



REPORT ON THE FUNCTIONING OF GREENERGY RENOVABLES S.A.'S AUDIT COMMITTEE IN FINANCIAL YEAR 2019

During financial year 2019, there was a significant change in the functions and the composition of the Audit Committee of the Greenergy Renovables S.A. group.

Greenergy Renovables, S.A. became a listed company on 16 December 2019. Up to that date, its shares were traded on the Alternative Stock Exchange – Expanding Companies segment. As the Company was not required to have two different committees, one for Audit and Control and another one for Appointments and Remunerations, as this requirement only applies to listed companies, Greenergy Renovables S.A. had one single committee, called Audit, Control, Appointments and Remuneration Committee, which was in place until 15 November 2019. As from this date, when the Company started the procedure to have its shares admitted for trading on the Stock Exchange, the Board of Directors set up two separate committees: the Audit Committee and the Appointments and Remuneration Committee.

Therefore, this report concerns the activities of the Audit, Control, Appointments and Remuneration Committee as regards its functions in the field of auditing, risks and control up to 15 November 2019, and the activities of the Audit Committee after that date.

COMPOSITION

The Audit, Control, Appointments and Remuneration Committee of the Greenergy group was set up by resolution of the Company's Board of Directors of 26 July 2016 and consisted of three members:

- Ms. Ana Peralta Moreno, independent, Chairwoman of the Committee.
- Daruan Group Holding S.L. represented by Mr. Antonio Francisco Jiménez Alarcón, shareholding director, member of the Committee.
- Mr. Nicolás Bergareche Mendoza, independent director, member and Secretary of the Committee.

Both Ms. Ana Peralta Moreno and Mr. Antonio Jiménez Alarcón (representative of Daruan Group Holding S.L.) were appointed on account of their knowledge and experience in the fields of accounting and auditing.

Since 15 November 2019, when the Audit, Control, Appointments and Remuneration Committee was divided into two committees, the Audit Committee has been made up of the following members:

- Ms. Ana Peralta Moreno, independent director, Chairwoman of the Committee.
- Mr. Nicolás Bergareche, independent director, member.
- Ms. Rocío Hortigüela, independent director, member.

The Secretary of the new Audit Committee is Mr. Florentino Vicancos Gasset, who is also a member and the Secretary of the Board of Directors.

Overall, the members of the Audit Committee have the relevant technical knowledge, the professional experience and the dedication required to perform their duties.

DUTIES AND FUNCTIONING

The Audit, Control, Appointments and Remuneration Committee, which was in place until 15 November 2019, was governed by the operating rules approved by the Board of Directors at its meeting held on 3 November 2016. Its overall goal was to give advice to the Board of Directors and to watch over any issues concerning audit functions, corporate governance and internal control systems and risks, the preparation of financial information and communication thereof to third parties, appointments of directors and members of the management team and remuneration policies.

Since 15 November 2019, the Audit Committee has been governed by the Regulations of Grenergy Renovables, S.A.'s Board of Directors, as approved on that date and, more specifically, by sections 29 and 30 of Chapter Two, on Board Committees.

To sum up, notwithstanding all the functions assigned to the Audit Committee by virtue of law or the By-laws, its main responsibilities are specified below:

1. To oversee the process of preparing and filing financial information and the management report, including, when appropriate, the mandatory non-financial information, and to submit recommendations or proposals to the Board of Directors aimed at safeguarding its integrity.
2. To set up the relevant relationships with the external auditor and serve as a communication channel between the latter and the Board of Directors, with the purpose of:
 - a. To assess the outcome of each audit;
 - b. To submit to the Board of Directors all proposals for the selection, appointment, re-election or replacement of the auditor of accounts;
 - c. To collect, on a regular basis, information from the auditor of accounts on its audit plan and the implementation thereof;
 - d. To preserve the external auditor's independence in performing its functions.
3. To monitor the efficiency of the Company's internal control procedures, internal audits and risk management systems.
4. To oversee compliance with the rules set forth in the Company's internal codes of conduct and in its corporate social responsibility policy.
5. To oversee compliance with the rules on corporate governance, which has been the responsibility of the Appointments and Remuneration Committee since 15 November 2019.

ACTIVITIES OF THE COMMITTEE DURING FINANCIAL YEAR 2019

What follows is a summary of the activities carried out by the Audit, Control, Appointments and Remuneration Committee in connection with the audit and control functions performed by the Audit Committee (after 15 November 2019) for financial year 2019.

