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**ISSUER'S PARTICULARS**

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Financial year end:

[ 31/12/2018 ]

Tax identification code:

[ A62338827 ]

Registered name:

[ **AUDAX RENOVABLES, S.A.** ]

Registered address:

[ AVENIDA NAVARRA, 14 (BADALONA) BARCELONA ]

## A. OWNERSHIP STRUCTURE

A.1. Complete the following table on the company's share capital:

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
31/12/2018	308,203,737.80	440,291,054	440,291,054

Indicate whether there are different classes of shares with different associated rights:

[ ] Yes  
[ v ] No

A.2. Provide details of the direct and indirect holders of significant shareholdings at the year end, excluding directors:

Name or company name of shareholder	% of voting rights attributed to shares		% of voting rights through financial instruments		total % of voting rights
	Direct	Indirect	Direct	Indirect	
EXCELSIOR TIMES, S.L.U.	0.00	90.74	0.00	0.00	90.74

Details of indirect shareholding:

Name or company name of indirect holder	Name or company name of direct holder	% of voting rights attributed to shares	% of voting rights through financial instruments	total % of voting rights
EXCELSIOR TIMES, S.L.U.	ELECTRICA NURIEL, S.L.U.	90.74	0.00	90.74

Indicate the most significant changes in the shareholding structure occurred during the year:

### Most significant changes

The Extraordinary General Meeting of Shareholders of Audax Renovables, S.A. (the "Acquiring Company") and the sole shareholder of Audax Energía, S.A.U. (the "Acquired Company") approved on 23 November 2018 the merger by absorption of the Acquired Company by the Acquiring Company (the "Merger") on the terms established in the joint project of merger formulated by the respective governing bodies.

Moreover, on 27 December 2018, and once the term for the creditors' objection specified by article 44 of the Law 3/2009, of 3 April, on structural changes to the companies has expired, the resolutions were notarised by the notary public Ms Blanca Pardo García filling in for Mr Ramón José Vázquez García, under the notary's register number 2.344. The notarial deed of the Merger was submitted to the Commercial Register in Barcelona on 31 December 2018 and was duly registered on 25 January 2019. As a result, the Merger is fully effective as of 31 December 2018 and will have retroactive accounting effects as of 1 January 2018.

It shall be expressly stated that as a consequence of the Merger all of the rights and obligations of the Acquired Company were assigned to the Acquiring Company by universal succession.

Within the framework of the Merger transaction the share capital of the Acquiring Company was increased by the amount of EUR 210,201,093.20 through the issuance of 300.287.276 equal, accumulative and indivisible shares of EUR 0.70 of nominal value each share, numbered from 140,003,779 to 440,291,054, both numbers included, as a result of which the share capital was established at the amount of EUR 308,203,737.80.

The shares were issued with a share premium of EUR 0.470775549 per share, i.e., a total premium of EUR 141,367,906.98. The shares resulting from the capital increase were subject to an exchange by which 300,287,276 new shares of the Acquiring Company, numbered from 140,003,779 to 440,291,054, both included, of EUR 0.70 of nominal value each share, resulting from the capital increase were assigned to the sole shareholder of the Acquired Company, i.e. Eléctrica Nuriel, S.L.U. (formerly Banana Phone, S.L., sociedad unipersonal), in exchange for 1,800,000 registered shares of the Acquired Company without additional compensation in cash. The shares of the Company owned by the Acquired Company were attributed directly to its sole shareholder, therefore Eléctrica Nuriel, S.L.U. currently holds 399,499,175 shares of the Company representing approximately 90.74% of its share capital.

The new issued shares are currently undergoing the process of being admitted to trading on the Stock Exchange of Madrid and Barcelona.

**A.3.** Fill in the following tables listing the members of the company's board of directors who hold voting rights on the company shares:

Name or company name of director	% of voting rights attributed to shares		% of voting rights through financial instruments		total % of voting rights	% of voting rights that <u>can be transmitted</u> through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	0.00	90.74	0.00	0.00	90.74	0.00	0.00

% of total voting rights belonging to the board of directors	90.74
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Details of indirect shareholding:

Name or company name of director	Name or company name of direct holder	% of voting rights attributed to shares	% of voting rights through financial instruments	total % of voting rights	% of voting rights that <u>can be transmitted</u> through financial instruments
DON FRANCISCO JOSÉ ELÍAS NAVARRO	ELECTRICA NURIEL, S.L.U.	90.74	0.00	90.74	0.00

Mr Francisco José Elías Navarro is the sole shareholder of Excelsior Times, S.L.U., which, in turn, is the sole shareholder of Eléctrica Nuriel, S.L.U., the company that is the owner of shares representing approximately 90.74% of share capital of Audax Renovables, S.A.

- A.4.** Where applicable, indicate any family, commercial, contractual or corporate relationships between the owners of significant shareholdings, insofar as they are known to the company, unless they are irrelevant or arise from normal business activities, except for those detailed in section A.6:

Related-party name or company name	Type of relationship	Brief description
No data		

- A.5.** Where applicable, indicate any commercial, contractual or corporate relationships between the owners of significant shareholdings and the company and/or its group, unless they are irrelevant or arise from normal business activities:

Related-party name or company name	Type of relationship	Brief description
No data		

- A.6.** Describe the relationships, unless insignificant for both parties, existing between significant shareholders or shareholders represented in the board and directors or their representatives in the case of corporate directors.

Explain, where applicable, how the significant shareholders are represented. Specifically, indicate the directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders and/or companies of their group, specifying the nature of such relationships. In particular, mention the possible existence, identity and post of directors or their representatives of the listed company, who are, in turn, members of the governing body or representatives of companies that hold significant shareholdings in the listed company or in group companies of those significant shareholders :

Name or company name of the related director or representative	Name or company name of the related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	ELECTRICA NURIEL, S.L.U.	EXCELSIOR TIMES, S.L.U.	Mr Francisco José Elías Navarro is direct holder of 100% of shares of Excelsior Times, S.L.U. and, through this company, of 100% of shares of Eléctrica Nuriel, S.L.U.
Mr EDUARD ROMEU BARCELÓ	ELECTRICA NURIEL, S.L.U.	EXCELSIOR TIMES, S.L.U.	Mr Eduard Romeu Barceló is corporate director of the group of companies of which

Name or company name of the related director or representative	Name or company name of the related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post
			ExcelsiorTimes, S.L.U. is the parent company.

**A.7.** Indicate whether the company has been notified of any shareholders' agreements that affect it pursuant to article 530 and 531 of the Corporate Enterprise Act. Where applicable, give a brief description and list the shareholders bound by the agreement:

☐ Yes  
☒ No

Indicate whether the company is aware of the existence of any concerted actions between its shareholders. If so, briefly describe them:

☐ Yes  
☒ No

Expressly indicate any amendments to, or termination of, such agreements or concerted actions during the year:

[ Not applicable ]

**A.8.** Indicate whether there is any individual or legal entity that exercises or may exercise control over the company pursuant to article 5 of the Securities Market Act. If so, identify them:

☒ Yes  
☐ No

Name or company name
FRANCISCO JOSÉ ELÍAS NAVARRO

**A.9.** Fill in the following tables about the company's treasury shares:

As at the year-end:

Number of direct shares	Number of indirect shares(*)	% of total share capital
		0.00

(\*) Through:

Name or company name of direct shareholder	Number of direct shares
No data	

Explain the significant changes occurred during the year:

Explain significant changes
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N/A
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**A.10.** Give details of the terms and conditions of the general meeting of shareholders' current mandate to the board of directors to issue, buy back or transfer treasury shares:

N/A
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**A.11.** Estimated free float:

	%
Estimated free float	9.26

**A.12.** Indicate whether there is any restriction (stipulated by articles of association, statutory or of any other nature) on the transferability of securities and/or any restriction on voting rights. In particular, state the existence of any kind of restriction which may hinder a takeover of the company by means of acquisition of shares on the market, as well as any authorisation or notification systems that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.

[ ] Yes  
[ v ] No

**A.13.** Specify whether the general meeting has agreed to take up neutralisation measures against a takeover bid by virtue of provisions of Law 6/2007.

[ ] Yes  
[ v ] No

If applicable, explain the measures approved and terms under which the restrictions would not be enforceable:

**A.14.** Indicate whether the company has issued securities that are not traded on a regulated market of the European Union.

☒ Yes  
☐ No

If applicable, indicate the different classes of shares and, for each class of shares, the rights and obligations it confers:

#### Different classes of shares

As indicated in section A.2., within the framework of the merger by absorption of Audax Energía, S.A.U. (the "Acquired Company") by Audax Renovables, S.A. (the "Acquiring Company") the share capital of the Acquiring Company was increased by the amount of EUR 210,201,093.20 through the issuance of 300.287.276 equal, accumulative and indivisible shares of EUR 0.70 of nominal value each share, numbered from 140,003,779 to 440,291,054, both numbers included, as a result of which the share capital was established at the amount of EUR 308,203,737.80.

The shares were issued with a share premium of EUR 0.470775549 per share, i.e., a total premium of EUR 141,367,906.98. The shares resulting from the capital increase were subject to an exchange by which 300,287,276 new shares of the Acquiring Company, numbered from 140,003,779 to 440,291,054, both included, of EUR 0.70 of nominal value each share, resulting from the capital increase were assigned to the sole shareholder of the Acquired Company, i.e. Eléctrica Nuriel, S.L.U. (formerly Banana Phone, S.L., sociedad unipersonal), in exchange for 1,800,000 registered shares of the Acquired Company without additional compensation in cash.

The new issued shares are currently undergoing the process of being admitted to trading on the Stock Exchange of Madrid and Barcelona.

## B. GENERAL MEETING OF SHAREHOLDERS

**B.1.** Indicate and, if applicable, explain whether the minimum quorum requirements for constitution of the general meeting of shareholders differ from those specified in the Corporate Enterprises Act (LSC):

☐ Yes  
☒ No

**B.2.** Indicate and, if applicable, explain whether the company's system of adopting corporate resolutions differs from the one set forth in the Corporate Enterprises Act (LSC):

☐ Yes  
☒ No

**B.3.** Indicate the rules governing amendments to the company's articles of association. In particular, indicate the majorities required to amend the articles of association, as well as the rules for protecting the shareholders' rights when modifying the articles of association.

In this respect, article 14, second paragraph of the company's articles of association states the following:

«(...) for the General Shareholders' Meeting to be able to adopt a resolution on capital increases or decreases and any other modification of the company's Articles of Association (...), shall require that, at the first summons, shareholders attend, present or represented by proxy, holding at least 50% of the subscribed capital with voting rights. At the second summons, 25% of such capital attending the meeting shall be deemed sufficient. When shareholders attend the meeting representing less than 50% of the subscribed capital with voting rights, the aforementioned resolutions may only be adopted with votes in favour of 2/3 of the share capital present or represented by proxy at the

General Shareholders' Meeting.»

In the cases not considered in the aforementioned article, the relevant resolution shall be adopted by ordinary majority of the votes of the shareholders present or represented by proxy, pursuant to article 201 of the Corporate Enterprises Act.

Furthermore, in accordance with article 286 of the Corporate Enterprises Act, the directors or, if appropriate, the shareholders who introduced the motion to amend the company's articles of association shall formulate the entire text they suggest as well as a written report with the justification of such motion.

Additionally, pursuant to article 287 of the Corporate Enterprises Act, the announcement of the General Meeting summons shall include intelligible information on issues subject to amendment and the right of all the shareholders to examine in the company's headquarters the full text of the suggested amendment and the relevant report, as well as ask for the free delivery of these documents.

**B.4.** Give details of attendance at the general shareholders' meetings held in the year of this report and the two previous years:

	Attendance				
Date of general meeting	% attending in person	% attending by proxy	% remote voting Electronic vote	% remote voting Other	Total
28/06/2016	48.26	0.25	0.00	0.01	48.52
Of which, free float	0.40	0.25	0.00	0.00	0.65
29/06/2017	70.91	1.02	0.00	0.00	71.93
Of which, free float	0.50	1.02	0.00	0.00	1.52
27/06/2018	71.00	0.42	0.00	0.01	71.43
Of which, free float	0.14	0.42	0.00	0.01	0.57
23/11/2018	70.95	0.58	0.00	0.06	71.59
Of which, free float	0.09	0.58	0.00	0.06	0.73

**B.5.** State whether any point on the agenda of the general meetings of shareholders held this year has not been approved by the shareholders for any reason:

[ ] Yes  
[ v ] No

**B.6.** State whether there is any restriction set forth by the articles of association establishing a minimum number of shares required to attend the general meeting or perform remote voting:

[ ] Yes  
[ v ] No

**B.7.** Indicate whether it has been resolved that certain decisions other than those established by law that entail an acquisition, disposal or contribution to other company of essential assets or other similar corporate transactions must be subject to the approval of the general meeting of shareholders:

[ ] Yes  
[ v ] No



**B.8.** Indicate the address and mode of accessing the information on corporate governance on the company's website and other information on general meetings of shareholders which must be made available to shareholders on the Company's website:

The address of the corporate website of the company is as follows: [www.audaxrenovables.com](http://www.audaxrenovables.com)

The information on corporate governance is available on the section "Shareholders and Investors" and "Corporate Governance".

The information on general meetings that must be provided to the shareholders, as well as the resolutions adopted in those meetings is available on:

<http://www.audaxrenovables.com/accionistas-e-inversores/el-rincon-del-accionista/junta-general-accionistas/>

## C. STRUCTURE OF THE MANAGEMENT OF THE COMPANY

### C.1. Board of directors

C.1.1 Maximum and minimum number of directors set forth in the company's articles of association and the number agreed by the general meeting:

Maximum number of directors	12
Minimum number of directors	3
Number of directors agreed by the general meeting	7

Currently, as Mr Emilio Moraleda Martínez resigned as company's director, the Board of Directors of the Company is comprised of 6 directors, without prejudice to the existence of one vacancy yet to be filled, as the general meeting has not changed the number of directors of the governing body.

C.1.2 Complete the following table with the members of the board:

Name or company name of the director	Representative	Category of director	Position on the board	Date of first appointment	Date of last appointment	Election procedure
Mr RAFAEL GARCÉS BERAMENDI		Proprietary	DIRECTOR	16/08/2016	29/06/2017	RESOLUTION OF GENERAL MEETING OF SHAREHOLDERS
Mr RAMIRO MARTÍNEZ-PARDO DEL VALLE		Proprietary	DIRECTOR	16/08/2016	29/06/2017	RESOLUTION OF GENERAL MEETING OF SHAREHOLDERS
Mr PEDRO LUIS FERNÁNDEZ PÉREZ		Independent	DIRECTOR	16/08/2016	29/06/2017	RESOLUTION OF GENERAL MEETING OF SHAREHOLDERS
Mr FRANCISCO JOSÉ ELÍAS NAVARRO		Proprietary	CHAIRMAN	16/08/2016	29/06/2017	RESOLUTION OF GENERAL MEETING OF SHAREHOLDERS
Mr EDUARD ROMEU BARCELÓ		Proprietary	DIRECTOR	16/08/2016	29/06/2017	RESOLUTION OF GENERAL MEETING OF SHAREHOLDERS
Mr JOSEP MARIA ECHARRI TORRES		Independent	DIRECTOR	14/11/2016	29/06/2017	RESOLUTION OF GENERAL MEETING OF SHAREHOLDERS

Total number of directors

6

Indicate the departures from the board of directors which, whether through resignation, dismissal or any other reason, took place during the period subject to this report:

Name or company name of the director	Category of the director at the time of departure	Date of last appointment	Date of departure	Membership of special committees	Indicate whether the departure took place before the end of term
Mr EMILIO MORALEDA MARTÍNEZ	Proprietary	29/06/2017	10/05/2018	None.	Yes

Reason for departure and other observations

Incompatibility between professional agenda and duty fulfilment.

C.1.3 Fill in the following tables on board members and their respective categories:

EXECUTIVE DIRECTORS		
Name or company name of the director	Position in the company's structure	Profile
No data		

EXTERNAL PROPRIETARY DIRECTORS		
Name or company name of the director	Name or company name of significant shareholder represented or who proposed appointment	Profile
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	ELECTRICA NURIEL, S.L.U.	Industrial Technical Engineer, specialised in electricity, by the Polytechnic University of Catalonia. Founder of several companies in the energy sector and pioneer of the liberalised electricity market.
Mr EDUARD ROMEU BARCELÓ	ELECTRICA NURIEL, S.L.U.	Master of Economics. Has developed his professional career in Banco Santander for 20 years, most of the time as manager of corporate division. Later he joined the new management team of Bankia as

**EXTERNAL PROPRIETARY DIRECTORS**

Name or company name of the director	Name or company name of significant shareholder represented or who proposed appointment	Profile
		manager of the Corporate Division until the end of the restructuring process in 2015.
Mr RAFAEL GARCÉS BERAMENDI	ELECTRICA NURIEL, S.L.U.	Master of Economics. Specialised in Capital Market and Corporate Finance with more than 30 years of professional experience in finance and banking.
Mr RAMIRO MARTÍNEZ-PARDO DEL VALLE	ELECTRICA NURIEL, S.L.U.	Master of Economics and Law. Has held different positions at the National Securities Market Commission (CNMV). Currently Chairman of Solventis SGIIC. Has served as Director of Gomarq Consulting, Chairman of Nordkapp Gestión and General Secretary and member of the Board of Directors of Fortis Bank and Beta Capital MeesPierson.

