1) year of his or her total remuneration. In all events, the total remuneration will be the average received in the last three (3) years.

The CEO may exercise his or her right to terminate the contact within a maximum of six (6) months after the date on which the CEO learns of the occurrence of the grounds for the termination. If that term lapses without the CEO exercising his or her right of termination, the CEO will no longer be entitled to an indemnity for this reason.

(c) **Compliance with the Company's system of corporate governance**: The CEO is obliged to strictly observe the rules and provisions contained in the Company's corporate governance system that apply to the CEO.

(d) **Exclusivity and post-contractual no-compete clause**: The CEO's contract obliges the CEO to work exclusively and fully for the Company, unless expressly agreed otherwise by the Company. It also lays down a post-contractual no-compete covenant for a period of two (2) years reckoned from the termination of the contract. The consideration for that covenant will be equivalent to one (1) year of the CEO's total remuneration, including the fixed and variable components but expressly excluding remuneration received under annual or multi-year programmes or incentives.

If a post-contractual no-compete clause is stipulated, the contract must provide compensation for that covenant.

(e) **Confidentiality**: The CEO's contract lays down a rigorous confidentiality duty. Furthermore, at the termination of the CEO's employment at the Company, the CEO must return to the Company all documents and objects related to the CEO's activity that remain in his or her possession.

(f) **Clawback clause**: The CEO's contract contains a clawback clause whereunder the CEO must repay to the Company amounts received in respect of variable remuneration or from the settlement of incentives plans if at any time during the year following the payment the following circumstances arise as a consequence of wilful misconduct or gross negligence by the CEO: (i) Alterations or inaccuracies are discovered in the business data used to calculate the variable remuneration or incentives plans and are confirmed by the Company's external auditor; or (ii) as a consequence of the above circumstance, the Company is obliged to make a significant restatement of its accounts.

The CEO must pay the sum notified by the Company within forty-five (45) days following the day of the notice to such effect.

8. Extraordinary remuneration

At the proposal of the Appointments, Remunerations and Sustainability Committee, the Board of Directors may bring before the shareholders in General Meeting for their approval the grant of extraordinary remuneration in the form of special incentives for Board members in relation to extraordinary corporate transactions such as acquisitions, investments, divestments, restructuring or of any other type.

This remuneration may be received in cash, shares or share options where the Board considers it to be in the best interests of the Company to provide incentives for and reward the involvement and meritorious performance by directors in specific operations.

9. Application of the Policy

Without prejudice to the provisions of the LSC regarding director remuneration policies, the Appointments, Remunerations and Sustainability Committee will work to ensure that this Policy is applied, review it periodically and make proposals to the Board, for submission to the General Meeting, for modifying and updating the Policy as needed or advantageous for the Company.

10. Term of the Remuneration Policy

This Policy will govern the remuneration of Company directors as from its approval for the rest of 2022 and during 2023, 2024 and 2025, as provided in article 529 novodecies of the LSC.

This Policy has been approved by the shareholders of Elecnor, S.A. at their General Meeting of 18 May 2022.