

ANNUAL REPORT 2021

APPOINTMENTS, REMUNERATIONS AND SUSTAINABILITY COMMITTEE

I. Introduction

The Appointments, Remunerations and Sustainability Committee has prepared this report for the Ordinary Annual General Shareholders' Meeting of Elecnor, S.A. (the "Company"), in full accordance with the applicable laws and regulations and the recommendations of the Good Governance Code of Listed Companies ("GGC"), as supplemented by CNMV Technical Guide 1/2019 on Nomination and Remuneration Committees.

Spanish Law 5/2021 of 12 April 2021 on encouragement of long-term shareholder engagement in listed companies has amended, among other matters, the rules on related-party transactions of listed companies set out in the recast text of the Spanish Companies Act (Ley de Sociedades de Capital – "LSC"), adding a new Chapter VII BIS to Title XIV (which includes articles 529 vicies to 529 tervicies), and a new article 231 bis LSC on intragroup transactions, in addition to a partial modification of the definition of related persons of directors contained in article 231 LSC. The rules on director remuneration have also been modified.

Pursuant to that legal reform, the Board of Directors brought a proposal before the Ordinary Annual General Shareholders' Meeting of the Company held on 23 June 2021 to amend the Company Bylaws and the Regulations of the General Shareholders' Meeting. That proposal was approved.

In coordination with that amendment, it was proposed that the Regulations of the Appointments and Remunerations Committee of the Company be amended to adapt them to the new provisions of the LSC, without prejudice to also including certain technical changes or new wording, and to amend the current name of the Appointments and Remunerations Committee to the "Appointments, Remunerations and Sustainability Committee", in order to give more emphasis to functions that this Committee had already been performing in relation to environmental, social and governance matters, pursuant to the initiatives charted in the Elecnor Group's Sustainability Strategy approved by the Board on 27 October 2021.

In compliance with Recommendation 6 of the GGC, this report will be available to shareholders, investors and other interested persons on the Company website (www.grupoelecnor.com) as from the call of the Ordinary Annual General Shareholders' Meeting.

II. Composition

The composition of the Appointments, Remunerations and Sustainability Committee changed during 2021.

As a result of one of the planned actions arising from the self-assessment of the Board of Directors and its Committees for 2020, at its meeting of 24 March 2021 the Board of Directors resolved to appoint Mr Miguel Cervera Earle as member of the Committee.

Thus, From 1 January to 23 March 2021, the Committee had the following composition:

DIRECTOR	POSITION	CATEGORY OF DIRECTORSHIP	APPOINTMENT
Mr Emilio Ybarra Aznar	Chair	Independent director	22/05/2019
Mr Jaime Real de Asúa Arteche	Secretary	Proprietary director	01/06/2018
Ms Isabel Dutilh Carvajal	Member	Independent director	22/05/2019

And from 24 March 2021 to the present, the Committee is composed of the following members:

DIRECTOR	POSITION	CATEGORY OF DIRECTORSHIP	APPOINTMENT
Mr Emilio Ybarra Aznar	Chair	Independent director	22/05/2019
Mr Jaime Real de Asúa Arteche	Secretary	Proprietary director	01/06/2018
Mr Miguel Cervera Earle	Member	Proprietary director	24/03/2021
Ms Isabel Dutilh Carvajal	Member	Independent director	22/05/2019

More detailed information on the members of the Committee and their professional backgrounds is available to shareholders and other persons interested in Elecnor, S.A. on the Company's website.

III. Meetings

The Committee met eight times during 2021, with 100% attendance at all of the meetings.

Also, when considered appropriate, the Committee has requested the presence of the Chief Executive Officer and other executives, in all cases at the invitation of the Committee Chair and in relation to the specific points on the agenda for which they were invited to attend: Specifically, some of the Committee meetings have been attended by the Head of Corporate Development, the Coordinator of the Sustainability Committee and the Company and Board Secretary.

Similarly, when and as considered appropriate, other outside advisors and suppliers have taken part in the meetings on specific matters addressed by the Appointments,

Remunerations and Sustainability Committee. In all cases, the minutes of the Committee meetings record the entrances and departures of the different guests at the meeting.

IV. Areas of responsibility of the Committee and activities carried on during 2021

There follows a description of the most important actions taken during 2021 in relation to the duties ascribed to the Committee by its Regulations and how the Committee has discharged those duties in practice:

- **In relation to the composition del Board of Directors and of its Committees**

The Committee examined the category of each directorship and concluded that the current mix of categories is fully suited to the circumstances.

