



REPORT DELIVERED BY GREENERGY RENOVABLES, S.A.'S BOARD OF DIRECTORS ON THE MODIFICATIONS TO THE BOARD OF DIRECTORS' REGULATIONS PROPOSED IN ITEM 7 OF THE AGENDA OF THE ORDINARY GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON FIRST CALL ON 29 JUNE 2021

1.- Purpose of the report.

This report has been drawn up by the Board of Directors of Greenergy Renovables, S.A. (hereinafter, the “**Company**” or “**Greenergy**”) to comply with the provisions of section 528 of the Joint Stock Companies Act, according to which in a listed company “the board of directors, upon delivery of a report to the general meeting, shall approve its regulations containing internal rules and the regulating the functioning of the board itself, in accordance with law and the by-laws, establishing specific measures aimed at ensuring that the company is managed as efficiently as possible”. Consequently, even if approval of the Board of Directors’ Regulations is the responsibility of the Board itself, a mandatory report has to be drawn up and submitted to the General Meeting on this matter.

This report is deemed to be mandatory both when the Board of Directors’ Regulations are approved and when they are amended.

The Board of Directors’ Regulations were approved by the Board of Directors on 1 October 2019 and the Extraordinary General Meeting of Shareholders was informed thereof on 15 November 2019. However, the Board of Directors’ Regulations have been amended by different resolutions of the Board dated 15 December 2020 and 11 May 2021. Consequently, the purpose of this report is to provide information on the modifications made to the Regulations after these two meetings.

2.- Method followed in drawing up the report.

The Board of Directors’ Regulations, as explained in its article 1, aims at establishing the internal and functioning rules of Greenergy’s Board of Directors de Greenergy, determining for this purpose its operational principles and the basic rules governing its organisation and functioning, while developing and completing the provisions set forth by law and in the Company’s By-Laws, thus ensuring that the Company is managed as efficiently as possible.

This is why these Regulations are important for shareholders, insofar as they somehow predetermine the administration of the Company.

This report begins by highlighting the reasons that led the Board to amend the Board of Directors’ Regulations, and subsequently explains the content of these modifications.

3.- General justification for modifying the Regulations.

The overall purpose sought to be achieved by the modifications made to the Regulations was simply to adapt the same both to the reform of the Code of Good Governance and to the changes made to the Joint Stock Companies by means of Act 5/2021, of 12 April, modifying the Joint Stock (consolidated) Companies Act, as approved by Royal Legislative Decree 1/2010, of 2 July, and other financial provisions, encouraging shareholders' long-term involvement in listed companies.

In the opinion of Grenergy's Board of Directors, these amendments to Board of Directors' Regulations are beneficial to shareholders, as they aim at adapting the provisions thereof to the Code of Good Governance (and other legal provisions) with the purpose of reviewing and strengthening the Company's corporate governance system, having regard to the good governance recommendations generally accepted in Spain.

4.- Detailed justification of the modification.

4.1. Modification of article 14 ("Removal of Directors").

This article is amended in order to reflect Recommendation 22 of the Code of Good Governance (as amended in June 2020), by establishing that directors shall have to inform the Board of any situation affecting them, whether or not related to their situation within the Company itself, which may cause harm to the prestige and reputation thereof (and therefore not only criminal proceedings, as previously established), including any criminal proceedings in which directors are subject to investigation, and any procedural vicissitudes. In accordance with this Recommendation 22, it is also established that "when the board is informed or becomes aware of any of the situations mentioned in the previous paragraph, the board of directors should examine the case as soon as possible and, attending to the particular circumstances, decide, based on a report from the appointments and remuneration committee, whether or not to adopt any measures such as opening of an internal investigation, calling on the director to resign or proposing his or her dismissal. The board should give a reasoned account of all such determinations in the annual corporate governance report, unless there are special circumstances that justify otherwise, which must be recorded in the minutes. This is without prejudice to the information that the company must disclose, if appropriate, at the time it adopts the corresponding measures."

4.2. Modification of article 18 ("Operations with related parties").

This article has been modified in line with the provisions of Recommendation 2 of the Code of Good Governance (as amended in June 2020), which established the obligation of companies controlled by another company, whether listed or not, if they had business relationships with said company or any of its subsidiaries (other than those of the listed company) or carried out activities related to the activities of any of them, to report this situation publicly, by providing specific information about the respective areas of activity and possible business relationships between, on the one hand, the listed company or its subsidiaries and, on the other, the parent company or its subsidiaries, and about the mechanisms established to resolve any conflicts of interest that may arise.

