



## **GENERAL POLICY ON RISK MANAGEMENT, RISK CONTROL AND INTERNAL AUDIT**

The Board of Directors of GREENERGY RENOVABLES, S.A. (hereinafter, the Group, GREENERGY or the GREENERGY Group), in accordance with article 4 of its Regulations, is responsible for determining the Group's risk control and management policy, identifying the Company's main risks and implementing and supervising the internal information and control systems in order to ensure the future viability and competitiveness of the Company.

The risk control and management policy is based on the following principles:

### **1. Target**

The main objective of this policy is to establish the basic principles and general framework for the control and management of the different types of risks affecting the Group in the various countries in which it operates, so that risks are identified, quantified and managed at all times.

### **2. Outreach**

The Control, Risk Management and Internal Audit Policy is applicable in all the companies that make up the Group, as well as in the investee companies that are not part of the Group over which GREENERGY has effective control.

### **3. Risk Factors**

In general, a risk is considered to be any internal or external contingency which, if it materialises, could prevent the Group from achieving its objectives and carrying out its strategy and business plans successfully, adversely affecting the results and financial situation of the companies of the GREENERGY Group.

### **4. General principles**

GREENERGY's general risk management principles are as follows:

- 4.1.** Respect the regulatory framework in force at all times, the corporate governance system and the values set out in the Code of Ethics, the Crime Prevention Protocol and the Group's regulations in general.
- 4.2.** To ensure that GREENERGY's governing bodies, when defining strategic plans, take into account the risks faced by the Group, and that the Company adequately manages these risks in order to achieve long-term objectives, defend the interests of shareholders and other stakeholders, and guarantee sustainable business and financial soundness. This principle involves integrating the risk variable into strategic and operational decisions.

- 4.3. Establish an effective and adequate organisational structure that assigns clear responsibilities for risk management and control, as well as for the supervision of the risk system as a whole, and that separates, at the operational level, the functions between the risk-taking areas and the areas responsible for supervision, ensuring an adequate level of independence.
- 4.4. Establish appropriate audit or review mechanisms where necessary.
- 4.5. Ensure that risks that may affect the group are identified, recorded, assessed, managed and controlled.
- 4.6. Report transparently on the Group's risks and the functioning of the systems developed for their control to regulators and the main external agents, maintaining the appropriate channels to encourage communication.
- 4.7. Develop and establish appropriate policies and procedures for the control and management of the different risks that impact the Group.
- 4.8. Establish the measures foreseen to mitigate the impact of the identified risks should they materialise.
- 4.9. Create a risk control culture in the organisation, through the definition of strategy and risk appetite, and the incorporation of this variable into strategic and operational decisions.
- 4.10. Act at all times in accordance with the values and standards of conduct reflected in the Code of Ethics, under the principle of "zero tolerance" towards the commission of illegal acts and situations of fraud set out in the Crime Prevention Protocol.

## 5. Control system, risk management and internal audit

### Organisational model

The Board of Directors is responsible for determining the Group's control, risk management and internal audit policy, identifying the main risks of the Company and implementing and supervising the internal information and control systems, in order to ensure the future viability and competitiveness of the Company, adopting the most relevant decisions for its best development.

To this end, it will rely on the **Audit Committee**, which is responsible for supervising the effectiveness of the Company's internal control and risk management systems and for reporting periodically to the Board of Directors on the functioning of these systems. In particular, the Audit Committee shall supervise the process of preparation and presentation of financial information, as well as the functioning of the internal control over financial reporting (ICFR) systems. The Audit Committee shall also oversee the effectiveness of the corporate internal control and risk management function and the Internal Audit function.

At the operational level, each **business unit** is responsible for properly identifying and quantifying the risks affecting it, and for implementing the necessary policies and controls to mitigate them in a reasonable manner.

In this regard, the Company has identified the following as the main risk-taking units in the different stages of the value chain:

- Development
- Project Funding
- Construction
- Power Generation
- Operation and Maintenance
- Asset Management
- Shopping
- Finance

At the corporate level, the Group has a **control, risk management and internal audit function**, independent of the businesses, which brings together information on all the Group's risks, assesses their situation and reports periodically to the Board of Directors on them. It also carries out independent reviews of the functioning of the controls established by the different business units. The internal control, risk management and internal audit function is carried out by an internal authority or department of the Company, which is expressly assigned the following functions: (i) to ensure the proper functioning of the risk control and management systems and, in particular, that all significant risks affecting the Company are identified, managed and adequately quantified; (ii) to participate actively in the preparation of the risk strategy and in major risk management decisions; and (iii) to ensure that the risk control and management systems adequately mitigate risks within the framework of the policy defined by the Board of Directors; (iv) prepare an Annual Internal Audit Plan based on the most relevant risks, which is approved by the Audit Committee; (v) keep the Audit Committee informed of the activities and projects carried out, as well as the most relevant recommendations, through the corresponding follow-up reports or internal audit reviews; (vi) provide, with reasonable assurance, its professional opinion regarding compliance with the policies and functioning of the internal control system.

In addition, the Group has a Regulatory **Compliance Unit** whose responsibility is to carry out all necessary actions for the correct implementation and operation of the Crime Prevention System, as well as to define and apply procedures to promote and control compliance with the external and internal regulations applicable to GREENERGY.

### Identification and quantification of risks

The Group has a **risk map** that identifies the main business management risks and assesses them in terms of probability and impact on key management objectives and the financial statements. Risks are classified according to these two variables to facilitate their prioritisation.

Both business and corporate functions are involved in risk identification, analysis and assessment.

The corporate risk management, risk control and internal audit function ensures that the methodology and criteria used for risk quantification are homogeneous and common to the entire organisation.

### **Action plans**

Once the risks have been identified, quantified and classified, the heads of the different areas establish the necessary management measures and controls to keep the risks affecting them within the levels considered reasonable for the Group. If these levels are exceeded, the necessary action plans are established to redress them.

### **Updating and monitoring**

The risk map, with its corresponding action plans, is regularly updated and submitted to the Board of Directors, after review by the Audit Committee, which determines the prioritisation of risks according to their impact on the Group's strategic objectives.

### **Complementary policies**

This risk management and control policy is complemented by the following policies and codes of conduct which are also subject to approval by the Board of Directors of the Company:

- Code of Ethics
- Crime Prevention Protocol
- Purchasing policy
- Expenditure policy
- Sustainability policy

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