

ANNUAL REPORT 2023

AUDIT COMMITTEE

I. Introduction

The Audit 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 also the information required by CNMV Technical Guide 3/2017 on Audit Committees.

The responsibilities, composition and operating rules of the Audit Committee of the Company, as standing supervisory committee advising the Board of Directors, are basically regulated in article 15 bis of the Company Bylaws and article 13 del Regulations of the Board of Directors, as well as in the Regulations of the Audit Committee itself, which are periodically updated in compliance with the relevant legal modifications and recommendations on corporate governance matters.

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

II. Composition of the Audit Committee

By agreement of the Audit Committee at its meeting held on 17 May 2023, Ms. Francisca Ortega Hernández-Agero was appointed Chair of the Audit Committee to replace Ms. Irene Hernández Álvarez, having expired the maximum term of four years established in the legislation and the By-laws for the exercise of the position of Chair, and to whom the Commission thanked all the services provided, fully and without qualification approving her management in said position.

In accordance with the above, as of 17 May 2023, the composition of the Audit Committee is as follows:

Director	Position	Category	Appointment
Ms. Francisca Ortega Hernández-Agero	Chair	Independent	18/05/2022
Mr. Miguel Morenés Giles	Secretary	Proprietary	20/04/2016
Ms. Isabel Dutilh Carvajal	Member	Independent	17/06/2015
Ms. Irene Hernández Álvarez	Member	Independent	01/06/2018
Mr. Ignacio Prado Rey-Baltar	Member	Proprietary	01/06/2018

Currently, the Audit Committee is made up of five (5) non-executive directors with various professional profiles, most of them having the category of independent and 60% of its

members, including its President, being women, thus complying with as provided in the Law and in the best good governance practices on the composition of the Audit Committee.

The Company's website contains more detailed information on the members of the Committee and their professional backgrounds.

III. Meetings of the Audit Committee

In 2023 the Committee held 12 meetings, with 100% attendance of its members:

	Supervision of the process of preparing financial and non-financial information and review of the information to be published	Supervision of internal audit and internal control	Supervision of financial and non-financial risk control and management systems	Supervision of the external audit, independence and proposal for appointment or renewal	Supervision of the Compliance System	Others
24 January	✓					✓ (a) (b)
21 February	✓			✓		✓ (i)
8 March						✓ (j)
28 March	✓	✓		✓	✓	
10 May	✓			✓	✓	✓ (d)
17 May						✓ (c)
4 July	✓	✓	✓		✓	✓ (d)
26 July	✓			✓		
26 September	✓	✓			✓	
24 October	✓			✓		✓ (e)
28 November			✓			✓ (f) (j)
12 December	✓	✓			✓	✓ (g) (h) (k)

- (a) Analysis of issues arising from the assessment of the Audit Committee by the Board of Directors and determination of proposals for action.
- (b) Approval of the Audit Committee's Annual Report for 2022.
- (c) Appointment of the Chair of the Audit Committee.
- (d) Monitoring the corporate tax policy, the main tax risks and the procedures for managing and controlling those risks.
- (e) Approval of the calendar and agendas of the meetings of the Audit Committee for the year 2024.
- (f) Supervision of risks and management of the technology and security of Information Systems and the protection of personal data.
- (g) Annual supervision of corporate policies and internal codes of conduct and approval of the corresponding annual report.
- (h) Supervision of the actions carried out in application of the internal procedure on related-party transactions.
- (i) Approval of the annual report on related-party transactions.
- (j) Review of economic conditions and the accounting and tax impact of corporate operations (project for the sale of the Enerfín subgroup).
- (k) Review of the liquidity status required for the approval of the distribution of the 2023 interim dividend.

During 2023 Committee meetings were attended by various persons from the Company or its Group and outside professionals according to the matters dealt with at the meetings, always at the invitation of the Committee Chair and only in relation to the specific points on the agenda for which they were invited to attend:

- Members of the General Internal Audit and Finance Sub-Division (10 meetings).
- The Chief Audit Executive (11 meetings).
- The Group's Chief Compliance Officer (5 meetings).
- The General Secretary (4 meetings).
- The Corporate Development Manager (1 meeting).
- Managers from the Tax Area (1 meeting).
- The Head of IT and Technology (which comes under the Corporate Development Department) (1 meeting).
- The Data Protection Officer (1 meeting).
- The External Communications and Corporate Image Manager and the Sustainability Coordinator (3 meetings).
- The Industrial Risk and Insurance Manager (1 meeting).
- External auditors (the new auditor, PWC – 2 meetings, and the outgoing auditor, KPMG – 1 meeting).

