



ESG Report 2018



TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES



2018 Indicators

Environment

5 million tons of CO₂ emissions avoided.
87% of revenue from **low carbon footprint assets**.
Purified sea water for **2 million** people.
Withdrew **47%** of water available under permits.





Social

0 Fatality Rate in the entire history.
Loss Time Incident Rate of 0.5, well below sector average in all geographies.
Total Recordable Incident Rate of 1.6, down 20% from previous year.
40% of employees are women.
75 hours of training per employee.
100% Employee Performance Review.

Governance

Majority of Independent Directors in the Board.
Only one class of shares and no special rights of the largest shareholder.
ESG Responsibility at the Board Level. The board reviews ESG aspects at every board meeting.
Code of Conduct and Suppliers Code of Conduct guarantee respect to Human Rights, Labour Rights and Anti-Corruption.
All **Compliance Documents updated in 2018.** New Crime Prevention Program in place.

CO₂ Emissions Avoided – Highlights

Sector	GHG Emissions Avoided ¹ (in thousand tons)	Percentage of Emissions Avoided ²
 Solar	1,828	95.4%
 Wind	230	99.9%
 Hydro	16	99.9%
Renewable Energy	2,074	95.9%
 Total Efficient Natural Gas	2,883	61.8%
Total Atlantica	4,957	72.6%

(1) Emissions avoided versus a fossil fuel generation mix. Source: EPA (2018) AVERT, U.S. national weighted average CO₂ marginal emission rate, year 2017 data. U.S. Environmental Protection Agency, Washington, DC.

(2) Emissions avoided as a percentage of emissions if generation mix was fossil based. Includes Scope 1 and 2 emissions.

Atlantica, Sustainable Infrastructure

Atlantica was born sustainable and we will continue having sustainability as a key pillar in our strategy going forward. We plan to do that around the three components of ESG: Environment, Social and Governance.

If we look at the environmental side of ESG, it is clear that climate change is already having an impact on our activities. Scientists tell us that the world will suffer significant negative impacts if the overall society, governments and corporations do not take the right steps to reduce greenhouse gas emissions now.

A special report published in October 2018 by the Intergovernmental Panel on Climate Change shows that global CO₂ concentration since 2000 has increased 10 times faster than any sustained rise in CO₂ during the past 800,000 years. The Panel and experts working for other institutions urge all of us to take action. The good news is that by limiting global warming we can also help to reduce risks caused by climate change such as natural disasters or extreme droughts. At Atlantica we plan to continue contributing to these goals.

Our strategy is focused on climate change solutions in the power and water sectors and we therefore see sustainability and climate change as a growth opportunity for us.

Starting with power, we believe that renewable energy should represent the majority of new power generation in the short and mid-term and eventually should be the only way to generate our power. We plan to be part of this trend. Nevertheless, for this to become a reality, large investments will be needed in what we call the renewable enablers, transmission, natural gas and storage. Large investments will be required in new "smarter" transmission and distribution networks, in efficient natural gas plants that can support renewable energies over the mid-term and in energy storage that will become economically efficient over time. Growth opportunities are enormous and Atlantica is at the forefront of this transformation with experience in all these sectors. In fact, we recently made our first investment in large scale electric battery storage.

If we look at water, we believe that water scarcity for industrial, agricultural and human consumption is also becoming a significant problem in many regions. In 2018 we produced desalinated water to meet the water needs of 2 million people and we expect to continue growing our presence in water as this market becomes the next frontier, the same way wind and solar have evolved from smaller markets into mainstream over the last two decades.

In 2018, almost 90% of our business was in low carbon footprint assets, including renewable energy, transmission lines, efficient natural gas energy storage and water. In fact, last year we avoided almost 5 million tons of CO₂ only in power generation versus the emissions that an equivalent fossil fuel fleet would have generated.

Although our contribution to the environment is certainly a key aspect of our business, we also intend to maintain very high standards in the social and governance dimensions. Health and safety is our priority and a priority where zero accidents is the only possible objective. In 2018 we improved our results on our main indicators and we reached a Loss Time Incident Rate below the average in our sector in all geographies.



At the same level as health and safety, integrity is our first value. In this regard, we have a strong compliance framework including a Code of Conduct and a Suppliers Code of Conduct. We review our compliance policies periodically to make sure that we continue meeting the highest compliance standards.

We also understand that our stakeholders need to have access to appropriate disclosure to evaluate our ESG practices. As part of our ESG initiatives, Atlantica was rated in 2018 by Sustainalytics as the top ESG company within renewable energy, second within the broader utilities sector and in the top 3% in the global ratings universe. Atlantica is also included in the Clean 200™ list, which ranks the largest publicly listed companies that are leading the way with solutions for the transition to a clean energy future. In 2018 we also became an active member of the United Global Compact, being 2019 the first year to report UN Communication on Progress, that we address in this report. I am pleased to confirm that Atlantica reaffirms its support to the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. In this report, which is publicly available to all our stakeholders, we describe our actions to integrate the Global Compact and its principles into our business strategy, culture and daily operations.

In summary, ESG and Sustainability are a core part of our DNA and we plan to continue leading in this area. Not only because it is good for the communities where we operate, but also because we believe that being sustainable in everything we do will result in better and more sustainable financial returns for our shareholders.

A handwritten signature in blue ink, appearing to read 'Santiago Seage'.

Santiago Seage

Chief Executive Officer

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Overview

1.1 About This Report

Reporting Framework

This report has been prepared following the guidance provided by the Sustainability Accounting Standards issued by the Sustainability Accounting Standards Board (the "SASB") for Electric Utilities classified as IF0101 under the Sustainable Industry Classification System (the "SICS") on the SASB website www.sasb.org. We have also followed Solar Energy SASB Standard for those aspects which are material to our business. The Sustainability Accounting Standards are intended for use in communications to investors regarding sustainability issues that are likely to impact corporate ability to create value over the long term. Use of SASB standards is voluntary. We followed the guidance within this report to help us identify and report herein the topics material to our industry. As such, this report covers significant economic, social and environmental impacts associated with our global operations of renewable energy production, transmission, efficient natural gas and desalination plants. We have also used GRI standards for those aspects that we consider material to our business and which are not included in SASB.

In addition, given that contributing to mitigate climate change is a key element in our strategy, we are following the disclosure recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD).

Data in this report is as of December 31, 2018, except where otherwise noted. Additionally, if available, comparative data for the latest consecutive year ended December 31, 2017 is provided. Reporting data corresponds to consolidated data of all consolidated companies based on 100% of all our assets, regardless of our economic stake.

This report is available for download in pdf at www.atlanticayield.com.

Materiality

Based on the guidance provided under the Sustainability Accounting Standards IF-EU of SICS for Electric Utilities & Power Generation by the SASB and by GRI, we identified the material aspects that we believe to be important to our stakeholders and relevant to our business. We report those aspects which are material to our business.

These key topics serve as a basis of our report’s main sections:

Environment	Social	Government
<ul style="list-style-type: none"> • Climate Change (TCFD disclosures) • GHG emissions • Water Management • Waste Management • Biodiversity 	<ul style="list-style-type: none"> • Our people • Health and Safety • Local Communities 	<ul style="list-style-type: none"> • Business Ethics • Governance Structure • Board of Directors • Incentivized Pay • Shareholder Engagement

Data Verification

Atlantica’s management is responsible for the completeness, accuracy and validity of the information contained in this report. The data collection and presentation are based on the input received from internal data collection, data management systems and external stakeholders. We conduct periodic internal audits to review our management system, including the procedure to collect information from our assets and the data reported as our KPIs.

Our Scope 1 greenhouse emissions were externally verified in certain geographies within the scope of the certification of carbon credits. In Mexico, our Scope 1 greenhouse emissions were verified by ANCE. ANCE stands for Asociación de Normalización y Certificación and represents an association dedicated to development of standardization and certification across industries in Mexico. In Spain, our Scope 1 greenhouse emissions were verified by AENOR. AENOR stands for “Asociación Española de Normalización y Certificación”, a non-for-profit entity dedicated to the development of standardization and certification across Spanish industrial and services sectors.

Our data of water withdrawn from sources and returned to sources is taken from the water meters of our assets which are subject to the control of the local water authorities.

Atlantica’s Board of Directors approved this report prior to its publication.

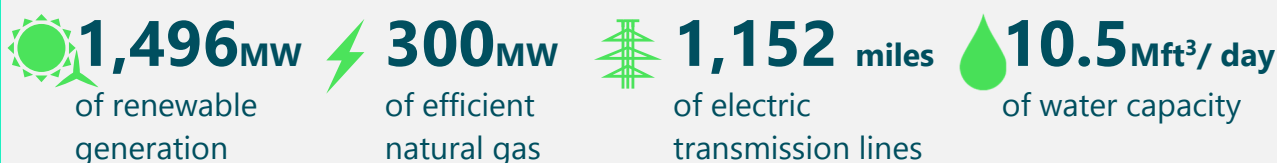
To provide feedback on our Sustainability Report, please contact us at sustainability@atlanticayield.com.

1.2 Our Business

At a Glance

Atlantica is a sustainable total return infrastructure company that owns and manages renewable energy, efficient natural gas, transmission and transportation infrastructures and water assets focused on North America, South America and EMEA.

PORTFOLIO AS OF DECEMBER 31, 2018



24 stable 100% contracted assets¹

18 year weighted average contracted life²

Our Strategy

Atlantica's strategy is clearly focused on sustainable infrastructures, our business operations reduce greenhouse gas emissions contributing to mitigate the impact of climate change.

We own, invest and manage renewable energy, water desalination, efficient natural gas and other sustainable infrastructure assets, focused on North America, South America and EMEA. We intend to expand our business, maintaining North America, South America and Europe as our core geographies.

Our goal is to generate attractive returns to our shareholders. We intend to grow our cash available for distribution and our dividend to shareholders through investing in proven technologies that reduce the impact of climate change, within the sustainable infrastructure space, with a strong focus on high-quality and long-life facilities as well as long-term agreements that we expect will produce stable, long-term cash flows.

¹ Regulated revenues in the case of the Spanish solar assets and Chile TL3

² Represents weighted average years remaining as of Dec. 31, 2018, including the asset acquisition announced at the end of 2018, two of which have not closed and may not be completed within the expected period, if ever. See "Disclaimer - Forward Looking Statements" .

87% of our 2018 revenue came from **low carbon footprint** business.

76% of our 2018 revenue came from **solar and wind assets**.

5 million tons of CO₂ emissions avoided in 2018.

Produced electricity equivalent to yearly energy needs of a city of **1.5 million households**.

Purified seawater to meet water needs of **2 million** people per year.

The earth's climate is now changing faster than, according to the 2018 U.S Fourth National Climate Assessment Report (the U.S. Global Change Research Program). The report indicates that climate change impacts are intensifying, and the severity of future impacts will depend on the efforts to reduce carbon emissions and how fast adaptations are being implemented. On a global basis, the World Economic Forum's 2019 Global Risk Report identified extreme weather and failure to mitigate climate change as the two largest risks facing the global economy. We expect to continue delivering accretive growth by investing in by in low-carbon footprint assets, which undoubtedly will help us to achieve our sustainability targets and achieve further CO₂ reduction; in recent months we have announced approximately \$330 million investments in similar assets. We believe that we can create more value over time by investing in assets that reduce greenhouse gas emissions and contribute to mitigate the impact of climate change, including energy efficiency and renewable energy assets.

Contributing to mitigate climate change is core in our strategy. We invest in, and manage a portfolio of assets that reduce carbon emissions. In 2018 we helped to avoid up to 5 million tons of CO₂ compared with a 100% fossil fuel-based generation plant.

We intend to take advantage of, and leverage our growth strategy on, favorable trends in the clean power generation, transmission and transportation infrastructures and water sectors globally. Renewable energy is expected to represent the majority of new investments in the power sector in most markets, according to Bloomberg New Energy Finance 2018. Approximately 50% of the world's power generation by 2050 is expected to come from renewable sources, indicating that renewable energy is mainstream. We believe that regions will need to complement investments in renewable energy with investments in efficient natural gas, transmission networks and storage. We believe that we are well positioned to benefit from the expected transition towards a more sustainable power generation mix. In addition, we believe that water is going to be the next frontier in a transition towards a more sustainable world. New sources of water are needed worldwide, and water desalination and water transportation infrastructure should help make that possible. We currently participate in two water desalination plants with a 10 million cubic feet capacity per day and we have reached an agreement to acquire a third.

Investing in sustainable technologies and assets is only one part of our strategy. Managing those assets in a sustainable way is key to create value long term. In that regard, we have launched a number of initiatives to ensure that we manage efficiently, effectively and sustainably all key areas of our Company:

- Atlantica has been rated by Sustainalytics in December 2018 on its Environment, Social and Governance factors as the top company within renewables, second within the broader utilities sector and in the top 3% in the global ratings universe.
- In June 2019, we obtained our first ESG-linked financial guarantee line with a limit of approximately \$39 million. The cost is linked to our environmental, social and governance performance under a leading sustainable rating agency (Sustainalytics). The green guarantees will be exclusively used for renewable assets. This agreement underlines our leading position in ESG.
- As part of Atlantica's commitment to sustainability, in January 2018, Atlantica joined the United Nations Global Compact (the "UNGC") the world's largest corporate sustainability initiative. Atlantica reaffirms its support to the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. In this report, which is publicly available to all our stakeholders, we describe our actions to integrate the Global Compact and its principles into our business strategy, culture and daily operations.
- Health and Safety is our first priority and we want our employees, partners and contractors to apply the strongest standards to ensure safe and sustainable operations. We are firmly committed to maintain a zero-accident culture and to develop new initiatives. In 2018 we improved in all the main metrics. Loss Time Incident Rate decreased by 44% and remains well below sector average in all our geographies. Two of our assets reached 1,500 days without loss time injury accidents in 2018. With this, seven of our assets have more than 1,500 days without loss time injury accidents and the average ratio for the entire portfolio is 849 days. As the only acceptable objective is no accidents of any kind, we will continue devoting all efforts necessary to continue improving.
- We maintain a strong Ethics and Corporate Governance culture. In 2018 we updated our compliance documents. Our Code of Conduct and Suppliers Code of Conduct guarantee respect of Human Rights, Labour Rights and Anti-corruption policies.
- Atlantica has been ranked among the Clean 200™ list which ranks the largest publicly listed companies that are leading the way with solutions for the transition to a clean energy future.
- We follow the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD").

Our sustainable growth strategy is supported by several sources, all of them with a clear focus on clean energy and water infrastructure assets.

1. We believe we can achieve organic growth through the optimization of the existing portfolio, price escalation factors in many of our assets and the expansion of current assets, particularly our transmission lines, to which new assets can be connected. We currently own three transmission lines in Peru and four in Chile. We believe that current regulations in Peru and Chile provide a growth opportunity by expanding transmission lines to connect new clients. Additionally, we should have repowering opportunities in certain existing generation assets once their contracted life has expired.
2. We have in place exclusive Right of First Offer ("ROFO") agreements for AAGES low-carbon footprint assets. AAGES is focused on the development and construction of clean energy and water infrastructure contracted assets. AAGES ROFO Agreement provides us a right of first offer to purchase any of the AAGES' contracted assets or proposed contracted assets.
3. Additionally, we intend to enter into similar agreements or enter into partnerships with other developers or asset owners to acquire assets. We may also invest directly or through investment vehicles with partners in assets under development or construction, ensuring that such investments are always a small part of our total investments.
4. We also expect to continue acquiring assets from third parties leveraging the local presence and network we have in the geographies and sectors in which we operate.
5. Finally, on May 9, 2019 we signed an enhanced agreement with our major shareholder, Algonquin, that should allow us to accelerate our growth in the US.

Our Values

Our values define who we are and how we behave both as individuals and as a Company. These values described below by order of importance, serve as a compass for our day-to-day decisions and guide our relationships with stakeholders.



Integrity, Compliance and Safety. We will always do what is right. We continuously strive for the highest standards of business conduct, safety and professionalism even if it means making difficult choices. We are strongly committed to comply with all rules and regulations - no questions asked



Value creation. We undertake a proactive approach to create long-term value for our shareholders. Our core corporate policies are supported by a solid commitment to risk management that guides all our decisions



Sustainability. We invest in assets that are environmentally sustainable and we manage them sustainably. We follow policies that analyze, evaluate and propose measures oriented at minimizing the environmental impacts of our business activity



Excellence and Efficiency. We believe in outstanding and disciplined asset management of our operations to be the best-in-class operator while seeking excellence on a cost-efficient basis



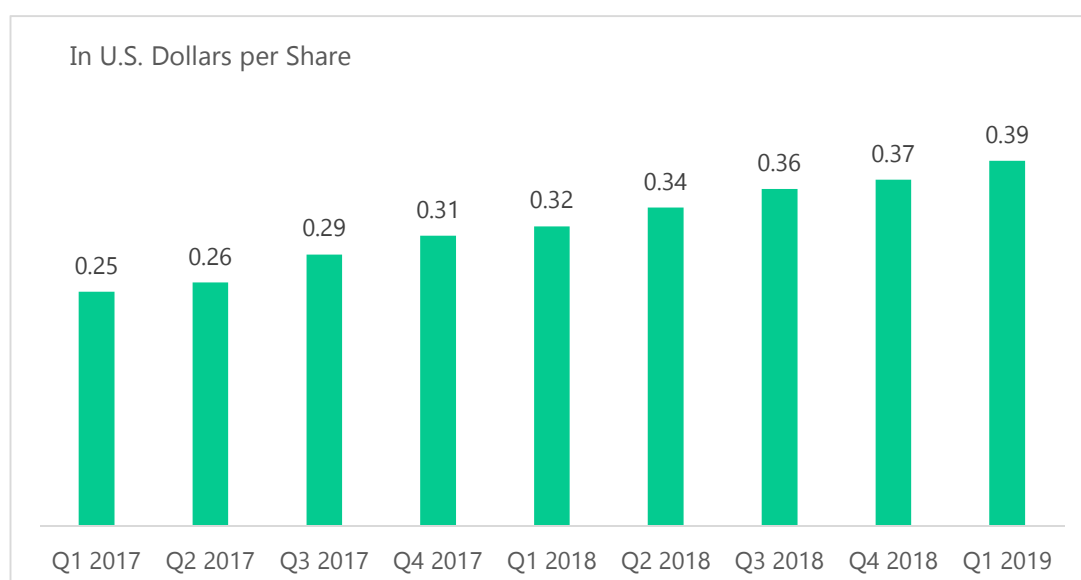
Collaborative Environment. Respect and Teamwork are key to achieve our goals. We treat others as we would like to be treated ourselves and we put the team ahead of personal success. To build strong teams, we recruit, train and promote the best people

1.3 Highlights, awards and recognitions

Financial Performance

(\$ in million)	2018	2017
Revenue	1,044	1,008
Further Adjusted EBITDA incl. unconsolidated affiliates ³	859	787
Cash Available for Distribution ⁴	172	171
Annualized dividend (amount in dollars)	1.48	1.24





Atlantica's Quarterly Dividend



³ Further Adjusted EBITDA including unconsolidated affiliates includes our share in EBITDA of unconsolidated affiliates. Additionally, for the fiscal year 2017, it includes the dividend from the preferred equity investment in Brazil or its compensation. Further Adjusted EBITDA Margin including unconsolidated affiliates is defined as Further Adjusted EBITDA including unconsolidated affiliates divided by revenue.

⁴ Cash Available for Distribution: refer to cash distribution received by Atlantica Yield plc from its subsidiaries minus cash expenses of the Company, including debt service and general and administrative expenses.

Selected Operational Performance Metrics

	2018	2017
	Renewable Energy⁵	
	GWh produced ⁵	3,058
	MW in operation ⁶	1,496
	Transmission Lines	
	Availability ⁸	99.9%
	Miles in operation	1,152
	Efficient Natural Gas	
	GWh produced	2,318
	Electric Availability ⁷	99.8%
	MW in operation	300
	Water	
	Availability ⁸	102.0%
	Mft ³ in operation	10.5

Selected Environmental Metrics



- **5 million** tons of CO₂ **emissions avoided** in 2018.
- **Produced electricity** equivalent to energy needs of a city of **1.5 million** households for a year.
- **Purified seawater** to meet water needs of **2 million** people per year.
- Our solar plants only withdrew 47% of our water rights, **saving up to 53% of water.**
- **87%** of revenue from low carbon footprint assets

Selected Social Metrics

- **217 employees** as of December 31, 2018
- **40% women** as of December 31, 2018
- **Low** employee **turnover** of **5.8%** in 2018
- **100%** Employee Performance Review
- **16,307** hours of training, 75 hours per employee in average
- **~90%** participation on **climate survey** and **~80% engagement**

⁵ Includes curtailment in wind assets for which we received compensation in the twelve-month period ended December 31, 2018.

⁶ Represents total installed capacity in assets owned at the end of the period, regardless of our percentage of ownership in each of the assets.

⁷ Electric availability refers to operational MW over contracted MW with Pemex.

⁸ Availability refers to actual availability divided by contracted availability.

Selected Health & Safety Metrics



- **Zero** fatality rate
- Loss Time Incident Rate of 0.5, down 44% from previous year and well below sector average in all geographies
- Total Recordable Incident Rate of 1.6, down 20% from previous year.



In December 2018 Atlantica was rated by Sustainalytics on its Environment, Social and Governance factors as the top company within renewables, second within the broader utilities sector and in the top 3% in the global ratings universe.

Sustainalytics is a leading provider of sustainability assessments globally and rates more than 10,000 companies. According to Sustainalytics' ESG Risk Rating assessment, Atlantica is at low risk of experiencing material financial impacts from ESG factors due to its medium exposure and strong management of material ESG issues.



We collaborate with the Carbon Disclosure Project since 2018. We completed the CDP questionnaire in 2018 for the first time on a private basis. Our intention for 2019 is to report 2018 information on a public basis so that every stakeholder will be able to access both our report and our rating.