Total number of proprietary directors	4
% of the board	66.67

**EXTERNAL INDEPENDENT DIRECTORS**

Name or company name of the director	Profile
Mr JOSEP MARIA ECHARRI TORRES	Master of Economics and of Actuarial and Financial Science, both by the University of Barcelona, and Master of Financial Management by ESADE. Chief Financial Officer of Oryzon from 2003 to 2007, previously responsible for the first integral programme of creation of technology enterprises developed by a Spanish administrative authority. At present is the Managing Director of Inveready Asset Management, S.G.E.I.C., S.A. and Chairman of Grupo Financiero Inveready, the founding partner of both companies and now their major shareholder. Participates as member of the management board of different companies, including Mas Móvil Ibercom, S.A, Agile Contents, S.A., Atrys Health, S.A. and Oryzon Genomics, S.A. Member of the Instituto de Consejeros-Administradores (ICA) awarded the good corporate governance diploma for professional managers. From his position in Inveready he has actively participated in dozens of corporate transactions (sale of PasswordBank Technologies, S.L. to Symantec, sale of Indisys, S.L. to Intel or acquisitions and financing of Pepephone or Yoigo by Mas Móvil Ibercom, S.A.).
Mr PEDRO LUIS FERNÁNDEZ PÉREZ	Master of Law. MBA International, ESDEN. Master studies on Value Creation and Company Valuation, IESE. Has developed his professional career in different industrial and services companies and is the founder of General de Alquiler de Maquinaria, S.A. Member of the management board of several companies related to leisure, food and industry.

Total number of independent directors	2
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% of the board	33.33
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Indicate whether any directors designated as independent receives from the company or its group any amount or profit other than standard remuneration of director, or maintains or has maintained in the last year a business relationship with the company or with any company of its group, either in their own name or as a significant shareholder, director or senior manager of an entity that maintains or has maintained such relationship.

If applicable, include a declaration from the board explaining the reasons why said director is considered to be able to carry out the duties as an independent director.

Name or company name of the director	Description of the relationship	Declaration and reasons
No data		

OTHER EXTERNAL DIRECTORS			
Indicate the other external directors explaining the reasons why they cannot be considered as proprietary or independent directors as well as their relationship with the company, its executives or shareholders:			
Name or company name of the director	Reasons	Company, executive or shareholder with whom the relationship is maintained	Profile
No data			

Total number of other external directors	N.A.
% of the board	N.A.

Indicate the changes, if any, that have taken place in the category of each director during the year:

Name or company name of the director	Date of change	Previous category	Current category
No data			

C.1.4 Fill in the following table with information on the number of female directors at the end of the past 4 years, as well as the category of each of them:

	Number of women directors				% of total number of directors of each category			
	Year 2018	Year 2017	Year 2016	Year 2015	Year 2018	Year 2017	Year 2016	Year 2015
Executive					0.00	0.00	0.00	0.00
Proprietary				1	0.00	0.00	0.00	11.11

	Number of women directors				% of total number of directors of each category			
	Year 2018	Year 2017	Year 2016	Year 2015	Year 2018	Year 2017	Year 2016	Year 2015
Independent					0.00	0.00	0.00	0.00
Other external					0.00	0.00	0.00	0.00
Total				1	0.00	0.00	0.00	11.11

C.1.5 Indicate whether the company has diversity policies in relation to the board of directors of the company regarding such matters as age, gender, disability or professional training and experience. Small and medium enterprises, in accordance with the definition provided in the Accounts Audit Act, shall report at least their established policy on gender diversity.

- ☐ Yes  
☐ No  
☒ Partial policies

If the answer is yes, describe these diversity policies, their objectives, the measures and ways of implementation and their results over the year. Indicate also the specific measures taken by the board of directors and the appointment and remuneration committee in order to attain a balanced and diverse presence of directors.

If the company does not apply a diversity policy, explain the reasons why not.

#### Description of policies, objectives, measures and ways of implementation, and the results attained

The Board of Directors of Audax Renovables, S.A. is committed to the importance of achieving an equilibrated presence of women and men. For years the Company has tried to incorporate women in the Board of Directors, following the recommendations of the Unified Code of Conduct and Good Governance of Listed Companies and also in line with the current reality of the Company's management team (the General Manager is a woman). In accordance with this policy, in 2016 a woman was appointed non-board member secretary.

C.1.6 Describe the measures, if any, adopted by the appointments committee to ensure that the selection procedures are not affected by an implicit bias that prevents female directors from being selected and that the company purposefully seeks and includes among potential candidates women who meet the professional profile, making it possible to attain an equilibrated presence of women and men:

#### Explanation of the measures

As outlined in the previous section, for many years now the company (and the Appointments and Remunerations Committee in particular) has been making efforts towards including women into the Board of Directors, following the recommendations of the Unified Code of Conduct and Good Governance of Listed Companies and also in line with the current reality of the Company's management team.

In this regard, the Appointments and Remunerations Committee, after discussing the suitability requirements and other conditions expected to be met by a director (or directors) appointed in future, agreed expressly that applications put forward by women should be preferred.

When, even after the measures have been adopted, the number of female directors is scarce or null, explain the reasons:

**Explanation of the reasons**

As mentioned above, the Board of Directors tried, in relation to the appointments of the Directors which took place in 2016, to include among potential candidates women that would satisfy the professional profile, and adopted the necessary measures to ensure that the selection procedures were not affected by an implicit bias that would prevent female directors interested in the position from being selected.

C.1.7 Describe the conclusions of the appointments committee regarding the verification of compliance with the selection policy for directors. Particularly, explain how said policy promotes the goal to ensure that by the year 202 women directors comprise at least 30% of the entire board.

The appointments and remunerations committee has included in its meeting agenda a systematic verification of the progress in the compliance with the selection policy for directors and the degree in which said policy promotes the goal to ensure that by the year 2020 women directors comprise at least 30% of the entire board.

C.1.8 Explain, when applicable, the reasons why proprietary directors have been appointed at the request of shareholders who hold less than 3% of the share capital:

Name or company name of the shareholder	Reasons
No data	

Indicate whether formal requests have been rejected for board representation from shareholders whose shareholding is equal to or greater than that of other shareholders at whose request proprietary directors were appointed. If so, explain the reasons for the denial:

[ ] Yes  
[ v ] No

C.1.9 Indicate whether there are powers delegated by the board of directors to directors or committees of the board:

Name or company name of the director or committee	Brief description
EDUARD ROMEU BARCELÓ	General powers.
FRANCISCO JOSÉ ELÍAS NAVARRO	General powers.

C.1.10 Identify any members of the board who are also directors, representatives or officers in other companies within the group to which the listed company belongs:

Name or company name of the director	Company name of the group entity	Position	Do they have executive duties?
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	ELÉCTRICA NURIEL, S.L.	Sole Director	YES

Name or company name of the director	Company name of the group entity	Position	Do they have executive duties?
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	ORUS RENOVABLES, S.L.	Sole Director	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	EOS ENERGÍA, S.L.	Joint and Several Director's Representative 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	ORUS PROPERTIES, S.L.	Sole Director	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	GENERACIÓN IBERIA, S.L.	Sole Director	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	AUDAX ENERGIA, S.R.L.	Sole Director	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	ASPY GLOBAL SERVICES, S.L.	Sole Director	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	ASPY PREVENCIÓN, S.L.U.	Managing Director's Representative 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	EÓLICA EL PEDREGOSO, S.L.	Sole Director's Representative 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	EÓLICA DEL PINO, S.L.	Sole Director's Representative 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	PARC EÒLIC MUDEFER, S.L.	Sole Director's Representative 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	FERCOM EÓLICA, S.L.	Sole Director's Representative 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	GESTORA FOTOVOLTAICA DE CASTELLÓN, S.L.	Two Joint Directors' Representative 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	FOTOVOLTAICA FER, S.L.	Two Joint Directors' Representative 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	WEINSBERG ECOTEC, S.L.	Two Joint Directors' Representative 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	FOTOVOLTAICA ECOTEC, S.L.	Two Joint Directors' Representative 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	JOSO FOTOVOLTAICA, S.L.	Two Joint Directors' Representative 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	FOTOVOLTAICA PADUA, S.L.	Two Joint Directors' Representative 143 RRM	YES



Name or company name of the director	Company name of the group entity	Position	Do they have executive duties?
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	FOTOVOLTAICA VERGOS, S.L.	Two Joint Directors' Representative 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	FOTOVOLTAICA LA MOLA, S.L.	Two Joint Directors' Representative 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	INVERSIONS TRAUTT, S.L.	Two Joint Directors' Representative 143 RRM	NO
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	FOTOVOLTAICA DE CASTELLÓ, S.L.	Two Joint Directors' Representative 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	FOTOVOLTAICA DE LES COVES, S.L.	Two Joint Directors' Representative 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	INVERSIONS VINROMA, S.L.	Two Joint Directors' Representative 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	PARQUE EÓLICO HINOJAL, S.L.	Sole Director's Representative 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	EÓLICA POSTOLIN SP	Sole Director	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	FERSA ASESORAMIENTO Y GESTIÓN, S.L.	Sole Director's Representative 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	PARC EÒLIC COLL DE SOM, S.L.	Sole Director's Representative 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	EXPLOTACIÓN EÓLICA LA PEDRERA, S.L.	Sole Director's Representative 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	EOLICA WARBLEWO SP	Sole Director	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	EOLIENNES DE BEAUSEMBLANT, S.A.S.	Chairman	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	CASTELLWIND 03, S.L.	Two Joint Managing Directors' Representative 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	ASPY FORMACIÓN, S.L.U.	Sole Director's Representative 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	ASPY SALUD GLOBAL, S.L.U.	Sole Director's Representative 143 RRM	YES

Name or company name of the director	Company name of the group entity	Position	Do they have executive duties?
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	SPAY SEGURIDAD Y SALUD, S.L.U.	Sole Director's Representative 143 RRM	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	AUDAX NETHERLANDS B.V.	Member of the board	NO
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	EXCELSIOR TIMES, S.L.	Sole Director	YES
Mr EDUARD ROMEU BARCELÓ	AUDAX SOLAR SPV I, S.L.U.	Sole Director	YES
Mr EDUARD ROMEU BARCELÓ	AUDAX SOLAR SPV II, S.L.U.	Sole Director	YES
Mr EDUARD ROMEU BARCELÓ	AUDAX SOLAR SPV III, S.L.U.	Sole Director	YES
Mr EDUARD ROMEU BARCELÓ	AUDAX SOLAR SPV IV, S.L.U.	Sole Director	YES
Mr EDUARD ROMEU BARCELÓ	AUDAX SOLAR SPV V, S.L.U.	Sole Director	YES
Mr EDUARD ROMEU BARCELÓ	AUDAX SOLAR SPV VI, S.L.U.	Sole Director	YES
Mr EDUARD ROMEU BARCELÓ	AUDAX SOLAR SPV VII, S.L.U.	Sole Director	YES
Mr EDUARD ROMEU BARCELÓ	AUDAX SOLAR SPV VIII, S.L.U.	Sole Director	YES
Mr EDUARD ROMEU BARCELÓ	AUDAX SOLAR SPV IX, S.L.U.	Sole Director	YES
Mr EDUARD ROMEU BARCELÓ	AUDAX SOLAR SPV X, S.L.U.	Sole Director	YES
Mr EDUARD ROMEU BARCELÓ	AUDAX SOLAR SPV XI, S.L.U.	Sole Director	YES
Mr EDUARD ROMEU BARCELÓ	AUDAX SOLAR SPV XII, S.L.U.	Sole Director	YES
Mr EDUARD ROMEU BARCELÓ	AUDAX SOLAR SPV XIII, S.L.U.	Sole Director	YES
Mr EDUARD ROMEU BARCELÓ	AUDAX SOLAR SPV XIV, S.L.U.	Sole Director	YES
Mr EDUARD ROMEU BARCELÓ	AUDAX SOLAR SPV XV, S.L.U.	Sole Director	YES
Mr EDUARD ROMEU BARCELÓ	AUDAX SOLAR SPV XVI, S.L.U.	Sole Director	YES

Name or company name of the director	Company name of the group entity	Position	Do they have executive duties?
Mr EDUARD ROMEU BARCELÓ	AUDAX SOLAR SPV XVII, S.L.U.	Sole Director	YES
Mr EDUARD ROMEU BARCELÓ	AUDAX SOLAR SPV XVIII, S.L.U.	Sole Director	YES
Mr EDUARD ROMEU BARCELÓ	AUDAX SOLAR SPV XIX, S.L.U.	Sole Director	YES
Mr EDUARD ROMEU BARCELÓ	AUDAX SOLAR SPV XX, S.L.U.	Sole Director	YES
Mr EDUARD ROMEU BARCELÓ	AUDAX SOLAR SPV XXI, S.L.U.	Sole Director	YES
Mr EDUARD ROMEU BARCELÓ	AUDAX SOLAR SPV XXII, S.L.U.	Sole Director	YES
Mr EDUARD ROMEU BARCELÓ	AUDAX SOLAR SPV XXIII, S.L.U.	Sole Director	YES
Mr EDUARD ROMEU BARCELÓ	AUDAX SOLAR SPV XXIV, S.L.U.	Sole Director	YES
Mr EDUARD ROMEU BARCELÓ	AUDAX SOLAR SPV XXV, S.L.U.	Sole Director	YES
Mr EDUARD ROMEU BARCELÓ	AUDAX FOTOVOLTAICA, S.L.U.	Sole Director	YES
Mr EDUARD ROMEU BARCELÓ	ASPY PREVENCIÓN, S.L.U.	Member of the board	YES
Mr EDUARD ROMEU BARCELÓ	AUDAX GREEN, S.L.	Sole Director	YES
Mr EDUARD ROMEU BARCELÓ	SVENDBORG PV VII, S.L.	Sole Director	YES
Mr EDUARD ROMEU BARCELÓ	ERYX INVESTMENTS 2017, S.L.	Member of the board	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	ERYX INVESTMENTS 2017, S.L.	Chairman	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	UNIELÉCTRICA ENERGÍA, S.A.	Sole Director's Representative 143 RRM	YES
Mr EDUARD ROMEU BARCELÓ	AZNALCÓLLAR SOLAR, S.A.	Sole Director	YES
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	ADS ENERGY 8.0., S.L.	Sole Director	YES
Mr RAFAEL GARCÉS BERAMENDI	AUDAX NETHERLANDS B.V.	Member of the board	NO

C.1.11 If applicable, list your company's directors or representatives of legal-person directors who are members of the board of directors or representatives of legal-person directors of other entities listed on official securities markets, other than the companies of your group, that have been reported to the company:

Name or company name of the director	Company name of the listed entity	Position
Mr PEDRO LUIS FERNÁNDEZ PÉREZ	General de Alquiler de Maquinaria, S.A.	CHAIRMAN-MANAGING DIRECTOR
Mr JOSEP MARIA ECHARRI TORRES	Masmóvil Ibercom, S.A.	DEPUTY CHAIRMAN
Mr JOSEP MARIA ECHARRI TORRES	Oryzon Genomics, S.A.	MEMBER OF THE BOARD
Mr JOSEP MARIA ECHARRI TORRES	Agile Content, S.A.	MEMBER OF THE BOARD
Mr JOSEP MARIA ECHARRI TORRES	Atrys Health, S.A.	MEMBER OF THE BOARD
Mr JOSEP MARIA ECHARRI TORRES	AB Biotics, S.A.	MEMBER OF THE BOARD
Mr RAMIRO MARTÍNEZ-PARDO DEL VALLE	Laboratorios Reig Jofré, S.A.	MEMBER OF THE BOARD
Mr RAMIRO MARTÍNEZ-PARDO DEL VALLE	Desarrollos Especiales de Sistemas de Anclaje, S.A.	MEMBER OF THE BOARD

C.1.12 State and, if applicable, explain whether the company has established rules on the maximum number of company boards on which its directors may hold seats and, if so, indicate where it is regulated:

[ ] Yes  
[ v ] No

C.1.13 Indicate the amounts of the following items comprising total remuneration of the board:

Remuneration accrued for the year by the board of directors (EUR thousands)	104
Cumulative amounts accrued by current directors in pension schemes (EUR thousands)	
Cumulative amounts accrued by former directors in pension schemes (EUR thousands)	

C.1.14 Identify senior management members who are not executive directors and indicate the total remuneration accrued by them throughout the year:

Name or company name	Cargo/s
Mr RAFAEL GARCÉS BERAMENDI	CHIEF INVESTMENTS MANAGER
Ms ANA ISABEL LÓPEZ PORTA	GENERAL MANAGER
Mr JAVIER CASTAÑO CRUZ	INTERNAL AUDITOR
Total remuneration of senior management (EUR thousands)	394

C.1.15 Indicate whether any amendment has been made to the regulations of the board during the year:

- ☐ Yes  
☒ No

C.1.16 Indicate the procedures for the selection, appointment, re-election and removal of directors. Provide details of the competent bodies, the procedures to be followed and the criteria applicable in each procedure.

