

## Annual Report of the Audit Committee of Elecnor, S.A. on the Independence of the External Auditor of Elecnor, S.A. and its Consolidated Group in 2022

### 1. INTRODUCTION AND APPLICABLE LAWS

Article 14.1 of Spanish Law 22/2015 of 20 July 2015 on the Auditing of Accounts provides that *"In the performance of their functions, statutory auditors and audit firms must be independent of the audited entities and shall refrain from auditing when their independence is compromised in relation to the review and examination of the annual accounts, financial statements and other accounting documents"*.

In addition, article 529 quaterdecies, subparagraph 4(f) 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") lays down as one of the duties of the Audit Committee that it must *"annually, prior to the issuance of the audit report, issue a report stating an opinion as to whether the independence of the statutory auditors or audit firms has been compromised. That report must in all events contain a reasoned evaluation of the provision of each and every one of the additional services referred to in the preceding letter, taken individually and as a whole, other than the statutory audit and in relation to the rules of independence of the auditors and the regulations governing the activity of auditing accounts"*.

And subparagraph 4/e) of that article provides that the Audit Committee must in all cases *"[...] annually receive from the external auditors a declaration of their independence as regards the entity or entities directly or indirectly related thereto, as well as detailed and individualised information on additional services of any kind provided to and the related fees received from those entities by the external auditor or persons or entities related thereto, pursuant to the laws and regulations on the activity of auditing accounts"*.

In this regard, the aforesaid duties envisaged in article 529 quaterdecies, section 4, of the LSC have been written into both the Regulations of the Board of Directors of Elecnor, S.A. (the "Company"), in article 13, and into the Regulations of the Audit Committee itself, in article 5.

In order to comply with the above obligations, the Audit Committee of the Company has issued this report on the independence of the external auditor (KPMG Auditores, S.L.) of the Company and its Consolidated Group in 2022, which will be posted on the Company website duly in advance of the Ordinary Annual General Shareholders' Meeting of the Company, in accordance with Recommendation 6 of the CNMV Good Governance Code of Listed Companies.

## **2. PROVISION OF NON-AUDIT SERVICES BY THE EXTERNAL AUDITOR (KPMG AUDITORES, S.L.) AND ITS RELATED COMPANIES**

The Company has an internal procedure regulating the process for approving the provision of non-audit services by the external auditor ("the procedure"), with regard to the implications for auditor independence, and which, among other matters, defines and arranges the delegation of this task by the Audit Committee to the Group's internal audit services. In accordance with the procedure, which was approved by the Audit Committee at its meeting of 19 September 2017, the Audit Committee delegates to the head of internal audit in the Group the authority for properly approving all such services, provided they are not prohibited under the applicable legislation and do not compromise the auditor's independence, except where the amount of the fees proposed for the services submitted for approval reach a given threshold percentage of the fees for the audit services provided by the main auditor in the preceding year, in which case the approval is done directly by the Audit Committee. The head of internal audit in the Group always informs the Audit Committee periodically of the services provided under this procedure, in all cases before the external auditor submits its annual statement confirming its independence.

To approve the non-audit services, the Audit Committee or, as applicable, the head of internal audit base their decision on documents that must include, at least, a draft of the service proposal and the supporting documents for the analysis of independence performed by the external auditor and for the conclusion thereon. On occasion, depending on the nature of the services and on the fees proposed, the Audit Committee solicits the pertinent explanations from internal audit and from other officers of the Group.

In all cases, apart from determining whether the proposed service is prohibited or not, the assessment involves analysing threats to the auditor's independence (self-interest, self-review, advocacy, familiarity or trust and intimidation) and the appropriate safeguards to be applied.

Furthermore, the internal procedure provides that for those "white list" services that entail no doubt as to the external auditor's capacity to provide them without compromising its independence, the external auditor may sign the service agreement and perform the agreed services without the need for the Audit Committee to be informed beforehand or for pre-approval to be obtained, without prejudice to the requirement that the external auditor must annually provide detailed individualised information on the non-audit services performed and the fees received for those services. Those services include, among others, conducting limited reviews of the financial information of any component, issuing reports on the information contained in the Annual Corporate Governance Report in relation to the internal control over financial reporting system (ICFR), comfort letters, reports on agreed procedures, specific tasks attributed by company law to statutory auditors and other assurance work in general.

At the meeting of the Audit Committee of the Company held on 22 February 2023, the external auditor gave the Committee members its annual statement confirming its independence, and an itemisation of the fees billed to the Company and its subsidiaries

by the auditor and other firms in its network for audit and non-audit services during the year ended 31 December 2022. Likewise, the Audit Committee verified that the list of non-audit services reported by the external auditor and subject to pre-approval by the same coincided with that of the pre-approved services during the year in accordance with the established procedure described above.