CLEAN200™

In 2018 Atlantica has been ranked among the Clean 200™ list which ranks the largest publicly listed companies that are leading the way with solutions for the transition to a clean energy future

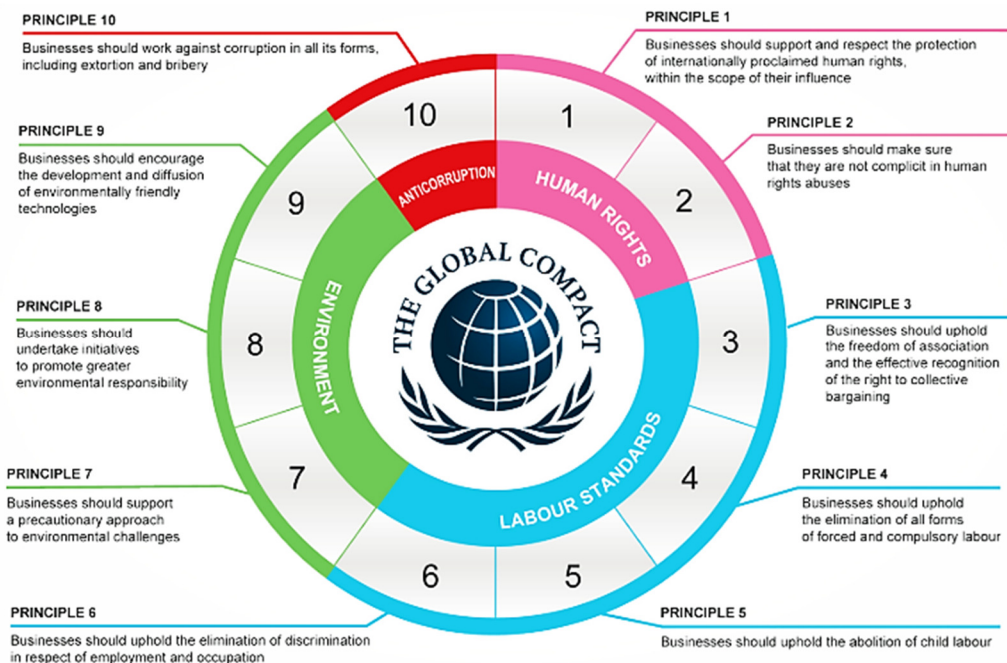
WE SUPPORT



As part of its commitment with sustainability, Atlantica joined the United Nations Global Compact (the "UNGC") initiative in January 2018 and formally adopted the UN Global Compact Ten Principles in the fields of human rights, labour, environment and anticorruption. We are determined to make

the UNGC and its principles an integral part of the strategy, culture and day-to-day operations of the Company. Atlantica reaffirms its support to the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

The UNGC is an initiative which encourages companies and organizations worldwide to adopt sustainable and socially-responsible policies. The participation in the UN Global Compact is voluntary and those entities who sign it pledge to uphold and disseminate the principles and report on their progress once they apply them in their management. By joining the UNGC, business, as a primary driver of globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere.



In 2015, world leaders agreed to 17 goals for a better world by 2030. The Sustainable Development Goals (“SDGs”) are a universal set of goals that United Nations member states, and more increasingly businesses, are expected to use to frame agendas and policies surrounding development. The 17 Global Goals are aimed at ending poverty, fight inequality and taking action against climate change.




Atlantica is committed to orient its action to 6 of the 17 Sustainable Development Goals.



We currently own part of two water desalination plants in Algeria, a place with limited fresh water access. These plants have a capacity to filter 10.5 million cubic feet a day to provide potable water for local communities. During 2018 we reached an agreement to buy another water desalination plant with a capacity of 7 million cubic feet per day.

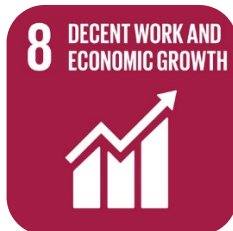
2018 Achievements: In 2018 Atlantica has increased its production of desalinated water by a 2% with respect to previous year. In 2018 Atlantica generated purified seawater to meet the water needs of 2 million people per year.

In addition, we have enhanced water management in our renewable assets. In 2018, we withdrew 10.4 million cubic meters (367.3 million cubic feet), which represented 47% of the limits allowed by our water permits. In 2017, we withdrew 10.6 million cubic meters (374.4 million cubic feet), which represented 49% of the limits allowed by our water permits. We encourage you to keep reading our water management section for more detailed information.



76% of our revenues are generated by solar and wind assets. We intend to invest in additional clean energy assets to help increase substantially the share of renewable energy in the global energy mix by 2030. Our goal is to reduce our emission rate per unit of energy generated by 10% by 2030.

2018 Achievements: During 2018 we have increased our portfolio of renewable assets by acquiring one mini – hydro plant and one wind plant with a capacity of 50 MW. We have also reached an agreement to invest in a 200 MW wind plant in Illinois together with Algonquin. Our Board is committed to maintaining 80% of our revenues generated from low-carbon footprint including our renewable, transportation and transmission infrastructures and water assets. In 2018 76% of our revenues came from renewable energy.



We protect labour rights and are committed to promote safe and secure working environments for all workers. We are committed to providing decent work for all women and men, young people and persons with disabilities and equal pay for work of equal value.

2018 Achievements: We had have zero fatality rate in our entire history. We have enhanced our Total Recordable Incident Rate, our Loss Time Incident Rate and our Near Miss Frequency Rate in 2018 with respect to 2017. Our LTIR is below sector average in all geographies. We encourage you to continue reading our Social section for further details of our commitment to Human and Labour Rights.



Our activity has a positive impact on mitigating climate change. We are committed to reduction of CO₂ emissions by investing in renewable energy assets. Furthermore, we set goals to further reduce the CO₂ emissions produced by our solar assets.

2018 Achievements: We have enhanced our performance by increasing the amount of CO₂ avoided to the atmosphere, in 2018 we helped to avoid up to 5 million tons of CO₂ compared with a 100% fossil fuel based generation plant. We intend to maintain 80% of our revenues generated from low-carbon footprint including our renewable, transportation and transmission infrastructures and water assets. Our goal is to reduce our emission rate per unit of energy generated by 10% by 2030. Please keep reading our Environment section to have more details about our activities regarding Climate Action.

Other activities also support other SDGs, as outlined below:



We promote equal opportunities for our employees and stakeholders.
2018 Achievements. Atlantica stands for greater equality for women, for this reason we aim to sign the 7 women’s empowerment principles in 2019. At Atlantica we work hard to ensure that men and women are treated equally and have the same work opportunities.



We work to protect flora and fauna in the vicinity of our plants and contain any negative impact from our operations on biodiversity.
2018 Achievements. During 2018 we have performed different activities to protect our flora and fauna in the regions where we operate. For example, we have a collaboration project with a local environmental agency in Spain to allow them to monitor the presence of the Iberian Lynx in the vicinity of one of our solar platforms. In 2018 we donated approximately 54 thousand dollars to protect birds of prey settled close to our plants. We have also developed different initiatives to monitor birds in North America, South America and Spain. Additionally we have carried out different reforestation initiatives. Furthermore, we have started disclosing our waste in order to improve transparency.

Communication on Progress (COP)

This sustainability report constitutes Atlantica’s ‘Communication on Progress’ (COP1) under the UN Global Compact.



Environment

2.1 Environmental Policy

We are committed to invest in assets that are environmentally sustainable and managed in a sustainable manner. We follow policies that analyze, evaluate and propose measures to minimize the environmental impact of our business activity.

Our Environmental and Quality Management System complies with the standards ISO 14001 and ISO 9001. These certifications cover management and acquisition of contracted assets. They were obtained for the first time in 2015 and are valid until May 2021. Our Environmental and Quality Management System is audited annually by an external third party (DNV GL).

Our management system guarantees that we comply with the regulations in force and with our policies in each of the markets we operate. In this sense, we measure and monitor the environmental impact of our activities and we define and implement action plans to reduce this impact, in relation with:

- Emissions. We calculate and monitor our GHG emissions from Scope 1 and Scope 2. We are currently in the process of estimating our Scope 3 emissions.
- Water. We make a rational and sustainable use of water, including the water we use for desalination and for energy generation.
- Waste: Hazardous and non-hazardous waste is generated in the operation of our assets. Our environmental management system includes actions aimed at minimization and improvement of waste management (identification, segregation, recycling, prevention and reporting).

We have established a goal to reduce our emission rate per unit of energy generated by 10% by 2030. We also intend to maintain 80% of our revenues generated from low-carbon footprint including our renewable, transportation and transmission infrastructures and water assets. The achievement of these targets is reviewed by top management in our Environment Committee, which is held once a month. We also report to our Board at every meeting on the progress of our ESG plan and semi-annually on the main environmental indicators (GHG, water and waste).

In addition, we perform annual internal audits in our assets aimed at reviewing compliance with our best practices and promoting constant improvement. These audits are focused on a broad range of areas of asset management and include environmental aspects. The purpose of these audits is to review operational, maintenance and environmental indicators, as well as compliance and reporting requirements. In 2018, 11 of our assets were audited and 188 improvement actions were identified. Action plans have been set to reach the internal standards required and are currently ongoing.

Regarding our Suppliers, we have a strong system in place to guarantee our suppliers comply with an appropriate level of ethics and respect to human rights (see our Social and Governance sections). In 2019 we intend to reinforce the environmental certification of our suppliers, we have already engaged the services of the external provider Ecovadis to

standardize our suppliers by their commitment to sustainability, not only from Human Rights point of view, but also from an environmental perspective.

2.2 Task Force on Climate-related Financial Disclosures: Risk and Opportunities Related with Climate Change

Mitigating climate change is a key element in our strategy. In this report, we are following the disclosure recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD).

We believe it is important for all companies to present information on the opportunities and risks associated with climate change. We are committed to continuous ESG reporting and the inclusion of TCFD recommendations, which should help to drive corporate competitiveness and sustainability. The recommendations of the TCFD are focused on four thematic areas that represent core operational elements, including: governance, strategy, risk management and metrics and targets. The Board of Directors of Atlantica is responsible for the oversight of climate-related risks and opportunities.

TCFD theme: Governance

The Board of Directors of Atlantica is responsible for the oversight of climate-related risks and opportunities as well as overseeing the implementation of our environmental initiatives and prioritizing our internal resources committed to the advancement of our ESG objectives.

Atlantica has developed a risk analysis methodology based on the ISO 31000 and the common market practices. The analysis process follows in the following stages:

- Risk identification: starts with the identification of the causes that may turn into a risky situation, classifying those potential causes in natural, human, intentioned, accidental and technological.
- Risk assessment: we evaluate the risk including an analysis of the potential frequency and impact.
- Risk management plan: risk has to be managed in order to mitigate the effects that it may cause. The alternatives that the risk department suggests implementing include: reduction and control and transfer to third parties.

TCFD theme: Strategy

Risks

Atlantica has identified a total of 8 risks related with climate change, which are described below:

1. Acute physical: An increase in the severity of extreme weather events such as hurricanes and severe rains can damage our assets and cause business interruption.

Climate change is causing increasing number of severe and extreme weather events which are a risk to our facilities, including days of extremely high temperatures, severe winds and rains, hurricanes, cyclones, droughts, risk of fires and floods, among others. Our solar assets in the U.S. are located in the Mojave Desert in California and 90 miles Southwest of Phoenix, two locations with high temperatures in the summer. Our assets are designed and built complying with technical codes, local regulations and environmental impact studies. Technical codes consider extreme weather events based on historical information and should include design safety margins. However, an increased severity of extreme weather events such as floods could have an impact on our assets. Severe floods could have an impact in our transmission lines or our generation assets. If an unexpected flood runs close to an existing transmission tower it could cause the fall of one or several transmission towers. Severe winds could cause damage in the solar fields in our solar assets. Severe droughts could result in water restrictions or in a deterioration of water properties. A deterioration in the quality of the water would have an impact on chemical costs in our water treatment plants within our generation capabilities. Changes in temperature extremes could also affect feed water process temperature in desalination plants, causing an increase in the chemical products consumption and generating other risks within the facilities.

Our personnel at the asset level and our Operations Department and automated systems monitor constantly and on real time weather conditions in each of the assets to take the required protection measures if necessary.

2. Chronic physical: Changes in precipitation patterns and extreme variability in weather patterns can also produce an increase in our operation costs.

Water is used mainly in our generation facilities for cooling. Additionally, water is used in our solar assets for mirrors cleaning through a technology that minimizes the use of water. A reduction of mean precipitations may result in a reduction of availability of water from aquifers and could also modify main water properties. These changes would have an impact on operational costs due to the increase of the use of certain chemicals to adapt water properties to the ones required in our water treatment plants. An increase of 10% in the consumption of chemicals in our generation facilities would have an estimated yearly impact on operational costs of approximately \$0.8 million.

We control water quality and we constantly try to monitor and improve the efficiency of our water treatment plants within our entire fleet of assets.

3. Chronic physical: Rising temperatures: an increase in temperatures can affect Atlantica by increasing the operation costs.

In 2007, the Intergovernmental Panel on Climate Change (IPCC) projected that during the 21st century mean temperatures will rise between 1.8-4°C (3.2 – 7.2 °F). It means an average increase of 0.029°C/year. We consider that the main impact of rising temperatures would be associated to the reduction of the cycle efficiency of our turbines, which is partially offset by the lower thermal losses in our solar assets. A 1°C temperature rise could cause yearly losses between 0.04% and 0.21% depending on cooling technology, turbine specifications and site meteorological conditions. The associated

financial impact of this potential temperature rise would be approximately \$0.3 million per year in revenues, if no additional measures were taken. A temperature rise would also be associated to a lower turbine efficiency in our efficient natural gas asset. In this asset, revenues would not be affected by a temperature rise because guaranteed values are adjusted by actual temperatures. A temperature rise would also be associated to a reduction of efficiency in our solar photovoltaic generation. Module efficiency is reduced above a certain temperature threshold. When the temperature of the solar panel increases, its output current slightly increases while the voltage output is reduced linearly, therefore panel power decreases. A 1°C temperature rise would imply a module efficiency reduction of 0.39%. The associated financial impact of this measure would be approximately 50 thousand dollars in revenues. A mean temperature rise would also have an impact in our wind facilities. Wind energy is dependent on the air density among other factors. A 1°C temperature rise would imply a reduction on the air density of 0.34% and a reduction of yearly wind generation of approximately 1.2 GWh. The associated financial impact of this measure would be approximately \$0.1 million in revenues. Our desalination plants could also be affected by a temperature increase that would imply higher consumption of chemicals used for operational purposes. A 1% increase of chemical consumption would imply extra yearly costs of approximately \$0.1 million.

Our Operations Department monitors closely the performance of each of our assets to try to identify any potential measure which could improve efficiency.

4. Chronic Physical: Rising sea levels can increase operating costs

In 2007, the Intergovernmental Panel on Climate Change (IPCC) projected that during the 21st century, sea level will rise another 18 to 59 cm (7.1 to 23.2 inches). This represents an average increase of 0.4 cm/year. Atlantica's seawater desalination plants could be affected by this risk, due to the fact that they are located on the seaside. The sea level rise could require implementing protection measures to prevent floods. In our case, if sea level raises as expected, and if we consider a remaining life of these facilities of 17 years, the sea level would raise by between 3 cm and 10 cm (1.3 to 3.9 inches) during the useful life of these assets. Both facilities were built at a relative sea level height of between 3 and 8 meters (9.8 to 26.2 feet). If sea level does not rise much more than expected, we do not expect any impact on the operations of these assets during their expected lifetime.

We believe that our desalination plants are located at a safe distance from the sea considering their useful lives and the forecasts on sea level rise, however we monitor the sea level periodically in these assets.

5. Regulation: Environmental regulation in our business exposes us to potential fines and penalties. In addition, we incur in costs to comply with all regulations in place to manage regulation contributing to mitigate climate related risks.

Atlantica is directly affected by the environmental regulation on power generating assets, desalination assets and electric transmission lines. This includes climate-related risks driven by laws, regulation, taxation, disclosure of emissions and other practices. Environmental regulation, among other things, requires us to obtain and maintain

regulatory licenses, permits and other approvals and comply with the requirements of such licenses and permits. We are also required to perform environmental impact studies on projects. For example, in the United States, our 2 solar plants with a total capacity of 560 MW are subject to the permits under the Clean Air Act, Clean Water Act as well as requirements under the biological conditions, noise ordinance and storm water control regulations. In addition, as a United Kingdom company, Atlantica is subject to, and is in compliance with, the requirements of the Climate Change Act 2008 for greenhouse gas emissions reporting. Our greenhouse gas emissions management also complies with the requirements of the Commission Regulation (EU) No 601/2012. If for any reason Atlantica failed to comply with all the environmental and climate-related regulation in place, it would face fines and penalties. If regulation became stricter in the future, including enhanced GHG reporting obligations, we may be required to increase our compliance costs. For example, the United States have stringent regulation related with air permits. Nevertheless, we believe that more stringent regulation on emissions and environment will help our business as we focus on technologies that avoid emissions including renewable energy and transmission lines or that provide sustainable solutions for the environment like desalination or help on the transition towards a sustainable energy mix, like efficient natural gas.

To mitigate the risk affecting our operating costs we periodically and systematically review risk at various internal working groups and management committees in order to monitor the development and impact of environmental risks. At each of the assets, we have designated teams that monitor operations at the plant, conduct prevention activities and manage and react quickly to any environmental incident under the plans of emergency rehearsed at the facilities. A preventive analysis of potential risks is also reviewed and addressed at the plants. The equipment is subject to preventive and corrective maintenance to avoid any environmental spills and abnormal emissions into the atmosphere. Considering the control systems and processes in place, we estimate that the risk of violations resulting in fines to be manageable and low, but we need to maintain our high control standards to keep this potential risk under control.

Regarding the risks affecting our direct operation, Atlantica has asset management teams at each of the assets that control, report and analyze debt covenants regulated by the project financing agreements of each asset, local regulatory and contractual requirements (environmental, permits, servitudes, etc.). The risk analysis is overviewed at various levels at each asset and corporate teams. While each department reviews risks related to their immediate responsibility, the risk management department prioritizes each risk, summarizes mitigation measures and updates the progress and reassessment.

6. Emerging regulation: Changes in regulation could result in a reduction in incentives for renewables.

Renewable energy projects currently benefit from various U.S. federal, state and local governmental incentives, such as ITCs, PTCs, loan guarantees, RPS programs, modified accelerated cost-recovery system of depreciation, or MACRS, for depreciation and new expensing rules under the "Tax Cuts and Jobs Act", for example. These policies have had a significant impact on the development of renewable energy and they could change, especially if the current administration was to embark on further significant changes in

federal energy policy. Additionally, many of these government incentives, including the ITCs and the PTCs, are subject to phase-out and/or expiration. These incentives make the development of renewable energy projects more competitive by providing tax credits, accelerated depreciation and expensing for a portion of the development costs, decreasing the costs associated with developing such projects or creating demand for renewable energy assets through RPS programs. A reduction in such incentives could decrease the attractiveness of renewable energy projects to developers, and the attractiveness of solar energy systems to utilities, retailers and customers. Nevertheless, we believe that the cost of the technologies that we use will continue decreasing, which would make them fully competitive without any support versus conventional generation sources. This is the fact already in some regions. The current administration's environmental and tax policies may create regulatory uncertainty in the clean energy sector and may lead to a reduction of various clean energy programs and initiatives designed to curtail climate change. Such a reduction or removal of incentives may diminish the market for future renewable energy offtake agreements and reduce the ability for renewable developers to compete. In addition, the Kyoto Protocol, which have committed to goals expiring in 2020, is subject to a great degree of uncertainty. The withdrawal of the United States from the Paris Agreement added to that uncertainty. A change in policies or reduction in incentives could slow the development of renewable assets and reduce our growth and acquisition opportunities.

7. Regulation: An increased stakeholder concerns or negative stakeholder feedback could reduce Atlantica's capital availability.

There is a shift in the global society towards sustainability and a sustainable way of doing business. While a significant part of our business portfolio consists of renewable assets, we also own assets that can be considered less environmentally friendly, currently consisting of only one asset, our 300 MW cogeneration plant in Mexico which uses natural gas. We intend to grow our portfolio maintaining at least an 80% of clean assets, including renewable assets, transmission lines and desalination plants. However, as long as we maintain this proportion, we could also acquire efficient natural gas assets, which could have a negative reputational impact on Atlantica as a renewable energy company. Additionally, ESG criteria are becoming an important element in investment decisions. Atlantica distributes as dividend a large part of the cash it generates. Growth initiatives generally have to be financed accessing the capital markets, issuing either debt or equity. Access to capital is a vital part of our growth strategy and our plan of acquisitions. If our reputation as a renewable and green company worsened, access to capital may become more difficult.

Our strategy is to grow our portfolio of assets and we need to access the capital markets to finance this growth.

8. Downstream: Some of the off-takers to our long-term contracts are utilities, which are companies heavily regulated and subject to environmental and climate-related risks, including heavy regulation and acute physical risks. Negative impacts of climate change in our off-takers can also have an impact in Atlantica.

Opportunities

Atlantica has identified several opportunities related to climate change:

1. Development and expansion of renewable energy can increase revenues through demand for lower emissions products and services.

According to Bloomberg New Energy Finance 2018, global power demand is expected to grow 57% between 2018 and 2050, or 1.4% annually. At the same time, renewable energy cost continued decreasing, already offering lower cost solutions than new large-scale coal and gas plants in many markets. By 2050, renewable energy is expected to supply up to 87% of electricity needs in Europe and 55% in the United States. According to Bloomberg, \$11.5 trillion is expected to be invested in new power generation assets until 2050, of which 86% is expected to go to zero-emissions technologies and 73%, or \$8.4 trillion, to wind and solar. This could represent around \$255 billion per year. By 2030, there may be more than twice the renewable capacity for every dollar spent compared to today. By 2050, the amount could double again, such that a dollar invested buys four times the renewables capacity it does today. The levelized cost of an average PV plant is expected to fall by 71% by 2050 due to the ongoing cost declines in solar technology. Module costs are down 84% since 2010 and are expected to decrease another 52% from today to 2025 as manufacturers find further efficiencies throughout the production chain. Subsidies and government support are no longer necessary for renewables to be competitive. Battery storage is becoming a competitive reality. Wind and solar are already cheaper than coal, nuclear and gas, as a result growth is going to be immense, either through power purchase agreements, financial hedges or competition in the open market. The opportunity for Atlantica is huge. We believe renewable energy will represent in most markets the majority of new investments in the power sector. In order to make this transition in the power mix, every region will need to complement investments in renewable energy with investments in efficient natural gas, in transmission networks and in storage. We believe that we are positioned in the right sectors to benefit from the transition towards a more sustainable power mix that is happening worldwide. In addition, water is going to be the next frontier in a transition towards a more sustainable world. Vast regions worldwide need new sources of water and water desalination and water transportation infrastructure should help to make that possible. We are also present in water through water desalination and intend to play an active role in the water development which is underway.

We intend to benefit from this opportunity, by growing through several sources, all of them with a clear focus on clean energy and water infrastructure assets.

We believe we can achieve organic growth through the optimization of the existing portfolio, price escalation factors in many of our assets and the expansion of current assets, particularly our transmission lines.

In addition, we have in place exclusive ROFO agreements for low-carbon footprint assets with AAGES, which is focused on the development and construction of clean energy and water infrastructure contracted assets. Additionally, we intend to enter into similar agreements or enter into partnerships with other developers or asset owners to acquire assets. We may also invest directly or through investment vehicles with partners in assets

under development or construction, ensuring that such investments are always a small part of our total investments. We also expect to continue acquiring assets from third parties leveraging the local presence and network we have in the geographies and sectors in which we operate.

Finally, we signed an enhanced agreement with our main shareholder, Algonquin, that should allow us to accelerate our growth in the US. We have a right to acquire stakes or make investments in two Algonquin assets in the US for a total equity value up to \$100 million. Additionally, both companies have agreed to analyze jointly for six months Algonquin's contracted assets portfolio in the US and Canada to identify assets where a drop down could add value for both parties, according to each company's key metrics.

