



Policy on the Composition of the Board of Directors

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Control of revisions

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15/12/2020	15/12/2020	1	Initial version

1. Introduction

The Board of Directors of Greenergy Renovables, S.A. ("Greenergy" or the "Company") is legally entrusted with determining the general policies and strategies of the Company and the Group of Companies of which it is the parent company and, in particular, in accordance with the Good Governance Code and the Regulations of the Board of Directors, the approval and supervision of a policy of appropriate composition of the Board of Directors. Pursuant to the above, the Board of Directors of the Company has agreed at its meeting of 9 November 2019 to approve this Policy on the Composition of the Board of Directors of Greenergy.

2. Purpose

The purpose of this Policy is to establish the criteria and the procedure that the Board of Directors of the Company shall follow in the selection processes relating to the appointment or re-election of the members of the Board of Directors of Greenergy in order to make the functioning of the Board of Directors more effective and professional and to increase the quality of corporate management. In this regard, the Company, in the process of selection or re-election of candidates for directors, shall be guided by the aim of achieving an appropriate balance on the Board of Directors in the best interests of the Company.

Furthermore, the approval of this Policy will seek to ensure that proposals for the appointment of Directors respond to the recommendations of the Code of Good Governance and to the needs of the Company, and that they will constitute well-founded decisions that may be scrutinised by shareholders and the different stakeholders.

3. Subjective scope

This policy shall apply to the selection of directors of the Company as well as the secretary and deputy secretary of the Board, even if they are not directors. In the event that the director is a legal entity, this policy shall apply both to the selection of the legal entity and to the natural person representing it. All of the foregoing will be referred to generically in this Policy as the members of the Board of Directors.

4. Bodies with competence in the selection process for the selection of board members

The following bodies are involved in the selection of the members of the board of directors, in accordance with the regulations in force, the Board of Directors' Regulations and this Policy:

4.1. General Meeting of Shareholders.

The General Meeting of Shareholders is responsible for deciding on the appointment and removal of directors in all cases, with the sole exception of appointment by co-option, which is the responsibility of the Board of Directors, without prejudice to subsequent ratification by the General Meeting.

4.2. Board of Directors.

The Board of Directors shall have the following powers regarding the selection of board members:

- Approval and modification of this Policy.
- The preparation of a report justifying the competence, experience and merits of the candidate proposed for appointment or re-election as director, which must in any case accompany the proposal for appointment or re-election, and shall be attached to the minutes of the General Meeting or of the Board itself.
- Proposals for the appointment or re-election of non-independent directors submitted to the General Meeting for consideration.
- The appointment of directors in the event of co-optation.
- The appointment of the Secretary and Deputy Secretary of the Board of

Directors.

- The establishment, at the proposal of the Appointments and Remuneration Committee, of the profile of the director to be proposed to the General Meeting or elected by the Board in the event of a vacancy.

4.3. Appointments and Remuneration Committee.

The Appointments and Remuneration Committee has the following powers regarding the selection of Board members:

- Assess the needs for the composition of the Board of Directors, the skills required of the candidates, the functions they will perform in the post as well as the dedication required and their availability to carry out their duties effectively. To this end, it shall propose to the Board of Directors in advance the profile of the director to be proposed to the General Meeting or elected by the Board in the event of a vacancy.
- Establish a target for representation of the under-represented sex on the board and develop guidance on how to achieve this target.
- Propose to the Board of Directors the appointment, re-election or removal of Independent Directors for appointment by co-option or for submission to the General Shareholders' Meeting for approval.
- Annually verify compliance with this Policy and report to the Board of Directors.
- To report on any proposed appointment of a member of the Board of Directors prior to its approval or proposal to the General Meeting by the Board of Directors.

4.4. Other charges involved.

The Chairman of the Board of Directors and the chief executive of the Company shall be consulted by the Nomination and Remuneration Committee in relation to the appointment of executive directors.

Any Director may propose potential candidates to fill vacancies on the Board.

The Secretary of the Board of Directors shall ensure that all actions of the bodies responsible for appointing members of the Board of Directors are subject to the applicable regulations, technical guidelines and the Code of Good Governance.

Independent experts may be involved in the process of selecting Directors.