The minutes of the Committee meetings have recorded the arrivals and departures of the various guests, who have not participated in the deliberation and voting phases.

IV. Activities of the Audit Committee

The Audit Committee approved the calendar and agendas planned for the year 2023 at its meeting in January of this same year, without prejudice to the due adaptations to them that may have occurred throughout the year to deal with those issues that have been considered necessary and that were not initially planned.

The Audit Committee's activity in 2023 was primarily focused on the following matters related to the powers attributed by article 5 of the Regulations of said Committee:

1. Supervision and assessment of the drawing up and preparation of the financial and non-financial information, as well as the key risks which potentially affect the completeness and accuracy of such information, and reviewing the information to be disclosed to the markets.
2. Supervision of internal auditing and internal control.
3. Supervision and assessment of the management system for both financial and non-financial risk.
4. Supervision and evaluation of the external auditor's activity, their independence and referral of its fee proposal to the Board.
5. Monitoring of the compliance system and activity of the Compliance Committee.
6. Oversight of compliance with the Company's corporate governance rules and in-house codes of conduct.
7. Supervision of actions undertaken in application of internal procedure on related-party transactions.
8. Review of the principal economic terms and conditions and accounting implications of the sale of the Enerfín group.
9. Reporting to the Shareholders' General Meeting on matters within its remit.

1. Supervision and assessment of the drawing up and preparation of the financial and non-financial information, as well as the key risks which potentially affect the completeness and accuracy of such information, and reviewing the information to be disclosed to the markets

Over the year the Committee has overseen the drawing up and preparation of financial information mainly by reviewing the information which the internal audit department has provided on the functioning and operability of the internal control over financial reporting (ICFR) system (and especially the major changes occurring in regard to the relevant risks), as well as the findings from checking and monitoring activity which the internal audit function has performed. Several meetings have also been held with the external auditors in which the Committee has become suitably aware of the procedures which the auditors have followed with respect to internal control over financial reporting and the conclusions drawn from this.

As regards non-financial information, the Committee has kept itself appropriately up-to-date via the information provided by the coordinator for preparation of the Non-Financial Information Statement (NFIS) and the Chief Audit Executive, and via the key regulatory

innovations applying in the financial year, the procedure established for preparing the statement and the primary reviewing work which both the internal audit function and external auditors checking such information carry out. The Committee has additionally supervised the design, development, documentation and review of a system of internal control over non-financial reporting (ICNFR) that is specific to environmental management information. On the other hand, a meeting was held with the external checking auditors entrusted with examining the NFIS for the 2022 financial year (KPMG) to learn about the findings of the review work and the key takeaway arrived at. All of this work on supervising non-financial information was properly coordinated with the Appointments, Remunerations and Sustainability Committee.

The Committee implemented appropriate follow-up of the recommendations and action plans arising from this checking activity.

On the other hand, the Committee has performed appropriate review of the Company's financial information (quarterly, six-monthly and annual) and non-financial information (annual) and that of the consolidated group before submitting it and reporting favourably on it to the Board for approval and subsequent sending of it to the authorities and the market, as well for submission of the annual financial statements and the non-financial information statement to the company's shareholders for approval at the Ordinary Shareholders' General Meeting. To accomplish this task the Committee has relied on the review of the information and regular explanations given by the General Finance Sub-Division and the Chief Audit Executive (key figures, developments compared to the previous year, progress regarding the core businesses and geographies, changes to the consolidation scope, etc.).

The Committee has also performed ongoing monitoring of key risks with a potential impact on the income statement, chiefly by checking on the information which the Chief Audit Executive regularly provides and in which such risks are suitably identified, quantified and measured in terms of exposure for the Group. The suitability of recognising a provision for these risks is considered on a case-by-case basis once they are reported.

The Audit Committee has also monitored the most significant judgements and estimates which impact on the financial information.