2. The use of public-sector incentives could benefit our growth opportunities.

In December 2015 the Paris Agreement, the first universal global climate deal, was adopted by 196 parties. The goal of this agreement is to give a global response to the threat of climate change by keeping a global temperature rise this century well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius. To achieve this objective, countries have to reduce their emissions to comply with their national commitments. Most countries base their commitments on the development and expansion of renewable energy and intend to reach their goals through different types of incentives to support renewable energy. In the United States, support programs for renewable electricity generation, including Feed-in-Tariffs (FiTs), quotas, Renewable Portfolio Standards (RPS), and tendering systems help accelerate the adoption of renewable generation. Although we believe that renewable energy does not require support programs, in the short-term our growth plan can benefit from these programs. For example, RPS mechanisms are largely adopted by U.S. states. Under an RPS, regulated utilities and other load serving entities are required to procure a specified percentage of their total electricity sales to end-user customers from eligible renewable resources by a specified date. California recently set a target of 100 percent carbon-free electricity by 2045. In addition, tax incentive programs exist in the U.S. at both the federal and state level and can take the form of ITCs, PTCs, accelerated depreciation or sales property tax exemptions. Similar incentives exist in other countries where we are currently present.

3. Access to new markets can contribute to increase revenues.

As previously discussed, we intend to take advantage of favorable trends in the power generation and electric transmission sectors globally, including energy scarcity and a focus on the reduction of carbon emissions. We are currently focused on North America, South America and EMEA. We have identified new market opportunities in different countries within these regions, and in sectors where we have a smaller presence today. In some cases, we will capture opportunities by acquiring assets in operation, by investing in assets or by partnering in new assets.

Our Corporate Development Team is very active analyzing growth and investments opportunities.

4. Access to capital markets.

We believe stakeholders prefer sustainable products and services such as low carbon and renewable energy rather than non-renewable energy. There is an increasing number of governments, private companies and investors publicly stating their commitment to support environment through their business decisions. We see more and more investors who have incorporated sustainability into their investment decision process. Certain investors have developed ESG specific funds, in which Atlantica fits perfectly. Atlantica relies on debt and equity capital markets to fund its growth strategy. Having access to a larger number of investors is key for our business development. In addition, we see the opportunity of expanding sources of financing to financial products available through green financing (green bonds, green loans, etc.). Climate finance is a growing sector in international and environmental finance. Governments and private money are continually making more resources available to climate finance and have committed to raise \$100 bn per year by 2020 under the Paris Agreement. Access to green financing will help us to expand our options in pursuit of our growth strategy.

TCFD theme: Risk Management

Atlantica employs a risk map which adopts a multidisciplinary approach for identifying risks in different areas, assigning probability distributions and measuring economic impact in order to propose action plans to mitigate main risks. The risk map contains a questionnaire regarding risk indicators and economic impact. Once all information is compiled, key conclusions can be outlined in a report. This report includes the risk assessment, mitigation strategies, deadlines and responsible parties to act. The process is generally as follows:

1. We identify a person(s) in charge of providing at the asset level the information needed to the risk department.
2. Regular and periodic meetings are held with the parties involved to complete and define risk map questionnaires and risk indicators.
3. The risk department has the responsibility to update and complete the risk map with the updated information on a continuous basis.
4. The risk department is to analyze and prepare conclusions.
5. Conclusions will be discussed with the VPs and presented at the risk committees with management to update the analysis and plans.

Climate related risks and opportunities arise in the process of management described above, especially in the working groups with our Operations, Environmental and Quality Departments and the asset managers.

TCFD theme: Metrics and Targets

For further disclosure of Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions as well as total GHG emissions saved, please see the next section.

2.3 Greenhouse Gas Emissions

Atlantica is committed to promote low-carbon generation in its portfolio. We plan to reduce our carbon emissions footprint mainly with the acquisition of renewable assets that will increase our generation base. We intend to maintain 80% of our revenues generated from low-carbon footprint including our renewable, transportation and transmission infrastructures and water assets.

Given that our largest business sector since our incorporation is renewable energy, our GHG emissions have always been significantly lower than those of companies generating electricity from fossil fuel sources. As previously explained, the emissions of our generation assets are 0.19 tons of CO₂ per MWh of electricity produced, compared to 0.71 tons of CO₂ per MWh in a 100% fossil fuel-based generation⁹. Reducing emissions is significantly more challenging for a renewable business than, for example, for a traditional utility with a business largely based on fossil fuel generation transitioning progressively to renewables. Our goal is to reduce our emission rate per unit of energy generated by 10% by 2030.

Atlantica complies with the requirements of the United Kingdom Climate Change Act 2008 for greenhouse gas emissions reporting and with the requirements of the Commission Regulation (EU) No 601/2012. The emissions data presented in this section corresponds to emissions in the annual periods ended December 31, 2018 and 2017.

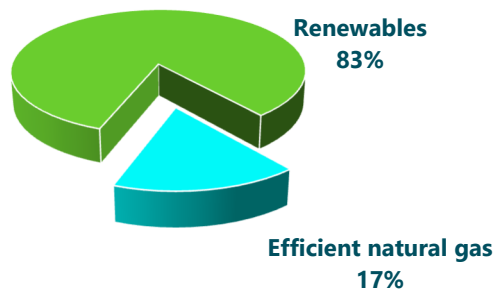
Our focus on renewables and sustainable technologies allows us to have greenhouse gas emissions rates significantly lower than those traditional utilities whose portfolio is mainly based in fossil fuels. As of December 31, 2018, 83% of our installed capacity corresponds to renewable assets and 17% corresponds to ACT, our efficient natural gas plant in Mexico.

ACT has the status of an "efficient cogeneration facility" according to the Comision Reguladora de Energia (CRE), the Mexican energy regulator. The CRE categorizes as efficient plants those facilities which can deliver energy above a defined efficiency threshold. This status, at the same level of renewables according to the Mexican regulation, allows ACT to benefit from certain favorable conditions regarding interconnection and transmission.

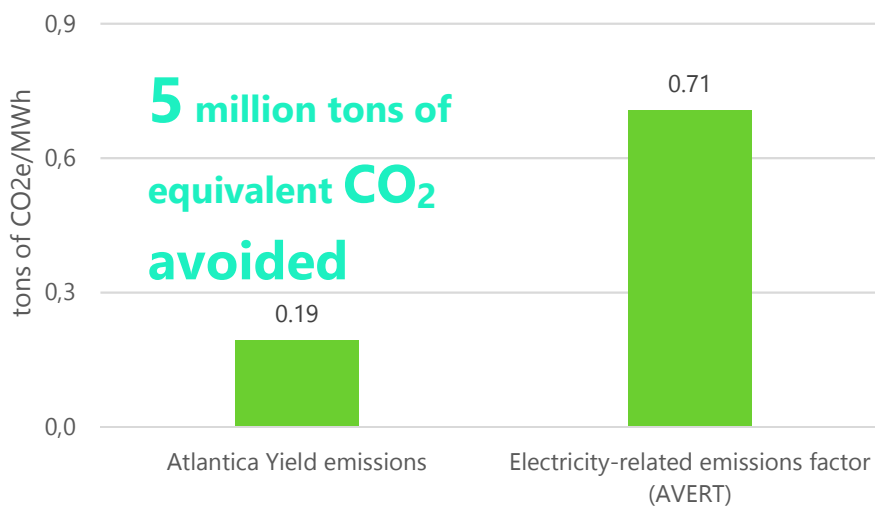
Our greenhouse emissions of Scope 1 were externally verified in certain geographies within the scope of the certification of carbon credits. In Mexico, our Scope 1 greenhouse emissions were verified by ANCE. ANCE represents an association dedicated to development of standardization and certification across industries in Mexico. In Spain, our Scope 1 greenhouse emissions were verified by AENOR. AENOR is a non-for-profit entity dedicated to development of standardization and certification across Spanish industrial and services sectors.

⁹ Source: EPA (2018) AVERT U.S. natural weighted average CO₂ marginal emissions rate, year 2017 data.

Percentage of Installed capacity



If we compare our emissions with emissions rates of traditional utilities where generation is based on fossil fuels, approximately 5 million tons of equivalent CO₂ per year are avoided to the atmosphere compared with a 100% fossil fuel-based generation.



Emissions figures on this report are quantified and reported according to the guidelines of the Greenhouse Gas (GHG) Protocol, as follows:

- Scope 1: Emissions of greenhouse gas from sources that are owned or controlled by the Company.
- Scope 2: Indirect emissions of greenhouse gas from consumption of purchased electricity, heat or steam.

Scope 3 emissions, which are emissions associated to the supply chain or to transport, are not required to be reported according to United Kingdom regulation (Climate Change Act 2008). Nevertheless, we are conducting calculations to estimate Scope 3 emissions, our target is to report them for the first time on our CDP report of 2018.

Scope 1 GHG emissions for our efficient natural gas asset and our solar plants in Spain, which represent approximately a 93% of the total Scope 1 and Scope 2 emissions, have been verified by external auditors. This verification includes information used for its calculation, such as emission factors and activity data.

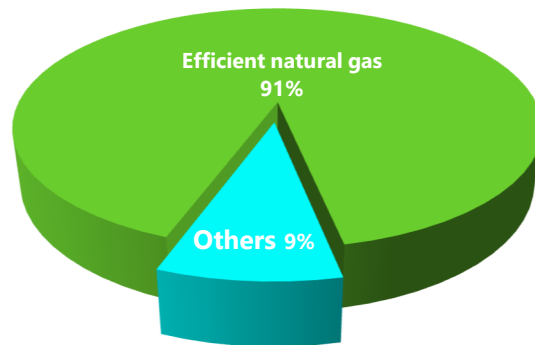
The emissions are calculated based on the criteria defined by the Greenhouse Gas Protocol, according to the operational control approach. Our reported emissions include emissions

of methane (CH₄), and nitrous oxide (N₂O) as CO₂ equivalents. We use the GHG inventories conversion factors indicated by the organizations listed below:

- Intergovernmental Panel on Climate Change (the "IPCC")
- United States Environmental Protection Agency (the "EPA")
- 2018 GHG National Inventory from the Ministry of Ecological Transition in Spain

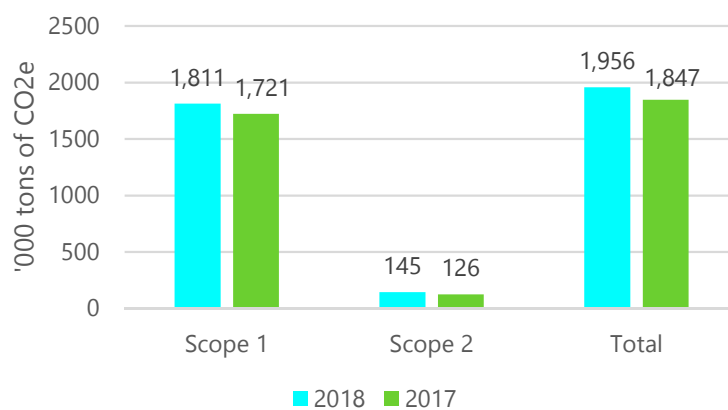
91% of the GHG emissions generated in 2018 come from our efficient natural gas plant in Mexico as shown in the graph below.

GHG emissions generated in 2018 per type of asset



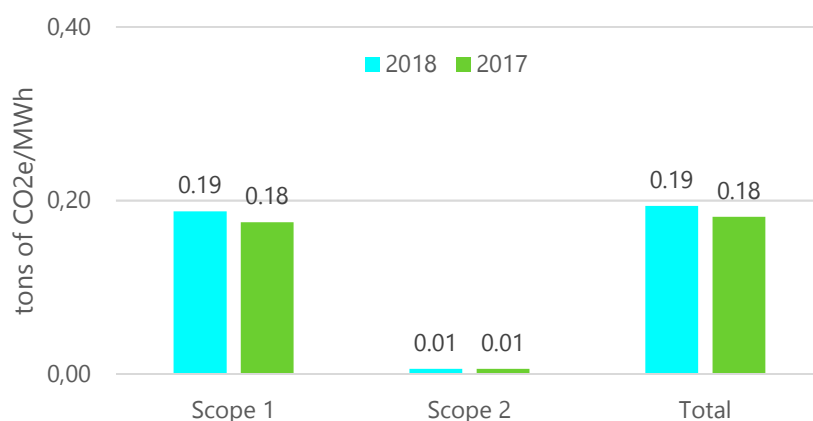
The next graph shows tons of carbon dioxide equivalent generated in 2018 and 2017 corresponding to each of the previously described scopes.

Scope 1 and Scope 2 emissions



Total carbon dioxide equivalent emissions generated by the Company in 2018 reached 1,956 thousand tons, compared to 1,847 thousand tons generated in 2017. Scope 1 GHG emissions have increased mainly due to an increase in natural gas consumption in ACT, our efficient natural gas plant, which generates approximately 90% of our total emissions. In 2018, this plant has been operating at partial load for a higher number of hours at the request of our client. In ACT we have a tolling agreement according to which we receive water and natural gas from the client and give them back electricity and steam, in the amount they request.

Equivalent Rate of CO₂



The rate of equivalent tons of Carbon Dioxide (CO₂) emissions per energy generation is 0.19 in 2018 versus 0.18 in 2017. This ratio applies for generation assets (solar, wind, hydro, efficient natural gas). GHG emissions have increased mainly due to do the increase in emissions caused by our client request in ACT, as described above and also due to a lower total production in 2018, mainly due to lower solar radiation in Spain.

Air Quality

Regarding non-greenhouse gas emissions, Atlantica generates very low NO_x (Excluding N₂O) and SO_x and does not generate any particulate matter (PM₁₀), lead (Pb) or mercury (Hg). In 2018 we have performed an estimation of our emissions and we consider our emission levels low. The only assets that generate these emissions are our Efficient Natural Plant in Mexico and our solar plants in Spain:

NO_x and SO_x emissions as of December 31, 2018

Tons	NO _x	SO _x
Spain	31.6	1.3
ACT	370.4	0.0
Total	402.0	1.3

2.4 Water Management

Some parts of the world suffer from current drought conditions, which combined with a water supply that is unfit for human consumption, can foster disease and death. Scarcity of water also results in reduced availability for food production. Sea water desalination can provide a climate-independent source of drinking water.

We are committed to make an efficient use of water in our operations. There are two main types of water use in our operations:

- Generation of drinking water for local communities and industries through desalination of seawater.
- Power generation from our renewable assets, which use cycle water in the turbine circuit and for refrigeration purposes.

Atlantica has two assets that are situated in areas considered to be high Baseline Water Stress as classified by the World Resources Institute's (WRI) Water Risk Atlas Tool, Aqueduct. We do not have any assets in areas considered as Extremely High. These assets are Honaine, one of our desalination plants that withdraws water from the sea and Solana, our solar plant in Arizona. In 2018 we only withdrew 44% of the limits allowed by water permits. In the case of Solana, we saved 56% of water over our water rights.

Risk Assessment

Atlantica's risk analysis identification includes management on water risks. Risks associated with water are material in many of our generation and desalination assets.

In our assets, our water withdrawal could be affected by droughts in the areas where we operate, the main consequences of droughts would be scarcity of water and a worse quality of water. If drought periods persist over time governments may take regulatory actions and may reduce the limits of the quantity of water that can be withdrawn under our existing permits.

In 2018, we only withdrew 47% of the total water permitted by regulatory limits. We believe, that even if water limits were to be reduced, we still have margin to withdraw enough water to keep our plants working properly. To mitigate this risk we have, for example, water basins and tanks to store water in many of our facilities, this way we guarantee the correct performance of the plant the entire year.

If water limits were reduced so much that we could not maintain a normal level of water in the plants, we would need to use more chemical products to purify water and to guarantee a good performance of the plant.

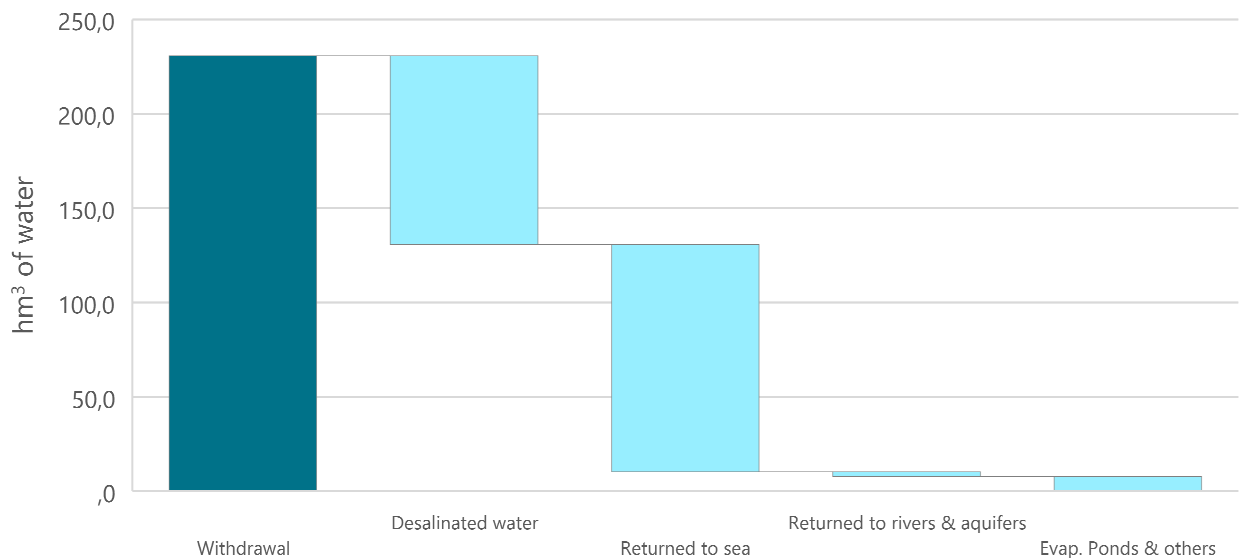
Limits could also affect the quantity or quality of water that can be discharged, in which case we would need to withdraw more water than usual or use more chemical products to purify water.

In 2018 we have hired an external company to perform a water efficiency audit in some of our plants during 2019. The purpose of this audit is to identify potential actions to improve water use efficiency.

Water management in our desalination plants

Water Discharge by destination in 2018

(in million of cubic meters)



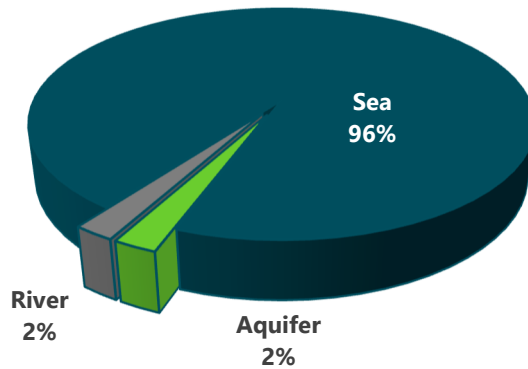
In 2018, we withdrew 231 million cubic meters (8,158 million cubic feet) of water, of which 96% was sea water. We discharged 123 million cubic meters, of which 120 million cubic meters (98%) was returned to the sea. We withdrew sea water for desalination purposes as specified in the concession agreements of our two desalination plants. Thus, in 2018, we withdrew 220.2 million cubic meters of sea water, which went through the desalination process of salt and minerals removal in our water treatment facilities to prepare it for human use.

The difference between water withdrawn from and returned to the sea is the desalinated potable water delivered to the water utility, as specified by our take-or-pay concession agreements for consumption needs of approximately 2 million people.

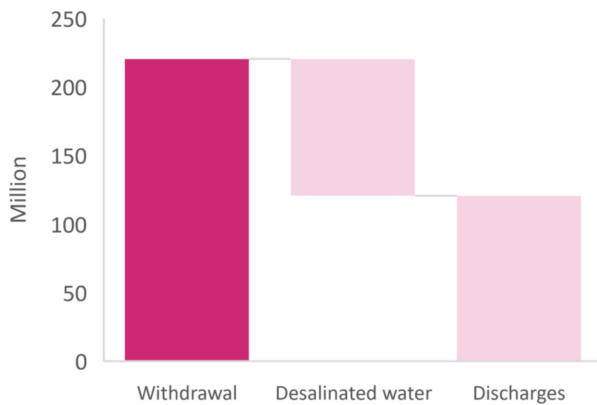
Total water consumption in 2018 was 108 million cubic meters (3,814 million cubic feet), 100 million cubic meters was water desalinated and 8 million cubic meters were evaporated.

In 2017, we withdrew 227 million cubic meters (8,016 million cubic feet) of water, of which 95% was sea water, we discharged 120 million cubic meters of which 117.0 million cubic meters (98%) was returned to the sea.

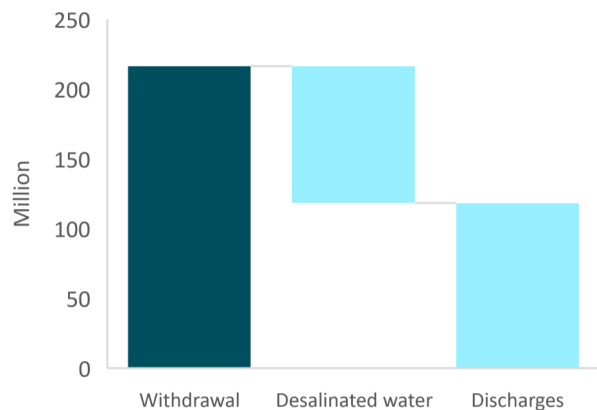
Sources of water withdrawn



2018 Desalination (Water section)



2017 Desalination (Water section)



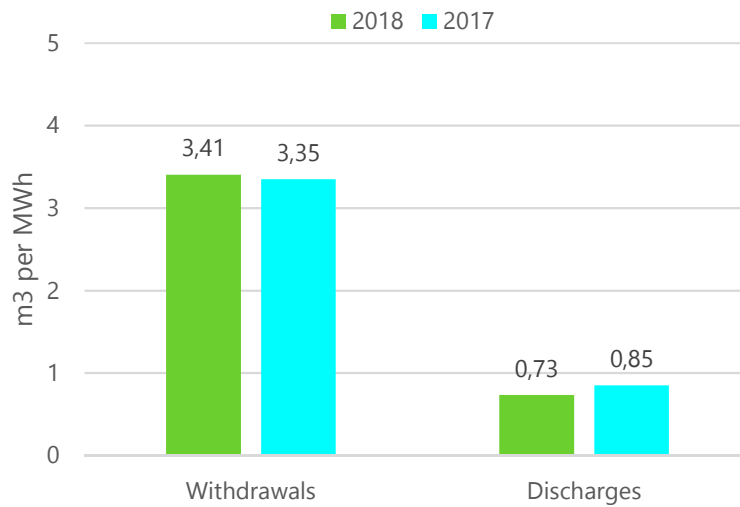
Water management at our solar plants

Our renewable segment is another part of our business that utilizes water in its power generation. We use water primarily for cooling of condensers during power generation at our facilities. The fresh water is drawn primarily from rivers and aquifers. We hold permits to withdraw water from these sources and adhere to regulations on water quality. The difference between water withdrawn from and returned to its source is our water consumption which occurs largely due to evaporation.