The Audit, Control, Appointments and Remuneration Committee held a total number of 6 meetings throughout financial year 2019.

The Audit Committee held three meetings in 2019, and two meetings in 2020 prior to the date on which the Board of Directors drew up the annual accounts for financial year 2019, in due compliance with the duties relating to the preparation of the accounts.

1.- In connection with the overseeing of the process of preparing and filing financial information

At practically all the meetings held, the Committee has reviewed the situation and evolution of the main items of the group's balance sheet and profit and loss account, including in particular the quarterly financial reports. It has also analysed the group's indebtedness towards financial institutions and the development of the Grenergy group's project portfolio, as well as the manner in which the main asset rotation transactions are posted in the accounting records.

Before it was approved and published, the Committee oversaw the preparation of mandatory financial information, including the interim consolidated financial statements, the annual accounts and the annual report on corporate governance, and held meetings with the Company's external auditor to assess the outcome of each audit or limited review. In connection with the interim consolidated financial statements, it should be highlighted that, after reviewing the considerations made by the CNMV (Spain's Financial Market Authority) during the process of preparation of the Stock Exchange admission document, which would have a significant effect on said financial statements if they were to be assumed by the Company, the Committee agreed to accept these recommendations and to submit a favourable report to the Board of Directors in respect of the need to redraft the half-yearly financial statements that had been previously drawn up. The Board of Directors approved the redrafting of said half-yearly financial statements as of 2 December 2019, prior to the date on which the Company was floated.

The Committee has also reviewed the contents of the draft version and the preparation of the prospectus for the issue of corporate bonds on the Alternative Debt Securities Market (MARF).

2.- In connection with the External Auditor

The Committee has been informed of the planning of external auditing work and the extent to which it is being complied with.

In addition, the Committee has held a number of meetings with the external auditor, during which the Committee received the reports concerning its auditing work and reviewed in detail the possible issues that could have arisen in accounting matters or in the field of risks or internal control of financial information. In this respect, the external auditor stated that it had carried out its tasks smoothly and with all the assistance needed from the Company's financial department. The Committee has also monitored the implementation of the action plans set up by the Financial Department as a result of the recommendations for improvement made by the external auditor in connection with the auditing work performed when reviewing the annual accounts for the previous financial year.

The external auditor's report contains no reserves and gives a favourable opinion on the appropriateness of the annual accounts as they give a fair view of the net worth and the financial situation of the Company and the Group as of 31 December 2019.

Throughout 2019, the Committee led and oversaw the process to select a new external auditor for financial years 2019-2021, both inclusive, in order to guarantee that the implementation of the process would be guided by the principles of transparency and equal opportunity for all participants. After reviewing all the offers received, the Committee recommended the Board of Directors to appoint Ernst & Young as new auditor of accounts. This appointment was approved by the General Meeting of Shareholders on 17 June 2019.

The Committee has also examined the independence of the auditing firm and reviewed the fees paid to the latter, both for its account audit services and for the different services it provides, which in any event were previously authorised by the Committee itself.

In addition, the Committee has appraised the performance of the external audit and the quality of its work.

3.- In connection with internal control and risk management

During the financial year, the Audit Committee encouraged the drafting and approval of a risk management and control policy and determined the structure and functions of the Department of Risk Management and Control and Internal Audit.

In addition, the Committee reviewed and monitored the risks identified as relevant to the business developed by Grenergy Renovables S.A. in its different countries.

4.- In connection with the Company's codes of internal conduct and corporate social responsibility policy

The Committee held a meeting with the head of the Compliance Department to review the report detailing the actions carried out by this Department in the field of crime prevention, monitor compliance with the legal provisions and codes of conduct applicable and schedule new activities for the Department.

The Committee has been informed of the progress made by the Company in terms of corporate social responsibility and sustainability.

5.- In connection with the monitoring of corporate governance rules

To continue the work started in 2018 to assess and identify areas of improvement in the field of corporate governance for implementation prior to the Company becoming public, in 2019 the Committee, together the Secretary of the Board, submitted an action plan that was approved by the Board of Directors. This plan was implemented throughout 2019 and strengthened the Company's corporate governance.

CONCLUSIONS

The Committee understands that it has faithfully and duly fulfilled all obligations imposed upon it by commercial law and the recommendations set forth by the Company's Code of Good Governance.