In this respect, the Regulations of the Board of Directors establish the following:

**Article 10.- Appointment and disqualification**

The proposals for appointment of Directors submitted by the Board of Directors to the consideration of the General Shareholders' Meeting and the resolutions for appointments adopted by the Board by virtue of the co-optation authority legally granted thereto must first be proposed by the Appointments and Remuneration Committee, when independent Directors are involved, and the Board of Directors itself, in other cases.

In any case, the proposal shall be accompanied by a justifying report to the Board about the competence, experience and merits of the nominee proposed, which will be attached to the minutes of the General Meeting or of the Board. Furthermore, the proposal for appointment or reappointment of any non-independent directors must be preceded, moreover, of a report of the Appointments and Remuneration Committee. The provisions of this paragraph shall also apply to natural persons who are designated representatives of a legal entity counsellor. The proposal must be included into the report of the Appointments and Remuneration Committee.

The Directors shall observe the legally specified situation of disqualification.

**Article 11.- Term of office**

The Directors shall hold office for the term stated in the Articles of Association and may be reappointed according to the provisions of the Articles of Association.

The Directors appointed by co-optation shall hold office until the date of the first General Shareholders' Meeting held, which shall ratify the appointments or appoint the persons that must replace the Directors that are not ratified, unless it is decided to eliminate the vacancies.

**Article 12.- Dismissal**

The Directors shall step down from office once the period has elapsed for which they were appointed and in any other cases stipulated by law or the Articles of Association.

In any circumstances, they may make their office available to the Board of Directors and formalise their relevant dismissal in the following cases:

- (i) When they step down from executive posts to which their appointment as Director is related. The independent Directors, when they have held office for twelve (12) years.
- (ii) When they are involved in any of the legally specified situations of disqualification or prohibition.
- (iii) When they are accused of an allegedly criminal act or are subject to a disciplinary sanction due to a serious or very serious infringement investigated by the supervisory authorities.
- (iv) When their offices on the Board of Directors jeopardise the Company's interests and when there are no longer any reasons for them to be appointed to such post. It shall be deemed that this situation arises for an external shareholder Director when all his shares owned or interests represented have been assigned and when the reduction of the shareholding requires a reduction of the number of its proprietary Directors.
- (v) When significant changes take place in the professional situation or conditions by virtue of which they have been appointed as Directors.
- (vi) When, due to events caused by the Directors, their remaining as members on the Board of Directors would cause serious harm to the Company's equity or reputation, in the opinion of the Board of Directors.

In the case of a person acting on behalf of a company appointed as a Director in any of the aforementioned situations, such person shall be disqualified from exercising their proxies.

C.1.17 Explain to what extent the annual evaluation of the board of directors has brought about significant changes in the internal organisation of the board and the procedures applicable to its activities:

#### Description of the changes

The annual evaluation of the Board of Directors has served to discover the areas that need to be improved, however the issues were of rather formal nature which did not require significant changes of the internal organisation of the Board nor of the procedures applicable to its activities.

Describe the evaluation process and the assessed areas, conducted by the board of directors with possible assistance of an external advisor, regarding the performance and composition of the board and its committees as well as any other area or aspect subject to evaluation.

#### Description of the evaluation process and assessed areas

The Board, in collaboration with the non-director Secretary, conducted an evaluation of the organisation and activities, and drew up a report containing their conclusions in this respect. The evaluation concerned, among others, the following matters:

- Regarding the composition – whether or not the Board fulfils the criteria of independence and qualifications of the Directors, required under internal policies.
- Regarding the evaluation of actions and conducting the session – whether the Board was called correctly and efficiently, systematically, with sufficient notice and proper notification.
- Regarding the participation in sessions, involvement and active collaboration of all the Directors during the fiscal year – whether or not the following occurred:
  - debates and frequent speeches from the Directors;
  - systematic participation of all the directors, and
  - effective involvement.
- Analysis of actions and collaborations with the Audit Committee and the Appointments and Remuneration Committee.
- Actions conducted by the Directors (in particular, the company's strategy, business analysis, risk control, internal control over financial reporting, etc.).
- Actions conducted by the Chairman of the Board.

C.1.18 Specify, in those years in which the external advisor participated in the evaluation, the business relationships of the external advisor or any company of their group with the company or any company of its group.

N/A

C.1.19 Indicate the circumstances in which directors must resign.

As stated in section C.1.16 of this report, the directors must place their position at the disposal of the board and formalise the resignation in the following circumstances:

- (i) When they step down from executive posts to which their appointment as Director is related. The independent Directors, when they have held office for twelve (12) years.
- (ii) When they are involved in any of the legally specified situations of disqualification or prohibition.
- (iii) When they are accused of an allegedly criminal act or are subject to a disciplinary sanction due to a serious or very serious infringement investigated by the supervisory authorities.
- (iv) When their offices on the Board of Directors jeopardise the Company's interests and when there are no longer any reasons for them to be appointed to such post. It shall be deemed that this situation arises for an external shareholder Director when all his shares owned or interests represented have been assigned and when the reduction of the shareholding requires a reduction of the number of its proprietary Directors.

(v) When significant changes take place in the professional situation or conditions by virtue of which they have been appointed as Directors.

(vi) When, due to events caused by the Directors, their remaining as members on the Board of Directors would cause serious harm to the Company's equity or reputation, in the opinion of the Board of Directors.

C.1.20 Are qualified majorities other than those legally established required for any type of decision?:

☐ Yes

☒ No

If so, describe the differences.

C.1.21 Indicate whether there are specific requirements other than those relating to directors in order to be appointed as chairman of the board:

☐ Yes

☒ No

C.1.22 Indicate whether the articles of association or the board regulations establish any age limit for directors:

☐ Yes

☒ No

C.1.23 Indicate whether the articles of association or the board regulations establish a limit for the term of office or other stricter requirements additional to those established by law for the independent directors:

☐ Yes

☒ No

C.1.24 Indicate whether the articles of association or the board regulations establish specific rules for delegating to other directors the rights to vote at the board meetings, how they are to be delegated and, particularly, the maximum number of delegations that a director may have, as well as if there is a limit established as to the categories subject to delegation, beyond the limits established by law. If so, briefly describe the rules.

In conformity with article 9 of the Regulations of the Board of Directors, the meeting of the Board is validly constituted when the majority of its members are present or represented thereat, and also, without the need for a prior call, when all its members are present and unanimously decide to constitute a meeting of the Board. Written ballots without a meeting shall only be permitted when no Director opposes such a procedure.

The power of representation to attend the meetings of the Board shall only be conferred upon another Director, and must be made expressly for each meeting, however non-executive directors can only appoint another non-executive as their representative. Whosoever represents the Chairman shall preside over the meeting in the absence of the Vice-Chairman, and shall not have the right to cast the deciding vote.

Each Director present or represented shall have the right to one vote.

C.1.25 Indicate the number of meetings that the board of directors has held over the year. Also indicate, where applicable, how many times the board has met without the chairman being present. When calculating the number, representations made with specific instructions shall be considered.

Number of meetings of the board	7
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Number of board meetings without the attendance of the chairman	0
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Indicate the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representations of any executive director:

Number of meetings	0
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Indicate the number of meetings held by the board committees over the year:

Number of meetings of the Audit Committee	5
Number of meetings of the Appointments and Remuneration Committee	1
Number of meetings of the Executive Committee	4

C.1.26 Indicate the number of meetings held by the board of directors during the year and provide information on member attendance:

Number of meetings with the in-person attendance of at least 80% of directors	7
% of in-person attendance over the total number of votes during the year	100.00
Number of meetings with the in-person attendance or proxies with specific instructions, of all directors	7
% of votes issued with in-person attendance and proxies with specific instructions, over the total number of votes during the year	100.00

C.1.27 Indicate whether the individual and consolidated financial statements submitted to the board for drawing up were previously certified:

[ ] Yes  
[ v ] No



Identify, if applicable, the person/s who certified the company's individual and consolidated financial statements in order to be drawn up by the board:

C.1.28 Explain the measures, if any, established by the board of directors to prevent the individual and consolidated financial statements drawn up by the board from being submitted to the general meeting of shareholders with qualified opinion in the auditors' report.

The Board of Directors has the Audit Committee which, according to article 7.3 of the Regulations of the Board of Directors, is competent for the following duties:

(i) Informing the General Shareholders' Meeting of the issues proposed thereto by the shareholders for items within its competence.

(ii) Monitoring the effectiveness of internal control of the company, internal audit and risk management systems, including tax, and discuss with the auditor any significant weaknesses in the internal control system detected during the audit.

(iii) Supervising the preparation and submission of the required financial information.

(iv) Proposing the appointment of the company's auditors to the Board of Directors to be submitted for the approval, re-election or replacement of the General Shareholders' Meeting, in accordance with applicable law, and the terms of engagement and regularly gather from them information on the audit plan and its execution while preserving its independence in the exercise of their functions.

Establishing appropriate relations with the auditors to receive information that could jeopardise their independence, for consideration by the Audit Committee, and, in general terms, any others that are related to the development process of the audit, as well as other communications included in auditing laws and the technical auditing rules. In all cases, it must receive written confirmation from the auditors of their independence from the company or the companies directly or indirectly associated thereto, along with information about additional services of any kind rendered to these companies by the aforementioned auditors or companies, or by persons or companies associated therewith, pursuant to auditing laws.

(v) Issuing a report every year, prior to the auditing report being issued, expressing an opinion on the independence of the external auditors or auditing firms. This report shall include, in any case, the assessment of the provision of additional services referred to above, considered individually and collectively, other than the statutory audit and in connection with the regime of independence or the legislation regulatory audit.

(vi) To inform, in advance, to the Board of Directors on all matters under the Act, the Articles of Association and the Regulations of the Board and, in particular, (a) the financial information that the Company must periodically disclose; (b) the creation or acquisition of interests in special purpose entities or domiciled in countries or territories considered tax havens; and (c) transactions with related parties.

C.1.29 Is the secretary of the board a director?

☐ Yes

☒ No

Fill in the following table if the secretary of the board is not a director:

Name or company name of the secretary	Representative
Ms NAIARA BUENO AYBAR	

C.1.30 Indicate the measures taken by the company to ensure the independence of the external auditors, as well as the measures, if any, to ensure the independence of the financial analysts, investments banks and rating agencies, including information on how legal provisions have been implemented in practice.

Article 20 of the Regulations of the Board of Directors stipulates:

Article 20.- Relationship with the Auditors

The Board of Directors shall establish an objective, professional and ongoing relationship of the Audit Committee with the company's external auditors appointed by the General Shareholders' Meeting. In all cases, it shall observe the independence of such auditors and ensure that they are provided with accurate information.

C.1.31 Indicate whether the company has changed its external auditor over the year. If so, identify the incoming and the outgoing auditor:

☐ Yes  
☒ No

If there was a disagreement with the outgoing auditor, explain its content:

☐ Yes  
☒ No

C.1.32 Indicate if the audit firm provides any non-auditing services to the company and/or its group and, if so, state the amount of the fees received for said services and the percentage of the fees invoiced to the company and/or its group:

☒ Yes  
☐ No

	Company	Companies of the group	Total
Amount of fees for non-auditing services (EUR thousands)	90,400	25,000	115,400
Amount of fees for non-auditing services / Amount of fees for auditing services (%)	66.70	7.70	23.60

C.1.33 Indicate whether the audit report on the previous year's financial statements is qualified or includes reservations. If so, indicate the reasons given by the chairman of the audit committee to the shareholders in the General Meeting to explain the content and the extent of said qualified opinion or reservations.

☐ Yes  
☒ No

C.1.34 Indicate how many years the current audit firm has been auditing, without interruption, the individual and/or consolidated financial statements of the company. Also indicate the percentage of the number of years audited by the current audit firm over the total number of years that the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	2	2

  

	Individual	Consolidated
Nº of years audited by the current auditing firm / Nº of years when the company or the group has been audited	12.50	13.33

	Individual	Consolidated
(%)		

C.1.35 Indicate and, where applicable, specify the procedures for directors to obtain the information they need in sufficient time to prepare for the meetings of the governing bodies:

☒ Yes  
☐ No

#### Details of procedure

Article 13 of the Regulations of the Board of Directors states that unless the Board of Directors had been called or had been exceptionally convened for reasons of urgency, the directors must receive the necessary information in advance and with sufficient time to prepare for the debate and the resolutions regarding on matters to be discussed. The Chairman of the Board, with the assistance of the Secretary, shall ensure compliance with this provision.

The directors are vested with the most wide-embracing authority to obtain information about any aspect affecting the Company, to examine its books, records, documents and other background information about the Company's transactions and to inspect all its facilities.

However, in order not to disrupt the Company's ordinary operations, exercising their rights to information shall be channelled through the Chairperson of the Board, if they are of an executive nature, otherwise through the Chief Executive Officer, who shall deal with the requests made by directors and provide them with information, offering them suitable spokespersons within the scope of the suitable organisation or provide the measures so that the procedures for examination and inspection can be carried out in situ.

C.1.36 Indicate and, where applicable, give details of whether the company has laid down rules that oblige the directors to report and, in cases that damage the company's name and reputation, resign:

☒ Yes  
☐ No

#### Explain the rules

In this respect, article 16.4 of the Regulations of the Board of Directors establishes that the directors must notify any situation that affects them or could affect the name or reputation of the Company, in particular, criminal cases in which they are involved as defendants and any important legal difficulties. The Board, after examining the situation presented by the director, may require that the director be dismissed and this decision shall be binding for the director.

Furthermore, pursuant to point (iii) and (vi) of article 12 of the Regulations of the Board of Directors, the directors shall make their office available to the Board when they are accused of an allegedly criminal act or are subject to a disciplinary sanction due to a serious or very serious infringement investigated by the supervisory authorities and when, due to events caused by the directors, their remaining as members of the Board would cause serious harm to the Company's equity or reputation, in the opinion of the Board of Directors.

C.1.37 Indicate whether any member of the board of directors has informed the company that he/she has been prosecuted or hearings against them have been opened for any of the offences laid down in article 213 of the Corporate Enterprises Act:

☐ Yes  
☒ No

- C.1.38 List the significant agreements entered into by the company which come into force, are amended or terminated in the event of a change of control of the company due to a takeover bid, and their effects.

N/A

- C.1.39 Identify individually when referred to directors and otherwise – collectively and provide details of any agreements made between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or unfair dismissal or termination of employment following a takeover bid or any other type of operation.

Number of beneficiaries	1
Type of beneficiary	Description of the agreement
General Manager	The employment contract with the General Manager stipulates that in case of termination of the contract due to certain causes, a compensation will be provided exceeding the legally defined amount.

Indicate whether – beyond the cases stipulated by law – these contracts need to be communicated and/or approved by the governing bodies of the company or its group. If so, specify the procedures, anticipated events and the nature of the bodies responsible for the approval or communication:

	Board of Directors	General Meeting of Shareholders
Body authorising the clauses	√	
	Yes	No
Is the General Meeting of Shareholders informed of the clauses?		√

## C.2. Committees of the board of directors

- C.2.1 Provide details of all the committees of the board of directors and their composition and participation of executive, proprietary, independent and other external directors in the committees:

Audit Committee		
Name	Position	Category
Mr JOSEP MARIA ECHARRI TORRES	CHAIRMAN	Independent
Mr PEDRO LUIS FERNÁNDEZ PÉREZ	MEMBER	Independent
Mr RAFAEL GARCÉS BERAMENDI	MEMBER	Proprietary
% of executive directors	0.00	
% of proprietary directors	33.33	
% of independent directors	66.67	

% of other external directors	0.00
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Explain the duties attributed to this committee, including any additional duties beyond those stipulated by law, and describe the procedures and rules of organisation and activity of the committee. For each of those duties indicate the most important actions performed by the committee over the year and the way of exercising in practice each of the duties attributed by law, by articles of association or other resolutions of the company.

Pursuant to article 7.3 of the Regulations of the Board of Directors, the Board has set up an Audit Committee composed of 3 members, 2 of which are independent directors, in accordance with the regulations on its makeup and on the basis of a motion of the Appointments and Remuneration Committee, by the Board of Directors from among its non-executive members. At least two of the members of the Audit Committee shall be independent and one of them shall be appointed bearing in mind their knowledge and experience in accounting or auditing matters, or both.