The amount of water we withdraw, and return is measured by the installed water meters at the pumping equipment of the plants. The reported volumes represent the total readings measured by the water meters of all our assets without adjusting for our economic interest in the assets. The water meters are sealed and are normally subject to audit by the inspector representing the local water authorities. We have met the requirements and regulations of the applicable local regulatory authorities in geographies in which we operate. We report the results of our water statistics to local water agencies on a periodic basis.

As an example of initiatives to reduce water consumption, we have implemented an air-dry cooling system, instead of cooling towers, to refrigerate the condensers in one of our solar plants. This plant is located in an area with water scarcity problems and this system reduces the water demand.

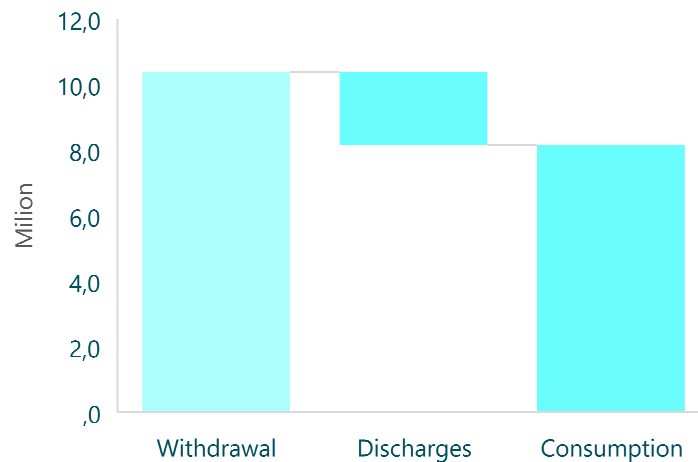
Power Generation (Renewable Sector)



In 2018, we withdrew 10.4 million cubic meters (367 million cubic feet) of fresh water at our power generation plants and we returned 2.2 million cubic meters (21%) back to the source. Total consumption of water in 2018 was 8.2 million cubic meters.

In 2017, we withdrew 10.6 million cubic meters of fresh water and returned 2.7 million cubic meters (24%) back to the source. The water returned to the environment is tested by independent external laboratories on a period basis to ensure its quality.

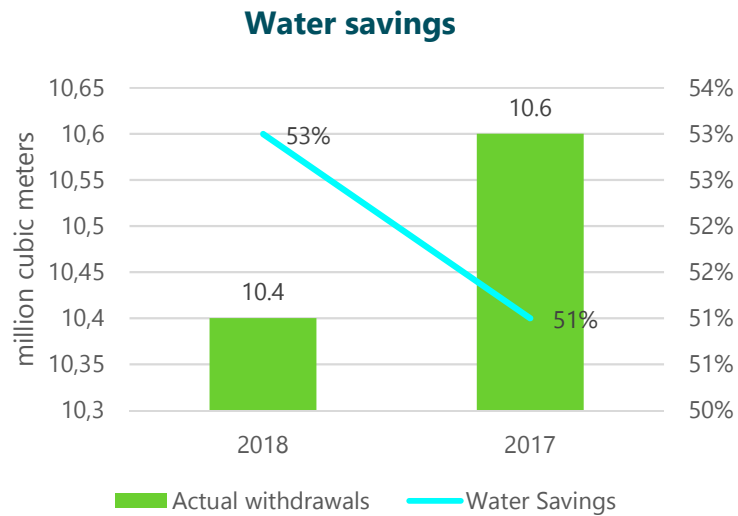
Water use at our solar plants in 2018



Water Savings

Our efforts to improve our water management beyond compliance is a main factor behind the reduction of withdrawal volumes in 2018 compared to 2017. We implemented better practices for the use of water in the operation and maintenance of our solar plants, such as adjustments in the operating cycles of the water-cooling towers. In 2018, we withdrew 10.4 million cubic meters which represented 47% of the limits allowed by our water permits. In 2017, we withdrew 10.6 million cubic meters which represented 49% of the limits allowed

by our water permits. The difference between the water permit limits and actual water withdrawn represents water savings.



2.5 Waste Management

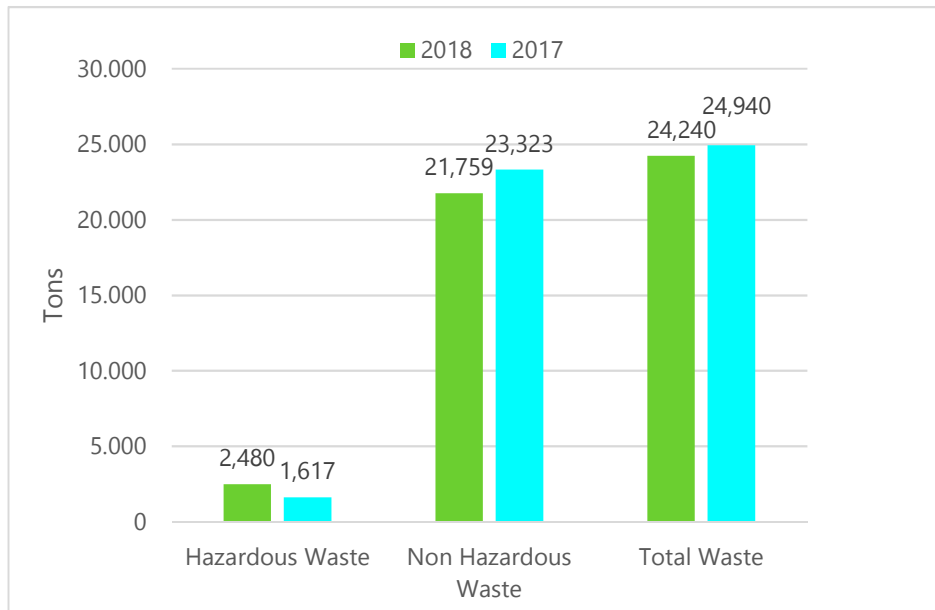
Our assets produce two main types of waste, hazardous and non-hazardous, which come from operation and maintenance activities. The waste included in the category of hazardous are those from industrial processes related with the use of chemical products. On the other hand, all materials that do not contain substances that might be harmful to human health or the environment are considered non-hazardous waste. Atlantica has a comprehensive waste management process to ensure they are correctly managed.

In our case, hazardous waste consists mainly of heat transfer fluid (HTF) used in our solar plants. Non-hazardous waste corresponds mainly to sub products from our water treatment plants.

The management of hazardous waste is directly related to the occurrence of accidents, which are the main generators of this type of waste. In 2018 we have made additional efforts in the remediation of potentially contaminated soils. As a result, we had an increase in the disposal of contaminated soil waste, which is the main metric used to measure hazardous waste. Hazardous waste has increased because of the increase in disposals of contaminated soil.

The non-hazardous waste produced in our assets derives from the waste water treatment plants and the reuse of the waste water before the discharge.

Waste management



Most of the non-hazardous waste was generated in Solana, Mojave and Helios and comes from water treatment (filter cake). We make important efforts to find alternative uses to landfill. For example, in Solana 60% of non-hazardous waste is used as organic fertilizer by a local farmer.

Part of the hazardous waste generated in 2018 was controlled and confined, avoiding any land contamination. Additionally, to reduce hazardous waste, some of our assets have bio-solution plants that break down contaminating substances.

Our target in relation to waste goes beyond legal compliance. We have a strong commitment to continue reducing the generation of waste related to our operations.

2.6 Biodiversity

At Atlantica, we are committed to protecting and preserving biodiversity in the areas where we do business. Atlantica has the commitment of a “no net loss” or having a “net positive impact” on biodiversity. The company has systematic consideration of local threats to biodiversity beyond the company’s business activities. We work to meet or exceed laws and regulations related to biodiversity. We also work with independent organizations to verify sustainable practices related to land use and biodiversity.

Some of our solar plants are close to protected areas, while one of our transmission lines in Peru crosses some areas that are also considered to be protected areas.

Asset	Position	Type of operation	Size	Type of Biodiversity	Listing of Protecting status
Helios	Near a Protected area: Tablas de Daimiel	Solar Generation	100MW	Wetland	National Park
Solnovas & Solaben	Near ZEPA zones: Zones of special protection for birds.	Solar Generation	150MW/200MW	Birds	Zones of Special Protection of birds per Spanish Government
ATN	Our transmisión lines crosses three zones: Reserva Nacional Junín, Parque Nacional Huascarán and Hunt reserve Sunchubamba	Transmission Line	In total 362 miles	Terrestrial	Reserva Nacional Junín: Protected Area of managed resources Parque Nacional Huascarán: a National Park Hunt reserve Sunshubamba

Solar Assets

At Mojave, our U.S. asset, we monitor and survey a protected Mojave Desert Tortoise, *Gopherus Agassizii*. Our solar asset has a desert tortoise exclusion fence clearance survey and translocation plan, these conditions were established by the California Energy Commission for the approval of the Mojave solar plant. In 2017, a tortoise appeared at our plant in Mojave. The authorized biologist at our plant inspected the plant and could not find any openings in the fence through which a desert tortoise would have been able to enter. Because this tortoise is not suitable for wildlife and we do consider that with proper care it will survive we have transferred it to the Californian Turtle and Tortoise Club to allow for its adoption. Additionally, we support the "Transition Habitat Conservancy" program, they are responsible for receiving and taking care of the turtles that are found within the fences of solar projects.

Additionally, during 2018 Atlantica has installed two nets at the cooling tower at our facility in Mojave. These nets follow directions and approval from the California Energy Commission and are part of our commitment to avoid bird fatalities at the plant. Our biologist and environmental specialists continuously study behavior of local and migrating birds and animals and protect them by actively deterring them from the evaporation ponds located in the plants to avoid avian and animal casualties as directed by the California Energy Commission Conditions. We use various avian deterrents approved by the California Energy Commission. Among them are the emission of noises resembling their applicable predators, water spraying, and "eagle eyes". "Eagle eyes" is an optical bird deterrent used to harmlessly prevent birds from danger of consuming the evaporation pond's water, which is high in salt minerals. Additionally, our specialists, because of their studies, continue improving ways to protect birds and animals by proposing more effective and safe processes, which are in continuous discussion with the California Energy Commission. According to our approved Bird Monitoring Study that complies with condition BIO-17, we continuously monitor the life of birds within the premises of Mojave, survey collected dead birds and transfer to local authorities the bird carcasses found within the territory of the plant for further autopsies to

determine cause of their death. We have not had any violations or non-compliance in this respect.

We keep supporting the “Wetland and Wildlife Care Center” program, a non-profit organization that takes care of the restoration and freeing of wild native life, some of the species are considered to be endangered.

Spain

In our solar plants in Spain we perform several reforestation programs. During 2018 we have conducted the reforestation of 150 hectares (370 acres). 70% has been reforested with quercus rotundifolia and 30% with broom and rosemary. We have committed to maintain this area and to keep in good conditions the cattle roads. We have also constructed bird houses to stimulate the settlement of colonies of *Falco Naumanni*. In one of our plants we have authorized a farmer to have their sheep graze in the area of the solar plant to maintain a natural control of the growth of vegetation and reduce the use of machinery for these purposes. In addition, we donate approximately 54 thousand dollars per year to protect birds of prey settled close to our plants. With this contribution, we provide food and participate in the census and monitoring of these birds, which are protected species. Furthermore, we have reached a collaboration agreement with a local environmental agency to install cameras in our property to monitor the presence of the Iberian Lynx near our assets.

Reforestation programs in 2018:



Iberian Lynx:



Wind Assets

In our projects in Uruguay, we perform continuous monitoring and reporting of impact of spinning blades of our wind farms on local species of bats and birds. The monitoring scientific studies are performed by independent biodiversity consultants contracted by our projects. Studies are performed each year in July and October and they cover a census of birds and bats, a sampling of mammals and reptiles, a monitoring of Loica Pampeana (a protected bird species) and a study of mortality in birds. During 2018 they found 6 birds and 1 bat carcass.



Social

3.1 Our Principles

We are committed to conduct our business in a manner that respects the rights and dignity of our employees and the rest of the people related to our activities. We respect internationally recognized human rights, as set out in the **International Bill of Human Rights** and the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work. Labour practice at Atlantica and the professional activities of its employees, directors and executives are governed by the United Nations Universal Declaration of Human Rights and its protocols, as well as by International Agreements signed by the UN and the International Labour Organization (ILO) on social rights, as well as the principles of the United Nations Global Pact.

Freedom of association is a human right as defined by international declarations and conventions. In this context, freedom of association refers to the right of employers and workers to form, to join and to run their own organizations without prior authorization or interference by the state or any other entity. The right of workers to collectively bargain the terms and conditions of work is also an internationally recognized human right. Collective bargaining refers to all negotiations which take place between one or more employers or employers' organizations, on the one hand, and one or more workers' organizations (trade unions), on the other, for determining working conditions and terms of employment or for regulating relations between employers and workers.

Our Board of Directors approved its first Code of Conduct back in 2016 and the code was last amended in November 2018. It is available to every stakeholder on our website. Our Code of Conduct requires all employees, officers and directors to report any illegal behavior or violations of laws, rules or regulations. All our employees acknowledge our Code of Conduct once per year and all our employees receive training on our internal Management Policies, which include our code of conduct and human and labour rights.

The Code of Conduct at a Glance

Personal and Business Integrity	<ul style="list-style-type: none"> ➤ Conflicts of Interest ➤ Bribery & Corruption ➤ Entertainment & Gifts ➤ Insider Trading
Human and Labour Rights	<ul style="list-style-type: none"> ➤ Dignity & Respect. Equality & Diversity ➤ Occupational Health & Safety ➤ Forced Labour ➤ Appropriate age ➤ Fair wages ➤ Right to form and/or join trade unions ➤ Environmental sustainability
Corporate Asset & Financial Integrity	<ul style="list-style-type: none"> ➤ Accurate Accounting and Reporting ➤ Anti-Money Laundering ➤ Confidentiality & Information Security ➤ Protection of Assets
Whistleblowing	

Our Code of Conduct includes a section on Human and Labour Rights. We do not tolerate discrimination against anyone based on any personal characteristic, such as ethnic background, culture, religion, sexual identity, gender, etc. We provide equal opportunities to all employees. We promote equality and work to create an inclusive workforce. We seek to provide a climate of confidence where employees can raise issues. Any behavior which is not acceptable must be reported.

Forced Labour is strictly prohibited, work is conducted on a voluntary basis. Whether in the form of indentured labour, bonded labour or other is forbidden, the same as mental and physical coercion. Atlantica will never employ workers under the age of 15 or under the minimum age for work or under mandatory school as specified by local law, whichever is higher. Given the nature of our business, we do not believe that our operations or suppliers are at risk of having significant incidents of forced or compulsory labour either in terms of operations nor in the countries where we or our suppliers operate. We do not believe that that our operations or suppliers are at risk to have significant incidents of child labour either in terms of operations nor in the countries where we or our suppliers operate.

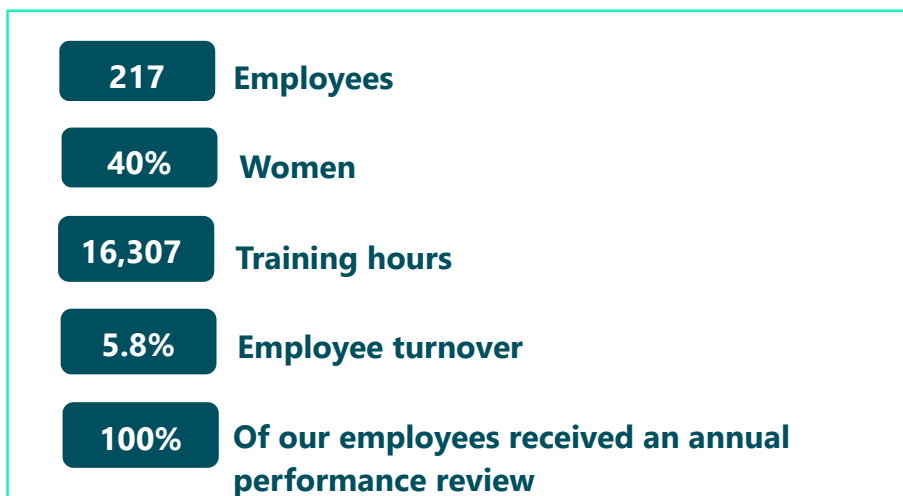
All employees are provided with a remuneration package that meets or exceeds the legal minimum standards or appropriate prevailing industry standards. Workers are not intimidated or harassed in the exercise of their right to join or refrain from joining any organization.

Besides our Code of Conduct, we also have a [Supplier Code of Conduct](#) that was amended in November 2018 during our internal revision of Compliance Policies. Atlantica has a strong commitment to operate meeting the highest standards of corporate conduct. We seek to operate with third parties who operate under principles similar to those set out in our Code of Conduct, therefore we have included our requirements in our contractual arrangements with suppliers. Nevertheless, we understand that some suppliers may face significant challenges to immediately meet every aspect of the Code. In this sense, we work together over time to help those suppliers achieve adherence to this Code.

We intend to reinforce the environmental certification of our suppliers. We have already engaged the services of an external provider to provide a standardized analysis of our suppliers by their commitment to sustainability, not only from a human rights point of view, but also from an environmental perspective.

We refer to our Governance section for a description of all actions carried out in 2018 with respect to Human Rights, Labour and Anti-corruption principles.

3.2 Our People



We believe that by providing a good quality of life for our employees, and by enhancing social and professional development we will retain and attract new employees. Employees are a core component of our future success.

Our values and code of conduct set out the expected qualities and actions of all our people. The honesty, integrity and sound judgement of our employees, officers and directors is essential to Atlantica's reputation and success. We seek employees who have the right skills and who understand and embody the values and expected behaviours that guide our business activity.

We perform an employee **climate survey** every two years to assess employees' satisfaction. The goal is to receive feedback as well as engage our employees. The survey is confidential, it is managed by a third-party and results are aggregated, shared and discussed with supervisors. Last survey was performed in 2017, participation was approximately 90% and general engagement with the company was 77%, above the average for similar organizations. Atlantica received very high score (above 80%) in several sections, including Health and Safety, Confidence in the Company, Strategic Focus, Diversity and Engagement. This survey also helped us identify certain areas with potential improvement, over which we have been working since and expect to see progress in the next survey.

We use a **platform called Meta4**, as our global system for human resources management. Meta4 is accessible for all Atlantica employees. It is an interactive tool that allows employees to access and manage their development, reviews, benefits, compensation, work time planning, etc.

In addition, in order to improve communication within the organization, once a year our CEO hosts breakfast and luncheon meetings with middle management to discuss the organisation challenges. The CEO also updates the entire Company on the main priorities in open sessions with Q&A approximately twice per year.

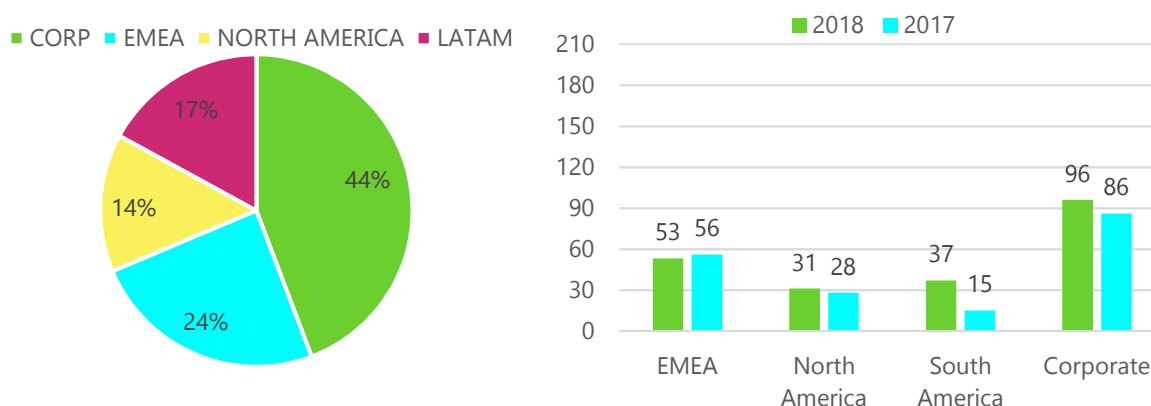
In 2017 and 2018 we organized a **two-day company meeting** involving a large majority of our employees worldwide. Several members of our senior management provided an update

on the main achievements of the previous year and reviewed the top priorities for the following year. Employees from different locations who usually interact remotely had the opportunity to meet each other and strengthen relationships. Feedback from our employees was very positive and we intend to continue organizing similar meetings every two years.

Number of employees per geography as of December 31, 2018

	2018	2017
EMEA	53	56
North America	31	28
South America	37	15
Corporate	96	86
Total	217	185

During 2018 our number of employees increased by 17% compared to previous year. Half of the increase is concentrated in South America where we hired 17 new people, a majority of them in Peru to internalize support services that were previously outsourced.



Our Corporate employees support our assets in functions including Operations, Health and Safety, Environment and certain corporate areas including Corporate Development, Finance or Legal.

Diversity and Equal Opportunities

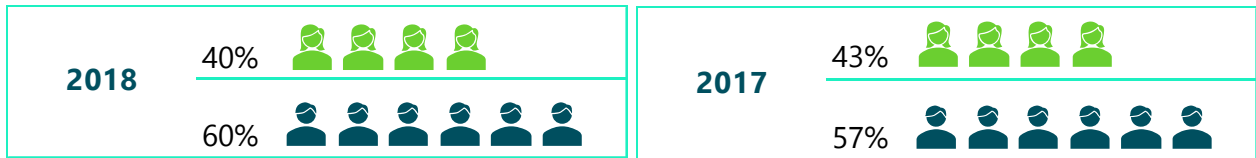
Atlantica promotes diversity among its employees in all the geographies where we operate. Women represent approximately 40% of our headcount. This percentage has decreased slightly versus 2017 mainly as a result of the new personnel hired in South America in 2018, where we internalized certain support services that were previously outsourced.

In 2018, 7 of our employees took parental leaves, including 4 men and 3 women, and 17 employees enjoyed parental leave in 2017. In both years, all employees returned to work.

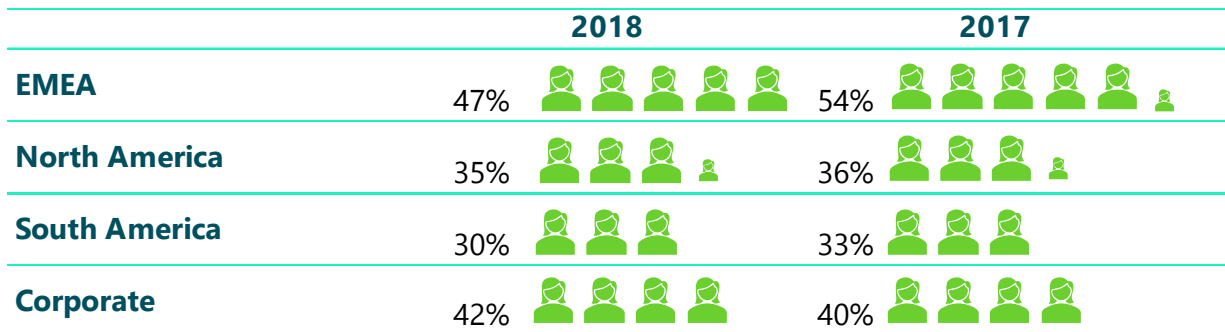
Additionally, we would like to point out that our company operates in a sector that has historically employed a majority of men. One of our objectives is to remove any barriers we might have and to empower women and ensure that they develop with the same opportunities as men. During 2018 we promoted a total of 11 employees, including 7 women.