5. General principles

In the selection processes of the members of the Board of Directors, the bodies with competence in this matter shall at all times bear in mind the following principles:

- Principle of diversity of knowledge and experience, whereby efforts shall be made to ensure that the members of the Board of Directors have a diverse background, appropriate level and profile, and experiences that contribute to a broader vision on the part of the Board of Directors.
- Principle of non-discrimination, whereby no candidate may be excluded on the grounds of ideology, religion or belief, ethnicity, race or nation, gender, sexual orientation, family status, illness or disability.
- Principle of gender diversity, by virtue of which effective gender equality will be sought. Within the framework of this strategic element of diversity and under the terms of Recommendation 15 of the Good Governance Code of Listed Companies, Greenergy Renovables S.A. has the objective that, before the end of 2022 and thereafter, the number of female directors should represent at least 40% of the total number of members of the Board of Directors, and no less than 30% prior to that date. The Appointments and Remuneration Committee intends to meet the target and to continue to promote measures to encourage the company to have a significant number of female senior managers.
- Principle of absence of a permanent conflict of interest, whereby persons whose position could give rise to concern about the existence of a permanent conflict of interest shall be preferred.
- Principle of appropriate composition of the board of directors, whereby the board must bring its composition into line with current regulations and technical guidelines. At present, this means:
 - i) Independent and proprietary directors should represent an ample majority over executive directors, and
 - ii) The percentage of proprietary directors out of the total number of non-executive directors should not be greater than the proportion existing between the capital of the company represented by such directors and the rest of the capital, without prejudice, where appropriate, to the adaptation of this criterion in accordance with the terms of the recommendations of good governance in this area assumed by the company.

6. Qualifications required of board members

In order to be appointed as a member of the Board of Directors, the candidate must meet the following requirements:

- To be an honourable, suitable person of recognised professional solvency, competence, experience, qualification, training and availability for the exercise of the post.
- To assume the commitment to comply with the duties and obligations of the Directors and to respect the Company's Code of Ethics. Specifically, in the proposal for re-election of the current members of the Board of Directors, account shall be taken of the commitment shown by the Director during the term of office.
- In the case of independent directors, they must meet the independence requirements set forth in the applicable regulations, including the Company's own. In the case of proprietary directors, the director shall be required to comply with the independence requirements for independent directors.

7. Incompatibilities

Candidates for director shall not be proposed as candidates who are affected by any legal cause of prohibition or incompatibility for the performance of their duties, as well as the following:

- a) Persons who have held senior positions in Spanish public administrations or companies or in national, regional or municipal governments that may be legally incompatible with the performance of the duties of a director of a listed company, in accordance with Spanish state or regional legislation. This cause shall also be deemed to exist when, even without legal impediment, the proximity to the public functions performed by the candidate could detract from the good name and impartiality of the governing bodies of the Company once appointed.
- b) Persons who hold directorships on the governing bodies of other companies in excess of the limits set out in the Regulations of the Board of Directors, or who will exceed those limits if appointed as a director of the company, unless they undertake to comply with the indicated number if they are appointed.

- c) Those who perform similar functions or hold positions of responsibility indirectly competing companies, in entities that control such companies and, in general, those persons whose position could give rise to the fear of the existence of a permanent conflict of interest.

8. Selection process

In the selection process, a distinction is made between the appointment of proprietary directors and independent and proprietary directors.

- Proprietary directors. For the selection of proprietary directors, consideration shall be given to requests from shareholders owning significant stakes in the company's capital, as well as formal requests for a presence on the Board of Directors from shareholders whose shareholding is equal to or greater than that of others at whose request proprietary directors have been appointed.

As soon as the company is obliged to make the appointment, the Board of Directors, following a report from the Appointments and Remuneration Committee, shall issue a report justifying the appointment, assessing the competence, experience and merits of the candidate proposed for appointment, submitting the appointment to the General Meeting or to the board of directors, in the case of co-optation.

- Independent directors. The proposal for the appointment of independent directors shall in all cases be made by the Appointments and Remuneration Committee, which shall include the report on the proposal.

The Board of Directors shall propose his appointment to the General Meeting of Shareholders or shall appoint him if he is co-opted.

- Executive directors. The proposal for the appointment of executive directors may be initiated by the Chairman of the Board or the chief executive or by the Board of Directors itself. In any case, the Chairman of the Board or the chief executive shall be consulted on the proposal.

In all cases, the proposal must comply with the principles and requirements set out in this Policy, especially the provisions of sections 4, 5 and 6 above, and be previously reported by the Nomination and Remuneration Committee.

9. **Validity**

This Policy shall remain in force as long as the Board of Directors of the Company does not approve its modifications