The Chairperson of the Audit Committee shall be appointed by the Company's Board of Directors from among the independent directors comprising the Committee. The Audit Committee shall appoint also a Secretary. The duties of the Secretary of the Audit Committee shall be performed by the Secretary of the Board.

The members of the Audit Committee shall hold their posts for a maximum of four (4) years and may be reappointed. The Chairperson shall hold office for maximum term of four (4) years and for their reappointment to such position at least one year must have elapsed since they stepped down from office, notwithstanding their reappointment as a member of the Committee.

The Audit Committee shall, in any circumstances, be competent for the following duties:

- (i) Informing the General Shareholders' Meeting of the issues proposed thereto by the shareholders for items within its competence.
- (ii) Monitoring the effectiveness of internal control of the Company, internal audit and risk management systems, including tax, and discuss with the auditor any significant weaknesses in the internal control system detected during the audit.
- (iii) Supervising the preparation and submission of the required financial information.
- (iv) Presenting to the Board of Directors the motions to choose, appoint, reappoint and replace the external auditor and the terms of their engagement, as well as gathering from them information on the audit plan and its execution while preserving their independence in the exercise of their duties.
- (v) Establishing appropriate relations with the auditors to receive information that could jeopardise their independence, for consideration by the Audit Committee, and, in general terms, any other related to the development of the audit process, as well as other communications included in auditing laws and the auditing standards. In any circumstances, it must receive from the auditors written confirmation of their independence from the company or the companies directly or indirectly associated thereto, along with information about additional services of any kind rendered to and remuneration received from these companies by the external auditor or by the persons or entities related to them in accordance with the audit regulations.
- (vi) Issuing an annual report, prior to the auditing report being issued, expressing an opinion on the independence of the external auditor. This report shall include, in any circumstances, the assessment of the services rendered in addition to those mentioned in the above paragraph, considered individually and collectively, other than the statutory audit and in relation with the regulatory audit legislation.
- (vii) To inform the Board of Directors in advance about all matters under the Act, the Articles of Association and the Regulations of the Board and, in particular, about (a) the financial information that the Company must periodically disclose; (b) the creation or acquisition of interests in special purpose entities or companies registered in countries or territories considered tax havens; and (c) related party transactions.

The Audit Committee shall hold a meeting at least four (4) times a year, one every quarter of the year, and in any circumstances, as often as may be deemed necessary by the Chairperson or when a meeting is requested by half of the Committee's members.

The meeting shall be considered validly held when the majority of the Committee's members attend to it personally or by proxy. In the case of a draw, the Chairperson shall hold the casting vote.

The Audit Committee shall submit a report about its activities during the year for the approval of the Board of Directors, to subsequently be made available to the shareholders and investors.

The Board of Directors may draw up all of the aforementioned rules in an appropriate document of Regulations of the Audit Committee, respecting in any case the independent nature of its activity.

At the discretion of the Chairperson or the majority of members of the Executive Committee, the resolutions of the Audit Committee whose importance so requires, may be submitted for subsequent ratification by the Board of Directors.

In the year 2018 the Audit Committee held five (5) meetings and duly fulfilled its duties.

Identify the directors, members of the audit committee, who have been appointed bearing in mind their knowledge and experience in accounting or audit matters, or both, and state the date that the Chairperson of this committee was appointed.

Names of the directors with experience	Mr JOSEP MARIA ECHARRI TORRES
Date of appointment of the chairman	14/11/2016

Appointments and Remuneration Committee		
Name	Position	Category
Mr JOSEP MARIA ECHARRI TORRES	MEMBER	Independent
Mr PEDRO LUIS FERNÁNDEZ PÉREZ	CHAIRMAN	Independent
Mr RAFAEL GARCÉS BERAMENDI	MEMBER	Proprietary

% of executive directors	0.00
% of proprietary directors	33.33
% of independent directors	66.67
% of other external directors	0.00

Explain the duties attributed to this committee, including any additional duties beyond those stipulated by law, and describe the procedures and rules of organisation and activity of the committee. For each of those duties indicate the most important actions performed by the committee over the year and the way of exercising in practice each of the duties attributed by law, by articles of association or other resolutions of the company.

The Appointments and Remuneration Committee is made up of three (3) non-executive directors, two (2) of which are independent directors and have been appointed bearing in mind their knowledge, abilities and experience in accordance with the regulations of its composition.

The members of the Appointments and Remuneration Committee hold office for a maximum of four (4) years and may be reappointed. The Board of Directors appoints a Chairperson from among the independent members of the Committee. The office of the Chairperson shall be held for a maximum term of four (4) years and at least one (1) year must have elapsed since they stepped down from the office in order to be reappointed, notwithstanding their reappointment as member of the Committee. The office of the Secretary of the Appointments and Remuneration Committee is held by the Secretary of the Board.

The Board shall appoint a Chairperson from among the independent directors comprising the Committee. The office of Chairperson shall be held for a maximum period of four (4) years, and at least one (1) year must have elapsed since stepping down in order to be reappointed, notwithstanding the possibility of being re-elected as member of the Committee. The office of Secretary of the Appointments and Remuneration Committee shall be held by the Secretary of the Board of Directors.

Notwithstanding other duties that may be assigned thereto by the Board of Directors, the Appointments and Remuneration Committee shall perform the following basic duties:

- (i) Evaluate the skills, knowledge and experience necessary for the Board of Directors. For this purpose, it will define the roles and capabilities required of the candidates to fill each vacancy, and it will evaluate the time and commitment necessary for them to fulfil their duties effectively.

- (ii) Establish a goal of representation for the underrepresented sex on the Board of Directors and develop guidance on how to achieve that objective.
- (iii) Submit to the Board of Directors the proposals for appointment of independent directors to be appointed by co-optation or for submission to the decision of the General Meeting of Shareholders, as well as proposals for reappointment or removal of such directors by the General Meeting of Shareholders.
- (iv) Report on proposals for appointment of the remaining directors to be appointed by co-optation or for submission to the decision of the General Meeting, as well as proposals for reappointment or removal of such directors by the General Meeting of Shareholders.
- (v) Report on proposals for appointment and removal of senior managers and the basic terms of their contracts.
- (vi) Examine and organise the succession of the Chairperson of the Board of Directors and the Company's Chief Executive Officer and, if appropriate, make suggestions to the Board of Directors in order to perform such succession in an orderly and planned manner.
- (vii) Suggest to the Board of Directors the remuneration policy for the directors and general managers or senior management under direct control of the Board, of the executive committees or of the managing directors, as well as the individual remuneration and other contractual terms of executive directors, ensuring compliance therewith.

As part of its duties, in the year 2018 the Appointments and Remuneration Committee formulated the reports regarding the annual assessment of the Appointments and Remuneration Committee and the Board of Directors. Furthermore, the Appointments and Remuneration Committee approved the proposal of the Annual Report on Remuneration of the Company's directors for the year 2017.

Executive Committee		
Name	Position	Category
Mr FRANCISCO JOSÉ ELÍAS NAVARRO	CHAIRMAN	Proprietary
Mr EDUARD ROMEU BARCELÓ	MEMBER	Proprietary
Mr RAFAEL GARCÉS BERAMENDI	MEMBER	Proprietary

% of executive directors	0.00
% of proprietary directors	100.00
% of independent directors	0.00
% of other external directors	0.00

Explain the duties attributed to this committee, including any additional duties beyond those stipulated by law, and describe the procedures and rules of organisation and activity of the committee. For each of those duties indicate the most important actions performed by the committee over the year and the way of exercising in practice each of the duties attributed by law, by articles of association or other resolutions of the company.

The composition of the Executive Committee must reasonably reflect the structure of the Board of Directors and must observe the balance established between the different classes of Directors.

It shall be composed of a minimum of three (3) and a maximum of six (6) Directors, and shall hold a meeting at least once every three (3) months. The appointment of its members shall require votes in favour of at least two thirds (2/3) of the members of the Board of Directors. The persons holding the posts of Chairperson and the Secretary on the Board of Directors shall also act in such position on the Committee.

The Executive Committee shall be granted all the authority of the Board of Directors except the duties that, for legal or statutory reasons, cannot be delegated. In particular, as examples but not limited thereto, it may exercise the following duties:

- (a) To control the management of the Company.
- (b) To study and propose the guidelines that must define the corporate strategy and supervise its implementation, with special attention being paid to diversification actions.
- (c) To debate and inform of the following matters to be submitted to the Board of Directors: (i) The Company's budgets with a breakdown of the relevant forecasts for each business line; (ii) Important investment and alliances or agreements. (iii) Financial transactions; and (iv) Corporate transactions.

At the discretion of the Chairperson or the majority of the members of the Executive Committee, the resolutions whose importance so requires, may be submitted for subsequent ratification by the Board of Directors. In any circumstances, all the members of the Company's Board of Directors shall be allowed to access the minutes of the Executive Committee meetings.

At the meetings of the Executive Committee held in the year 2018 the members performed the control of the Company's management and analysed the corporate transactions and structural changes made by the Company, as well as studied the corporate strategy.

C.2.2 Complete the following table with the information relative to the number of female directors who were members of the board committees at the end of the past four years:

	Number of women directors							
	Year 2018		Year 2017		Year 2016		Year 2015	
	Number	%	Number	%	Number	%	Number	%
Audit Committee	0	0.00	0	0.00	0	0.00	0	0.00
Appointments and Remuneration Committee	0	0.00	0	0.00	0	0.00	0	0.00
Executive Committee	0	0.00	0	0.00	0	0.00	0	0.00

C.2.3 Indicate, if applicable, the existence of committee regulations, the place where they are available for consultation and the amendments made during the financial year. Also indicate whether any annual report on each committee's activities has been voluntarily drafted.

The regulations of the Executive Committee, Audit Committee and Appointments and Remuneration Committee are included in the Regulations of the Board of Directors (articles 7.2, 7.3 and 7.4, respectively), available on the company's website:

[https://www.audaxrenovables.com/wp-content/uploads/2018/01/AUDAX\\_REN-Reglamento\\_Consejo\\_2017.pdf](https://www.audaxrenovables.com/wp-content/uploads/2018/01/AUDAX_REN-Reglamento_Consejo_2017.pdf)

Finally, it should be stated that the Board of Directors carried out an evaluation of the activity of each Committee.



## **D. RELATED PARTY AND INTRA-GROUP TRANSACTIONS**

### **D.1. Explain, if applicable, the procedure and the body competent for the approval of related party and intra-group transactions.**

Pursuant to article 17 of the Regulations of the Board of Directors of Audax Renovables the Board of Directors, directly or through the Audit Committee, shall ensure that the transactions between the Company or the companies of its group with significant shareholders are carried out according to arm's length principle and observe the principle of equal treatment of the shareholders that are in the same situation.

For this purpose, the Board of Directors shall approve, subject to a report from the Audit Committee, of the transactions that the Company or the companies of its group perform with directors, on the terms established by article 229 and 230 of the Corporate Enterprises Act, or with shareholders who hold – individually or jointly – a significant stake, including shareholders represented in the Board of Directors of the Company or of other companies belonging to the same group with persons related to them, and the shareholders affected directly or the representatives of related shareholders shall abstain from voting.

The Annual Report on Corporate Governance of the Company shall include information on such transactions.

The transactions that meet simultaneously the following three criteria shall be exempt from the need for approval by the Board of Directors:

- (i) "carried out on standardised terms of contract applied generally to a large number of clients;
- (ii) carried out at prices or rates established universally by the entity acting as the provider of the goods or services in question; and
- (iii) their amount does not exceed one per cent of the annual income of the Company."

### **D.2. Specify the transactions that are significant because of their amount or important because of their subject matter, carried out between the company or the entities of its group and significant shareholders of the company:**

Name or company name of significant shareholder	Name or company name of the company or entity of its group	Nature of the relationship	Type of transaction	Amount (EUR thousands)
ELECTRICA NURIEL, S.L.U.	AUDAX RENOVABLES, S.A.	Corporate	Provision of services	385
EXCELSIOR TIMES, S.L.U.	AUDAX RENOVABLES, S.A.	Contractual	Financing agreements - loans	54,996
EXCELSIOR TIMES, S.L.U.	AUDAX RENOVABLES, S.A.	Contractual	Charged interest	1,622

- D.3.** Specify the transactions that are significant because of their amount or important because of their subject matter, carried out between the company or the entities of its group and the company's directors or managers:

Name or company name of directors or managers	Name or company name of the related party	Relationship	Nature of the transaction	Amount (EUR thousands)
No data				N.A.

- D.4.** Report significant transactions carried out by the company with other companies belonging to the same group, provided that they are not eliminated in the process of drafting the consolidated financial statements and are not part of the company's usual trading in terms of its subject matter and conditions.

In any case, report any intra-group transaction carried out with entities established in countries or territories considered to be tax havens:

Company name of the entity belonging to the group	Brief description of the transaction	Amount (EUR thousands)
AUDAX GREEN, S.L.U	Earnings for representation on the market and for HR services and others.	1,839
AUDAX GREEN, S.L.U	Expenses for purchase of energy.	7,272

- D.5.** Specify the significant transactions carried out between the company or companies of its group with other related parties, not reported in the previous paragraphs:

Company name of the related party	Brief description of the transaction	Amount (EUR thousands)
No data		N.A.

- D.6.** Detail the mechanisms established to detect, determine and resolve possible conflicts of interest between the company and/or its group and its directors, managers or significant shareholders.

Article 16.2 of the Regulations of the Board of Directors stipulates the following (without prejudice to the exemption rules established in article 16.3 thereof):

In order to avoid conflicts of interest [...] the Directors should abstain from:

- (i) Performing transactions with the Company, except for ordinary transactions carried out under standard conditions for customers and of little importance, defined as those for which information is not required to reflect a fair image of the equity, financial situation and the results of the Company.
- (ii) Using the name of the Company or their position of director to improperly influence the performance of private transactions.

(iii) Making use of the company's assets, including confidential information of the Company, for private purposes. This obligation includes the duty of each director to avoid using undisclosed information of the Company for their own benefit, either directly or disclosing it to third parties, and to abstain from performing and from suggesting to others to perform transactions on the securities of the Company or of its subsidiaries, associated or related companies about which they may have obtained, by virtue of their position, undisclosed information, all abovementioned without prejudice to the duties incumbent on directors under the regulations of the Securities Market and the rules of conduct stipulated in the Company's Internal Regulations for Conduct.

(iv) Taking advantage of the business opportunities of the Company. Accordingly, the directors must not perform, for their own benefit or for the benefit of associated persons, investments or transactions related to the Company's assets of which they have obtained information by virtue of their office, when the investment or transaction has been offered to the Company or the Company has interest in it, as long as the Company has not rejected the investment or transaction without the influence of the director and pertinent authorisation of the Board of Directors has been given to perform it.

For this purpose, business opportunities refer to any possibility of making an investment or commercial transaction which has arisen or has been discovered in connection with holding the position of director or by the use of means and information of the Company or under such circumstances that would reasonably imply the assumption that the third party's offer was in reality addressed to the Company.

(v) Obtaining advantages or remunerations from third parties other than the Company and its group, associated to holding the office, except for mere courtesy attentions.

(vi) Carrying out for their own account or as an employee activities involving effective competition, whether actual or potential, with the Company or activities that would put them anyway in permanent conflict with the Company's interests. Directors holding office in subsidiaries or investees of the Company are exempt from this prohibition.

The foregoing provisions shall also apply to the event when the beneficiary of the prohibited activities is a person associated to the director under the terms of article 231 of the Spanish Corporate Enterprises Act.

In any circumstances, the directors must inform the Board of Directors about any situation of direct or indirect conflict of interests between them or the persons associated to them, and the Company. The conflicts of interest incurred by the directors shall be reported in the notes to the financial statements and in the Annual Corporate Governance Report.

**D.7. Is more than one company of the Group listed on the stock market in Spain?**

☐ Yes  
☒ No

## **E. RISK CONTROL AND MANAGEMENT SYSTEMS**

### **E.1. Explain the company's Risk Control and Management System, including risks of a tax nature:**

The Group, in general, considers risk to be any future event or contingency which could hamper the Company's ability to successfully meet its business objectives.

In this regard, the Group is submitted to several risks which are inherent in different countries and markets where it operates and which can prevent it to achieve its objectives and successfully implement its strategies. For that reason the Board of Directors, aware of the importance of this aspect, encourages the implementation of the necessary mechanisms for the significant risks to be correctly identified, managed and controlled. The joint project of merger, to which the Company has been submitted, has not altered these objectives, but it has made the Policy, through which these risks are properly managed (called "The Group's General Policy of Risk Control and Management"), to be internally reviewed by the Group and adapted to the new reality. The Policy should primarily allow:

- a) to achieve the defined strategic objectives;
- b) to provide the highest level of guarantees to the shareholders;
- c) to protect the results and the reputation of the Group;
- d) to defend the interests of shareholders, clients and other groups interested in the performance of the Company;
- e) to guarantee business stability and financial strength on a sustained basis throughout time;
- f) to separate the areas that assume risks besides those that control them;
- g) to apply the transparency and good governance practices; and,
- h) to act in compliance with the current legal regulations and the commitments established within the Corporate Responsibility framework.