In 2018, we did not receive any communication with respect to incidents relating to potential situations of discrimination.

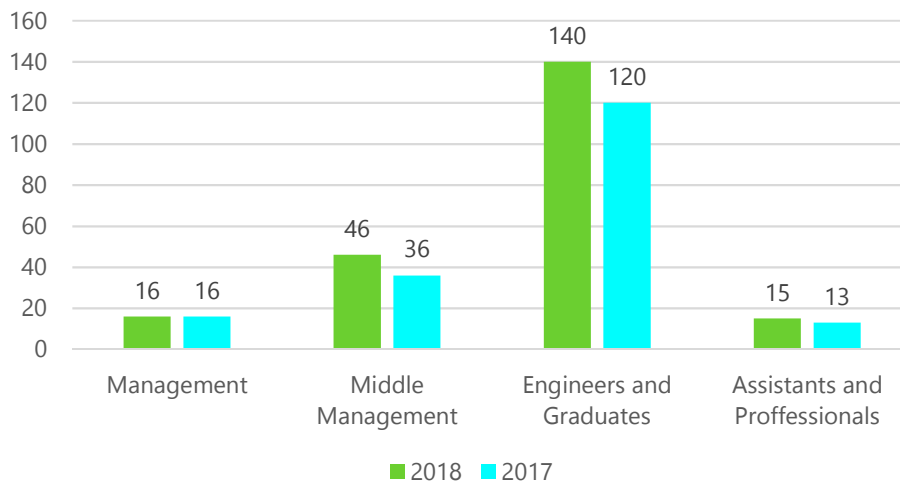
Number of employees per gender as of December 31, 2018 and December 31, 2017



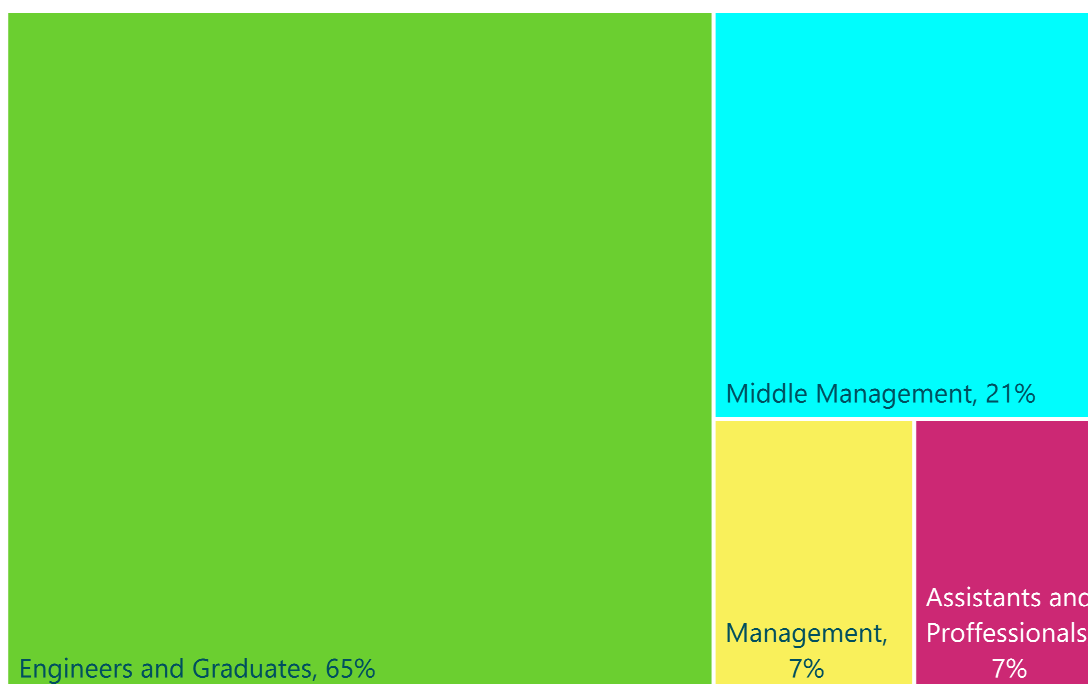
Women by geography:











Number of employees per level as of December 31, 2018 and December 31, 2017



Percentage of employees per level as of December 31, 2018



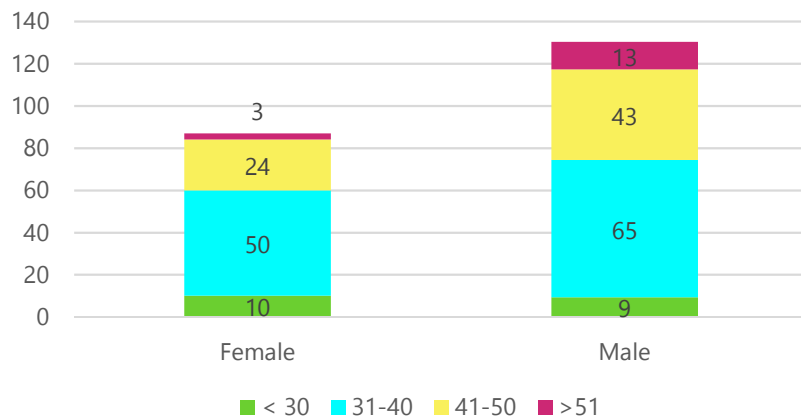
Percentage of Women per level:

	2018	2017
Senior Management	19% 	19% 
Middle Management	26% 	31% 
Engineers and Graduates	44% 	46% 
Asistants and Professionals	73% 	77% 

Number of employees per age

	2018		2017	
	Female	Male	Female	Male
< 30	10	9	13	6
31-40	50	65	45	59
41-50	24	43	18	32
> 51	3	13	3	9
Total Employees	87	130	79	106

Number employees per age and gender as of December 31, 2018



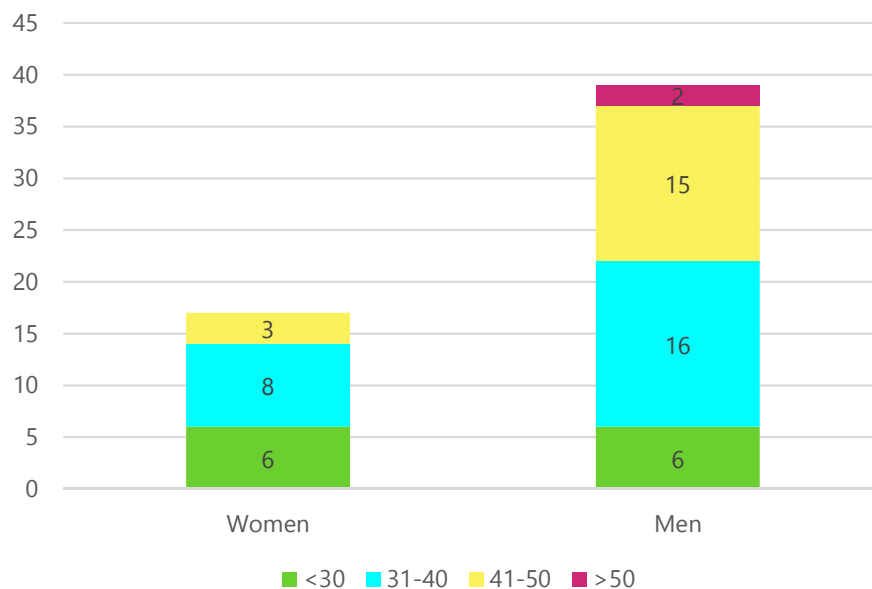
Recruitment and Retention

Our career development program, performance assessment and skill training programs are aimed at talent retention and development.

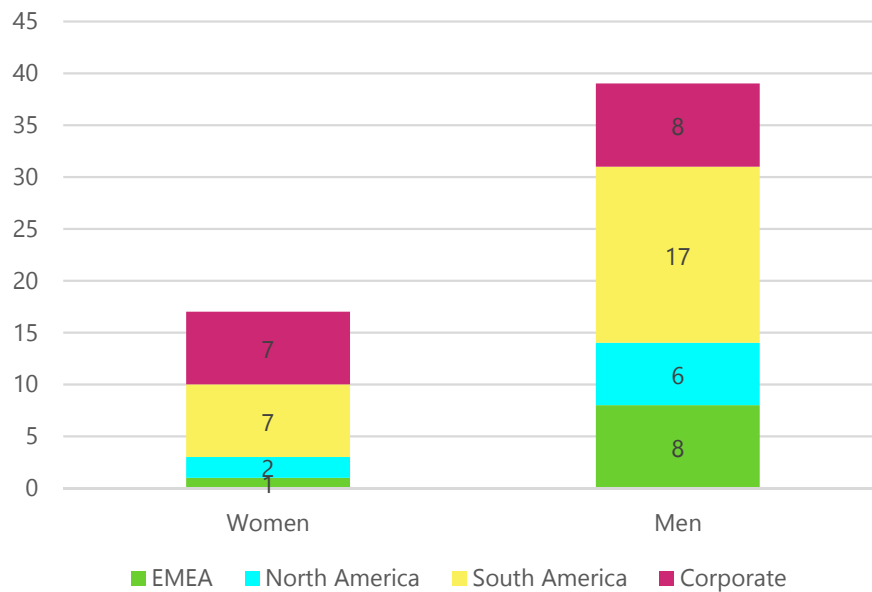
During 2018, we continued to have very low employee turnover of 5.8%, which increased slightly from 3.8% in 2017. We perform exit surveys to all our employees who voluntarily decide to resign from their jobs. Our aim is to identify weaknesses and areas of improvement that can help to improve and to reduce voluntary turnover.

During 2018 we hired 56 new employees, 75% were between 31 and 50 years old, 30% of new hired employees were women and approximately 43% were hired in South America.

Employees hired in 2018 per age and gender



Employees hired in 2018 per geography and gender



Our compensation policy is based on three pillars:

- Predefined remuneration structure ranges based on market surveys provided by external consultants.
- Annual performance appraisal to 100% of our employees.
- Variable compensation based on company targets, department targets and specific targets.
- Long term incentive plan for management.

It is important to mention that approximately 30% of our employees and most senior management have targets linked to ESG performance, including health & safety, compliance, environment and governance.

Our human resources department receives remuneration data from two separate external consultants for certain positions detailed by position and location.

The compensation package offered by Atlantica includes monetary and in-kind remuneration in accordance with employees' position, as well as with local practices in each of the countries where we operate. In addition, we offer flexible compensation in certain geographies, which are tax exempt for the employee. We offer pension plans to our employees in North America and UK. We also finance totally or in a high percentage health insurance in most of the countries where we are based.

Development and Training

We have built strong standardized processes for evaluating performance, training and developing our employees. The processes are managed using a Human resources platform, Meta4.

Part of our supervisor's mission is to collaborate with each of his or her team members to evaluate performance through the Annual Performance Appraisal (the "APA"), a talent and

development management module of Meta4. As part of the individual appraisal process, the supervisor evaluates the performance during the period in nine standardized areas. The manager also identifies individual targets for the coming period and sets training actions in the Annual Training Plan (the "ATP"). Supervisors set individual meetings with their team's employees once the assessment is completed to share results and explain in depth the action plan defined. Employees can provide their feedback about their own performance, improvement opportunities, proposals, etc. which can contribute to a better performance. It is an ongoing process, normally spread over a year to ensure its effectiveness and practical application success.

Once the APA is completed by supervisors we conduct a calibration process that seeks to ensure that evaluations are consistent and as fair as possible across the entire organization.

We also have an internal job site in our intranet where we inform employees of job vacancies, in order to promote internal mobility between different departments.

In addition, every two years we perform a 360° feedback process for certain management profiles, including senior and middle management, where managers receive feedback from their supervisor, peers and direct reports. Full confidentiality is guaranteed as the data is processed and summarized by external consultants.

Regarding our training program we identify six categories of training:

- **Atlantica:** all new employees must take our "Introduction to Atlantica" course during their induction period. "More about Atlantica" is a second level of corporate training offered either to employees that hit their two-year anniversary in the company or those that were promoted. In addition, all the employees receive training about our compliance policies and management policies.
- **Management skills:** are soft-skill courses offered to improve negotiation, team-working, team-building, decision-making, leadership and communication, among other skills.
- **Technical knowledge courses** are specific to each technical field.
- **Languages:** to allow our employees to effectively operate in the international setting, we offer a number of language courses.
- **Health & Safety** is a key part of our culture and philosophy and we offer a number of trainings to reinforce it.
- In addition, we offer **Executive Programs** to certain employees with a certain level of experience, excellent performance and good potential.

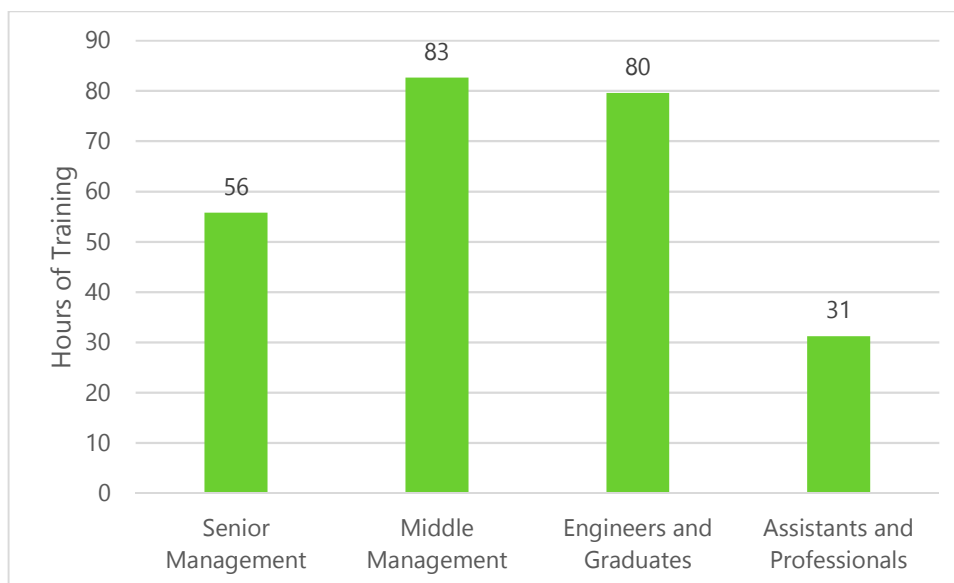
Additionally, in certain cases, we offer mobility to our people giving opportunities to transfer to other positions, functions or geographies.

In 2018, our employees undertook 16,307 hours of training, which represents a 51% increase compared with 10,830 training hours in 2017.

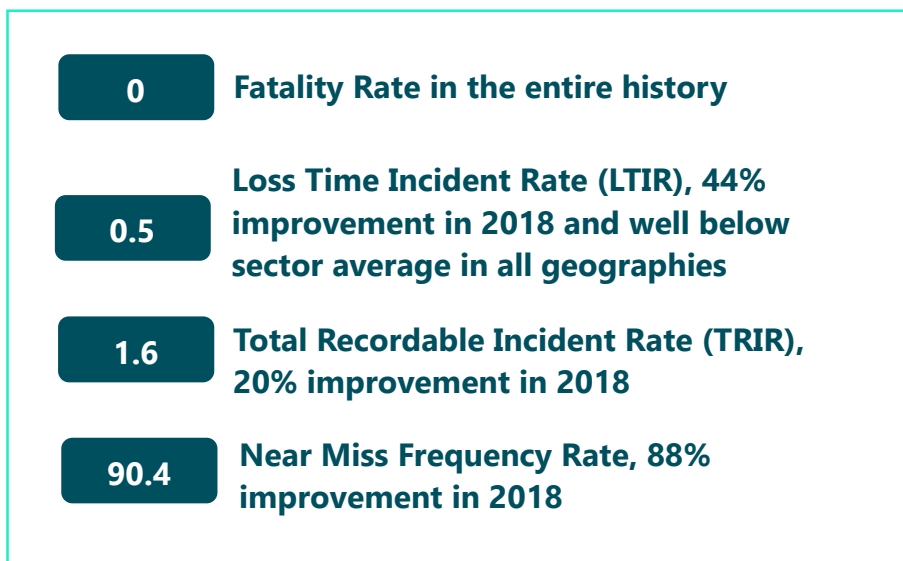
Total hours of training	
Senior Management	892
Middle Management	3,802
Engineers and Graduates	11,145
Assistants and Professionals	468
Total	16,307

Total average hours of training per employee	
Senior Management	56
Middle Management	83
Engineers and Graduates	80
Assistants and Professionals	31
Total	75

Total Average hour of training per employee



3.3 Occupational Health and Safety



Within Atlantica's Values, the first one is "Integrity, Compliance and Safety". Atlantica and its management are committed to prioritize and actively promote health and safety as a tool to protect the integrity and health of our employees, subcontractors and partners involved in our business activity. We promote a safe operating culture across Atlantica and encourage a preventive culture in the operation and maintenance ("O&M") activities of our subcontractors as reflected in our corporate health and safety policy.

Fatality **rate has been zero since our creation**. In addition, no major injuries have been recorded since our creation.

Annually, we conduct internal and external audits to evaluate our health and safety management system in accordance with the OHSAS:18001 standard requirements. The external audit is carried out by an independent third party. These efforts have resulted in the certification of the **Occupational Health and Safety Management System in OHSAS: 18001** obtained in 2015. This certification has been successfully renewed in the last three years. Additionally, we perform periodic health and safety audits to our O&M contractors to promote their compliance with our safety best practices in our assets.

We also provide an annual training programme on safety awareness to managers and employees, designed in accordance with the risks in the different job positions and work centres as well as with the local regulations.

One of the key tools that we promote is our Health & Safety Best Practices programme. This programme's objective is to define world class safety standards for our assets' operations. Our **Health & Safety Best Practices** are based in the following pillars:

Management System and Procedures:

- Safety policies and safety objectives are published in all safety boards of our assets and work centres.
- Annual objectives related to Health and Safety are defined in variable compensation for our CEO, VPs, asset managers and certain corporate positions. Operation and maintenance suppliers develop their daily activities using adequate safety procedures and we encourage them to have their operations certified under the OHSAS:18001 standard.
- Safety procedures compliance is enforced through annual audits and inspections in all our assets, identifying deviations and developing corrective plans with our subcontractors.

Safety Culture:

- Workers safety observations (Walks & Talks) are promoted to allow O&M employees to identify unsafe acts and conditions in our assets. In 2018, we gave **32 awards** to O&M employees based on Walks & Talks.
- A zero accidents policy is promoted. In 2018 one asset reached 1,000 days without accidents that resulted in lost time and two assets reached the 1,500 days milestone.
- Safety Days are celebrated in all our assets with our O&M contractors on a yearly basis to promote safety culture and share lessons learnt.

Training

- An annual training plan for our employees and O&M contractor's employees.
- The effectiveness of this training is evaluated and reviewed periodically.

Improvement of safety conditions

- Safety analysis are performed in our assets to identify hazards and develop preventive strategies in collaboration with O&M contractors.
- Our asset managers monitor safety conditions in our assets and compliance with safety rules using standardised check-lists.

Drills and Emergency Plan

- An annual emergency drill plan is defined in all our assets to evaluate and improve emergency procedures and to train employees on these procedures. 67 drills were performed during 2018.
- An emergency plan is in place at our assets with an evaluation of potential emergency scenarios and the associated emergency procedures.

- An emergency response team is defined and trained in all our assets and work centres.

KPIs and lessons learned

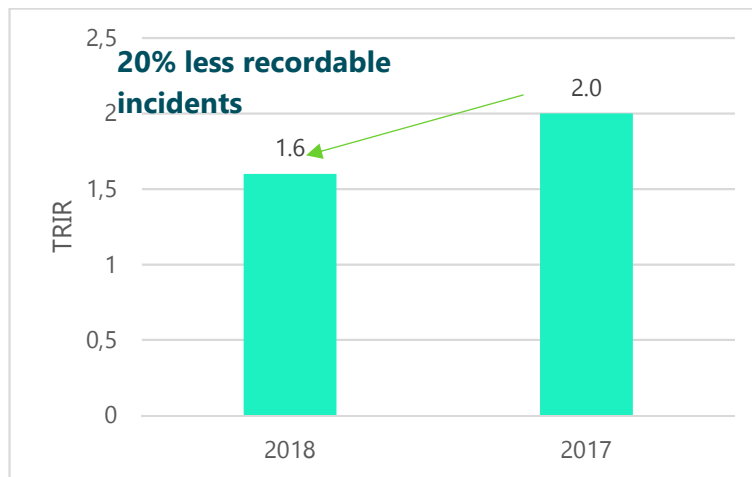
- Standardized key performance indicators are defined and evaluated against yearly targets to monitor the performance in health and safety of our assets.
- We maintain and update yearly a list of best practices and we audit each asset to ensure that all the best practice applicable are implemented.
- Our assets are benchmarked monthly based on Safety KPIs to develop continuous improvement.
- Incidents are investigated to identify root causes and to implement corrective measures. Lessons learned are shared among our assets.
- A monthly health and safety committee is carried out with the CEO and our regional VPs to review health and safety performance and to share lessons learned. In addition, a monthly committee is held with our asset managers.
- In each meeting, the Board of Directors reviews the main Health and Safety indicators recorded in the last month as the first point of the agenda. The safety programme and tools to be implemented by Atlantica are discussed.

2018 Health and Safety performance has continued to improve versus previous years and has resulted in our main KPIs being well below defined objectives, although we understand that the only acceptable target in health is no accidents, no incidents and no unsafe situations.

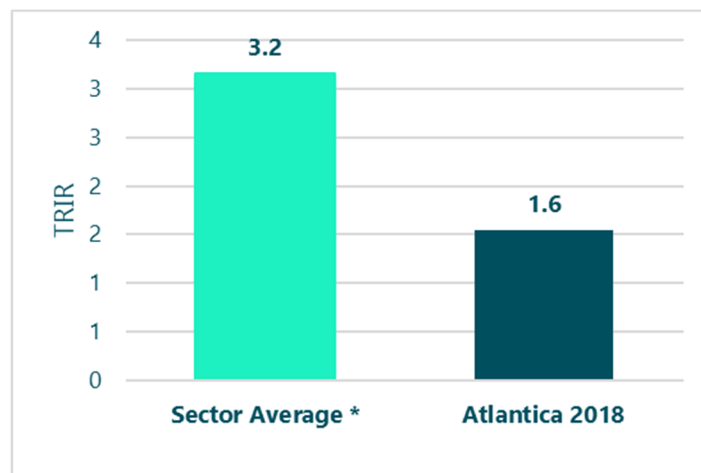
During 2018 we have created an APP for mobile phones, this APP has been developed and tested during 2018 and has begun to be used by our employees and subcontractors' employees working at our assets in 2019. It includes relevant information such as maps of the plants, places to find first aid kits, emergency numbers, health and safety advice, security regulations etc.