The amendment proposed provides for the Board's mandatory approval, following a favourable report of the Audit Committee, of the business activities established by the Company or its subsidiaries with its dominant (or parent) company or its subsidiaries, while ensuring that relevant information thereon is provided, at least in the Annual Corporate Governance Report. In addition,

this amendment also provides for the abstention of any directors who are related in any manner whatsoever to the parent company.

Consequently, this amendment sets forth, in addition to the obligation to provide public information, the mechanisms required to resolve any conflicts of interest that may occur, through the abstention of an directors involved therein.

4.3. Modification of article 22 (“Remuneration”).

The following paragraph has been added to letter c) of subsection 1:

“In any event, the payment of the variable components of remuneration is subject to sufficient verification that previously established performance, or other, conditions have been effectively met. Entities should include in their annual directors’ remuneration report the criteria relating to the time required and methods for such verification, depending on the nature and characteristics of each variable component. Additionally, entities should consider establishing a reduction clause (‘malus’) based on deferral for a sufficient period of the payment of part of the variable components that implies total or partial loss of this remuneration in the event that prior to the time of payment an event occurs that makes this advisable.”

These provisions are in line with Recommendation 59 of the Code of Good Governance (as amended in June 2020).

The following provisions have also been added to subsection 2:

“Termination payments should not exceed a fixed amount equivalent to two years of the director’s total annual remuneration and should not be paid until the company confirms that he or she has met the predetermined performance criteria. For the purposes of this recommendation, payments for contractual termination include any payments whose accrual or payment obligation arises as a consequence of or on the occasion of the termination of the contractual relationship that linked the director with the company, including previously unconsolidated amounts for long-term savings schemes and the amounts paid under post-contractual non-compete agreements.”

These provisions are in line with Recommendation 64 of the Code of Good Governance (as amended in June 2020).

4.4. Modification of article 30 (“The Audit Committee”).

The following modifications have been made to this article:

1.- The first paragraph has been modified to set forth that a majority of members of the audit committee should be independent, in line with Recommendation 53, given that this committee is entrusted with some of the functions provided for in Recommendation 54, both from the Code of Good Governance (as amended in June 2020).

2.- Function 4 has been amended in order to indicate that “the risk control and management model is based on different risk models” and to highlight that the risks have to be of financial or non-financial nature, while specifying some of those risks in line with the provisions of the recommendation, in accordance with Recommendation 45 of the Code of Good Governance (as amended in June 2020).

3.- Function 6 has been modified to establish the necessary approval, by the Audit Committee, of the Internal Audit Annual Plan, which must cover reputational risk, in line with Recommendations 41 and 42.1.b) of the Code of Good Governance (as amended in June 2020).

4.- Function 7 has been modified to include non-financial information as part of the information in respect of which the Audit Committee has to monitor the preparation process and integrity, as well as to specify that it has to cover all financial and non-financial risks, while indicating some of the latter, in line with Recommendation 42.1.a) and Recommendation 45 of the Code of Good Governance (as amended in June 2020).

5.- The following functions have been added:

15. Report in any event the business relationships existing between the Company and its subsidiaries or with its dominant (or parent) company, and ensure that public information thereon is provided, at least in the Annual Corporate Governance Report.
16. Ensure that the internal control policies and systems established are applied effectively in practice.
17. Monitor the implementation of the general policy regarding the disclosure of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, proxy advisors and other stakeholders. Similarly, the way in which the entity communicates and relates with small and medium-sized shareholders should be monitored.
18. Report the operations with related parties that must be approved by the General Meeting or by the Board of Directors and monitor the internal procedure implemented by the Company for such operations whose approval has been delegated.

Function 15 has been added to comply with Recommendation 2, Function 16 to comply with Recommendation 42.1.d), Function 17 to include the function contained in Recommendation 54.b), and Function 18 to include the provisions of section 529.4.4.g) of the Joint Stock Companies Act (as amended by Act 5/2021).

4.5 Modification of article 31 (“The Appointments and Remuneration Committee”).

The following changes have been made to this article:

- 1.- The first paragraph has been modified to specify that a majority of members of the appointments and remuneration committee have to be independent, in line with Recommendation 53, given that this committee is entrusted with some of the functions provided for in Recommendation 54, both from the Code of Good Governance (as amended in June 2020).
- 2.- Function 16 has been amended to include the functions set forth in Recommendation 54 of the Code of Good Governance (as amended in June 2020).

SCHEDULE 1

BOARD OF DIRECTORS' REGULATIONS

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