In the fulfilment of this commitment the Board of Directors collaborates with the Audit Committee that, as a delegate and advisory body, supervises and informs about the adequacy of the system of evaluation and internal control of significant risks.

According to the above, any activity aimed to control and mitigate the risks will be subject to the following basic principles of procedure:

- a) Integrate the risk-opportunity vision in the management and strategy of the Company.
- b) Implement an appropriate separation of duties to guarantee an adequate level of independence.
- c) Guarantee the proper use of risk hedging instruments.
- d) Inform about the risks for the Group and about the implemented systems to mitigate them.
- e) Align the Policy with all the specific policies that need to be developed in the matter of risk.
- f) Ensure the adequate compliance with the corporate governance rules.
- g) Act at any time respecting the law and the Corporate Code of Ethics and Conduct.

The Group's General Policy of Risk Control and Management which, as indicated above, is undergoing a review, is carried out through the procedures, methodologies and support tools and includes the following guidelines:

- a) The identification of the significant risks of corporate governance, market, credit, liquidity, capital management, business, regulation, operational, environmental, reputational and others.
- b) The analysis of such risks and, in particular, the analysis of the risks associated to the new investments as an essential element in the process of decision making in profitability-risk approach.
- c) The settlement of an internal structure of policies, guidelines and limits.
- d) The implementation and control of the compliance of policies, guidelines and limits through adequate procedures and systems, including the contingency plans necessary in order to mitigate the impact of risk materialisation.
- e) The measurement and control of risks.
- f) The information and internal control systems, which allow to carry out a regular and transparent evaluation and information of the results of monitoring risk control and management, including compliance with the policies and the limits.
- g) The constant evaluation of the suitability and efficiency of the application of the system and of the best practices and recommendations concerning risks from the perspective of their possible incorporation into the model.
- h) The review of the entire control system by the Internal Audit Committee of the Group.

The Group's General Policy of Risk Control and Management is developed and complemented by the corporate risk policies that are established in relation to the business lines and/or companies of the Group, which are set out below, and which are also subject to supervision by the Audit Committee and subsequent approval by the Board of Directors. It should be noted that, due to the joint project of merger, several of the policies that were previously implemented are now being adapted and reviewed for the purpose of their adequate implementation next year.

Corporate Policies and Procedures which have been approved and implemented:

- Corporate Code of Ethics and Conduct.
- Disciplinary Rules and Sanctions.

- Handbook and General Principles of Criminal Risk Prevention.
- Internal Regulations for Conduct in the Securities Markets.

Corporate Policies and Procedures which are undergoing a review :

- General Policy of Risk Control and Management.
- Delegation of Authority.
- Policy of Financial Risk Management.
- Investments, Purchases and Suppliers Policy.
- Guidelines for Accounting Policies.
- Guidelines for Information Security Systems.
- Project Finance Process and Projects' Status.
- Policies for Loan Granting and Terms of Loan Agreements.
- Acquisition and Disposal of Own Shares Procedure.
- Guidelines of the Regulated Information to Be Disclosed to the Market.
- System of Internal Control for Financial Information (ICFR).

## **E.2. Identify the bodies within the company responsible for designing and executing the Risk Control and Management System, including tax risk:**

In order to adequate the impact of the risk, the Audit Committee, as a delegated and advisory Committee of the Board of Directors, apart from supervising the proposals of the Management and/or the Internal Audit Department, has the autonomous capacity to suggest to the Board of Directors for its approval the proposals of guidelines to regulate the limits of different risks, including tax risk, that are considered as acceptable for the Group.

### **AUDIT COMMITTEE**

- Informing the General Shareholders' Meeting of the issues proposed thereto by the shareholders regarding the matters within its competence.
- Monitoring the effectiveness of internal control of the Company, internal audit and risk management systems, including tax, and discuss with the auditor any significant weaknesses in the internal control system detected during the audit.
- Supervising the preparation and submission of the required financial information.
- Proposing the appointment of the company's auditors to the Board of Directors to be submitted for the approval, re-election or replacement by the General Meeting of Shareholders, in accordance with applicable law, and the terms of engagement and regularly gather from them information on the audit plan and its execution while preserving its independence in carrying out their functions.
- Establishing appropriate relations with the auditors to receive information that could jeopardise their independence, for consideration by the Audit Committee, and, in general terms, any other that are related to the development process of the audit, as well as other communications included in auditing laws and the technical auditing rules. In all cases, it must receive written confirmation from the auditors of their independence from the company or the companies directly or indirectly associated thereto, along with information about additional services of any kind rendered to these companies by the aforementioned auditors or companies, or by persons or companies associated therewith, pursuant to auditing laws.
- Issuing a report every year, prior to the auditing report being issued, expressing an opinion on the independence of the external auditors or auditing firms. This report shall include, in any case, the assessment of the provision of additional services referred to above, considered individually and collectively, other than the statutory audit and in connection with the regime of independence or the legislation regulatory audit.
- To inform, in advance, to the Board of Directors about all matters under the Act, the Articles of Association and the Regulations of the Board and, in particular, about (a) the financial information that the Company must periodically disclose; (b) the creation or acquisition of interests in special purpose entities or companies registered in countries or territories considered tax heavens; and (c) related party transactions.

### **BOARD OF DIRECTORS**

Within the scope of its competence, with the support of the Audit Committee, the Board of Directors should ensure that the necessary mechanisms are introduced to identify measure, manage and monitor relevant risks of any type, establish the Company's risk strategy and profile, and approve the Group's risk policies.

In particular, the Board of Directors shall approve and supervise the risk control and management policy, as well as the monitoring of the system of internal control over financial reporting.

## **E.3. Indicate the main risks, including tax risks, and – insofar as they are significant – the risks deriving from corruption (within the scope determined in the Royal Decree-Law 18/2017), which may affect the achievement of business objectives:**

The Audax Renovables Group has developed adequate procedures to identify, analyse, manage and mitigate all the risks to which it is exposed due to the nature of its activity. In the Group's General Policy of Risk Control and Management (currently undergoing a process of internal review due to the joint project of merger, which has brought about a new dimension to the group as well as new risks that need to be added because of the incorporation of new business lines), the risk factors are generally the following :

**A) FINANCIAL RISKS:**

- a) Credit risks: credit risk is the possibility that a counterparty to an agreement may fail to comply its contractual obligations bringing about an economic or financial loss. The counterparties can be end customers or providers, counterparties on financial markets or on commodity markets, partners.
- b) Market risks: market risk present in the electricity sector is based on the complex process of price formation which affects the retailing activity as well as the energy generation activity.
- c) Commodity price volatility risk: in certain countries where the Group operates in the energy generation activity, the remuneration received by the Group has a regulatory component and a component which is linked to the market price. In such countries there is the risk of the regulatory component not being able to compensate entirely the fluctuations of the market prices and, therefore, there is the risk of the total remuneration being volatile. Furthermore, it is impossible to ensure that the market prices will remain on such levels as to allow the collection of profit margins and desired levels for investments recovery.
- d) Liquidity risk: the management of that risk results from the demand for financing the Group's activities because of temporary differences between the needs and cash generation, and is based on maintaining a sufficient level of cash and securities, as well as the availability of financing through adequate amount of committed credit facilities and the appropriate ability to settle market positions.
- e) Interest rate risk: any rise in interest rates would increase the Group's financial expenses in relation to the portion of its debt at a floating rate, which would be mitigated by the interest rate hedging policy.
- f) Guarantee terms risk: In order for Audax Renovables to be able to carry out its activity as retailer, it has to provide the guarantees linked to the electricity purchase. The guarantees are provided in the form of bank guarantees, some of which are secured by the positive net liquidity position of the Group. Should the financial institutions that grant the guarantees decide to cancel them, the Group's activity would become severely limited, which could affect its own viability.
- g) Access to financing: in the division of energy generation the development of the facilities under construction, the financing conditions and the amount of own funds to be contributed by the Group depends on the availability of finance services and on the existence of loan on the loan market for financing the renewable energy projects.

**B) RISKS RELATED TO THE BUSINESS SECTOR:**

- h) Regulatory risks: those resulting from regulatory changes established by the different regulators, such as the changes in the remuneration for the regulated activities or of the required conditions of supply, environmental regulations, tax regulations, labour regulations, among others.
- i) Competition risk: in the retailing activity it is possible to be exposed to a significant risk due to the existing market entry barriers and which could materialise in a decrease of the offered price.
- j) Operational risks: refer to the direct or indirect economic losses caused by inadequate internal procedures, technological errors, human errors or as a consequence of certain external events, including their economic, social and/or environmental impact, as well as the legal risk.
- l) Risk of exposition to the Spanish market: the Group's activity currently depends primarily on the Spanish market.
- m) Dependence and concentration of qualified providers risk: the energy generation activity requires the supply and assembly of numerous technical components, such as wind turbines, for the wind energy generation facilities, which can be provided only by a limited number of suppliers.
- k) Weather conditions risk: electricity generation from wind energy is subject to weather conditions of the location of the facilities and, particularly, wind conditions.

The Group may as well be affected by other risks of a different character, for instance:

- Reputational risks: potential negative impact of the value of the Company as a result of a poorer behaviour of the company compared to the created expectations by the different interest groups: shareholders, clients, media, analysts, public administration, employees and people in general.
- Corporate governance risks: the Company assumes the need to secure the public interest and the strategy to boost in a sustainable manner the Company's economic value and its good performance in the long term, taking into consideration the legitimate interests, whether public or private, especially among the different interest groups.

**E.4. Indicate whether the company has levels of risk tolerance, including tax risk:**

The Group has not quantified a specific level of risk tolerance, adapting it to the different situations, taking into account the risk/opportunity combination.

Nevertheless, at the quality level, the risk map of Audax Renovables is the identification and valuation tool of all risks of the Group. All risks considered are evaluated considering probability and impact indicators and are constantly monitored.

In accordance with these parameters, risks are classified as:

- Non-significant risk: risks which impact is very low or out of control of the company. These risks are managed to reduce the frequency in which they are produced only if its management is economically feasible.
- Low risk (tolerable): risks that occur with little frequency and that have a low economic impact. These risks are monitored to check that they are still tolerable.

- Medium risk (severe): frequent risks with a very high impact. These risks are monitored and, where appropriate, regularly managed.
- Top risk (critical): occur with low frequency but the economic/strategic/reputational impact is really high.

It should be noted that until the year 2018 the Company had a Risk Map perfectly adapted to the reality in which the Group existed at that time. However, following the announcement of the joint project of merger by absorption, said Risk Map is now being reviewed through a process of adjustment to the Group's new situation, as all the risks and particularities related to the retail business need to be included and added to those related to the production business (the latter being those taken into consideration until the project of merger was announced).

#### **E.5. Indicate which of the risks, including tax risks, have taken place over the year:**

During the year 2018 the Group was affected by the events specified below, the most significant impacts being those related to the terms established in the joint project of merger of 28 June 2018; the milestones were the following:

In October 2018 Audax Energía, S.A. acquires two subsidiary companies (ADS Energía 8.0, S.L.U. and Eryx Investments 2017, S.L.) which already were under control of its group, through a non-monetary contribution of their shares to Audax Energía, S.A. The impact of both transactions involved a positive impact of EUR 1.3 million on net equity and a negative impact of EUR 3.1 million on the income statement for the year, respectively.

On 23 November, and as a consequence of the merger between the Company (as the acquiring company) and Audax Energía, S.A. (as the acquired company) the Company's objects were extended to include the energy retailing, purchase and sale of electricity, including import and export, sales of fuel for energy production, natural gas retailing, sales of CO2 emission rights and telecommunications retailing; as well as all additional activities necessary for the performance of the previous ones. Due to the signed transaction, the Company finds that different kinds of risk to which it is exposed have increased substantially, such as for instance the risk of guarantee terms, risks of market concentration, risks of lawsuits and complaints, new business risks in the retailing activity (product and price), to name only a few.

The abovementioned merger transaction involved the incorporation of the acquired company (Audax Energía) into the acquiring company (Audax Renovables) through a transfer en bloc of the assets of the first to the benefit of the latter, the dissolution without liquidation of the acquired company, the increase of the share capital of the acquiring company by the amount of EUR 210,201 thousand with a share premium of EUR 141,368 thousand, by issuing 300,287,276 shares equal to those already existing. Simultaneously, the framework of the restructuring process initiated by the merger described above involved the approval of a merger by absorption of the companies Orus Energía S.L. and A-Dos Energía S.L. by Audax Energía, S.A. As a consequence of that, on 1 January 2018 several national and foreign subsidiaries were incorporated into the Audax Renovables Group including the assets and liabilities as well as the equity of the incorporated companies.

The total impact of the restructuring transactions involved a reduction of the reserves by the amount of EUR 368 million.

Finally, it should be highlighted that the business performance in the year 2019 will be subject to the following risk factors:

- The probable acceleration of the withdrawal of the incentive programme of the Central European Bank, with the subsequent risk of the interest rate increase and, subsequently, of the financial expenses.
- The growing competition on the renewable energy tenders in different jurisdictions due to the appearance of new players with their aggressive bids, which may hinder the allocation of attractive and lucrative projects.
- The evolution of electricity and commodities prices in the countries where the Company operates.

#### **E.6. Outline the plans of response to and control of the main risks faced by the company, including tax risks, and the procedures implemented by the company to ensure that the board of directors responds to the new and emerging challenges:**

As pointed out in section E.4 above, until the year 2018 the Audax Group had a fully updated Risk Map which was used to identify any significant risks could negatively affect various aspects, such as: the operations, the economic profitability, financial solvency, information, corporate reputation and employee integrity, including fraud risk. However, as a result of the merger carried out with effect as of 31 December 2018 and retroactive accounting effect as of 1 January 2018, the Group is undergoing a process of adjustment to the company's new environment while simultaneously implementing the appropriate improvements in order to facilitate risk identification thereby ensuring a better adjustment to this new framework.

However, the Group's usual procedures regarding the plans of response to and control of the main risks faced by the company will not differ from its hitherto ways of operation. This means that the Group used to identify which of the existing risks could affect the Group in any way, and which mitigating measures should be put in place in order to ensure the best coverage of that risk and minimise its impact. Furthermore, regarding other risks whose impact remains not covered, an executive schedule will continue to apply (a new schedule, adapted to the new reality mentioned earlier), developed together with an action plan the appropriate measures which, where possible, will help avoid any significant impact of these risks on the Group.

The implementation of these measures will be conducted by the Management of the Group, with the Audit Committee and, finally the Board of Directors being the two bodies responsible respectively for overseeing and approving of the implemented measures.



## **F. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION WITH THE FINANCIAL REPORTING PROCESS (ICFR)**

Describe the mechanisms that constitute the risk control and management systems in relation to the financial reporting process (ICFR) of your company.

### **F.1. The entity's control environment.**

Inform, indicating the main features, of at least:

**F.1.1** Which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFR system; (ii) its implementation; and (iii) its supervision.

The Internal Control over Financial Reporting System (hereinafter "ICFR") of the Audax Renovables Group is part of its general system of internal control and is arranged as a set of procedures carried out by the Board of Directors, the Audit Committee, the Management and the employees of the Group, at various levels, in order to provide reasonable security concerning the reliability of the financial information subject to disclosure.

The Board of Directors of the Audax Renovables Group is ultimate decision body of the Group, delegating the ordinary management to the executive bodies and the Management team, and thus concentrating its activity on supervising function which can be delegated to the Audit Committee; the Board of Directors has the ultimate responsibility for the existence and maintenance of an adequate and effective ICFR system. It is also important to highlight that, since it cannot be otherwise, the Management of the Group is responsible for the adequate implementation of the ICFR system.

Among the direct responsibilities to be carried out by the Board of Directors, in terms of the internal control over financial reporting, without any prejudice to the effects that the delegations and powers granted may cause to third parties, and according to what is established in its own Regulations (article 4), there are, among others, the following duties:

- The determination of the risk control and management policy, including tax issues, and regular monitoring of the internal information and control systems.
- The determination of the corporate governance policy and of the Company and of the group being its dominant entity; its organization and operation and, in particular, the adoption and amendment of its own regulations.
- The approval of the financial information which the Company must regularly publish as a listed company.

Furthermore, article 7 section 3 of the Regulations of the Board of Directors specifies the activities and competence of the Audit Committee. For this purpose and in connection with the process of preparing and monitoring financial reporting, the Committee, under the Regulations of the Board of Directors, has the following duties:

- Monitoring the effectiveness of internal control of the company, internal audit and risk management systems, including tax, and discussing with the auditor any significant weaknesses in the internal control system detected during the audit.
- Supervising the preparation and submission of the required financial information.