Every year the Committee engages in continuous analysis and study of the structure, composition and work of the Board of Directors, and in this connection, during 2021, the Committee was advised by Professor of Commercial Law Mr Alberto Alonso Ureba, in order to continue the analysis conducted in 2017 by Spencer Stuart, as a leading international outside consultant and to continue advancing in the adaptation of that structure to governance best practices and recommendations.

- **In relation to the selection of directors and members of the executive management team**

The Appointments, Remunerations and Sustainability Committee performed a prior analysis of the needs of the Board of Directors, including the skills, knowledge and experience needed on the Board, all of which was taken into account when preparing the proposals and reports on appointments and re-appointments that the Committee brought before the Board of Directors.

Specifically, the Committee, at the request of the Board of Directors, reported favourably on the proposed re-appointment to his executive directorship of Mr Rafael Martín de Bustamante Vega, for a term of four years, and on the proposed ratification of the appointment by co-option in October 2020 of Mr Santiago León Domecq to a proprietary directorship in the Company.

- **In relation to Board offices**

The Committee approved the succession plan for the Chair of the Board of Directors and for the Chief Executive Officer and also reviewed the succession plan for the executive management team.

- **In relation to the remuneration of directors and members of the executive management team**

The Appointments, Remunerations and Sustainability Committee proposed the fixed and variable annual remuneration for the executive director, and prepared the Annual Remuneration Report on 2020 that the Board of Directors submitted to shareholders at the Annual General Meeting for an advisory vote.

The Committee likewise proposed the remuneration policy for the senior managers and its application, including variable remuneration, both for the short-term (annual) remuneration and for the long-term incentives system for the period 2020-2022.

An external comparative analysis of the executive management's remuneration was carried out, with the support of the consultancy Willis Towers Watson (WTW). The study included a quantitative analysis of the compensation of the CEO and of the executive management team and a diagnosis of the current policy in relation to the market and corporate governance best practices.

- **In relation to the review of corporate governance and sustainability**

The Appointments, Remunerations and Sustainability Committee has not stood aside from the global drive for sustainability and has taken initiatives in this area, after creating the Sustainability Committee composed of persons from different business areas of the Company.

Also, as noted in the Introduction to this report, the Committee made a proposal to the Board to amend the Committee's Regulations, and to approve the corporate governance policies of Elecnor, S.A. and the definition of the Elecnor Group structure and a new protocol on related-party transactions, for the purposes of bringing those texts into line with the aforementioned reform of the LSC.

- **Other duties**

The Committee examined the situation with respect to Covid-19 related matters, such as the pandemic's impact on Company personnel and on their performance in certain areas.

In addition, in relation to the self-assessment of the Board, the Committee reviewed the models for the evaluation of the Board, of the Chair and of the Board Committees in 2020, and conducted an assessment of the Committee itself, concluding that it had complied satisfactorily with the relevant requirements on its composition and functioning.

With respect to the evaluations for 2021, there having passed three years since the last time the assessment was conducted with an outside consultant, the Committee decided to carry out a new evaluation with the firm of Russell Reynolds.

A review was carried out of the questionnaire sent to all directors in relation to possible conflicts of interest in 2021.

Whenever needed, the Committee has engaged the advice of outside experts, after previously examining any potential conflicts of interest with those experts, with no such risks having been detected in any of the cases.

V. Conclusions

The composition of the Committee has been adapted to the applicable legal provisions; its members have the expertise of relevance to the Committee's areas of responsibility and to the sector in which the Company operates, and half of the Committee members are independent directors.

The Committee met more often than required under article 6 of its Regulations and whenever warranted having regard to the matters to be addressed.

All of the Committee meetings were attended by 100% of its members. Prior to the meetings the Members were provided with the necessary information on the different points on the Agenda so that they could engage in informed deliberations and decisionmaking. Whenever needed, the Committee has engaged the advice of outside experts, after previously examining any potential conflicts of interest with those experts, with no such risks having been detected in any of the cases.

The Committee discharged all of the duties ascribed to it by the applicable laws and regulations, as well as those set out in the Company Bylaws, the Regulations of the Board of Directors and the Regulations of the Appointments, Remunerations and Sustainability Committee, and carried out actions pursuant to the GGC recommendations and to CNMV Technical Guide 1/2019 on Nomination and Remuneration Committees.

Lastly, the Committee has reported all its activities to the Board of Directors and delivered the minutes of its meetings, with the relevant annexed documents, to all of the directors.

In view of the foregoing, the Committee concludes that it has complied with the statutory rules on its composition, frequency of meetings and on the attendance and informed participation of its members, and addressed the matters within its competence satisfactorily during 2021.

This report was issued by the Appointments, Remunerations and Sustainability Committee on 24 January 2022, and was presented for examination by the Board of Directors and approved by the Board at its meeting of 23 February 2022.

1.