COMPENSATION POLICY APPLICABLE TO GRENERGY RENOVABLES, S.A.'S DIRECTORS FOR FINANCIAL YEARS 2023, 2024 AND 2025

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1. INTRODUCTION

The Board of Directors of Grenergy Renovables, S.A. (**"Grenergy"** or the **"Company"**) submits for approval to the Extraordinary General Meeting of Shareholders of the Company, to be held on first call on 11 May 2022, as item eleven on the agenda, this compensation policy applicable to Grenergy's directors for financial years 2023, 2024 and 2025 (the **"Compensation Policy"**).

2. LEGAL FRAMEWORK.

Pursuant to sections 529.17 and 529.18 of Royal Legislative Decree 1/2010, of 2 July, approving Spain's Joint Stock Companies (Consolidated) Act (the **"Joint Stock Companies Act"**), listed companies are required to implement a directors' Compensation Policy, which must set out and specify the compensation that directors are entitled to receive in their condition as such, as well as for the performance of their executive duties.

In turn, section 529.19 of the Joint Stock Companies Act sets forth that the directors' Compensation Policy must be approved by the General Meeting of Shareholders at least once every three years, as a separate item on the agenda. In addition, the Compensation Policy proposal drawn up by the Board of Directors must be substantiated and supported by a specific report delivered by the Appointments and Remuneration Committee. Both documents must made available to shareholders on the Company's website as from the date of the notice of General Meeting. Shareholders may also request the delivery or free shipping thereof. This right must be mentioned in the notice of meeting.

3. CONSIDERATIONS AND GENERAL PRINCIPLES OF THE COMPENSATION POLICY

The main objective of the Compensation Policy is to ensure that the compensation paid to directors is in reasonable proportion to the importance of the Company, its financial condition at any given time and the market standards of comparable companies, both domestically and internationally.

In addition, the Compensation Policy aims at promoting profitability for Grenergy and its shareholders and the long-term sustainability of the Company, while taking the necessary precautions to discourage excessive risk-taking and the reward of unfavourable outcomes. For this purpose, the Compensation Policy aims at ensuring that the remuneration received by directors is linked to the professional performance of its beneficiaries, so that such compensation may reward their activity and their commitment towards the Company, without exclusively depending on other circumstances, such as the general evolution of the markets or of the Company's business sector.

In addition, the compensations paid must be adequate to attract and retain directors who have the profile desired, and to reward the dedication, qualification and responsibility required by this position, without compromising directors' independence of judgement.

Grenergy's Board of Directors has made the commitment to implement the principle of full transparency of all compensation items received by directors, by providing transparent information sufficiently in advance in respect of good governance recommendations that are generally accepted on international markets in terms of directors' compensation. To this end, the Board of Directors shall ensure the transparency of the compensation paid to directors, by annually recording, in a detailed, personalised manner, according to their positions and categories, the entire remuneration received by directors in the annual report regarding directors' compensation.

The Compensation Policy shall be fully consistent with the previous one after it is modified according to the proposal to be submitted to the same General Meeting at which approval hereof will be sought.

4. PROCESS FOR DETERMINING THE COMPENSATION POLICY

The Compensation Policy that is reflected in this document is a proposal submitted by the Board of Directors itself to the General Meeting of Shareholders, in accordance with the provisions of section 529.19 of the Joint Stock Companies Act. The Compensation Policy shall apply within the Company during financial years 2023, 2024 and 2025.

This proposal was instigated by the Appointments and Remuneration Committee, which approved it at its meeting of 14 March 2022, before being approved by the Board of Directors on 7 April 2022. At the same time, the aforesaid Committee approved a report that supported the proposal, which is attached hereto. Upon calling the Meeting at which approval of this Compensation Policy is proposed, both this document and the report referred to above are made available to shareholders on the Company's website. Shareholders may request delivery and free shipping thereof. This right is mentioned in the notice of General Meeting.