It is also important to point out that the Audit Committee has available the function of Internal Audit which, together with the monitoring of the former, ensures the proper functioning of the information systems and internal control evaluating periodically the efficiency of the ICFR system and informing regularly the Audit Committee of the weaknesses detected during the performance of its job and the possible infringements of the internal control policy and the timetable for the implementation of the proposed correction measures.

The Management of the Group is responsible for performing the following functions in relation with the ICFR system:

- Revising and approving the policies and guidelines referring to the management of financial reporting;
- Establishing and spreading the needed procedure for the internal control over financial reporting;
- Establishing and carrying out the internal control over financial reporting in order to ensure its reliability and guarantee that the reports, facts, transactions and other relevant aspects are notified properly within the adequate time frame; and
- Monitoring and controlling the compliance of the internal control over financial reporting and of the internal controls and procedures aimed at spreading the information outside, as well as analysing and verifying the efficiency of the controls and their effectiveness.

Moreover, all the aspects related to the internal control over financial reporting are regulated in the corporate document ICFR Organisation and Supervision Model which is applicable to all the companies belonging to the Audax Renovables Group; the document establishes the functioning principles and the responsible bodies of the procedure. However, that document is currently undergoing a review aimed at adapting it to the new environment as a consequence of the joint project of merger in which the company has been immersed from mid-2018 till the beginning of 2019.

F.1.2 If the following elements exist, especially those connected with the financial reporting process:

- The departments and/or mechanisms that are in charge of: (i) design and review of the organisational structure; (ii) clear definition of the lines of responsibility and authority with an adequate distribution of tasks and functions; and (iii) assurance that adequate procedures exist for proper communication throughout the entity:

The Board of Directors of Audax Renovables assigns to the Management of the Group the responsibility for designing and reviewing the organisational structure connected with the financial reporting process as well for its modification whenever it is deemed necessary. In this respect the appropriate guidelines of authority and responsibility have been developed for each business unit of the Group, documented in the form of models of dependence which define the tasks and functions of the units. On the other hand, the ICFR Organisation and Supervision Model, a document formally approved by the Audit Committee, refers to the functions connected with the ICFR.

In order to attain the priority goal of obtaining a correct and reliable financial information, the Group has developed and approved the ICFR Operation Model. This document, approved also by the Audit Committee and submitted to the Board of Directors, defines the process of preparing the financial information, functioning of the reports and the executive reporting (identification of key controls, formats and the persons responsible for conducting the evaluation and supervision) to be performed by the Internal Audit Department and the evaluation and supervision of the overall ICFR system.

Therefore, the responsibility for the internal control over financial reporting is formally determined and assigned.

On the other hand, the documents regarding the ICFR Operation Models are published in a portfolio generally accessible to all the staff.

Additionally, it should be highlighted that, as stated in previous sections, due to the joint project of merger carried out in the second half of the year 2018 and beginning of the year 2019, the two documents mentioned in this section ("Organisation and Supervision Model" and "Operation Model") are undergoing a review aimed at adapting them to the new dimension and business lines of the Group.

- Code of conduct, approving body, degree of dissemination and instruction, principles and values included (stating whether there are specific references to record keeping and financial reporting), body in charge of investigating breaches and proposing corrective or disciplinary actions:

The Audax Renovables Group has a Corporate Code of Ethics and Conduct, approved by the Board of Directors, which explains the ethic commitments and responsibilities in the management of the business and in corporate activities assumed by its professionals, regardless of their post, position within the company, geographical situation or function carried out. Also, complying with the Code is understood without prejudice to the complying with the company's corporate governance and, in particular, of the Internal Regulations for Conduct in the Securities Market.

The document is part of the welcome pack handed in to the new employees together with a letter of agreement with the Corporate Code of Ethics and Conduct, subject to acceptance and signature by all Group employees. The main principles and values defined in this document are: ethics and trust, customer orientation, innovation, excellence, respect for the environment, professional and personal development and concentration on positive economic results and financial soundness.

The Corporate Code of Ethics and Conduct is comprised of the following principles and rules:

- The general principles which regulate the relationship with the involved parties (employees, clients, providers, shareholders, administrations, etc...) and which define the reference values for the Group's activities, as well as respect for the fundamental rights;
- The principles of conduct in the relationship with each type of involved party, providing specific guidelines and standards that the contributors of the Audax Renovables Group must abide by so as to respect the general principles and prevent the risk of non-ethic performance; and
- The implementation mechanisms, which describe the duties of the Audit Committee (concerning dissemination, implementation and control of the Corporate Code of Ethics and Conduct), and of the Internal Audit Department (supervision and issuing of reports as well as improvement proposals), and of the Management (by spreading its communications as well as information to the Group's employees).

The Group applies the Regulation of disciplinary proceedings and sanctions system approved by the Board of Directors to complement the Corporate Code of Ethics in regulating the disciplinary procedures of the misdemeanours committed by the employees of the Group.

The body in charge of analysing such misconducts and proposing the sanctions and/or corrective measures is the Board of Directors or the Executive Committee, either from the beginning or by request of the Management and after receiving a non-binding report of the Audit Committee.

- Whistleblower channel that allows the communication to the Audit Committee of irregularities of financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities in the organisation informing, as the case may be, if it is of confidential nature:

The Audax Renovables Group has available a whistleblower channel, regulated in the Corporate Code of Ethics and of Conduct of the Group, which makes it possible for all the employees to notify, in a secure and confidential way, any behaviour that can imply an irregular or illegal act or conduct that can be contrary to the established rules. At the start point of the whistleblower channel all employees of the Group were informed about the implementation of such form of communication and about its functions. Moreover, as a consequence of the joint project of merger, the Company's staff of professional employees increased substantially. For this reason and due to this process the Management considered it adequate to inform all the employees about the substance of the Good Corporate Governance System and its existing mechanisms, one of them being the abovementioned whistleblower channel and the way it works.

Besides, all the employees of the Group used to be, and continue to be after the joint project of merger, reminded regularly (annually) about the aims and operating rules of the whistleblower channel.

Moreover, the established procedures for the use of this channel guarantee the total and strict confidentiality, given that the received information is managed directly by an independent third party, the Chairman of the Audit Committee of the Group. The responsibility of handling of the complaints made through the Channel of complaints lies with the Chairman of the Audit Committee.

- Training and regular updating programmes for the employees involved in the preparation and review of the financial statements, as well the evaluation of the ICFR, that cover at least accountable standards, auditing, internal control and risk management:

It is the Group's will to systematically update the knowledge of all the employees and management staff about the changes and novelties in preparing and publishing of the financial information. Likewise, the Group's intention is to systematically provide specialised courses about the matters related to ICFR to the employees engaged in preparing the financial statements of the Group. Constant communications with the external auditors and other independent professionals ensure this permanent update.

Additionally, as a consequence of such communications, the directors receive the information about novelties and participates also in the presentations and meetings organised by the external auditors, during which the main news related to the legal regulations, corporate governance and/or financial or tax matters are discussed.

## **F.2. Evaluation of the financial statements risk.**

Inform, at least, of:

- F.2.1 Which are the main characteristics of the process of risk identification, including risk of error or fraud, regarding:

- Whether the process exists and is documented:

The Audax Renovables Group implements General Policy of Risk Control and Management which, notwithstanding and as a consequence of the merger of the Company (as the acquiring company) with Audax Energía, S.A. (as the acquired company) carried out in the second half of the year 2018 and the beginning of the year 2019, the Management of the Group is reviewing and adapting to the new dimensions and new business model (now not only is it an energy producer, but also a retailer of electricity and gas). However, regardless of the internal review process that is being carried out in the year 2019 for the purpose of adapting it to the new situation of the Group, said Policy is intended to establish the basic principles and a general framework of action in terms of control and management of any kind of risk which the Group is exposed to. The policies are developed to supplement various systems of corporate policies regarding risk and specific risk policies which may be established for companies belonging to the Group. This way the Group has continued monitoring the main risks throughout the year 2018 as well as organising and implementing appropriate systems of internal control and information and supervising them.

This policy also aims at integrated management of financial risk within the borders of the Group's culture and its strategic goals with consideration given to the following goals:

- Identification, analysis, management and limiting of financial risk to which the Group is exposed due to the nature of business it conducts;
- Providing the organisation with a framework in order to enable conducting financial activities in a way that is controlled and consistent;
- Improving the decision making process and financial planning through complex and orderly knowledge of business activity;
- Contributing to a more effective use of resources within the Group;
- Limiting volatility within the financial areas of activities;
- Protecting financial assets;
- Developing and supporting persons and knowledge base of the organisation, and
- Optimising the operational effectiveness.

Moreover, the Audax Renovables Group has a Risk Map (also undergoing review during the year 2019 for the purpose of adapting it after the process of merger describe before) which aids in making some of the company's strategic decisions; the duty to upgrade and maintain said document rests with the Management and, ultimately, with the Board of Directors. This document states that a significant risk is defined as a risk which could negatively impact the operational activity, economical profitability, financial liquidity, information, corporate image, and the employees' integrity, including the risk of fraud. In regards to the latter, the Group, in collaboration with legal advisors and other external advisors, continually works on determining the means to limit potential dishonest behaviours. These means include various methods of action and tasks as well as developing necessary textbooks and procedures (Risk Map, textbooks, procedures, Corporate Code of Ethics and Conduct, norms, conflict of interest / related parties, compliance, complying with the regulations of criminal law, etc.) in order to mitigate the risk of fraud within the Group.

- Whether the process covers all the objectives of financial information, (existence and occurrence; integrity; valuation; presentation, breakdown and comparability; and rights and obligations), whether it is updated and, if so, how often:

The Management of the Group has identified the control objectives for each risk, as well as the people responsible for them, according to the established methodology, taking into account the following potential mistakes in the financial information:

- Integrity.
- Validity.
- Register.
- Discontinuation of operations.
- Valuation.
- Accounting classification.
- Breakdown and comparability.

These objectives are updated at least once a year.

- The existence of a process of identification of the consolidation scope, taking into account, among other aspects, the possible existence of complex business structures, instrumental entities or of special purpose vehicles:

The consolidation scope of Audax Renovables is monthly determined by the Group's Management, together with the Accountancy Department, and under a supervision of an external auditor, in accordance with the criteria established by the International Accounting Standards (hereinafter, "IAS") 27, and other local accountancy regulations. The possible changes in the consolidation are communicated to all the Group's subsidiary companies. To this effect the Group conducts a constantly updated register of companies that covers the totality of shareholding, direct and indirect, as well as all the entities in which the Group has the possibility of exercising control, whichever the legal form in which such control may be assumed.

- Whether the process takes into account the effects of the other typologies of risks (operating, technological, financial, legal, tax, reputational, environmental, etc.) according to the extent by which they affect the financial statements:

Within the process of risk management relating to the financial reporting system, the Group applies the ICFR Procedures Manual which defines the methods and procedures to be applied in the management of specific risks in the financial reporting, describes the key processes (and identifies them through respective flowcharts), the risks present in the ICFR and the relevant controlling actions (including the identification of the "process owner" and "control owner"), in order to evaluate determined guidelines for its adequate implementation, functioning and supervision. In this respect the description of the processes, risks and controls contained in this document is updated at least once a year and periodically submitted to internal audit.

Nevertheless, and as it has been already stated in previous sections of this document, due to the joint project of merger in which the Group took part between the second half of 2018 and the beginning of 2019, the ICFR model applied before this operation is undergoing an internal process of adaptation to the new business dimension and model, certain improvements being made throughout the adaptation process.

Which governance body of the entity supervises the process:

The body responsible for the supervision of the internal control and risk management system is the Audit Committee of the Group with assistance of the Internal Audit Department.

### **F.3. Control activities.**

Inform of the existence of at least the following elements indicating their main features:

**F.3.1 Procedures for reviewing and authorising the financial information and description of ICFR to be disclosed to the securities markets, stating who is responsible in each case, as well as documentation and flowcharts of activities and controls (including those related to risk of fraud) for the various types of transactions that may materially affect the financial statements, including the procedure for the closing of accounts and for the separate review of critical judgements, estimates, valuations and projections**

The Audax Renovables Group applies the Manual of Regulated Information for Disclosure, duly approved by the Audit Committee and Management of the Group, in which all the obligatory communications are detailed, required by the regulator, and the risks and controls related to that process are identified.

In this way, the Management are in charge of referring quarterly, semi-annually and annually the mandatory financial information to the stock market (CNMV) in coordination with the Internal Audit Department and the Secretary of the Board with the previous review and approval by the Board of Directors. This financial information is elaborated through the different departments dependants of the Management. In said process the Accountancy Department is relevant, as, during the process of closure and consolidation of the accounting cycle, it undertakes different control activities that ensure the fairness of the disclosed information. Additionally, the Management Control Department analyses and supervises the information. Ultimately, the Management reviews and approves the general financial information as well as the specific information about the opinions, estimations, valuations, provisions and forecasts relevant for quantifying the assets, liabilities, income, expenses registered and/or disclosed in the Annual Accounts of the Group.

Simultaneously, the Audit Committee is responsible for supervising the process of preparing and presenting the relevant financial information as well as for supervising and ensuring the appropriate control framework of the Internal Control of Financial Reporting (ICFR) system. During the closures of the accounting cycle that fall on the end of half-year, the Audit Committee receives comments and conclusions provided by the external auditors of the Group based on the control results. Additionally, the Audit Committee (in reference to the half-year closures) informs the Board of Directors about its conclusions regarding the presented financial report, which, after being approved by this body, is forwarded to the stock markets.

As it was already mentioned, due to the merger of the Company (as the acquiring company) with Audax Energía, S.A. (as the acquired company) the ICFR model is being adapted to the new business dimension and model, with identified improvements being implemented as a consequence of said adaptation process. Due to this new situation, the Group works in two separate ways:

- On the one hand, reviewing, adapting and updating the processes which already existed in relation to the business line of electric power generation from renewable sources and which can materially affect the financial statements; it applies to the following processes (however, a closer review has been applied to the processes of "Sales" and "Cash and bank accounts"):

- Financial closing (accountancy closing and consolidation)
- Impairment test
- Hedging treatment
- Cash and bank accounts
- Operating income recognition
- Exchange rate differences
- Portfolio distribution

- On the other hand, in relation to the business segment that involves energy retailing (electricity and gas) the Group carries out a process of adaptation of the ICFR system model to this new dimension, identifying the most important processes that have the biggest impact on financial information, such as:

- Entity level (control environment)

- Sales process
- Purchase process
- Financial reporting process

It should be mentioned that, historically, the company has been undertaking over the recent years an effort to formulate key actions meant to prevent, mitigate or diminish the risks of fraud within the Group, such as drawing up the Corporate Code of Ethics and Conduct, establishing the Channel of Complaints, centrally managing the appointment of proxies, creating the Investments, Purchases and Suppliers' Management Policy, as well as the Accounting Policies Manual and the Information Security Systems Manual. In this respect, and due to the new framework in which the Group operates, those policies and procedures are also being reviewed and, if necessary, adapted to the new situation. We expect to complete this task throughout the year 2019.

Finally, it should be stated that since the year 2014 the Group used to have at its disposal the Criminal Risk Prevention Manual, verified and updated periodically and functioning as one of the important means of action aimed at preventing fraud and establishing the right internal control environment. Additionally, in the year 2016 the Group, on the basis of new requirements imposed by the reform of the Criminal Code (Organic Law no. 1/2015, of 30 March), has developed a Compliance Programme (also called "Corporate Defence") with the aim of executing a model of organisation and management involving the optimum supervisory measures which would prevent the commission of torts in the Group (the holding company and its subsidiaries). The aim of the Programme was to indicate the general principles of conduct and action which are expected of the Group's employees, and to indicate the Group's key values within the means to achieve business goals and for the purpose of preventing the occurrence of material threats within the company through avoiding situations of breach of law, and complying with current legal regulations. Therefore, and as a consequence of the joint project of merger in which the Group participated from the second half of the year 2018 till the beginning of 2019, the Group is currently reviewing the adjustment of the implemented model after adding the new business line (energy retailing), as it is exposed to different risks and different responsible bodies in comparison to the business of generating electricity from renewable sources.

- F.3.2 Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of duties) giving support to key processes of financial reporting.**

The Audax Renovables Group has been using information systems for the purpose of conducting a correct register and control of its operations and, subsequently, their correct functioning is a key element of special significance to the Group. Simultaneously the Group continually develops its information systems, creating and upgrading a map of individual applications and planned improvements through creating the right procedures and security devices. These guidelines and control environment – which, in some cases, are different depending on the geographic segment or type of solution and are undergoing a progressive homogenisation process – are applied above all to the information systems that support the important processes of generating financial information as well as to the necessary structure for their operation.