For its part, the General Finance Sub-Division and the Chief Audit Executive have duly notified the Committee about the accounting treatment for any one-off transactions that have taken place over the year as well as how they are treated for tax purposes. Notable in this regard is how the Audit Committee has been keeping track of the search for an investor to take a controlling stake in Enerfín for the purposes of determining the right timing for the sale of the net assets of the Enerfín sub-group as "Non-current assets held for sale" and classifying this segment as "Discontinued operations" while looking into the accounting implications which arise from this sale appropriately.

Lastly, the financial information (six-monthly and annual) and the non-financial information (annual) have been reviewed and audited or checked by the external auditors as each case dictated, the Committee having been kept duly informed via the appropriate meetings with them on the findings of their work and conclusions drawn.

2. Supervision of internal auditing and internal control

The Committee approved the internal auditing work plan at its meeting in March and has conducted suitable supervision of it, doing so mainly through regular follow-up of the progress of the plan and the principal activities of the internal audit department over the year, which primarily involved monitoring and reviewing the major risks to which the company has exposure and the processes, procedures and controls arranged to manage them properly. The Committee has watched over the recommendations and action plans emerging from such review activity in an appropriate manner.

The Committee has also enquired about the resources which the Committee function has available to pursue its activities and found these sufficient to execute the annual action plan that was approved.

The Audit Committee held meetings with the Chief Audit Executive on 11 occasions in the course of the year, in several of which no other Company executive was present, specific matters arising from the reviews conducted having been discussed with the CAE alone.

At its March meeting the Audit Committee received the annual report on internal audit activities for the 2022 financial year and approved it after examining it.

3. Supervision and assessment of the management system for both financial and non-financial risk

Without prejudice to continuous monitoring of the Group's key risks and its oversight of risks relating to preparation of financial and non-financial information discussed above, at two of its meetings the Audit Committee specifically supervised and evaluated the review carried out by the Corporate Risk Map's Management Committee and in particular, with regard to the risks pinpointed, the assessment of their potential impact and probability of occurrence, as well as the major activities and action plans developed to improve management of them.

Here, the Chief Audit Executive, who supervised this review activity by the management team, was the person assigned the task of presenting on the findings from the review work, explaining the progress made regarding the risk management system and briefing the Committee on the main conclusions drawn concerning the procedures implemented and the initiatives carried out to head off the main risks and enhance management of them.

In relation to tax risk, the Audit Committee met with managers from the corporate tax area to review the most significant tax risks and effective implementation of Corporate Tax Policy, and how transactions of particular importance are treated for tax purposes.

The Committee held one meeting with the Group IT and Technology manager to find out about the most important aspects of managing both information systems, and technology-related risks, which include cybersecurity risk. One meeting was also held with the Group Data Protection Officer (DPO) to learn about the chief kinds of personal data which is processed, associated risks and the core mechanisms established to manage and protect data properly.

Finally, at one of its meetings the Audit Committee familiarised itself with the main conditions of the D&O (Directors & Officers) insurance policy taken out by the Group (principally the extent of subjectivities and objective aspects of coverage, limits, time frame and premiums paid in the past few years).

4. Supervision and evaluation of the external auditor's activity, their independence and referral of its fee proposal to the Board

The Audit Committee met with the Group's external auditors three times (in February with KPMG, as auditor of the 2022 annual financial statements, and in July and October with PwC in its capacity as the new auditor) on each occasion without other executives or officers from the Company or its Group being in attendance. 2023 is the first financial year in which PwC has been tasked with performing the audit for the Company and the Group's annual financial statements following its appointment at the Ordinary Shareholders' General Meeting held in May 2022 as Group auditor for 2023 to 2025 in replacement of KPMG.

The main issues discussed with the external auditors were:

- The results of the yearly audit for 2022 of the individual and consolidated annual financial statements (KPMG).
- The statement and confirmation in writing by the external auditors of their independence and detailed information on any non-audit services which they provided in 2022 (KPMG).
- The results of the limited review of the Group's condensed six-monthly financial statements for the first half of 2023 (PwC).
- Any internal control weaknesses identified and suggested improvement where appropriate (KPMG and PwC).
- Planning and strategy for the annual audit of both the individual Company and consolidated Group accounts (materiality, scope, main audit risks identified, schedule, etc.) (PwC).

The Audit Committee made the annual assessment of the external auditor's performance and contribution to audit quality and the completeness of financial information, its conclusion being favourable.