5. COMPENSATION PAYABLE TO THE COMPANY'S DIRECTORS

5.1. General structure of the compensation.

This Compensation Policy makes a distinction between the compensation payable to executive directors and that payable to external or non-executive directors. Executive directors are only compensated for their executive duties, but not for their mere capacity as directors.

The compensation payable to executive directors, i.e., for the performance of their executive duties, shall consist of a fixed amount, a variable amount and participation in the Company's Stock Option Plan. Both the fixed and the variable amount shall be paid in cash. However, at the option of the executive director, an amount not exceeding 15% of this fixed compensation may be paid in kind, through the use of a car.

The variable compensation, which shall not exceed 150% of the fixed compensation, shall be determined having regard to the achievement of two different types of objectives, based on the principle of obtaining a profitability that is consistent with the business, the long-term sustainability of the Company and the taking of the precautions required to discourage excessive risk-taking and the reward of unfavourable outcomes, as well as the Company's contribution to sustainability.

The compensation payable to external or non-executive directors shall be fixed and paid partly in cash and partly in shares in the Company. It is based on a basic cash amount for their duties as directors, and also includes supplements for being members of committees of the Board or chairpersons thereof, or for performing coordinator director duties. After year-end, the director shall receive, in addition to his/her cash compensation, a number of fully paid-up shares whose value shall be equal to a percentage (15%) of his/her compensation.

The maximum amount of the annual overall compensation payable to directors as a whole for the first year of implementation, including both executive and external directors, shall be EUR 600,000. This amount has been fixed having regard to the Company's current number of directors, i.e., one executive director and seven non-executive directors. If, during the term of this Compensation Policy, new directors are added to the Board, this amount could be increased by 50% if an executive director is appointed, or by 8% if a non-executive director is appointed.

All the amounts specified in this Compensation Policy are valid for the first year of application thereof, i.e., for 2023. However, on a yearly basis these amounts will be adjusted in accordance with the year-to-year variation of the retail price index as from December 2022.

This Compensation Policy includes the maximum amount of the annual remuneration to be paid to directors as a whole in respect of each of their compensation items, with the sole exception of the remuneration paid through the executive directors' participation in the Company's Stock Option Plan, as the amount received thereunder depends on the evolution of the price of the shares, even if the configuration parameters of this Plan are actually predetermined. In any event, the allocation to the executive director of stock options shall require a specific resolution from the General Meeting of Shareholders.

What follows is a detailed presentation of the policy described above:

5.2. Compensation payable to executive directors, i.e., for performing executive duties.

5.2.1. Compensation payable to directors.

The Board of Directors, acting on a report from the Appointments and Remuneration Committee, is competent to determine the specific compensation of directors for the performance of their executive duties, as well as the terms and conditions of their contracts with the Company, in accordance with the provisions of section 249.3 of the Joint Stock Companies' Act and this Compensation Policy approved by the General Meeting.

To this date, the chairperson and managing director of the Company, and therefore its chief executive, is the only member of the Board of Directors who performs executive functions in the Company.

The compensation payable to executive directors shall consist of a fixed amount, a variable amount and participation in the Stock Options Plan approved by the Board of Directors for directors, employees or collaborators of the Company.

(i) *Fixed compensation.*

The maximum annual fixed compensation paid to a director for performing his/her executive duties shall be determined having regard to the compensation paid by comparable companies for similar positions. Both fixed and variable compensations are paid in cash. However, at the option of the executive director, an amount not exceeding 15% of this fixed compensation may be paid in kind, through the use of a car.

(ii) *Variable compensation.*

The annual variable compensation paid to directors for performing their executive duties shall be a cash amount not exceeding 150% of their annual fixed gross salary, which shall be linked to the achievement of two types of objectives:

a) Corporate operational and financial objectives fixed by the Board of Directors in connection with the Business Plan, including the four following ones:

   (1) the EBITDA set forth in the business plan.
   (2) Compliance with debt ratios.
   (3) Compliance with the pipeline set forth in the business plan.
   (4) Compliance with the ESG action plan for that year.

b) Specific objectives for the executive director. The managing director position has no specific objectives attached, as the Company considers the objectives of this position correspond to those of the Company as a whole.

