

## ANNUAL REPORT 2022

### APPOINTMENTS, REMUNERATIONS AND SUSTAINABILITY COMMITTEE

#### **I. Introduction**

The Appointments, Remunerations and Sustainability Committee of Elecnor, S.A. (the "Company") has prepared this report, in full accordance with the applicable laws and regulations and the recommendations of the Good Governance Code of Listed Companies ("GGC"), including as well the information required by the CNMV Technical Guide 1/2019 on Nomination and Remuneration Committees.

Spanish Law 5/2022 of 12 April 2022 on encouragement of long-term shareholder engagement in listed companies 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 vices 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 were also 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 18 May 2022, and thus approved, the modification of article 12 of the Bylaws regarding the remuneration system of directors and, later, in December, the adaptation in this sense of the Regulations of the Board of Directors.

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](http://www.grupoelecnor.com)) as from the call of the next Ordinary Annual General Shareholders' Meeting.

## II. Composition

During the 2022 financial year, due to their reappointment as directors of the Company for a term of four years, by resolution adopted by the General Shareholders' Meeting held on 18 May 2022, the Board of Directors, on the same date, agreed to re-elect Mr. Miguel Cervera Earle and Mr. Jaime Real de Asúa Arteché as members of the Appointments, Remunerations and Sustainability Committee for the same four-year term, the latter being appointed, by agreement of the Committee itself on that same day, Secretary of the same.

In accordance with the re-elections carried out, the Appointments, Remunerations and Sustainability Committee has not changed its composition during the year 2022, being the following also as of today:

DIRECTOR	POSITION	CATEGORY	APPOINTMENT
Mr. Emilio Ybarra Aznar	Chairman	Independent	17/06/2015
Mr. Jaime Real de Asúa Arteché	Secretary	Proprietary	19/01/2011
Mr. Miguel Cervera Earle	Member	Proprietary	24/03/2021
Ms. Isabel Dutilh Carvajal	Member	Independent	17/06/2015

More detailed information on the members of the Committee and their professional backgrounds is available to shareholders and other persons interested in the Company on the corporate website.

## III. Meetings

The Committee met eight times during 2022, 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 Head of HR, the Coordinator of the Sustainability Committee, the person leading Corporate Governance and the General Counsel and Secretary of the Board.

Likewise, 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 of particular complexity.

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 2022

There follows a description of the most important actions taken during 2022 in relation to the duties ascribed to the Committee by article 5 of 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, in order to continue advancing in the adaptation of that structure to governance best practices and recommendations. In this sense, the Committee considers that the current composition of the Board of Directors is appropriate for the best exercise of its functions, and reflects the appropriate balance of suitability and diversity requirements of the members of the Board, particularly in terms of training, professional experiences, skills, experience in the sector and knowledge of the Company and its Group, personal and professional origins, among others.

All of this is reflected in the matrix of the Board's necessary competencies that defines the skills and knowledge that directors must have, concluding that it continues to be fully valid and therefore does not need to be modified.

- **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 reappointment as directors, with the category of proprietary, of Mr. Jaime Real de Asúa Arteché, Mr. Ignacio María Prado Rey-Baltar, Mr. Miguel Cervera Earle, Mr. Juan Ignacio Landeche Sarabia, Mr. Miguel Morenés Giles and Mr. Rafael Prado Aranguren, proposed the re-election of Ms. Irene Hernández Álvarez as independent director and proposed the appointment of Ms. Francisca Ortega Hernández-Agero as new independent director of the Company; all of them for the statutory period of four years.

- **In relation to Board offices**

In 2022, the Committee approved the update of the succession plan for the Chairman of the Board of Directors and for the CEO 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 new Directors' Remuneration Policy for 2022, 2023, 2024 and 2025, which was approved by a large majority by the General Shareholders' Meeting held on 18 May 2022.

The Committee has proposed the annual fixed and variable remuneration for the CEO, and has prepared the Annual Report on Remuneration for the year 2021 that the Board of Directors submitted to the Ordinary General Meeting for its consultative vote, which was also approved by a wide majority of the Ordinary General Meeting held on 18 May 2022.

The Committee likewise proposed the remuneration policy for the executive management team and its application, including variable remuneration for the short-term (annual).

- **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 in 2021 the Sustainability Committee composed of persons from different business areas of the Company.

Based on the information received through the General Secretariat and from other areas of the Company, on 19 December 2022, this Committee issued a report in relation to the functions of supervision over the compliance with the Corporate Policies within its competence and of review of the Corporate Governance system that is attributed to the Committee by virtue of articles 14 of the Regulations of the Board of Directors and 5.1 of the internal Regulations of the Committee itself.

Said report analyzed, on the one hand, the Policy for the diversity of the Board of Directors and selection of Directors, the Directors' Remuneration Policy, as mentioned in the previous section, and the sustainability policies in environmental and social matters, and, on the other, the set of rules that make up the Company's corporate governance system, as well as the possible areas for improvement that it may present, reaching the conclusion that throughout the year 2022 it has not been revealed by part of any department or internal area of the Company the need to modify any of the policies or regulations that make up the corporate governance system of the Company, which has functioned correctly and efficiently.

The above, without prejudice to what was already mentioned in the introduction regarding the amendment of article 24 of the Regulations of the Board of Directors that was approved at its meeting on 21 December 2022, regarding the remuneration of directors, to adapt it to the current wording of article 12 of the Bylaws, in accordance with the amendment agreed by the Ordinary General Shareholders' Meeting held on 18 May 2022.

Finally, the Committee has supervised the work carried out by the different areas of the Company in relation to the external audit of the Corporate Social Responsibility Management System for the achievement of the AENOR certificate, verifying that the Company has a Corporate Social Responsibility Management System in accordance with the IQNet SR10:2015 specifications. Said certificate has been issued by AENOR on January 10, 2023 and is valid for three (3) years (until January 10, 2026).

- **Other duties**

The Committee has analyzed various aspects related to Human Resources, such as the evolution of the workforce, the recruitment and retention of talent, international mobility,

the reinforcement of identity, training and legal aspects associated with the labour reform and others.

In addition, in relation to the self-assessment of the Board, in 2022 the Committee reviewed the models for the evaluation of the Board of Directors, the Chairman, the CEO, and the Secretary, as well as of the Board Committees, and conducted an assessment of the Committee itself, concluding that it had complied satisfactorily with the relevant requirements on its composition and functioning.

In this sense, with respect to the evaluations for 2021, and having passed three years since the last time the assessment was conducted with an outside consultant, the Committee was advised by the firm of Russell Reynolds. The process that concluded positively, highlighting the following aspects:

- (i) the establishment of a system that allows rationalizing the management of the times and periodicities of the items on the agenda;
- (ii) the separation and clear identification of the purely informative points from those that require approval;
- (iii) the holding of an Extraordinary Council with the assistance of the directors to analyze and debate different strategic alternatives;
- (iv) assessment of the adequacy of the composition of the Executive Committee; and
- (v) continuous improvement in the provision of the information to be discussed in the meetings of the Board and its Committees.

A review was carried out of the questionnaire sent to all directors in relation to possible conflicts of interest in 2022.

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 rules foreseen in the law and in the Corporate Policies in relation to its composition, frequency of meetings and on the attendance and informed participation of its members, and addressed the matters within its competence satisfactorily during 2022.

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