At the request of the Audit Committee, in February the external auditor held a meeting with the full Board of Directors to report to it on the work carried out and developments in the both the Group and the Company's accounting and risk situation.

The Audit Committee studied PwC's proposed fees for auditing the 2023 individual and consolidated annual financial statements and decided to refer them to the Board of Directors for approval.

In regard to supervision of the external auditor's independence, the Audit Committee oversaw proper implementation of the internal procedure regulating the process to obtain preliminary approval of non-audit services to be provided by the external auditor via the information which the Chief Audit Executive furnished on such services and the potential

threats to the auditor's independence. No services which PwC provided during the year were identified as being capable of compromising its independence as external auditors to the Company and its Group. In keeping with this procedure, throughout the year the external auditor duly sought the Company's approval for potentially providing any non-audit service for which the possibility of hiring it might have been entertained in advance of any signing of the relevant contract, and it furnished its corresponding analysis of the potential threats to its independence which might arise from providing such services as well as the safeguards determined in each case to minimise or eradicate them, while also confirming when there were no restrictions on performing the tasks in question on grounds of independence. These declarations were studied and checked internally before approving the requests put forward.

The external auditor of the 2022 annual financial statements (KPMG) presented the Committee with its annual declaration which confirms its independence and gives details of the fees invoiced to the Company and its related companies over the financial year by both the auditor itself and the firms within its organisational network. These are duly broken down by item and nature (audit and non-audit services) and the auditor states that it has implemented policies and procedures that are designed to ensure a reasonable level of certainty that both the auditor itself and its employees retain independence where the applicable law and regulations require this.

The Committee has concluded that the Company's auditor has performed its audit work independently, which it has reported to the Board of Directors, with the legally mandatory report being issued on 22 February 2023 pursuant to Article 529 quaterdecies.4.f of the revised text of the Corporate Enterprises Act and likewise provided for in the Company's corporate texts. This was made available to shareholders via the corporate website from moment of the call to meet at the Ordinary Shareholders' General Meeting, pursuant to recommendation 6 of the Code of Good Governance. This conclusion also extends to the external auditor checking the non-financial information statement (NFIS) insofar as this task fell to a firm in the same organisational network to which the main external auditor belongs.

The Audit Committee thanked KPMG for its work and professionalism over all the years in which it performed its task as the Group's chief auditor.

5. Monitoring of the compliance system and activity of the Compliance Committee

Five of the meetings in 2023 were attended by the Group Chief Compliance Officer, who reported on the Compliance Committee's activity and on the initiatives, actions and/or incidents arising in the field of Compliance, seeking the Committee's approval and authorisation when necessary.

The tasks carried out by the Audit Committee in this area in the 2023 financial year were:

- Review and approval of the 2022 Annual Compliance Report
- Approval and regular follow-up of compliance targets for 2023.
- Monitoring of the main compliance risks to which the Group is exposed.

- Follow-up of the main compliance-related training initiatives and actions carried out.
- Monitoring of the processes of adapting the Group's Compliance System to the special circumstances and requirements of the different countries in which it operates (organisations and subsidiaries).
- Monitoring of Ethics Channel activity.

The Committee has supervised the adaptation of internal information and reporting channel systems and procedures in connection with integrity and compliance that were implemented to meet the requirements of Law 2/2023 on whistleblower protection which became effective in the first half of the year. Specifically, the Committee reviewed the content of the new policy for the internal information system in regard to integrity and compliance and of the procedure for handling reporting via the Ethics Channel, which have been drawn up and/or adapted according to the requirements stipulated in the above-mentioned Law, and the Committee also reported favourably to the Board for them to be duly approved at its meeting in May 2023.

In addition, the Committee monitored various judicial and administrative proceedings with a potential impact on legal persons belonging to the Group.

6. Oversight of compliance with the Company's corporate governance rules and in-house codes of conduct

In the area of corporate governance, the Committee engaged in continuous supervisory activity to ensure proper compliance with the Company's rules on corporate governance and its in-house codes of conduct by reviewing and following up documentation and matters discussed at its various meetings.

Without prejudice to this, the Committee held a specific meeting with members of the Group's management to review the content of the report on the functions of overseeing compliance and implementing corporate policies and internal codes of conduct which the Committee has assigned to it under Articles 13 of the Regulations of the Board of Directors and 5 of those of the Committee, following which this was duly approved.

