



GREENERGY RENOVABLES, S.A.

ORDINARY GENERAL MEETING OF SHAREHOLDERS (APRIL 2023)

APPOINTMENTS, REMUNERATION AND SUSTAINABILITY COMMITTEE'S REPORT IN CONNECTION WITH THE PROPOSED MODIFICATION OF THE DIRECTORS' COMPENSATION POLICY (ITEM EIGHT ON THE AGENDA).

1. PURPOSE OF THE REPORT

This report has been prepared by the Appointments, Remuneration and Sustainability Committee of Greenergy Renovables, S.A. ("**Greenergy**" or the "**Company**") in connection with the proposed amendment to the directors' compensation policy, as approved by the Company's General Meeting of Shareholders held on 11 May 2022 (the "**Compensation Policy**").

Pursuant to the provisions of section 529.19 of the Joint Stock Companies (Consolidated) Act, as approved by Royal Legislative Decree 1/2010, of 2 July (the "**Joint Stock Companies Act**"), the proposal to amend the Board of Directors' Compensation Policy must be substantiated and supported by a specific report from the Appointments, Remuneration and Sustainability Committee, to be made available to the shareholders on the Company's website when the General Meeting is called, together with the rest of the relevant documentation. For these purposes, the Company's Appointments, Remuneration and Sustainability Committee of has delivered this explanatory report (the "**Report**").

2. JUSTIFICATION FOR THE PROPOSAL

This proposal to amend the Compensation Policy is mainly limited to modifying the amount of the various items comprising the remuneration of directors in their capacity as such, i.e. for their membership of the Board of Directors and its Committees.

According to subsection 4 of section 217 of the Joint Stock Companies Act, "the remuneration payable to directors must always be in reasonable proportion to the importance of the company, its financial condition at any given time and the market standards of comparable companies". The main objective of the proposed amendment to the Compensation Policy is to comply with this principle. In this respect, it has been deemed appropriate to adjust the remuneration of the directors in their capacity as such so that it is in reasonable proportion to the importance of the Company, its current financial condition and the market standards of comparable companies. In particular, when fixing the new remuneration of directors in their capacity as such, the remuneration of directors in companies with similar capitalisation and, additionally, in other companies in the same sector, has been taken into account.

The Committee has also deemed it appropriate to increase the remuneration of directors in their capacity as such in order to continue attracting and retaining the talent required within the Board of Directors, thus promoting the long-term sustainability of the Company.

For this purpose, the Appointments, Remuneration and Sustainability Committee has been advised by WTW, an independent external advisor specialising in director's compensation, in connection with the positioning of the remuneration received by the Company's non-executive directors with respect to other comparable companies, after analysing, inter alia, the structure and composition of the corporate bodies and the dedication of the Company's directors.

3. MAIN PROPOSED AMENDMENTS

It is proposed to increase the compensation currently paid to directors in their capacity as such, i.e. non-executive directors. In this respect, the resulting amounts to be received by directors in their capacity as such would be:

- (a) A maximum fixed annual gross amount in cash for each non-executive director for membership of the Board of Directors of 54,000 euros.
- (b) An additional fixed annual amount in cash depending on membership of the Board of Directors' Committees. An annual amount of 13,500 euros is fixed for membership of the Audit Committee and 11,250 euros for membership of the Appointments, Remuneration and Sustainability Committee. The chairperson of the Audit Committee will receive 22,500 euros and the chairperson of the Appointments, Remuneration and Sustainability Committee will receive 18,000 euros.
- (c) The co-ordinating director will receive additional compensation amounting to 6,750 euros.

Accordingly, in line with market standards, it is proposed that all remuneration of directors in their capacity as such should be in cash, i.e. it is proposed that part of the remuneration of non-executive directors should be paid in shares.

In addition, it is proposed to replace the reference to the maximum amount of annual compensation to be paid to all directors with "maximum amount of annual remuneration to be paid to all directors in their capacity as such" in line with the provisions of article 529.17 of the Joint Stock Companies Act. Therefore, the maximum amount to be received remains unchanged at 600,000 euros, although it is limited only to the directors in their capacity as such, i.e. excluding from this amount the remuneration to be received by directors performing executive functions.

On the other hand, it is proposed to establish the amount of the fixed annual remuneration payable to a director for the performance of his/her executive duties in accordance with the provisions of section 529.18 of the Joint Stock Companies Act (on the date of this Report, only the Chairman of the Board of Directors and Chief Executive Officer, Mr. David Ruiz de Andrés, performs executive duties). The amount has been set at 90,000 euros.

In addition, with regard to the objectives linked to the executive director's variable compensation, it is proposed to include a new specific objective related to corporate governance matters, which reinforces the Company's commitment to ESG.

It is also proposed to remove any reference in the Compensation Policy to the executive director's participation in the Company's stock option plans insofar as he is not currently a beneficiary of any plan.

Finally, it is proposed to delete the reference to the amounts to be received by any director for acting as secretary of the Board of Directors of the Company, since this position is not expected to be held by a director.

4. PROCESS OF DETERMINING THE PROPOSED AMENDMENT TO THE COMPENSATION POLICY.

Pursuant to the provisions of applicable regulations and the Company's corporate governance documents, the Appointments, Remuneration and Sustainability Committee is the body responsible for proposing to the Board of Directors the Compensation Policy and any amendments thereto, as well

as the individual remuneration and other contractual conditions of the executive director, ensuring compliance therewith and proposing, where appropriate, such amendments as it may deem necessary.

5. CONSIDERATIONS ON THE PROPOSED AMENDMENT

This proposed amendment to the Compensation Policy contributes to the business strategy and to the long-term interests and sustainability of the Company.

Furthermore, when determining the new compensation to be paid to non-executive directors, the remuneration of directors in companies with similar capitalisation and, additionally, in other companies in the same sector has been taken into account. Thus, the market standards of comparable companies are deemed to have been taken into account at all times.

Finally, in setting these remuneration conditions, the compensation and other employment conditions of the Company's employees have been taken into account.

6. VALIDITY

The Board of Directors, following a proposal from the Appointments, Remuneration and Sustainability Committee, shall submit this proposed amendment to the Remuneration Policy for approval at the next Ordinary General Meeting of Shareholders which, if approved, shall be fully effective as from the time of its approval.

The Compensation Policy shall therefore remain in force for 3 financial years (2023, 2024 and 2025), as approved at the General Meeting of Shareholders held on 11 May 2022. Notwithstanding the foregoing, the Appointments, Remuneration and Sustainability Committee may propose a new policy for approval at an earlier date if deemed appropriate, as well as such amendments to the Compensation Policy as may deem appropriate to propose.

This report was drawn up and approved by the Appointments, Remuneration and Sustainability Committee at its meeting held on 14 March 2023.