Our Total Recordable Incident Rates have been calculated following Sustainable Accounting Standards IF-EU-320a.1. During 2018 we reduced TRIR by 20% with respect to previous year.

Total Recordable Incident Rates (TRIR)



In addition, Atlantica's TRIR is below the sector average:

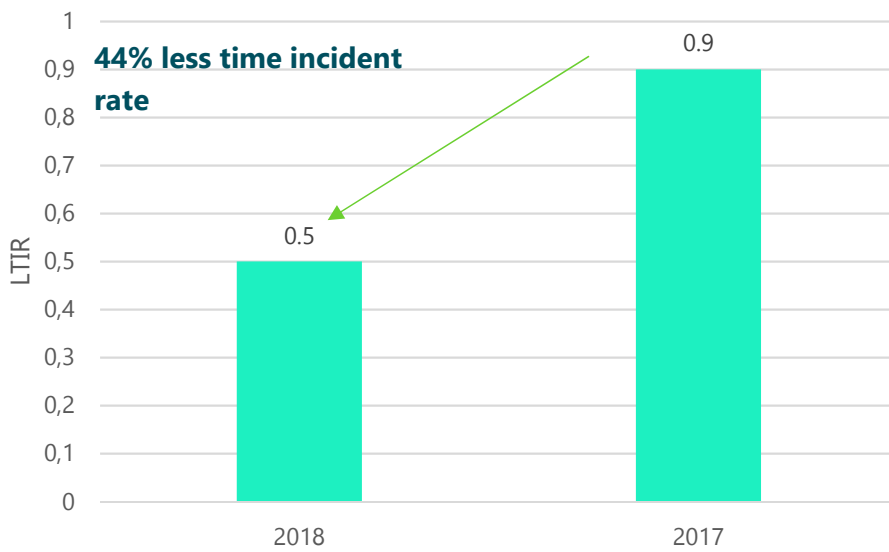


(*) Weighted Index is calculated based on Public national index weighted by actual working hours in each geography

Sources: USA: Bureau of Labour Statistics '17; Mexico: Secretaria del Trabajo y Previsión Social'17; EMEA: Spain, South Africa and Algeria, Instituto Nacional de Estadísticas'18; Peru and Chile: Superintendencia Seguridad Social Chile'17; Uruguay: Banco del Seguros del Estado'17

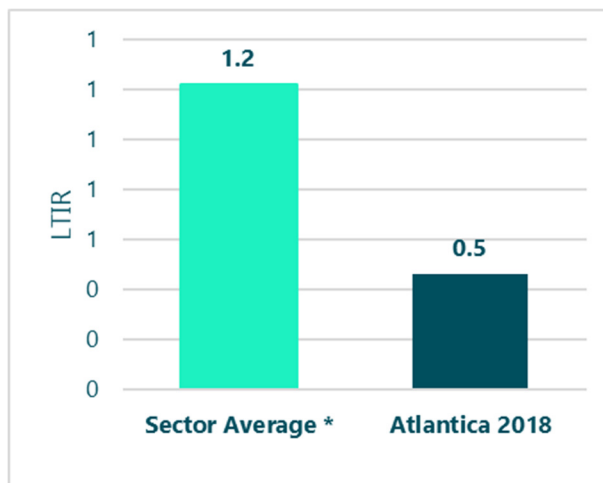
Our Loss Time Incident Rate (LTIR), that represents the total number of recordable accidents with leave (days-off), decreased as well in 2018.

Loss Time Incident Rate (LTIR)



Atlantica's LTIR is also well below the sector average.

2018

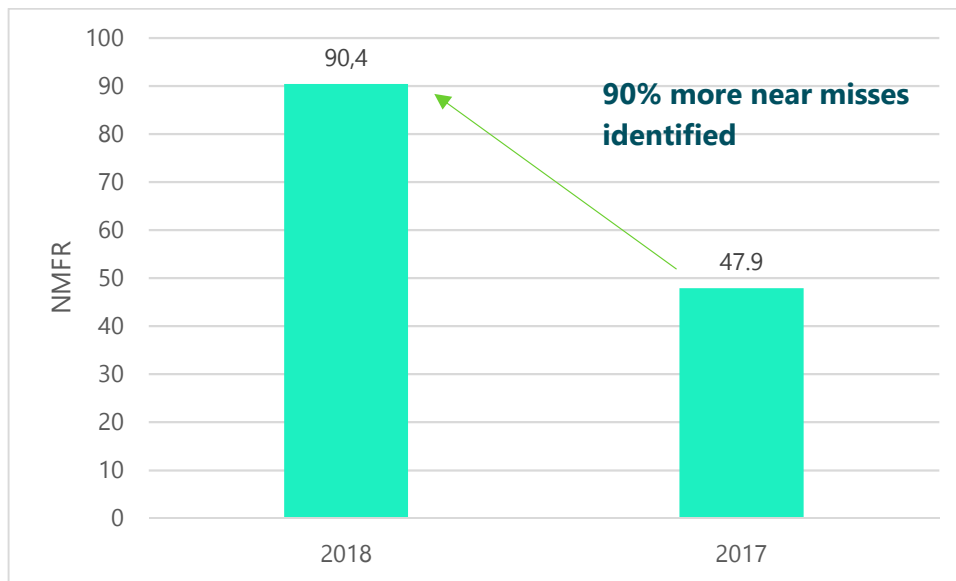


(*) Weighted Index is calculated based on Public national index weighted by actual working hours in each geography

Sources: USA: Bureau of Labour Statistics '17; Mexico: Secretaria del Trabajo y Previsión Social'17; EMEA: Spain, South Africa and Algeria, Instituto Nacional de Estadísticas'18; Peru and Chile: Superintendencia Seguridad Social Chile'17; Uruguay: Banco del Seguros del Estado'17

We also monitor near miss frequency rate through the Near Miss Frequency Rate described by Sustainable Accounting Standards. The goal of this KPI is to encourage the identification and communication of near misses by our employees and our contractors' employees. Given the fact that this helps to identify risks and to implement the 54 adequate preventive measures, the higher the rate is, the better. The following graph shows the relevant improvement obtained in the last years.

Near Miss Frequency Rate (NMFR)



As explained above, in 2018 we have continued improving our H&S performance, ending the year with our two key Health & Safety indexes well below our targets. In 2019, we will continue dedicating our efforts to continue to promote a health and safety culture and we will seek to continue improving our Health & Safety performance with the use of our existing tools and the implementation of new ones. Again, as the only acceptable objective is no accidents of any kind we will continue devoting all efforts necessary to continue improving.

3.4 Local Communities

Atlantica owns assets in very different communities and geographies. In some of these communities we dedicate significant resources to contribute to our communities because local permits or regulations require it or because we believe that it is in the best interest of the company and our stakeholders.

Peru

In 2018, we donated more than \$12 thousand to different local communities located near our transmission lines. The donations contributed to the reinforcement of a local road infrastructure as well as to improve corn crops, among others.

South Africa

We participate in social and economic development in South Africa under our agreement with the Department of Energy of South Africa in relation to Kaxu, our 100 MW solar asset located in the Khai Ma Local Municipality of Northern Cape Province. We own Kaxu in partnership with IDC which holds 29% stake in Kaxu and Kaxu Community Trust, a trust which holds a 20% stake in the asset. This trust is part of the Broad-Based Black Economic Empowerment program, an affirmative action program launched by the South African government that addresses inequalities by giving economic privileges to certain previously disadvantaged groups of South African citizens.

As part of our economic development obligations to bring a positive impact to the local communities, Kaxu contributes 1.1% of its revenues to be reinvested in the local communities that lie within a 50-km (31 miles) radius from its site. A local workgroup SEED+, created for this purpose with our business partners, executes and supervises these activities together with the management team of Kaxu. The workgroup holds monthly open-door meetings with communities to identify needs and concerns. It reports quarterly to the local authorities on the progress of activities and committed investments, among other things.

During 2018 Kaxu funded approximately 14 million South African rands (approximately \$1.0 million) in SEED+ community activities

Below is a brief overview of the main activities in 2018:

- Transportation and support for minorities in order to ensure that they could obtain their identity cards, a necessary requirement to access many services locally. During 2018 we spent more than 1.5 million South African rands (approximately \$100 thousand).
- Built 8 low-cost houses in Witbank. Beneficiaries were identified by the Witbank Development Trust, along with the Cooperative Governance Housing and Traditional Affairs (Coghsta) representative. The cost was more than 1.5 million South African rands (approximately \$100 thousand).
- In Onseepkans, a town with very little reliable infrastructure and road networks, we are implementing an agricultural project that helps a local community in the setting up of family vegetable gardens (1.2 million South African Rands / approximately \$90 thousand)
- We have financed maintenance and improvements in a school at Witbank that is benefitting the entire community. The aim is to ensure the safety and efficiency of "Centres of Learning" (we have funded more than 1.0 million South African Rands or approximately \$70 thousand).

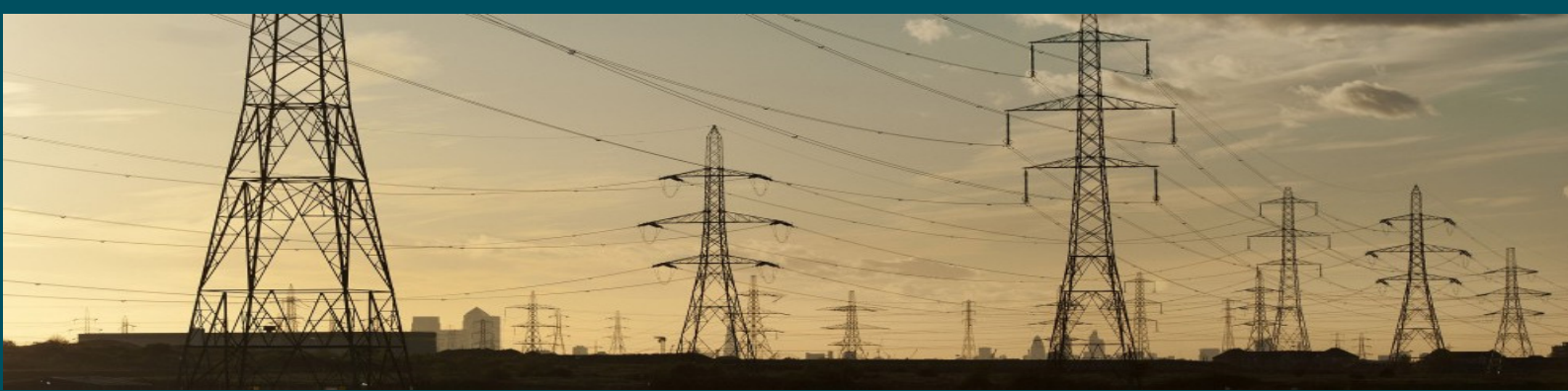


Other programs funded by us, and executed by SEED+, include soup kitchens and preventive health care and food safety at kindergartens, among other actions.

Additionally, as part of our obligations, we help create jobs to empower black citizens from local communities. During 2018, more than 80% of the employees hired by the operations and maintenance supplier of Kaxu were black citizens, exceeding the minimal requirements defined by the project. Currently, almost 30% of employees working in the plant come from the local communities.

Algeria

During 2018, we donated approximately 682 thousand dinars (approximately \$5 thousand) to the local communities near our two water desalination plants. This money was invested in hearing aids for children with auditory problems and in supporting needy families.



Governance

4.1 Business Ethics

Atlantica is building a sustainable and successful business for its customers, colleagues, partners and investors. This success must be delivered the right way by doing the right things.

Integrity, Compliance and Safety are our main core values and they prevail over the rest. We continuously strive for the highest standards of business conduct, safety and professionalism even if it means making difficult choices. We are strongly committed to comply with all rules and regulations.

Atlantica is committed to maintaining the highest standards of honesty, integrity and ethical conduct. We are also committed to promote ethical business practices and to comply with all relevant laws and regulations.

In this regard, the Company adopted a **Code of Conduct** to ensure consistent and effective commitment of all employees with Integrity and Compliance. The Code is applicable to all directors, officers and employees of Atlantica Yield Plc and each of its subsidiaries, wholly owned entities, and joint ventures. The Code of Conduct is acknowledged by all the employees every year. In addition, we organize trainings on our management policies, which include the review of our Code of Conduct.

Our Code of Conduct requires the highest standards for honest and ethical conduct and explicitly states that we do not tolerate bribery and corruption in any of its forms. We also promote and strengthen the measures to prevent and fight corruption more effectively and efficiently. Our **anti-bribery and corruption policy** apply to all Atlantica businesses.

The business activities of Atlantica are governed by laws that prohibit bribery in order to support global efforts to fight corruption. Specifically, the U.S. **Foreign Corrupt Practices Act ("FCPA")** and the **UK Bribery Act 2010** make it a criminal offense for companies as well as their officers, directors, employees, and agents, (or any other person) to give, request, promise, offer or authorize the payment of anything of value (such as money, any advantage, benefits in kind, or other benefits) to a foreign official, foreign political party, officials of foreign political parties, candidates for foreign political office or officials of public international organizations for the purpose of obtaining or retaining business. Similar laws have been, or are being, adopted by other countries. Private bribery is also illegal under U.S. laws, the UK Bribery Act, and the laws of other jurisdictions in which we operate. Payments of this nature are strictly against Atlantica's policy even if the refusal to make them may cause Atlantica to lose business.

Anti-corruption is an area of special focus. As a company present in different countries, we believe that some of our locations may have a higher risk of corruption practices. For this reason, we pay special attention in conveying to the entire organization that all forms of corruption are completely forbidden.

In 2018, Atlantica nor any of its subsidiaries made any financial or in-kind political contributions, whether directly or indirectly.

In addition, Atlantica has subscribed and assumed the document issued by the United Nations (UN) Convention against Corruption, which was approved by the General Assembly of the UN on October 31, 2003. We have a responsibility to our shareholders and the countries and communities in which we do business to be ethical and lawful in all our businesses.

Given the nature of our business, we believe the risk of modern slavery is low. However, we do not intend to be complacent and will continue to work to improve our policies and procedures to ensure slavery and human trafficking is not taking place anywhere in our supply chain. In November 2018 the Board of Directors approved the **UK Anti Modern Slavery & Human Trafficking Statement**, you may also find this Statement on our website. Under this statement, we have carried out an analysis of our supply chains across the jurisdictions in which we operate. Atlantica has several subsidiaries and therefore the statement is made at group level, intending to cover all Atlantica's entities within the Scope of Modern Slavery Act 2015. Atlantica has zero tolerance to modern slavery and we are proud to confirm that no incidents of modern slavery were reported or identified during 2018.

Compliance Committee

Atlantica's Compliance Committee, created in 2017, is comprised of the General Counsel and the Head of Internal Audit, who is also responsible for Risk Management. The activities of the committee are overseen by the General Counsel. The main objective of this management committee is to oversee and assist the management and the Board of Directors in implementing the compliance programs, policies and procedures required by laws and regulations as well as good corporate practices. The Committee is overseen by the General Counsel, who is the Chief Compliance Officer and reports the activities of the Committee to the CEO or to the Board, as required. In each geography, the Compliance Committee has delegated some of its duties to local compliance managers.

We have a compliance mailbox where all our employees can send to the Compliance Committee any questions they may have. Employees are also encouraged to report internally any situation of irregular behavior.

Compliance Policies Update in 2018

In 2018, the Compliance Committee has undertaken a review and update of our Compliance Policies, including:

- Terms of Reference of the Compliance Committee.
- Code of Conduct:
 - Additional language was included to prevent private bribery (**UK Bribery Act**).
 - Our internal policy to accept travel, gifts and entertainment by employees was also reviewed. Employees must never accept or offer any gifts, travel or entertainment in exchange for any advantage of any kind.

- A new section was included covering **facilitation payments**, which are small payments to low-level government officials to expedite governmental processes.
- We have reinforced the anti-money laundering section by including crimes related to ownership or purchase of stolen goods.
- Supplier Code of Conduct: the code has been amended to reflect the changes to the Code of Conduct. In addition, new sections relating to insider trading and occupational health and safety have been included.
- Insider Trading Policy:

Since Atlantica is a publicly listed company, Directors, Officers or employees are not permitted to trade on the basis of insider information or to engage in any form of market abuse. All the employees who are particularly exposed to non-public material information must sign the Insider Trading Policy annually. In 2018:

 - We have updated the legal penalties for violation of this policy according to the U.S. Securities Exchange Act.
 - We have included additional language to exclude employee's stock purchase plans from trading restrictions of the policy.
- Anti-Money-Laundering Program
 - A list of "red flags" associated with money laundering has been included to assist Atlantica's employees in identifying potential warning signs indicating suspicious activity.
 - A new supplier approval process and supplier evaluation has been included.
 - A new section on "Enforcement and Discipline" under which any employee who knowingly violates any law or Atlantica's policy or procedures, will be subject to appropriate disciplinary action.
- Related Parties Transactions Policy

The policy has been revised to reduce from 20% to 10% the minimum ownership of a shareholder to be considered as "Related Party", according to the requirements of foreign private issuers.
- We have also updated our Confidentiality Policy, Document Retention Policy and Corporate Governance Guidelines.

In addition, in 2018, in line with its aim of promoting, establishing, developing and maintaining an ethical business culture, Atlantica implemented its **Crime Prevention Program**, created by the Governance Committee. The Program analyzes the risk of committing a criminal offence in each geography where Atlantica is present, as well as the controls in place to mitigate such risk. The objective is to identify areas where we can

improve our controls to reduce any potential risk of criminal offence by employees to the minimum level.

Whistleblowing channel

The Whistleblowing channel is an essential part of Atlantica's commitment to fighting fraud, irregularities and corruption. The Whistleblowing Channel, which has been in operation since the Initial Public Offering, is available on our website to all employees and stakeholders of the Company. It serves as a tool to report any complaints and concerns about management, as well as any breaches of the Code of Conduct or any conduct contrary to ethics, law or company's standards, without any risk of reprisals for claims made in good faith. The channel is managed by the Audit Committee, which is comprised of independent directors who oversee investigations of the reported matters, while maintaining confidentiality and anonymity of complainants.

Confidentiality and no retaliation are the essential operating principles of the channel. These principles may be by-passed only in cases where the claim was not made in good faith.

Communicating our Compliance Culture to the Organization

Having a strong compliance culture requires that all our employees understand and apply all our compliance policies. We have developed several initiatives to make sure we reach the entire workforce:

- In 2018, we have provided training to members of the senior management as part of our annual training on our Code of Conduct and corporate policies, including specific content related to human and labour rights.
- All employees are required to read, understand and commit to follow our corporate governance policies. All employees are required to acknowledge our Code of Conduct once per year.
- During 2018, Atlantica conducted several training sessions on compliance. Our intention is to continue carrying out these sessions so that every employee is aware of our ethics and conducts standards. We give special emphasis to the sections of human rights, labour principles and anti-corruption. We have provided this training in all our geographies.
- A special and more extensive training is provided to all employees in different locations who have compliance responsibilities. We have at least one person responsible for compliance in each geography.
- Since 2018 we send periodically a compliance and ethics newsletter to all our employees, where we describe potential issues an employee may face in simple language and with examples that are easy to understand, including letters regarding conflicts of interest, insider trading and health and safety.

In all these initiatives, we encourage our employees to address any questions they may have to our compliance team.

We have different communications channels available for our stakeholders to communicate any misconduct, instances of non-compliance with our compliance policy framework. These channels are:

- Whistleblower channel: either through our website or via email
- Internal Whistleblower Channel: via email our employees can communicate internally any irregularity they may identify
- Compliance communication via email

4.2 Capital Structure

Atlantica is a company organized under the laws of England & Wales and listed on the NASDAQ Global Select Market, under the ticker symbol "AY". Atlantica is committed to completely endorse and support the rules and best practices applicable to it with regards to corporate governance, maintaining a continuously updated corporate governance policy framework and the highest levels of ethics and responsibility.

Atlantica's commitment to integrity and transparency is reflected in a set of reporting lines, standards and control activities at all levels and oversight by the Board of Directors and its committees.

As of December 31, 2018, 100,217,260 of our ordinary shares were outstanding. Our largest shareholder was Algonquin Power & Utilities Corp, with a 41.5% stake. To the best of our knowledge and based on public information, the rest of our shareholders are mainly United States-based institutional investors.

>5% Beneficial Owners		
Algonquin (AY Holdco) B.V. ¹⁰	41,557,663	41.5%
Morgan Stanley ¹¹	6,582,577	6.5%

Since its incorporation, Atlantica has only one class of ordinary shares, and each holder of our ordinary shares is entitled to one vote per share. In addition, Atlantica does not have any Incentive Distribution Rights (the "IDRs") in its structure. IDRs are normally purposely structured by the company sponsor or parent to give it a right to an increasing share in the incremental distributable cash flow. As such, they serve as an incentive for a sponsor to facilitate growth of the company, however the majority of cash flow generated by growth is paid to the sponsor. Several of our peers have IDRs in place in their corporate structures.

¹⁰ This information is based solely on the Schedule 13D filed on February 15, 2019 by Algonquin Power & Utilities Corp., a corporation incorporated under the laws of Canada, and Algonquin (AY Holdco) B.V., a corporation incorporated under the laws of the Netherlands, and AAGES (AY Holdings) B.V., a corporation incorporated under the laws of the Netherlands.

¹¹ This information is based solely on the Schedule 13G filed on February 12, 2019 by Morgan Stanley and Morgan Stanley Investment Management Inc., corporations incorporated under the laws of Delaware. The registered address of both Morgan Stanley and Morgan Stanley Investment Management, Inc. is 1585 Broadway New York, NY 10036.

When Algonquin acquired a 25% stake in our equity, Atlantica signed a Shareholders Agreement with Algonquin, which sets forth that, if and to the extent provided in our articles, Algonquin will have the right to appoint to our board the maximum number of directors that corresponds to Algonquin's holding of voting rights, as per articles of association but in any event no more than (i) such number of directors as corresponds to 41.5% of our voting securities; and (ii) 50% of our board less one, and if the resulting number is not a whole number, it shall be rounded up to the next whole number.

In 2019, we signed an enhanced collaboration agreement with Algonquin. The existing Shareholders Agreement has been modified to allow Algonquin to increase its shareholding in Atlantica up to a 48.5% without any change in corporate governance. Algonquin's voting rights and rights to appoint directors are limited to a 41.5% and the additional 7% will vote replicating non-Algonquin's shareholders vote.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regards to the appointment and replacement of directors, the Company is governed by its Articles of Association, the SEC listing rules, the UK Companies Act 2006 and related legislation. The Articles of Association may be amended by special resolution of the shareholders.