(iii) *Participation in the Stock Option Plan.*

Executive directors may participate in the Incentive Plan (Stock Option Plan) approved by the Board of Directors for employees and collaborators of the Company. More specifically, they may be given the option to purchase, in accordance with rules of the stock option plan, a number of shares whose aggregate value does not exceed 300% of their fixed annual compensation at the time of granting the option.

In practice, the executive director shall be granted an option to purchase a specific number of shares. Every year, the beneficiary shall be entitled to consolidate up to 25% of the options granted. The consolidation shall be determined by the Appointments and Remuneration Committee having regard to the achievement by the beneficiary of the objectives fixed for accrual of the variable compensation.

The beneficiary may exercise the option on the consolidated shares between two and five years after the time of granting of the option. Consequently, the only period of retention of consolidated shares is one year after the first consolidation (25%), which takes place after the first year, as the beneficiary may only exercise the option over said consolidated options after expiry of a two-year period following the date of granting.

The option exercise price, to be fixed at the time of granting of the option by the Company, shall be comprised between the market price of the share at the close of the trading session preceding the date of granting and the average market share price during the ninety trading sessions preceding the date of granting of the option.

The option may only be exercised if the beneficiary remains in the Company. The Plan regulates the usual exceptions to this rule (dismissal, retirement, decease or incapacity of the beneficiary).

The specific variable compensation or the stock option consolidation shall be determined by the Board of Directors after drawing up the annual accounts for the financial year in respect of which such compensation is paid. Before such determination is made, the Audit Committee shall assess achievement of the objectives set forth in sections (ii) a) (1), (2) and (3) above, which shall apply both to the variable compensation and to the consolidation of the options granted, and the Appointments and Remuneration Committee shall assess achievement of the remaining objectives before issuing a favourable report to recognise the variable compensations and the consolidation of the relevant options. However, the Board of Directors may decide not to pay the variable compensation or the option consolidation, even if the objectives are achieved, in the following circumstances:

- If the Group's consolidated accounts show a loss or an unexpected reduction of profits,
- If the relevant Director infringes the Company's Code of Conduct,
- If the Director is subject to criminal charges or to investigation in criminal proceedings, or
- Situation of risk of insolvency for the Company.

5.2.2. <u>Terms of the contracts to be signed with executive directors.</u>

In no event shall these contracts stipulate any severance pay that exceeds the amount that would be payable to them had they been employed under an ordinary permanent contract, with a maximum of two years' compensation (without ever taking into account the executive director's participation in the Stock Option Plan). In addition, any severance pay shall only be paid after the Company has been able to verify that the director has met all pre-determined performance criteria.

The contracts signed with executive directors shall be permanent and, in general, shall establish an exclusivity clause, without prejudice to any other activities authorised in the best interest of the Group or any other activities, such as the administration of their personal wealth or responsibilities in their own businesses, in family companies or in companies belonging to the Company's group, provided that such activities do not hinder compliance with the duty of care and loyalty that is inherent to their position or imply any kind of conflict with the Company. These contracts do not contain any post-contractual non-compete clause. However, this type of clause may be established if new executive directors are added to the Board, in which case the compensation to be paid in consideration of this clause shall be up to 75% of the fixed annual remuneration payable during the non-compete period.

The contracts signed with executive directors shall contain a clause allowing the Company to demand repayment of the variable items of the compensation where payment thereof was not consistent with the director's performance conditions or if such variable items were paid taking into account data whose inaccuracy was subsequently established (clawback clause) during the three-year period following recognition of the relevant variable compensation.