- F.3.3 Internal control policies and procedures for overseeing the management of outsourced activities, and of the appraisal, calculation or valuation services carried out by independent experts, when these may materially affect the financial statements.**

Usually evaluations, calculations or appraisals commissioned to third parties, which may have direct influence on financial reporting, are deemed to be necessary actions within the scope of generating financial information, which, in individual cases, lead to identification of the prioritised kinds of error risks, which requires designing internal controls related to them. These controls include analysis and internal approval of key assumptions which may be implemented, as well as verifying evaluations, calculations of appraisals conducted by external entities, through juxtaposing them with calculations carried out internally. Therefore, in such cases when the company enlists the services of an independent entity, it ascertains the entity's competences, authorisations, independence as well as technical and legal capabilities. In any case the results or reports of individual experts independent in the area of audit, tax or legal matters, are monitored by persons responsible from the Management or other departments for the purpose of confirming the conclusions drawn.

Based on the above, during the year 2018 the Audax Renovables Group did not outsource significant tasks with material impact on financial reporting and which were not supervised by the Group.

#### **F.4. Information and communication.**

Inform of the existence of at least the following elements indicating their main features:

- F.4.1** A specific function in charge of defining and maintaining accounting policies (accounting policy area or department) and settling doubts or disputes arising from the interpretation thereof, maintaining regular communication with the team in charge of operations, and a manual of accounting policies regularly updated and communicated to all the entity's operating units.

The responsibility for applying the accounting policies of the Audax Renovables Group is unified for all the geographical area of its activity and is centralised in the Financial Department. The functions of this Department, together with the active participation of the Accountancy Department of the Group, are the following:

- Draw up and update the Accountancy Policy Manual for the Audax Renovables Group;
- Analyse the operations and transactions undertaken or foreseen to be undertaken by the Group with the main aim of determining its suitable treatment in accordance with the accountancy policies;
- Monitor the new regulatory projects drawn up by the IASB, the new standards passed by this organisation, and the related approval process conducted by the European Union, so as to determine the impact of the implementation thereof on the consolidated accounts of the Group; and
- Answer any question which may arise in any of the subsidiary companies of the Group about the application of the accountancy policies.

Generally, and also in those cases when the application of the accountancy regulations is especially complex, the Financial Department of the Group informs its external auditors about the conclusions of the accountancy analysis conducted by the Group and requests them their opinion regarding the analysed conclusion for a better consensus. Subsequently, the information is conveyed to the Audit Committee for analysis and approval.

Historically, the Accountancy Policies of the Audax Renovables Group are developed in accordance with the International Financial Reporting Standards adopted by the European Union (hereinafter "IFRS"), with an explicit document available (called "Accountancy Policies Manual of the Audax Renovables Group") approved at the time by the Management and by the Audit Committee, and subsequently submitted to the Board, as well as supervised by the external auditor. The Group, through the Accountancy Department, and under the supervision of the Financial Management, developed and formalized during the year 2011 said Manual, which collects the accounting principles and criteria of the companies of the Group, determining the registry and valuation guidelines so as to homogenize the accountancy in all the subsidiary companies of the Group, thus making sure of the uniformity of the accountancy and financial information. The document details the sufficient information which the Accounting Department and the Management have deemed necessary and relevant, thus ensuring that both the subsidiaries and the holdings have an adequate knowledge thereof. Such Policies include a general framework and detailed policies, such as those referring to impairment tests, policies and methods of capitalization of costs, swaps calculations, and dismantling provisions.

However, as a consequence of the merger between the Company (as the acquiring company) and Audax Energía, S.A. (as the acquired company) and due to the new dimension of the Group resulting from this operation as well as the extension of its business model, said Accountancy Policies Manual is undergoing an internal analysis of review, update and formal approval, with the Group aiming to complete this process in the year 2019.

- F.4.2** Mechanisms for the capture and preparation of financial information in standard format, to be applied and used by all units of the entity or the group, supporting the principal accounts and the notes thereto, as well as the information provided on the internal control over financial reporting system.

As a consequence of the merger between the Company (as the acquiring company) and Audax Energía, S.A. (as the acquired company), the Company has experienced a significant increase in its turnover due to the incorporation of a new business line (energy retailing – electricity and gas) to the one previously existing (energy generation from renewable sources).

From the point of view of the ERP system of drafting and reporting financial information, until the moment before the beginning of the merger project, each company and also each business line was managed with a different ERP for each company. The situation changed after the merger, when the merged companies (Audax Renovables and Audax Energía, prevailing the former) begin to be managed by a common ERP (the one used before by Audax Energía, due to the number of transactions which is much larger than that of the "former" Audax Renovables). The main feature of the ERP system of drafting and reporting accounting and financial information is that it has a uniform chart of accounts. The ERP satisfies, on the one hand, the needs of reporting of the individual financial statements and enables, on the other, the consolidation process and the subsequent analysis and review. The integrity and reliability of the information systems is confirmed by means of general control described in section F.3.2.



For the purpose of forwarding information to compile the monthly consolidated financial statements of the Audax Renovables Group, as well as the information which needs to be taken into consideration in the subsequent closing reports (quarter- or half-yearly) which are handed in to the Audit Committee and the Board of Directors, there is a standard reporting template. Moreover, for the subsidiaries, the ERPs differ depending on the subsidiary and the country of its origin. However, the financial managers of those subsidiaries report to the Financial Department of the Group through a reporting package adapted to the needs of the holding company, sent under the IFRS format according to the local accounting regulations of the country of origin.

Lastly, it needs to be pointed out that the Group used to have, through the appropriate formal approval by the Management and the Audit Committee, an ICFR "Organisation and Supervision Model" and an "Operation Model", which detail the functioning of the reports related to the ICFR system (identification of the key controls, format, responsibility for the evaluation and supervision), as well as the executive reporting drawn up by the Internal Audit Department and the assessment and control over the ICFR as a whole. As it has been already stated before, and on the basis of those documents, during the year 2019 a review is being carried out to adapt to the new business dimension and model after the merger, as well as the implementation of identified improvements to the reviewed procedure.

#### **F.5. Monitoring the system.**

Inform of the existence of at least the following elements indicating their main features:

The activities of supervision of the internal control over financial reporting system (ICFR) performed by the audit committee, as well as whether the entity has an internal audit function whose duties include providing support to the committee in its work of supervising the internal control system, including the internal control over financial reporting system. Information is also to be provided concerning the scope of the assessment of the internal control over financial reporting system performed during the financial year and on the procedure whereby the person or division charged with performing the assessment informs of the results thereof, whether the entity has an action plan in place of describing possible corrective measures, and whether the impact thereof on financial information has been considered.

The Audax Renovables Group has an Internal Audit Department, subject, in terms of functioning, to the Audit Committee, and its main task is to effectively monitor, analyse and evaluate the system of internal control and management of risks significant to the company and the Group. This department conducts independent and periodic controls of the structure and actions of the internal control system, identifies shortcomings, and formulates recommendations regarding improvement actions included in the reports handed over to the Audit Committee during periodic meetings. The reports are presented to the Committee along with a plan of mitigation measures undertaken by the managers of every area and the Management of the Group, when appropriate.

In regards to the above, the Internal Audit Department keeps constant oversight of the plans and actions agreed upon with individual departments for the purpose of correcting identified weaknesses and implementing recommendations. The Internal Audit Department carries out periodic controls of all the processes involved with formulating financial information, regarded as relevant in individual companies belonging to the Group and within the corporate finance area, at the closing of quarterly, half-yearly and yearly periods.

From the beginning, the weaknesses and/or aspects that require improvement identified during the verification process caused the need to formulate a plan of detailed actions in regards to each of them, based on which the Internal Audit Department conducted the monitoring, controls and reports, until they were fully removed or rectified.

It should be pointed out that the Company, by virtue of the merger between the Company (as the acquiring company) and Audax Energía, S.A. (as the acquired company), is carrying out a process of adaptation of the ICFR model to its dimension and business model implementing the identified improvements resulting from the adaptation process. This process is expected to be completed in the year 2019, and is being redefined by the Management with the assistance of the Internal Audit Department and monitored by the Audit Committee of the Group.

Whether there is a discussion procedure whereby the auditor (as provided in the Technical Auditing Standards), the international audit function, and other experts can inform senior management and the audit committee or the directors of the entity of the significant internal control weaknesses detected during the review of the annual accounts or such other reviews as may have been entrusted to them. Information shall be also provided on whether there is an action plan to seek to correct or mitigate the weaknesses found.

The discussion procedure about the improvements and identified significant weaknesses of the internal control is based, generally, on regular meetings held by the intervening parties. The Internal Audit department informs periodically the General Management and the Audit Committee about



about the conclusions related to the internal control of the ICFR system and the internal audits carried out during the year, as well as about the situation regarding the implementation of the action plans established in order to mitigate weaknesses.

Specifically, in accordance with the provisions of its Regulations (scope of competence), the Audit Committee has, among others, the task to analyse, together with the accounting auditors, significant weaknesses of the internal control system detected during the audit process.

The auditor of the Group has direct contact with the Financial Department and the General Management through necessary periodic meetings (for referring half-yearly information, before preparing the annual accounts, to expose the incidences detected and before beginning the audit, to explain the scope thereof), both in order to obtain necessary information for the performance of the work and to communicate the control weaknesses detected. Moreover, every six months the auditor reports to the Audit Committee the conclusions of the half-yearly / yearly audit of the Group, including all the aspects considered as important.

Furthermore, the Accounting Department, responsible for the preparation of the consolidated financial statements, holds frequent meetings with the external auditors and the Internal Audit area and the Management, both for the half-year and year closure, in order to discuss relevant matters related to the financial reporting.

#### **F.6. Other important information.**

There is no other important information to detail.

#### **F.7. External auditor report.**

Report on:

**F.7.1** Whether the ICFR information disclosed to the markets has been reviewed by the external auditor, in which case the corresponding report should be attached. Otherwise, explain the reasons therefor.

Until the year 2018 Audax Renovables used to submit for review by the external auditor the ICFR information included in the ACGR. After the merger between the Company (as the acquiring company) with Audax Energía, S.A. (as the acquired company), the resulting company, Audax Renovables, is carrying out a process of adaptation and implementation of the ICFR system to its new dimension and business model, implementing identified improvements as a result of the adaptation process. For this reason the ICFR information disclosed at the end of the year 2018 has not been submitted to the external auditor's review.

## **G. COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS**

Indicate the degree of the company's compliance with the recommendations of the Good Governance Code of Listed Companies.

Should the company not comply with any of the recommendations or comply only in part, include a detailed explanation of the reasons in order to furnish the shareholders, investors and the market in general sufficient information to assess the company's course of action. General explanation will not be accepted.

1. The bylaws of listed companies should not place an upper limit on the votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of share purchase on the market.

Complies [ ☒ ]      Explain [ ☐ ]

2. When a dominant and a subsidiary company are both listed, they should provide detailed disclosure on:

- a) The type of activity they engage in, and any business dealings between them, as well as between the subsidiary and other group companies.
- b) The mechanisms in place to resolve possible conflicts of interest.

Complies [ ☐ ]      Complies in part [ ☐ ]      Explain [ ☐ ]      Not applicable [ ☒ ]

3. During the annual general meeting the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report, and in particular:

- a) Regarding the changes made since the previous annual general meeting.
- b) Regarding the specific reasons for which the company does not follow certain recommendations of the Good Governance Code and, possibly, which alternative procedures are implemented instead.

Complies [ ☒ ]      Complies in part [ ☐ ]      Explain [ ☐ ]

4. The company should draw up and implement a policy of communication and contacts with shareholders, institutional investors and proxy advisors that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position.

This policy should be disclosed on the company's website, complete with details of how it has been put into practice and the identities of the relevant interlocutors or those charged with its implementation.

Complies [ ☒ ]      Complies in part [ ☐ ]      Explain [ ☐ ]

5. The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without pre-emptive subscription rights for an amount exceeding 20% of capital at the time of such delegation.

When a board approves the issuance of shares or convertible securities without pre-emptive subscription rights, the company should immediately post a report on its website explaining the exclusion as envisaged in company legislation.

Complies [ ☒ ]      Complies in part [ ☐ ]      Explain [ ☐ ]

6. Listed companies drawing up the following reports on a voluntary or compulsory basis should publish them on their website well in advance of the annual general meeting, even if their distribution is not obligatory:

- a) Report on auditor's independence.
- b) Reviews of the operation of the audit committee and the nomination and remuneration committee.
- c) Audit committee report on related party transactions.
- d) Report on corporate social responsibility policy.

Complies [ ☐ ]      Complies in part [ ☒ ]      Explain [ ☐ ]

During the financial year 2018 the company published on its website well in advance of the ordinary general meeting of shareholders the reports specified above except for the report of the appointments and remuneration committee and the report on related party transactions.

7. The company should broadcast its general meetings live on the corporate website.

Complies [ ☐ ]      Explain [ ☒ ]

Due to the company's size and the profile of the majority of its shareholders there is no need to hold a broadcast, through the website, of the annual general meeting of shareholders. Also, none of the shareholders has expressed such a wish.

It should be noted that in the consolidated texts of the Articles of Association and the Regulations of the General Meeting of Shareholders a provision was made for the possibility of participation in the General Meeting and voting on resolutions by proxy or personally by a shareholder via post or electronic correspondence or via other means of communication, insofar as they enable sufficient identification of the person participating in the debates or vote, and ensure the security of electronic communication.

However, during the conducted General Meetings of Shareholders there has not been noted any interest in aforementioned electronic media on the part of the shareholders. However the Company nevertheless was duty bound to purchase certain services for the purpose of creating the possibility of making them available for the shareholders who might potentially want to make use of them.

Since the legislation did not require making available of such electronic media to the shareholders, and the matter was supposed to be regulated in a discretionary way based solely on the Articles of Association, it was deemed appropriate for the Board to determine each time when calling a General Meeting of Shareholders, whether electronic media would be made available, due to which both the Articles of Association and the Regulations of the General Meeting of Shareholders had been altered in this area in 2014. It was meant to serve, on the one hand, to eliminate the necessity to run such media each time, and on the other, to consider the possibility that the Board might decide to run them in regards to a particular General Meeting, in case in the future it was decided that the Company's shareholders are interested in making use of such kind of media (which interest, as mentioned before, has not been noted so far).

8. The audit committee should strive to ensure that the board of directors can present the company's accounts to the general meeting without limitations or qualifications in the auditor's report. In the exceptional case that qualifications exist, both the chairman of the audit committee and the auditors should give a clear account to shareholders of their scope and content.

Complies [ ☒ ]      Complies in part [ ☐ ]      Explain [ ☐ ]

9. The company should disclose its conditions and procedures for admitting share ownership, the right to attend general meetings and the exercise or delegation of voting rights, and display them permanently on its website.

Such conditions and procedures should encourage shareholders to attend and exercise their rights and be applied in a non-discriminatory manner.

Complies [ ☒ ]      Complies in part [ ☐ ]      Explain [ ☐ ]

10. When an accredited shareholder exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

- a) Immediately circulate the supplementary items and new proposals.
- b) Disclose the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors.
- c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or deductions about the direction of votes.
- d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Complies [ ☐ ]      Complies in part [ ☐ ]      Explain [ ☐ ]      Not applicable [ ☒ ]

11. In the event that a company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

Complies [ ☐ ]      Complies in part [ ☐ ]      Explain [ ☐ ]      Not applicable [ ☒ ]

12. The board of directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the creation of a profitable business that promotes its sustainable success over time, while maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct itself according to principles of good faith, ethics and respect for commonly accepted customs and good practices, but also strive to reconcile its own interests with the legitimate interests of its employees, suppliers, clients and other stakeholders, as well as with the impact of its activities on the broader community and the natural environment.

Complies [ X ]      Complies in part [ ]      Explain [ ]

13. The board of directors should have an optimal size to promote its efficient functioning and maximise participation. The recommended range is accordingly between five and fifteen members.

Complies [ X ]      Explain [ ]

14. The board of directors should approve a director selection policy that:

- a) Is concrete and verifiable.
- b) Ensures that appointment or re-election proposals are based on a prior analysis of the board's needs.
- c) Favours a diversity of knowledge, experience and gender.

The results of the prior analysis of board needs should be written up in the nomination committee's explanatory report, to be published when the general meeting is convened that will ratify the appointment and re-election of each director.

The director selection policy should pursue the goal of having at least 30% of total board places occupied by women directors before year 2020.

The nomination committee should run an annual check on compliance with the director selection policy and set out its findings in the annual corporate governance report.

Complies [ ]      Complies in part [ X ]      Explain [ ]

Although in regards to the selection and appointment of directors the aforementioned criteria and goals are implemented, the analysis of the company's situation and needs is conducted in reference to a particular situation in which the appointment or reappointment of a director is supposed to occur, and not in an abstract and general way.

15. Proprietary and independent directors should constitute an ample majority on the board of directors, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

Complies [ X ]      Complies in part [ ]      Explain [ ]

16. The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion between the ownership stake of the shareholders they represent and the remainder of the company's capital.

The criterion can be relaxed:

- a) In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings.
- b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Complies [ X ]      Explain [ ]

17. Independent directors should be at least half of all board members.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30 percent of capital, independent directors should occupy, at least, a third of board places.