4.3 Board of Directors

Our business and affairs are managed under the direction of Atlantica's Board of Directors.

The Board is committed to promoting the success of the Company. The Board is responsible to shareholders for its performance and for the strategy and management of the Company, its values, its governance, and its business.

Directors are obliged, among other duties, to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. All directors are expected to spend the time and effort necessary to properly discharge their responsibilities. Accordingly, a director is expected to regularly attend meetings of the Board and committees on which such director sits, and to review prior to meetings material distributed in advance for such meetings. A director who is unable to attend a meeting (which is understood to occur occasionally) is expected to notify the Chairman of the Board or the Chairman of the appropriate committee in advance of such meeting.

The Board of Directors is responsible for the oversight of Atlantica's Environment, Social and Governance practices. At every board meeting, the Board reviews all material ESG aspects such as health and safety and governance issues. At the management level we have established an ESG Committee which is held monthly.

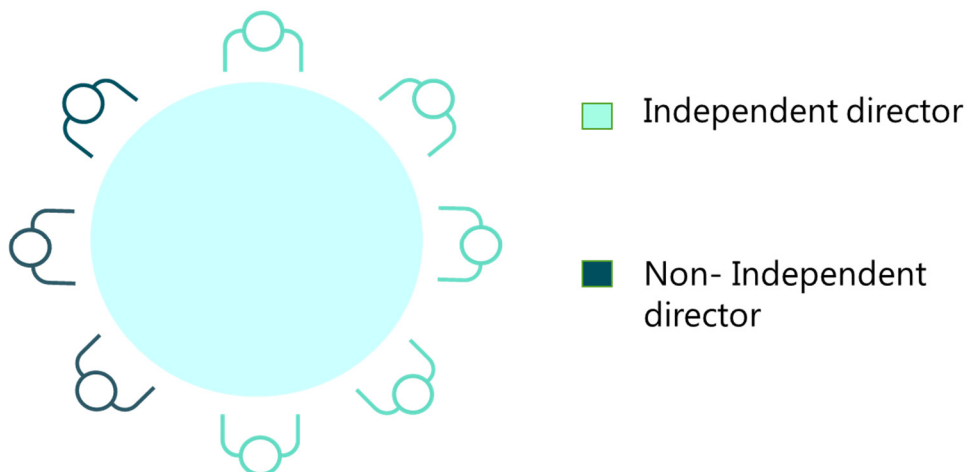
The main objectives of the Board may be summarized as follows:

- Providing entrepreneurial leadership;
- Setting strategy;
- Ensuring the human and financial resources are available to achieve objectives;
- Reviewing management performance;
- Setting the company's values and standards; and
- Ensuring that obligations to shareholders and other stakeholders are understood and met.

Under English law, the Board of Directors is responsible for management, administration and representation of all matters concerning the relevant business, subject to the provisions of relevant constitutional documents, applicable law and regulations, and resolutions duly adopted at general shareholders' meetings

Under our articles of association, the Board may consist of seven to thirteen members. Subject to certain minimum thresholds in terms of their shareholdings, each shareholder shall be entitled to appoint a number of directors in proportion to their shareholding. However, no shareholder shall be entitled to appoint more than half of the directors plus one.

As of the date of this report, Algonquin has appointed two directors. Atlantica's board has currently a majority of independent directors.



The directors, who served throughout the year 2018, and to the date of this report, were as follows:

- | | | |
|--------------------------------|---|---|
| ▪ Daniel Villalba | Director and Chairman of the Board, independent | Chairman of the Board: appointed on November 27, 2015
Director, independent: appointed June 13, 2014, re-elected June 23, 2017 |
| ▪ Santiago Seage | Director and Chief Executive Officer | Appointed on December 17, 2013, resigned March 9, 2018, re-appointed December 19, 2018 |
| ▪ Ian Robertson | Director | Director: Appointed March 12, 2018, and elected on May 11, 2018 |
| ▪ Christopher Jarratt | Director | Director: appointed March 12, 2018, and elected on May 11, 2018 |
| ▪ Jackson Robinson | Director, independent | Appointed June 13, 2014, and reelected on June 23, 2017 |
| ▪ Robert Dove | Director, independent | Appointed on June 23, 2017 |
| ▪ Andrea Brentan | Director, independent | Appointed on June 23, 2017 |
| ▪ Francisco J. Martinez | Director, independent | Appointed on June 23, 2017 |
| ▪ Joaquin Fernandez de Pierola | Director | Appointed on November 11, 2016, elected on June 23, 2017, resigned on March 9, 2018 |
| ▪ Gonzalo Urquijo | Director | Appointed on November 22, 2017, and resigned on December 19, 2018 |

There are no family relationships among any of our executive officers or directors. There are no potential conflicts of interest between the private interests or other duties of the members of the board of directors listed above and their duties to Atlantica Yield, except in the case of Mr. Ian Robertson and Mr. Christopher Jarratt who serve on Algonquin's board as Chief Executive Officer and Vice Chair, respectively.

The following is the biographical information of members of our board of directors.

Daniel Villalba, Director and Chairman of the Board

Daniel Villalba has served as a director since our formation in 2014. Mr. Villalba was previously a Professor of Business Economics at the Universidad Autonoma de Madrid. He also previously served as the CEO of Inverban, a broker and investment bank, and

independent board member of Vueling, an airline currently part of International Airlines Group, Abengoa and the Madrid Stock Exchange, as well as a board member of several private companies. He also has written more than 50 academic papers and books. Mr. Villalba holds a Master of Science in Operations Research from Stanford University, a Master of Science in Business Administration from the University of Massachusetts and a PhD in Economics from the Universidad Autonoma de Madrid. Mr. Villalba was elected chairman of the board on November 27, 2015.

Santiago Seage, Chief Executive Officer and Director

Mr. Seage has served as a director since our formation in 2014 until March 2018 and from December 2018. Mr. Seage has served as our Chief Executive Officer or Managing Director since our formation, except for the six-month period between May and November 2015, while he was Chairman of our Board. Prior to the foregoing, he served as Abengoa Solar's CEO beginning in 2006. Before that, he was a partner with McKinsey & Company. Mr. Seage holds a degree in Business Management from ICADE University in Madrid.

Ian Robertson, Director

Mr. Robertson has served as a director of the board since March 9, 2018. Mr. Robertson is a founder of Algonquin and currently serves as Algonquin's CEO. He has close to 30 years of experience in the development, financing, acquisition and operation of electric power generating projects and in the operation of diversified regulated utilities. Mr. Robertson is an electrical engineer who holds a Bachelor of Applied Science degree (University of Waterloo), a Professional Engineering designation, a Master of Business Administration degree (York University), and a Global Professional Master of Laws degree (University of Toronto). He is also a CFA® charter holder and a Chartered Director (C.Dir. - McMaster University).

Christopher Jarratt, Director

Mr. Jarratt has served as a director of the board since March 9, 2018. Mr. Jarratt is a founder of Algonquin and currently serves as Algonquin's Vice Chair. He has nearly 30 years of experience in the independent electric power and utility sectors. Mr. Jarratt holds an Honors Bachelor of Science degree from the University of Guelph, a Professional Engineering designation and is a Chartered Director (C.Dir.- McMaster University).

Jackson Robinson, Director

Mr. Robinson has served as a director since our formation in 2014. Mr. Robinson is Vice Chairman and Portfolio Manager at Trillium Asset Management. He also serves on the advisory board of several institutions including ACORE (American Council on Renewable Energy), EFW (Energy, Food & Water) and Bambeco (Sustainable Housewares). He holds a Bachelor's degree from Brown University.

Robert Dove, Director

Mr. Dove serves as a Senior Advisor and consultant to a number of infrastructure investors. Prior to his retirement in 2017, he was a partner, managing director and a head of the Carlyle

Infrastructure Fund. He also held various positions at Bechtel Group Inc. and UBS Securities.

Andrea Brentan, Director

Mr. Brentan has extensive experience in the power sector. He currently serves as a senior advisor to Bain Capital and as non-executive chairman of FTI Consulting in Spain. Prior to that, he was CEO of Endesa, an international utility, from 2009 to 2014. Mr. Brentan has also held different executive positions at Enel, Alstom Power and ABB.

Francisco J. Martinez, Director

Mr. Francisco J. Martinez has more than 30 years of experience as a certified public accountant. Until 2013, Mr. Martinez was a partner at PWC in charge of the Energy sector, including audit, legal and tax. He also served as the deputy director for economy at the energy regulator of Spain (CNE) between 1995 and 1998.

The table below outlines membership and attendance to our board during 2018.

Name	Role	Current	Appointed	Board Attendance 2018
Daniel Villalba	Director, independent and Chairman of the Board, non-executive	Current member	Jun 2014	12/12
Santiago Seage	Chief Executive officer, director	Until 9 Mar. 2018 and from Dec. 2018 onwards	Dec 2018	3/3
Ian Robertson	Director, non-executive	Current member	Mar 2018	9/10
Chris Jarratt	Director, non-executive	Current member	Mar 2018	10/10
Jackson Robinson	Director, independent, non-executive	Current member	Jun 2014	12/12
Robert Dove	Director, independent, non-executive	Current member	Jun 2017	12/12
Andrea Brentan	Director, independent, non-executive	Current member	Jun 2017	12/12
Francisco J. Martinez	Director, independent, non-executive	Current member	Jun 2017	12/12
Joaquin Fernandez de Pierola	Director, non-executive	Until 9 Mar. 2018	Nov 2016	2/2
Gonzalo Urquijo	Director, non-executive	Until Dec. 2018	Nov 2017	11/11

(1) Does not include matters approved by Director's Written Resolution;

(2) Mr. Gonzalo Urquijo and Mr. Joaquin Fernández de Pierola resigned to be members of the Board of Directors on December 18, 2018 and March 12, 2018 respectively. The Board wishes to express its appreciation for the work done during their appointment;

(3) Mr. Ian Robertson and Mr. Christopher Jarratt joined the Board of Directors on March 12, 2018;

(4) Mr. Santiago Seage joined the Board of Directors on December 2018 as executive director. Mr. Seage was previously a director since our formation in 2014 until March 2018.

Senior management attend meetings by invitation of the Board.

2018 Key Activities

In 2018, the Board of Directors held 12 meetings and adopted several written resolutions.

Major areas of focus of the Board during 2018 have been as follows:

- Review of health and safety issues;
- Review and approval of the strategy of the Company: growth plan, key priorities and risks;
- Review of assets performance and main technical issues;
- Review and approval of the budget of the Company;
- Review and approval of quarterly and annual accounts;
- Approval of significant transactions (acquisitions, partnerships, etc.);
- Review of capital market updates; and
- Approval of dividends.

Directors' shareholdings

The following table includes information with respect to beneficial ownership of our ordinary shares as of December 31, 2018 by each of our directors and executive officers as well as their connected persons.

Directors not included in the table below do not own shares.

	Shares	Shares
	December 31, 2018	December 31, 2017
Santiago Seage	20,000	20,000
Daniel Villalba	60,000	60,000
Jackson Robinson	8,647	5,690
Francisco J. Martinez	5,700	-
Robert Dove	10,347	-
Ian Robertson	2,500	-
Andrea Brentan	1,300	-

As of December 31, 2018 directors did not hold share options or awards. On July 31, 2018, the Board approved a share ownership requirement applicable to independent non-executive directors pursuant to which they shall achieve within a period of three years a minimum share ownership in the Company equal in value to 1.5 times the annual retainer paid to independent directors.

Board Committees

The Board of Directors is entitled to delegate its powers to an executive committee or other delegated committee or to one or more persons, unless the shareholders, through a meeting, have specifically delegated certain powers to the Board and have not approved the Board of Director's delegation to others.

The Board has established four Board Committees:

- **Audit Committee**, with responsibilities including monitoring the integrity of the company's financial statements, reviewing internal control and risk management system, as well as the Company's relationship with external auditors;
- **Compensation Committee**, mainly responsible for setting the remuneration for executive directors and recommending and monitoring remuneration for senior management;
- **Nominating and Corporate Governance Committee**, responsible for leading the process for board appointments; and
- **Related Party Transactions Committee**, responsible for identifying and evaluating existing relationships between counterparties and transactions with related parties.

On February 13, 2019 the Board of Directors approved a new committee named **Strategic Review Committee** with the purpose of evaluating a wide range of strategic alternatives available to the Company to optimize the value of the Company and to improve returns to shareholders. The committee has been mandated to review a wide range of alternatives and to make proposals in this regard to the Board of Directors. We have not set a timetable for the conclusion of the review of alternatives. There can be no assurance that a review of alternatives will result in any change or any other outcome.

The Board has delegated certain responsibilities to these committees. Membership, roles, duties and authority of these committees are described in their Terms of Reference, available in the website of the Company (www.atlanticayield.com). Terms of Reference are reviewed and updated by the Board on a yearly basis.

Each committee operates under a written charter that sets forth the purposes, goals and responsibilities of the committee as well as qualifications for committee membership. Committees report regularly to the full Board with respect to their activities.

Audit Committee

The Board of Directors approved Terms of Reference for the Audit Committee which are available on the website of the Company (www.atlanticayield.com).

These Terms of References provide the roles and responsibilities of the Audit Committee, which are reviewed by the Board of Directors on a yearly basis. In accordance with this document, the Committee's responsibilities include, but are not limited, to the following matters:

1. Monitor and review the integrity of the financial statements of the Company, including its annual and quarterly reports and reporting to the Board on significant financial reporting issues;
2. Review the effectiveness of the Company's Internal Controls and Risk Management, including the information to be included in the Annual Report;
3. Evaluate Compliance, Whistleblowing and Fraud policies, procedures and tools implemented by the Company;
4. Review and evaluate the Internal Audit function's performance and its effectiveness.
5. Make all decisions regarding the appointment, compensation, retention, oversight and replacement, if necessary, of the external, independent auditor. The Audit Committee shall meet external auditors at least once per year.

Name	Committee member		Role	Attendance / Eligible to attend in 2018
	Since	Until		
Francisco J. Martinez ¹²	Jun. '17	Current	Director, independent and Chairman of the Audit Committee. Financial Expert.	4 / 4
Daniel Villalba	Jun. '14	Current	Director, independent and Chairman of the Board	4 / 4
Jackson Robinson	Jun. '14	Current	Director, independent	4 / 4

All members of the Audit Committee are non-executive directors in accordance with the definition provided by Rule 5605 of the NASDAQ Stock Market ("NASDAQ") who meet the criteria for independence set forth in Rule 10A-3(b)(1) under the United States Securities Exchange Act of 1934, as amended.

The Head of Internal Audit, Head of Consolidation, Head of Investor Relations, and Chief Financial Officer attend meetings by invitation.

The Audit Committee makes all decisions regarding the appointment, compensation, retention, oversight and replacement, if necessary, of the external, independent auditor. The Audit Committee met external auditors at least each quarter during 2018.

2018 Key Activities

Financial Reporting

The Audit Committee has reviewed all significant issues concerning the financial statements and how these issues were addressed. The Committee reviewed all filed quarterly interim

¹² Mr. Francisco J. Martinez joined the Audit Committee on July 12, 2017 following his appointment as a Non-Executive Director on June 23, 2017. He replaced Mr. Daniel Villalba as Chairman of the Audit Committee on September 27, 2017

financial statements. They have also reviewed the Annual Report on Form 20-F and the UK Annual Report.

This review included the accounting policies and significant judgements, estimates and disclosures underpinning the financial statements.

Particular attention was given to the following significant issues related to 2018 financial statements:

1. Recoverability of Contracted Concessional Assets;
2. Covenants Compliance; and
3. Significant one-off transactions, including acquisitions, partnerships and other significant agreements, etc.

Internal Control System and Risk Management

Atlantica has implemented Risk Management and Internal Control systems. These systems, therefore, provide reasonable assurance against material misstatements or losses.

The Audit Committee assists the Board of Directors in reviewing the effectiveness of the Risk Management and Internal Control systems annually. Effective management of risks and opportunities is essential for the delivery of strategic objectives and meeting the requirement of good corporate governance.

- Risk Management:

Atlantica has developed a Risk Map, a system to identify and assess all business risks based on a standardized methodology. This system allows the Company to identify different risk categories (strategic, legal, financial, and operational).

All risks are assessed at the Group and subsidiary levels by likelihood of occurrence and its potential impact on the Company.

All significant risks have been properly addressed by the Company. Mitigation plans have been implemented to reduce or eliminate, when possible, the exposure to risk. All risks are re-assessed on a quarterly basis.

- Internal Control System:

The Audit Committee has primary responsibility for the oversight of the Internal Control system.

Atlantica has deployed its Internal Control system with Atlantica SOX Procedures, (the "ASP"). This system is essential to help the Company meet Sarbanes-Oxley Act requirements. In particular, the Committee reviews the application of the requirements under Section 404 of the U.S. Sarbanes-Oxley Act of 2002 with respect to Internal Controls over Financial Reporting (the "ICFR").

Atlantica's SOX Procedures have been designed in accordance with the internal control framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which is widely used. It is recognized as a leading framework for designing, implementing and conducting an internal control system and assessing its effectiveness.

The Audit Committee reviews the process followed by management to assess the effectiveness of the Internal Control System. This process includes: (i) quarterly self-assessment performed by control owners regarding the design; (ii) implementation and effectiveness of control activities they are responsible for; and (iii) annual certifications by Senior Management, including the Chief Financial Officer and the Chief Executive Officer.

The Internal Control system is updated on a yearly basis. In 2018, the Atlantica SOX Procedures have been enhanced to include new control activities implemented to mitigate new risks or to increase the effectiveness of the system.

The Committee meets regularly with senior management members to fulfil its oversight responsibilities. The Committee is assisted by the Internal Audit department.

As a result of the procedures performed and internal assessment conducted by Internal Audit, the Audit Committee concludes that the Internal Control System of the Company is properly designed, implemented and that it has been operating effectively during 2018.

Compliance, Whistleblowing and Fraud

In September 2014, following Section 301 in the Sarbanes Oxley Act, the Audit Committee implemented the Whistleblower Channel for:

- a) The receipt, retention and treatment of complaints regarding accounting, internal controls or auditing matters; and
- b) The submission by employees of Atlantica, on a confidential and anonymous basis, of good faith concerns regarding questionable accounting or auditing matters.

Atlantica's Whistleblower Channel is available at Company's website www.atlanticayield.com.

The Audit Committee is responsible for the management of this Channel. According to the Code of Conduct, any allegation received through the Whistleblower Channel will be received by the Chairman of the Audit Committee, the General Counsel and the Head of Internal Audit.

All allegations are managed by the Compliance Committee according to a specific Fraud Response Protocol. Main procedures performed, conclusions and proposed corrective measures are communicated to the Audit Committee.

The Audit Committee is also responsible for overseeing procedures performed by the Internal Audit department:

- Internal Control procedures and activities implemented by management to prevent fraud and corruption, in particular the U.S. Foreign Corrupt Practice Act and the UK Bribery Act; and
- Procedures performed and conclusions reached by Internal Audit in order to detect fraud and any breach of any regulation.

All the information received through the Whistleblower Channel in 2018 has been properly addressed according to the Investigation Protocol adopted by the Compliance Committee.

Internal Audit

Internal Audit is an independent, objective assurance and consulting function designed to add value to the Company. The Internal Audit function must be independent, and all internal auditors must be objective in performing their work. The Internal Audit department reports to the Audit Committee.

In accordance with the Audit Committee's terms of reference, the Committee is responsible for the supervision of the Internal Audit function.

In particular, the Audit Committee:

- Approves the Internal Audit Plan for the year.
- This plan is prepared in accordance with the conclusions of the Audit Risk Assessment, which is prepared according to PCAOB Auditing Standards. The Committee also reviews the progress of the Internal Audit Plan on a quarterly basis.
- Reviews Internal Audit work, their main findings, recommendations and its implementation on a periodic basis.
- Reviews and monitors management's responsiveness to the internal auditor's findings and recommendations.
- Meets regularly with the Head of Internal Audit.

External Audit

The Audit Committee has primary responsibility for overseeing the relationship with the external auditor. This responsibility includes, at least:

- The selection and appointment of the external auditor. The Committee shall consider and make recommendations to the Board, to be put to shareholders for approval at the AGM. At least once every ten years the audit services contract shall be put out to tender.

Deloitte was appointed as external auditor of the Group in June 2014. In March 2017, the Audit Committee decided to extend its appointment for one year.

In addition, the Audit Committee decided to appoint Ernst & Young as external auditor of the Group for the period 2019 – 2022.

- The Audit Committee is responsible for overseeing the remuneration of the external auditor for both audit services and non-audit services. The Audit Committee approves all services contracted with the external auditor.

The Committee has established a policy to safeguard the independence and objectivity of external auditors. In general, external auditors may be engaged to provide services only if their independence and objectivity are not impaired. In September 2014, the Committee considered it appropriate to establish the Pre-Approval Policy for Audit services rendered by the Statutory Auditor. According to this Policy, audit services, audit-related services, tax services and other services are pre-approved by the Audit Committee.

All other services must be approved explicitly by the Audit Committee.

All services performed by Deloitte are approved by the Audit Committee. All fees received by Deloitte in 2018 have been approved by the Committee.

	Deloitte	Other	Total
In thousand USD			
Audit Fees	1,722	74	1,796
Audit-Related Fees*	705	-	705
Tax Fees	-	-	-
All Other Fees	46	-	46
Total	2,473	74	2,547

(*) Audit-Related Fees includes fees paid to Deloitte during 2018 that were related to capital market transactions of our major shareholder, which were re-invoiced.

- The Audit Committee is responsible for overseeing the work of the external auditor.

In 2018, Deloitte attended four Audit Committee meetings. Deloitte has communicated to the Committee all relevant information related to the audit process in accordance to Auditing Standard N°16 issued by the PCAOB.

Furthermore, during 2018, Ernst and Young attended two meetings of the Audit Committee. Ernst and Young had the opportunity to share with the Committee relevant information related to the transition plan that was agreed with management, their audit strategy and the composition of the global audit team.

In particular, the following issues were covered in those meetings:

- Independence issues, services provided to the Group or to be provided;
- Summary of their work (scope, procedures performed, results of their work, summary of uncorrected misstatements, etc.);
- Significant and/or critical accounting policies applied by the Company;
- New Accounting Standards and new auditing standards applicable; and
- Material written communications.

As a result of the audit procedures performed by Deloitte, they issued the following audit reports:

- Unqualified Audit Report on Review of Consolidated Financial Information (IFRS – IASB) under PCAOB standards (U.S. SEC filing);
- Unqualified Audit Report on Internal Control over Financial Reporting under PCAOB standards (U.S. SEC filing); and
- Unqualified Audit Report on Review of Consolidated Financial Information (IFRS – IASB) under ISA (UK Companies House filing).