The contracts shall provide for a six months' prior notice both for termination of employment by the Executive Director and for termination of employment by the Company.

5.3. Compensation payable to external or non-executive directors.

The compensation payable to non-executive directors consists of a fixed annual sum made up of the following items:

5.3.1. Cash amount.

An annual cash amount to be established by the Board of Directors having regard to the functions and responsibilities given to each of the directors as members of the Board's committees, as chairpersons thereof or as coordinator directors. The following items are considered:

a) A maximum fixed gross annual cash amount of EUR 34,000 to each member of the Board of Directors who is a non-executive director.

b) An additional fixed annual amount is established for members of any Board of Directors' committees. A yearly amount of EUR 6,500 is payable to each member of a committee, with an additional amount of EUR 3,000 being payable to the chairpersons.

c) If a coordinator director is appointed, he/she shall be entitled to an additional compensation amounting to EUR 3,000.

5.3.2. Compensation in kind

This compensation takes the form of shares in the Company, by the delivery of the number of paid-up shares that may be purchased with an amount equal to 15% of the fixed cash compensation to be received by each director in respect of that financial year. The delivery shall take place in the month following financial year-end, and the price of the shares to be taken into account shall be the average price of the shares in the last ninety trading sessions of the financial year.

In any event, directors are required to retain the shares until they cease to act as such, unless they need to dispose thereof to pay the costs relating to their acquisition.

5.4. Compensation payable for secretarial functions within the Board of Directors.

Any director who also acts as secretary of the Board (or the professional company of which he/she is part) shall be entitled to receive an annual amount of EUR 40,000 in consideration of said secretarial services. This annual amount will absorb the compensation he/she may receive as director up to a maximum sum of EUR 22,000. Both the compensation received by directors in their capacity as such and the sum received for their secretarial services are included in the maximum amount provided for in section 5.1 of this Compensation Policy.

5.5. Social security benefits.

Directors shall not be beneficiaries of social security systems other than those to which they are entitled by law, with the Company or the director being required to pay the relevant contribution, as determined by law.

5.6. Liability insurance.

The Company may take out directors' and officers' liability insurance, with a premium that may not exceed EUR 50,000.

6. COMPENSATION POLICY APPLICABLE TO NEW DIRECTORS.

The provisions of this policy shall apply to any directors that are appointed in the future, insofar as it continues to be in force.

7. CONSIDERATIONS REGARDING THIS COMPENSATION POLICY.

This Compensation Policy is in line with the long-term business strategy and with the interests and sustainability approach of the Company, firstly because of the moderate nature of the remunerations paid, in the lower part of the bracket of compensations paid by comparable companies, both in terms of market capitalisation and of the sector in which the Company operates; and secondly, because the Policy establishes, in respect of executive directors, a variable compensation and a compensation in the form of a stock option plan, with accrual criteria that include the fixing of objectives, such as the debt ratio – which are meant to discourage excessive risk-taking –, the existence of a specific pipeline – which also provides for long-term developments – and compliance with the ESG plan.

When it came to fixing the conditions of the compensation packages, the remuneration and employment conditions of the Company´s workers have been taken into account in designing the Compensation Policy, as it has been decided that the remuneration payable to executive directors shall not exceed more than 6 times the average compensation paid to the personnel, and that payable to non-executive directors shall not exceed more than 1.5 times said average remuneration of the personnel.

The Compensation Policy provides information on any period of deferral and the possibility granted to the Company to demand repayment of the variable compensation (clawback clause), accrual periods and the periods during which the shares must be retained after consolidation, the term of the contracts or agreements with directors, any applicable prior notice periods, the main characteristics of any complementary pension or early retirement systems, the termination conditions and the payments related thereto.

It also explains the decision-making process that has been followed for determination, review and implementation thereof, including any measures aimed at avoiding or managing any interest conflicts and, where appropriate, the functions of the Appointments and Remuneration Committee and of any other committee that may have been involved in the process.

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