Complies [ X ]      Explain [ ]

18. Companies should post the following director particulars on their websites, and keep them permanently updated:

- a) Professional experience and background.
- b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.
- c) Statement of the director class to which they belong, in the case of proprietary directors indicating the shareholder they represent or have links with.
- d) Dates of their first appointment as a board member and subsequent re-elections.
- e) Shares held in the company and any options on the same.

Complies [ ]      Complies in part [ X ]      Explain [ ]

The information on the website refers to points c, d and e.

19. Following verification by the nomination committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the urging of shareholders controlling less than 3 per cent of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Complies [ ☐ ]      Complies in part [ ☐ ]      Explain [ ☐ ]      Not applicable [ ☒ ]

20. Proprietary directors should resign when the shareholders they represent dispose of their ownership interest in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the latter's number should be reduced accordingly.

Complies [ ☐ ]      Complies in part [ ☐ ]      Explain [ ☐ ]      Not applicable [ ☒ ]

21. The board of directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the bylaws, except where they find just cause, based on a proposal from the nomination committee. In particular, just cause will be presumed when directors take up new posts or responsibilities that prevent them allocating sufficient time to the work of a board member, or are in breach of their fiduciary duties or come under one of the disqualifying grounds for classification as independent enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in Recommendation 16.

Complies [ ☒ ]      Explain [ ☐ ]

22. Companies should establish rules obliging directors to inform the board of any circumstance that might harm the organisation's name or reputation, tendering their resignation as the case may be, with particular mention of any criminal charges brought against them and the progress of any subsequent trial.

The moment a director is indicted or tried for any of the offences stated in company legislation, the board of directors should open an investigation and, in particular, decide whether or not he or she should be called on to resign. The board should give a reasoned account of all such determinations in the annual corporate governance report.

Complies [ ☒ ]      Complies in part [ ☐ ]      Explain [ ☐ ]

23. Directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independent and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.

When the board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next Recommendation.

The terms of this Recommendation also apply to the secretary of the board, even if she or he is not a director.

Complies [ X ]      Complies in part [   ]      Explain [   ]      Not applicable [   ]

24. Directors who give up their place before their tenure expires, through resignation or otherwise, should state their reasons in a letter to be sent to all members of the board. Irrespective of whether such resignation is filed as a significant event, the motive for the same must be explained in the annual corporate governance report.

Complies [ X ]      Complies in part [   ]      Explain [   ]      Not applicable [   ]

25. The nomination committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

The board of directors regulations should lay down the maximum number of company boards on which directors can serve.

Complies [ X ]      Complies in part [   ]      Explain [   ]

26. The board should meet with the necessary frequency to properly perform its functions, eight times a year at least, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.

Complies [ X ]      Complies in part [   ]      Explain [   ]

27. Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate their powers of representation with the appropriate instructions.

Complies [ X ]      Complies in part [   ]      Explain [   ]



28. When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minute book at the request of the person expressing them.

Complies [ X ]      Complies in part [   ]      Explain [   ]      Not applicable [   ]

29. The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, extending if necessary to external assistance at the company's expense.

Complies [ X ]      Complies in part [   ]      Explain [   ]

30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Complies [ X ]      Explain [   ]      Not applicable [   ]

31. The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather together the material they need.

For reasons of urgency, the chairman may wish to present decisions or resolutions for board approval that were not on the meeting agenda. In such exceptional circumstances, their inclusion will require the express prior consent, duly recorded, of the majority of directors present.

Complies [ X ]      Complies in part [   ]      Explain [   ]

32. Directors should be regularly informed of movements in share ownership and of the views of major shareholders, investors and rating agencies on the company and its group.

Complies [ X ]      Complies in part [   ]      Explain [   ]

33. The chairman, as the person charged with the efficient functioning of the board of directors, in addition to the functions assigned by law and the company's bylaws, should prepare and submit to the board a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the board and, where appropriate, the company's chief executive officer; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.

Complies [ X ]      Complies in part [   ]      Explain [   ]

34. When a lead independent director has been appointed, the bylaws or board of directors regulations should grant him or her the following powers over and above those conferred by law: chair the board of directors in the absence of the chairman or vice chairman; give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the chairman's succession plan.

Complies [ ☐ ]      Complies in part [ ☐ ]      Explain [ ☐ ]      Not applicable [ ☒ ]

35. The board secretary should strive to ensure that the board's actions and decisions are informed by the governance recommendations of the Good Governance Code of relevance to the company.

Complies [ ☒ ]      Explain [ ☐ ]

36. The board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weakness detected in:

- a) The quality and efficiency of the board's operation.
- b) The performance and membership of committees.
- c) The diversity of board membership and competences.
- d) The performance of the chairman of the board of directors and the company's chief executive.
- e) The performance and contribution of individual directors, with particular attention to the chairmen of board committees.

The evaluation of board committees should start from the reports they send to the board of directors, while that of the board itself should start from the report of the nomination committee.

Every three years, the board of directors should engage an external facilitator to aid in the evaluation process. The facilitator's independence should be verified by the nomination committee.

Any business dealings that the facilitator or members of its corporate group maintain with the company or members of its corporate group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be detailed in the annual corporate governance report.

Complies [ ☒ ]      Complies in part [ ☐ ]      Explain [ ☐ ]

37. When an executive committee exists, its membership mix by director class should resemble that of the board. The secretary of the board should act as secretary to the executive committee.

Complies [ ☐ ]      Complies in part [ ☒ ]      Explain [ ☐ ]      Not applicable [ ☐ ]

The Executive Committee of the Company is comprised of the following directors: Mr Francisco José Elías Navarro, Mr Eduard Romeu Barceló and Mr Rafael Garcés Beramendi, all of them proprietary, and the secretary of the committee is the secretary of the Board of Directors, Ms Naiara Bueno Aybar.

38. The board should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the committee's minutes.

Complies [ ☒ ]      Complies in part [ ☐ ]      Explain [ ☐ ]      Not applicable [ ☐ ]

39. All members of the audit committee, particularly its chairman, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management matters. A majority of committee places should be held by independent directors.

Complies [ ☒ ]      Complies in part [ ☐ ]      Explain [ ☐ ]

40. Listed companies should have a unit in charge of the internal audit function, under the supervision of the audit committee, to monitor the effectiveness of reporting and control systems. This unit should report functionally to the board's non-executive chairman or the chairman of the audit committee.

Complies [ ☒ ]      Complies in part [ ☐ ]      Explain [ ☐ ]

41. The head of the unit handling the internal audit function should present an annual work programme to the audit committee, inform it directly of any incidents arising during its implementation and submit an activities report at the end of each year.

Complies [ ☒ ]      Complies in part [ ☐ ]      Explain [ ☐ ]      Not applicable [ ☐ ]

42. The audit committee should have the following functions over and above those legally assigned:

1. With respect to internal control and reporting systems:
  - a) Monitor the preparation and integrity of financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter and the correct application of accounting principles.
  - b) Monitor the independence of the unit handling the internal audit function; propose the selection, appointment, re-election and removal of the head of the internal audit service; propose the service's budget; approve its priorities and work programmes, ensuring that it focuses primarily on the main risks the company is exposed to; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.
  - c) Establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate and feasible, anonymously, any significant irregularities that they detect in the course of their duties, in particular financial or accounting irregularities.
2. With respect to the external auditor:
  - a) Investigate the issues giving rise to the resignation of the external auditor, should this come about.
  - b) Ensure that the remuneration paid to the external auditor for their services does not compromise the quality of such services or the independence of the auditor.
  - c) Ensure that the company notifies any change of auditor to the CNMV as a material event, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons therefor.
  - d) Ensure that the external auditor has a yearly meeting with the board in full to inform it of the work undertaken and developments in the company's risk and accounting positions.
  - e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and other requirements concerning auditor independence.

Complies [ X ]      Complies in part [   ]      Explain [   ]

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior officer.

Complies [ X ]      Complies in part [   ]      Explain [   ]

44. The audit committee should be informed of any fundamental changes or corporate transactions the company is planning, so the committee can analyse the operation and report to the board beforehand on its economic conditions and accounting impact and, when applicable, the exchange ratio proposed.

Complies [ X ]      Complies in part [ ]      Explain [ ]      Not applicable [ ]

45. Control and risk management policy should specify at least:

- a) The different types of financial and non-financial risk the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks), with the inclusion under financial or economic risks of contingent liabilities and other off-balance-sheet risks.
- b) The determination of the risk level the company sees as acceptable.
- c) The measures in place to mitigate the impact of risk events should they occur.
- d) The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.

Complies [ X ]      Complies in part [ ]      Explain [ ]

46. Companies should establish a risk control and management function in the charge of one of the company's internal departments or units and under the direct supervision of the audit committee or some other dedicated board committee. This function should be expressly charged with the following responsibilities:

- a) Ensure that risk control and management systems are functioning correctly and, specifically, that major risks the company is exposed to are correctly identified, manager and quantified.
- b) Participate actively in the preparation of risk strategies and in key decisions about their management.
- c) Ensure that risk control and management systems are mitigating risks effectively in the frame of the policy drawn up by the board of directors.

Complies [ ]      Complies in part [ X ]      Explain [ ]

These functions, right now, are assumed and carried out by the Internal Audit Department of the Audax Renovables Group and the Audit Committee is appropriately informed.

47. Appointees to the nomination and remuneration committee – or the nomination committee and remuneration committee, if separately constituted – should have the right balance of knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.

Complies [ X ]      Complies in part [ ]      Explain [ ]

48. Large cap companies should operate separately constituted nomination and remuneration committees.

Complies [ ☐ ]

Explain [ ☐ ]

Not applicable [ ☒ ]

49. The nomination committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors.

When there are vacancies on the board, any director may approach the nomination committee to propose candidates that it might consider suitable.

Complies [ ☒ ]

Complies in part [ ☐ ]

Explain [ ☐ ]

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

- a) Propose to the board the standard conditions for senior officer contracts.
- b) Monitor compliance with the remuneration policy set by the company.
- c) Periodically review the remuneration policy for directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to the directors and senior officers in the company.
- d) Ensure that conflicts of interest do not undermine the independence of any external advice the committee engages.
- e) Verify the information on director and senior officer's pay contained in corporate documents, including the annual director's remuneration statement.

Complies [ ☒ ]

Complies in part [ ☐ ]

Explain [ ☐ ]

51. The remuneration committee should consult with the chairman and chief executive, especially on matters relating to executive directors and senior officers.

Complies [ ☒ ]

Complies in part [ ☐ ]

Explain [ ☐ ]

52. The terms of reference of supervision and control committees should be set out in the board of directors regulations and aligned with those governing legally mandatory board committees as specified in the preceding sets of recommendations. They should include at least the following terms:
- a) Committees should be formed exclusively by non-executive directors, with a majority of independents.
  - b) Committees should be chaired by an independent director.
  - c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of its directors and each committee's terms of reference; discuss their proposals and reports; and provide report-backs on their activities and work at the first board plenary following each committee meeting.
  - d) They may engage external advice, when they feel it necessary for the discharge of their functions.
  - e) Meeting proceedings should be recorded and a copy made available to all board members.

Complies [ ☐ ]

Complies in part [ ☐ ]

Explain [ ☐ ]

Not applicable [ ☒ ]

53. The task of supervising compliance with corporate governance rules, internal code of conduct and corporate social responsibility policy should be assigned to one board committee or split between several, which could be the audit committee, the nomination committee, the corporate social responsibility committee, where one exists, or a dedicated committee established ad hoc by the board under its powers of self-organisation, with at least the following functions:
- a) Monitor compliance with the company's internal codes of conduct and corporate governance rules.
  - b) Oversee the communication and relations strategy with shareholders and investors, including small and medium-sized shareholders.
  - c) Periodically evaluate the effectiveness of the company's corporate governance system, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, for the legitimate interests of remaining shareholders.
  - d) Review the company's corporate social responsibility policy, ensuring that it is geared to value creation.
  - e) Monitor corporate social responsibility strategy and practices and assess compliance in their respect.
  - f) Monitor and evaluate the company's interaction with its stakeholder groups.
  - g) Evaluate all aspects of the non-financial risks the company is exposed to, including operational, technological, legal, social, environmental, political and reputational risks.
  - h) Coordinate non-financial and diversity reporting processes in accordance with applicable legislation and international benchmarks.

Complies [ X ]

Complies in part [ ]

Explain [ ]



54. The corporate social responsibility policy should state the principles or commitments the company will voluntarily adhere to in its dealings with stakeholder groups, specifying at least:
- a) The goals of its corporate social responsibility policy and the support instruments to be developed.
  - b) The corporate strategy with regard to sustainability, the environment and social issues.
  - c) Concrete practices in matters relative to: shareholders, employees, clients, suppliers, social welfare issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conducts.
  - d) The methods or systems for monitoring the results of the practices referred to above, and identifying and managing related risks.
  - e) The mechanisms for supervising non-financial risk, ethics and business conduct.
  - f) The channels for stakeholders communication, participation and dialogue.
  - g) Responsible communication practices that prevent the manipulation of information and protect the company's honour and integrity.

Complies [ ☒ ]      Complies in part [ ☐ ]      Explain [ ☐ ]

55. The company should report on corporate social responsibility developments in its directors' report or in a separate document, using an internationally accepted methodology.

Complies [ ☒ ]      Complies in part [ ☐ ]      Explain [ ☐ ]

56. Director remuneration should be sufficient to attract individuals with the desired profile and compensate the commitment, abilities and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.

Complies [ ☒ ]      Explain [ ☐ ]

57. Variable remuneration linked to the company and the director's performance, the award of shares, options or any other right to acquire shares or to be remunerated on the basis of share price movements, and membership of long-term savings schemes such as pension plans should be confined to executive directors.

The company may consider the share-based remuneration of non-executive directors provided they retain such shares until the end of their mandate. The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Complies [ ☐ ]      Complies in part [ ☐ ]      Explain [ ☒ ]

Not applicable. The directors' remuneration system is per diem and attendance-based.

58. In the case of variable awards, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or circumstances of that kind.

In particular, variable remuneration items should meet the following conditions:

- a) Be subject to predetermined and measurable performance criteria that factor the risk assumed to obtain a given outcome.
- b) Promote the long-term sustainability of the company and include non-financial criteria that are relevant for the company's long-term value, such as compliance with its internal rules and procedures and its risk control and management policies.  
Be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Complies [ ]      Complies in part [ ]      Explain [ ]      Not applicable [ X ]

59. A major part of variable remuneration components should be deferred for a long enough period to ensure that predetermined performance criteria have effectively been met.

Complies [ ]      Complies in part [ ]      Explain [ ]      Not applicable [ X ]

60. In the case of remuneration linked to company earnings, deductions should be computed for any qualifications stated in the external auditor's report.

Complies [ ]      Complies in part [ ]      Explain [ ]      Not applicable [ X ]

61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments whose value is linked to the share price.

Complies [ ]      Complies in part [ ]      Explain [ ]      Not applicable [ X ]

62. Following the award of shares, share options or other rights on shares derived from the remuneration system, directors should not be allowed to transfer a number of shares equivalent to twice their annual fixed remuneration, or to exercise the share options or other rights on shares for at least three years after their award.

The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Complies [ ☐ ]      Complies in part [ ☐ ]      Explain [ ☐ ]      Not applicable [ ☒ ]

63. Contractual agreements should include provisions that permit the company to reclaim variable components of remuneration when payment was out of step with the director's actual performance or based on data subsequently found to be misstated.

Complies [ ☐ ]      Complies in part [ ☐ ]      Explain [ ☐ ]      Not applicable [ ☒ ]

64. 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.

Complies [ ☐ ]      Complies in part [ ☐ ]      Explain [ ☐ ]      Not applicable [ ☒ ]

## **H. OTHER USEFUL INFORMATION**

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1. If you consider that there is any material aspect or principle relating to the corporate governance practices followed by your company that has not been addressed in this report and which is necessary to provide a more comprehensive view of the corporate governance structure and practices at the company or group, explain briefly.
2. You may include in this section any other information, clarification or observation related to the above sections of this report to the extent they are relevant and not reiterative.

Specifically indicate whether the company is subject to corporate governance legislation from a country other than Spain and, if so, include the compulsory information to be provided when different from that required by this report.

3. Also state whether the company voluntarily subscribes to other international, sectorial or other ethical principles or standard practices. If applicable, identify the code and date of adoption. In particular, indicate whether the company adheres to the Code of Best Tax Practices of 20 July 2010:

3. Audax Renovables, S.A. is a signatory entity in the UN Global Compact since 7 August 2013, and has joined it voluntarily. By this agreement, Audax Renovables recognizes its commitment to comply with the ten (10) Principles of the Global Compact in the areas of human rights, labour, environment and anti-corruption.

This annual corporate governance report has been approved by the Board of Directors of the Company at its meeting on:

15/03/2019

State whether any directors voted against or abstained from voting in the approval of this Report.

☐ Yes  
☒ No