There follows a breakdown of the fees billed to the Elecnor Group by KPMG Auditores, S.L. and other firms affiliated with KPMG International for audit work and other non-audit services during 2022, which coincides with that reflected in the consolidated annual accounts for this financial year (Note 29):

Description	Thousands of Euros (*)			
	KPMG Auditores, S.L.		Other entities affiliated with KPMG International	
	To Elecnor, S.A.	To other entities of the Elecnor Group	To Elecnor, S.A.	To other entities of the Elecnor Group
For audit services	50	212	-	230
For other assurance services	105	9	40	-
For tax advisory services	-	-	-	-
For other services	7	5	68	35
<b>Total</b>	<b>162</b>	<b>226</b>	<b>108</b>	<b>265</b>

(\*) The above table does not include the fees invoiced by the auditor and other entities affiliated with its international network to entities not controlled by the Elecnor Group.

The heading "For other assurance services" in the table above includes the limited review of the Elecnor Group's interim financial statements for the six months ended 30 June 2022 and the agreed procedures for review of section (F) of the Annual Corporate Governance Report (ICFR system) corresponding to the year 2021, both services invoiced by KPMG Auditores, S.L. to Elecnor, S.A., agreed procedures for review of the supporting account of subsidies invoiced by KPMG Auditores, S.L. to another company of the Elecnor Group and the review of the Non-Financial Information Statement (NFIS) corresponding to the financial year 2021, which has been invoiced by another entity affiliated with KPMG International to another company of the Elecnor Group.

The heading "For other services" in the above table includes the issuance of reports on agreed procedures on compliance with covenants and reports on other agreed procedures required for submission to tenders invoiced by KPMG Auditores, S.L. to Elecnor, S.A., translations of annual accounts of subsidiaries once prepared and audited, invoiced by KPMG Auditores, S.L. to another Elecnor Group company and advisory services in the process of selecting an insurance broker and gap analysis services in the process of managing risks and opportunities derived from climate change, which have been billed by other entities affiliated with KPMG International to Elecnor, S.A. and to another Elecnor Group company, respectively.

Lastly, and in addition to the services and fees included in the table above, KPMG Auditores, S.L. has reviewed the Non-Financial Information Statement (NFIS) corresponding to 2021 of Cantiles XXI, S.L., parent company of the Elecnor Group, billing this company an amount of Euro 3,000 for the provision of this service.

### **3. ANALYSIS OF THE INDEPENDENCE OF THE EXTERNAL AUDITOR (KPMG AUDITORES, S.L.)**

During the year the Audit Committee held three meetings with the external auditor in which it received information on the annual audit plan and strategy, on its execution and results, as well as on material issues that arose during the audit work, including any issue that could entail a threat to the auditor's independence and any others related to the conduct of the statutory audit. The partner responsible for auditing the individual and consolidated annual accounts informed the Committee that during their work the external auditors had access to all necessary information and received the full cooperation they requested from Group personnel for their audit work.

Also, as described in the preceding section, on 22 February 2023 the Audit Committee received the statutory auditor's statement confirming its independence in relation to the 2022 audit and the itemisation of the fees billed to the Group during the year in accordance with the terms of the Law on the Auditing of Accounts, with no circumstances having been detected which could individually or in aggregate compromise the auditor's independence.

Likewise, the data included in the preceding section indicate that the fees for non-audit services provided by the auditor or its affiliated entities do not represent a significant percentage of the statutory auditor's total annual revenue.

The fees for the audit services were fixed before the auditor began to perform its audit work for the entire period in which those services were rendered. The fees are not influenced or determined by the provision of additional services; nor are they based on contingencies or conditions other than changes in the circumstances that serve as basis for determining the fees.

With respect to the term and renewal of the statutory auditor's engagement, the auditor meets the requirements laid down in the applicable legislation in force.

Lastly, it bears noting that, pursuant to the governance best practices and in accordance with the provisions of article 13(o) of the Board Regulations and article 5.1(iv)(f) of the Regulations of the Audit Committee, the statutory auditor met with the Board of Directors in connection with the formulation of the annual accounts to report on the audit work done and on status of the Company's accounting situation and risks.

#### **4. OPINION OF THE LA AUDIT COMMITTEE ON THE INDEPENDENCE OF THE EXTERNAL AUDITOR**

In view of the above, the Audit Committee of the Company is of the unanimous opinion that the independence of the statutory auditor KPMG Auditores, S.L. during 2022 was not compromised.

For the relevant legal purposes, it is here placed on record that this report was approved by the Audit Committee at its meeting of 22 February 2023, before the audit report on the accounts was issued, as provided by the LSC.

Audit Committee of Elecnor, S.A.  
22 February 2023