The report examined compliance with, on the one hand, corporate policies (on corporate governance, regulatory compliance itself and sustainability), where in some cases this was on the basis of the report by the Appointments, Remunerations and Sustainability Committee on the findings of its assessment and review of certain policies that fall within the scope of competition, and on the other hand, the company's internal codes of conduct. The conclusion was reached that (i) over 2023 there was compliance with the principles, good practices and obligations set out in the aforementioned policies and codes, while no major incident emerged in the review process and (ii) the corporate culture underlying the rules alluded to, and which is imparted to everybody that is part of the Company and its Group, is in line with their aims and values.

The Committee also examined matters deriving from appraisal of its performance by the Board, who annually evaluate areas such as meeting dynamics, follow-up of subjects discussed, the structure of the Committee, the training of its members, etc., via

questionnaires that have to be completed by directors, both members and non-members of the Audit Committee. This process, which is intended to pinpoint strengths and areas that could be improved, ended on a very positive note, with the takeaway being that the Committee operates with very high standards and great professionalism.

7. Supervision of actions undertaken in application of internal procedure on related-party transactions

The Committee received suitable explanations from the Task Force on Related-Party Transactions in relation to activities carried out in 2023 in application of the Related-Party Transactions Protocol and the conclusions arrived at, which have been summarised and documented in the 2023 Annual Report of the Task Force on Related-Party Transactions. It concluded that in the course of 2023 no transactions had been carried out with parties having ties to the Company which had required authorisation from the Shareholders' General Meeting, the Company's Board of Directors or any other person or body to whom the Board might have delegated such authorisation pursuant to the Regulations of the Board of Directors and the applicable regulatory framework.

At its meeting in February 2023, the Audit Committee approved its 2022 Annual Report on related-party transactions as provided for in recommendation 6 of the Code of Good Governance. This stated that no related-party transaction took place that year which might have required authorisation from the Shareholders' General Meeting, the Company's Board of Directors or any other person or body to whom the Board might have delegated such authorisation. The report was placed at the disposal of shareholders, investors and other stakeholders on the corporate website from the time when the Ordinary Shareholders' General Meeting was called.

8. Review of the principal economic terms and conditions and accounting implications of the sale of the Enerfín group

Pursuant to Article 5.1.(vi) b of its Regulations and on the basis of the information provided by the managers of the General Finance Sub-Division, the Committee has reviewed the principal economic terms and conditions and accounting implications of the sale to the Statkraft group of the entire amount of shares in the subsidiary Enerfín Sociedad de Energía, S.L.U., subject, among other conditions, to approval at the Extraordinary Shareholders' General Meeting scheduled to be held on 23 January 2024 in first session and at the second session on 24 January 2024.

9. Reporting to the Shareholders' General Meeting on matters within its remit

In her capacity as Chair of the Audit Committee, Ms Irene Hernández Álvarez reported on the Committee's activities over 2022 and to date at the Ordinary Shareholders' General Meeting held on 17 May 2023.

V. Conclusions

The composition of the Audit Committee has been adjusted to the legal provisions and the internal regulations of the Company, having members with adequate knowledge taking into account the powers of the Committee and the sector of activity to which the Company belongs, being the majority of its members 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 meetings were attended by 100% of its members. Prior to the meetings, the members were provided with the necessary information in relation to the different points on the Agenda so that they could engage in informed deliberation and decision-making. When necessary, the Committee also received advice from outside experts.

The Committee performed all of the duties assigned to it by law and under the Company Bylaws, the Regulations of the Board of Directors and its own Regulations, and in accordance with the GGC recommendations and the Technical Guide 3/2017 on Audit Committees of CNMV.

Lastly, the Committee reported all its activities to the Board of Directors and the minutes of its meetings are always available to all members of the Board of Directors.

In view of the foregoing, the Commission concludes that it has complied with the regulations provided for in the Law and in the corporate texts in terms of its composition, frequency of meetings, attendance and informed participation of its members, having satisfactorily dealt with the matters within its competence. during the financial year 2023.

This report was issued by the Audit Committee on 23 January 2024 and approved by the Board of Directors on 28 February 2024.