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for leading the process for board appointments and corporate governance policies. Among the principal duties of the Nominating and Corporate Governance Committee are the following:

- Regularly review the structure, size and composition of the board and make recommendations
- Identifying and nominating, for the approval of the Board, candidates to fill independent Board vacancies as and when they arise; The committee meets at least twice a year.
- Keep under review corporate governance rules and developments (including ethics related matters) that might affect the Company, with the aim of ensuring that the Company's corporate governance policies and practices continue to be in line with best practices;
- Make recommendations to the Board concerning any changes to practices that are required in relation to corporate governance;
- Make recommendations to the Board concerning any new or special committees of the Board that may be necessary to properly address ethical, legal and/or other matters that may arise;

Name	Committee member		Role	Attendance / Eligible to attend in 2018
	Since	Until		
Robert Dove	Jun.'17	Current	Director, independent and Chairman of the Nominating & Corporate Governance	4/4
Gonzalo Urquijo	Dec. '17	Dec '18	Director, affiliated	3/3
Daniel Villalba	Jun. '14	Current	Director, independent, Chairman of the Board	4/4
Ian Robertson	Mar. '18	Current	Director	1/1

Compensation Committee

The Compensation Committee was created in February 2016, together with the Nominating and Corporate Governance Committee. These two committees replaced the Appointments and Remuneration Committee which was in place since the IPO until February 2016.

The Compensation Committee is responsible for recommending the remuneration of the Chairman, Executive Directors, Independent Directors and for overseeing senior management remuneration and for approving compensation related policies.

The objectives of the Compensation Committee are the following:

- Periodically review the fixed and variable remuneration for the Chief Executive Officer;
- Periodically review the remuneration policy and overall levels of remuneration for the management team.
- Periodically review the remuneration levels of independent non-executive directors.

All members of the Compensation Committee are Non-Executive Directors. No director or Senior Manager shall be involved in any decision as to their own remuneration. The Committee Chairman provides regular updates to the Board of Directors on the key issues discussed at the Committee's meetings.

The CEO and the Head of Human Resources attend the meetings by invitation.

The Committee held three meetings during the year 2018. All members of the Committee attended each meeting that they were eligible to attend.

Name	Committee member		Role	Attendance / Eligible to attend in 2018
	Since	Until		
Jackson Robinson	Feb. '16	Current	Director, Chairman of the Compensation Committee	3/3
Andrea Brentan	Jun. '14	Current	Director, independent	3/3
Robert Dove	Jun. '17	Dec '18	Director, independent	3/3
Christopher Jarratt	Mar. '18	Current	Director, independent	2/2

The Company takes an active interest in voting outcomes. In the event of a substantial vote against a resolution in relation to director's remuneration, the Company would seek to understand the reasons for any such vote and would set out in the following Annual Report any actions in response to it.

2018 Key Activities

In 2018, the Compensation Committee continued its work on revising our remuneration structure to ensure that the Company has in place an effective Remuneration Policy. In 2018, among the activities conducted by the Compensation Committee, it addressed three key objectives:

- Review the fixed and variable remuneration for the Chief Executive Officer;
- Review the remuneration policy and overall levels of remuneration for the Chief Executive Officer and senior management team, including the long-term incentive plans, in accordance with the following criteria:
 - seeking an alignment between incentives, business performance and creation of value for shareholders;
 - consistency with the principles of the UK Corporate Governance Code; and
 - retention in the medium to long-term of high-quality resources for the achievement of ambitious targets and to face the challenges that the Company will have to face in the current and future market context.
- Review the remuneration levels of independent non-executive directors.

Remuneration Analysis

In 2018, the Committee re-assessed the Remuneration Policy implemented by the Board of Directors and approved in the Annual General Meeting. At least once a year, the Compensation Committee reviews compensation practices for independent non-executive directors in similar companies.

The Committee has been particularly focused on reviewing the remuneration for the independent non-executive directors and the Chief Executive Officer, based on the

information collected from external consultants that provided independent advice on remuneration best practices and market practice on directors' minimum ownership requirements.

The Compensation Committee has the responsibility to propose the remuneration of the Chief Executive Officer and the overall remuneration of the senior management to the Board of Directors, including any kind of compensation (fixed salary, performance-related bonuses, long-term incentive plans, etc.).

Regarding performance-related bonuses or variable remuneration, the Committee has the following duties:

- Definition of specific targets for the Chief Executive Officer and overall structure for senior management.
- Evaluation of the accomplishment of those objectives in the case of the Chief Executive Officer.

Related Party Transactions Committee

Since our incorporation, all our transactions with related parties have been subject to our related party transaction policy, which requires prior approval of such transaction by a majority of the non-conflicted directors of our board of directors who would normally be independent as of the date hereof. In February 2018 we formally established our Related Party Transactions Committee. Although the committee was not established until February 2018, the related party transactions policy was applied consistently before the committee creation. The duties and functions of our Related Party Transactions Committee include, among others, evaluating on an ongoing basis existing relationships between and among businesses and counterparties to ensure that all related parties are identified, monitoring related-party transactions, identifying changes in relationships with counterparties and overseeing the implementation of a system for identifying, monitoring and reporting related-party transactions, including a periodic review of such transactions, applicable policies and procedures.

The Related Party Transactions Committee shall meet at such times as required and where it considers appropriate. The Related Party Transactions Committee will report to the Board of Directors on the recommendations made by the committee, including but not limited to any conflict of interest and any procedure to manage such conflict of interest.

Name	Committee member		Role	Attendance / Eligible to attend in 2018 ^[1]
	Since	Until		
Daniel Villalba	Feb. '18	Current	Director, independent and Chairman of the Board and Related Party Committee	10/10
Jackson Robinson	Feb. '18	Current	Director, independent	10/10
Andrea Brentan	Feb. '18	Current	Director, independent	10/10
Robert Dove	Feb. '18	Current	Director, independent	10/10
Francisco Jose Martinez	Feb. '18	Current	Director, independent	10/10

Under the principles of good corporate governance, the Code of Conduct and applicable law, any director or executive officer of Atlantica has a duty to declare any actual or potential conflict of interest in any proposed or existing transaction or arrangement. In accordance with our policy, all transactions with related parties are subject to approval or ratification by the Board. Prior to entering into a transaction, management reports a summary of the material facts to the non-conflicted directors (directors that are not conflicted by the transaction), who are generally all the members of the Related Party Transactions Committee. Non-conflicted directors review the transaction in the Related Party Transactions Committee prior to the meeting of the Board of Directors.

4.4 Incentivized Pay

In 2018 and 2017, Atlantica paid remuneration only to independent non-executive directors and to Santiago Seage (Chief Executive Officer and Executive Director), other directors were not paid remuneration. Since August 2018, each independent director receives an annual compensation of \$134,000. As chairman of the audit committee, Mr. Francisco J. Martinez receives an additional \$15,000 per year. As chairman of the Nominating and Corporate Governance Committee and Compensation Committee, Mr. Dove and Mr. Robinson receive an additional \$10,000 per year. As chairman of the Board of Directors, Mr. Villalba receives an additional \$61,000 per year.

Until August 2018, each independent director received a total annual compensation of \$100,000 and as chairman of the Board of Directors, Mr. Villalba received an additional \$35,000 per year. In 2018, each independent director received a total annual compensation detailed in the table below.

^[1] The Related Party Transaction Committee was approved in February 2018.

The table below provides a breakdown of the various elements of Director' s pay for the year ended December 31, 2018 and for prior years. This comprises the total remuneration earned in respect of the period from January 1, 2018 to December 31, 2018 and from the period January 1, 2017 to December 31, 2017.

Name	Salary and fees \$'000		All taxable benefits \$'000		2016-2018 LTIP \$'000		Annual bonuses \$'000		Total for 2018 \$'000	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Santiago Seage	767.8	677.8	-	-	751.1	-	992.2	924.2	2,511.1	1,602.0
Daniel Villalba	160.0	135.0	-	-	-	-	-	-	160.0	135.0
Jackson Robinson	118.3	100.0	-	-	-	-	-	-	118.3	100.0
Robert Dove	118.3	50.0	-	-	-	-	-	-	118.3	50.0
Andrea Brentan	114.2	50.0	-	-	-	-	-	-	114.2	50.0
Francisco J. Martinez	120.4	50.0	-	-	-	-	-	-	120.4	50.0
Eduardo Kausel		50.0			-	-	-	-	-	50.0
Enrique Alarcon		50.0			-	-	-	-	-	50.0
Juan del Hoyo		50.0			-	-	-	-	-	50.0
Total	1,399.0	1,212.8	-	-	751.1	-	992.2	924.2	3,142.3	2,137.0

Only directors who received remuneration are included in the table above.

None of the directors received any pension remuneration in 2017 nor 2018. The CEO received the 2016-2018 LTIP compensation in March 2019.

Each member of our Board of Directors will be indemnified for his actions associated with being a director to the extent permitted by law.

During the year 2018, most of the objectives defined for the Chief Executive Officer's variable bonus were met or exceeded and the Compensation Committee decided to approve a bonus corresponding to 101.8% of the potential variable compensation, which was paid in 2019. In 2017, most the objectives defined for the Chief Executive Officer's variable bonus were met and the Compensation Committee decided to approve a bonus corresponding to 96.25% of the potential variable compensation, which was paid in 2018.

	Percentage weight	Achievement
<ul style="list-style-type: none"> • CAFD (cash available for distribution) – Equal or Higher than \$170 million 	(50%)	100.8%
<ul style="list-style-type: none"> • EBITDA – Equal or Higher than \$782 million 	(10%)	109.0%
<ul style="list-style-type: none"> • Present and close value creating and accretive investment opportunities 	(15%)	100.0%
<ul style="list-style-type: none"> • Achieve health and safety targets - (Loss Time Injury frequency index below 5.2 and General frequency index below 16.4 as measured per million hours) based on reliable targets and consistent measure metrics 	(10%)	120.0%
<ul style="list-style-type: none"> • Improve the technical performance of Solana and Kaxu as per approved plan 	(10%)	85.0%
<ul style="list-style-type: none"> • Prepare and implement a complete succession plan 	(5%)	100.0%

The 2016-2018 Long-Term Incentive Plan (LTIP) was in place for the three-year period 2016 to 2018 ended. The award corresponding to the Chief Executive Officer was a 21.95% of the maximum potential award, which amounted to \$751 thousand and was paid in 2019.

A new long-term incentive plan was proposed by the Compensation Committee, and approved by the Board of Directors. The LTIP is detailed under the section “Long-Term Incentive Plan” of this report.

Remuneration of the Chief Executive Officer

The information provided in this part of the report is not subject to audit.

The table enclosed within the “Single total figure of remuneration for each director” sets out the details for Mr. Seage who serves in the role of the Chief Executive Officer.

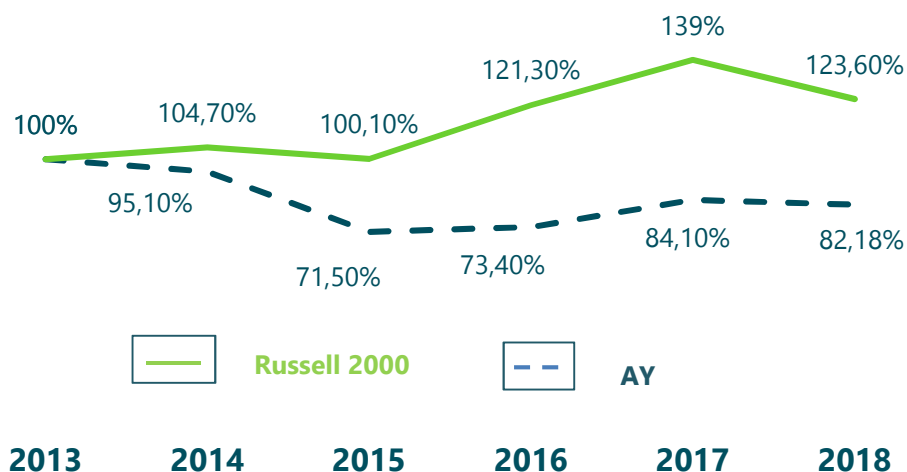
In 2018, he accrued \$992.2 thousand as a bonus payment in accordance with his service agreement, payable in 2019. In 2017, Mr. Seage accrued \$924.2 thousand as a bonus payment in accordance with his service agreement, payable in 2018.

Total Shareholder Return and Chief Executive Officer Pay

The chart below shows the Company’s total shareholder return since June 2014, the date of our Initial Public Offering (“IPO”), until the end of 2018 compared with the total shareholder return of the companies in the Russell 2000 Index. The chart represents the progression of the return, including investment, starting from the time of the IPO at a 100%-point. In addition, dividends are assumed to have been re-invested at the closing price of each dividend payment date.

We believe the Russell 2000 Index is an adequate benchmark as it represents a broad range of companies of similar size.

TSR is calculated in US dollars.



The table below shows the total remuneration of the Chief Executive Officer and his bonuses and 2016-2018 LTIP grants expressed as a percentage of the maximum he is likely to be awarded.

Year	Total Pay (\$ 000)	Bonus		2016-2018 LTIP ^{awards}	
		Percentage of maximum	Amount of bonus	Percentage of maximum	Value
2018	2,511.1	101.8%	992.2	21.95%	751.1
2017	1,602.3	96.25%	924.2	-	-
2016	1,499.4 ⁽¹⁾	100%	940.5	-	-
2015	1,597.6 ⁽²⁾	-	-	-	-
2014	174.1	-	-	-	-

- (1) This amount differs from the one detailed in previous UKAR because CEO's fixed salary is applicable only after approved by shareholders meeting
- (2) Includes a 1,318.9 thousand dollars termination payment received by Mr. Garoz after leaving the Company on 25 November 2015.

In 2017, the Company accrued \$924.2 thousand of the bonus paid to the Chief Executive Officer in 2018. In 2018, the Company accrued \$992.2 thousand of the bonus payable to the Chief Executive Officer in 2019, in accordance with his service agreement.

Chief Executive Officer Pay vs. Employee Pay

The table below sets out the percentage change between the year 2017 and 2018 in salary, benefits and bonus (determined on the same basis as for the Single Total Figure table) for

the Chief Executive Officer and *the average per capita change* for employees of the Group as a whole.

The average number of employees in the year 2018 was 207 compared to an average number of 182 in 2017.

Element of remuneration	Percentage change for Chief Executive Officer	Percentage change for employees
Salary	8.3%	4.7%
Benefits	n/a	n/a
Bonus	5.8%	7.5%

Relative Importance of Spend on Pay

The following table sets out the change in overall employee costs, directors' compensation and dividends.

\$ in million	Amount in 2018	Amount in 2017	Difference
Spend on pay for all employees of the group ⁽¹⁾	15.1	18.9	(3.8)
Total remuneration of directors	3.2	2.2	1.0
Dividends paid ⁽²⁾	133.1	94.9	38.2

(1) The decrease is mainly due to the reversal of the accrual of our LTIP

(2) Dividend paid does not include amounts retained to Abengoa.

The company has not made any share repurchases during 2018 nor 2017.

The average number of employees in 2018 in the Group was 207 employees, compared to 182 employees in 2017. The decrease in spend on pay is due to the reversal of the accrual corresponding to the 2016-2018 Long-Term Incentive Plan.

Termination Payments

No termination payments were made in 2018 nor 2017. The policy for termination remuneration is detailed under the section "Policy on payments for loss of office" of this report.

Statement of Implementation of Policy in 2019

The targets for bonuses are detailed under the section "Remuneration Policy" of this report. The current policy was approved at our 2018 Annual General Meeting, held in May 2018.

For 2019, the bonus objectives for the remuneration of the Chief Executive Officer, will focus on 5 areas: financial targets, value creating growth/investments, strategic review, health and safety and a succession plan.

This approach is intended to provide a balanced assessment of how the business has performed over the course of the year against stated objectives. Targets are aligned with the annual plan and strategic and operational priorities for the year.

For 2019 the bonus objectives are the following:

	Percentage weight
CAFD (cash available for distribution) – Equal or higher than \$190 million	40%
EBITDA– Equal or Higher than \$827 million	10%
Present and close value creating and accretive investment opportunities	15%
Lead the works of the strategic review and plan	20%
Achieve health and safety targets - (Frequency with Leave / Lost Time Index below 4.5 and General frequency index below 13.8) based on reliable targets and consistent measure metrics	10%
Implement the succession plan	5%

Long Term Incentive Plans

The Company had a long-term incentive plan for the period 2016-2018 (the “2016-2018 Long-Term Incentive Plan” or “2016-2018 LTIP”) for the executive team approved at the 2016 Annual General Meeting. The 2016-2018 LTIP ended in 2018 and the amount payable under the LTIP amounts to 21.95% of the maximum potential amount, which resulted in a total payment of \$1,665 thousand paid in March 2019.

In April 2018, a new long-term incentive plan (the “Long-Term Incentive Plan” or “LTIP”) has been approved by the Board of Directors for the year 2019. This plan will be submitted for approval to the Annual General Meeting in June 2019.

Voting at the 2018 Annual General Meeting

The Company takes an active interest in voting outcomes. In the event of a substantial vote against a resolution in relation to director’s remuneration, the Company would seek to understand the reasons for any such vote and would set out in the following Annual Report any actions in response to it.

At the 2018 Annual General Meeting, votes in relation to the directors’ remuneration report were as follows:

	Remuneration Report ¹³	
	Number of votes	%
For	75,408,187	93.8
Against	4,046,390	5.0
Withheld	895,456	1.1

¹³ Non-voters are not included in the calculation.

The remuneration policy was approved by the 2017 Annual General Meeting, votes in relation to the directors' remuneration policy were as follows:

Remuneration Policy¹⁴		
	Number of votes	%
For	82,508,325	93.7
Against	5,472,388	6.2
Withheld	86,346	0.0

Remuneration Policy

The current policy was approved at our 2018 Annual General Meeting, held in June 2017.

For independent non-executive directors, the Company's policy is to compensate in cash for the time dedicated, subject to a maximum total annual compensation for non-executive directors in aggregate of two million dollars. Once a year, the Compensation Committee reviews compensation practices for independent non-executive directors in similar companies and the skills and experience required and may propose an adjustment in the current compensation.

The policy for executive directors, which is only applicable to the Chief Executive Officer as the only executive director so far, is as follows:

Name of component	Description of component	How does this component support the company's (or group's) short and long-term objectives?	What is the maximum that may be paid in respect of the component?	Framework used to assess performance
Salary/fees	Fixed remuneration payable monthly	Helps to recruit and retain executive directors and forms the basis of a competitive remuneration package	Maximum amount \$826 thousand, may be increased by 5% per year Salary levels for peers are considered	Not applicable No retention or clawback
Benefits	Opportunity to join existing plans for employees but without any increase in remuneration			
Annual bonus	Annual bonus is paid following the end of the financial year for performance over the year. There are no retention or forfeiture provisions	Helps to offer a competitive remuneration package and align it with company's objectives	200% of base salary	40%-50% of CAFD 10% of EBITDA 40%-50% of other operational or qualitative objectives No retention or clawback
Long Term Incentive Awards	Restricted stock units and share options subject to certain vesting periods	Align executive directors and shareholders interests	70% of target annual target salary + bonus Special one-off plan in 2019 for 50% of 2019 salary + bonus	75% share units subject to 5% average annual TSR, 25% options Share units

As further discussed below, the new Long-Term Incentive Plan is a change to our remuneration policy approved by the Compensation Committee and by the Board of

¹⁴ Non-voters are not included in the calculation.

Directors. The Company is seeking shareholder approval to extend the Long-Term Incentive Plan to the CEO in line with other senior executives. There will need to be a shareholder vote on any change to the current policy

CAFD, EBITDA and TSR have been selected as key parameters to measure company's performance due to their importance for our shareholders. These measures are considered standard indicators of financial performance in the yieldco sector.

Committee discretions

The committee has discretion, consistent with market practice, in respect of, but not limited to participants, timing of payments, size of the award subject to policy, performance measures and when dealing with special situations, such as change of control or restructuring.

The annual bonus is a variable cash bonus, based on the objectives described above. Those objectives include Cash Available for Distribution (CAFD) and EBITDA, as these are key financial metrics for our industry sector. Additionally, the annual bonus includes 2-3 objectives that reflect some of the key projects, initiatives or key objectives.

For the management team and key personnel, our policy is to use two external consultants to estimate market conditions for similar positions in terms of fixed and variable remuneration and, based on a performance appraisal, set a target remuneration, as a general rule, within that market practice. Variable payments are based on a number of specific measurable targets in relation to the measures described herein, which are defined by the Compensation Committee at the beginning of the year. For the rest of its employees, the Company establishes predefined remuneration ranges for different positions and reviews each individual remuneration depending on performance appraisal and within two ranges without employee consultation.

2016-2018 Long-Term Incentive Plan

The Company had a Long-Term Incentive Plan for the period 2016-2018 for the executive team approved at the 2016 Annual General Meeting. The plan included twelve executives, including our Chief Executive Officer, who were eligible under the 2016-2018 Long-Term Incentive Plan. The 2016-2018 Long-Term Incentive Plan provided that each eligible executive would be entitled to the payment of a long-term incentive cash bonus in March 2019 calculated as a function of Total Annual Shareholder's Return, or TSR, objectives over the 2016-18 period, a metric intended to align management and shareholder interests. The maximum bonus would be 50% (or, in the Chief Executive Officer's case, 70%) of the total remuneration received by the executive over the period from 2016-18. Specifically, 50% of the bonus would be based on our TSR and 50% on the relative performance in terms of TSR versus a group of similarly structured companies selected by the Compensation Committee. In case of a change of control, the long-term incentives would become due and would be calculated using the offer price or the last price based on TSR up to and including the change of control. Given the actual TSR in the three-year period from January 1, 2016 and December 31, 2018 and the TSR versus the peer group during that same period, the amount payable

under the 2016-2018 LTIP amounts to 21.95% of the maximum potential amount, which amounts to \$1,665 thousand in total and which was paid in March 2019.

Long-Term Incentive Plan

In April 2018, the Board of Directors approved the implementation of a long-term incentive plan for the 2019 period (the "Long-Term Incentive Plan" or "LTIP") which permits the grant of share options and restricted stock units ("Awards") to the executive team of the Company (the "Executives"). The LTIP applies to approximately 14 executives and the Board of Directors would also like to include the Chief Executive Officer, who is also a Director. The Chief Executive Officer's participation in the LTIP will be submitted for shareholders' approval at the 2019 annual general meeting.

The purpose of this LTIP is to attract and retain the best talent for positions of substantial responsibility in the Company, to encourage ownership in the Company by the executive team whose long-term service the Company considers essential to its continued progress and, thereby, encourage recipients to act in the shareholders' interest and to promote the success the Company.

The aggregate number of shares which may be reserved for issuance under the LTIP must not exceed 2% of the number of the shares outstanding at the time of the Awards are granted but is expected to be significantly less. However, the Company may decide that, instead of issuing or transferring shares, the Executives may be paid in cash.

The value of the Awards will be defined as 50% of the Executives' total annual compensation for the year closed before the date upon which an Award is granted and, in the case of the Chief Executive Officer, would be 70% of the same previous year total compensation at the grant date ("Awards Value"). The share options will represent 25% of the Award Value and the restricted stock units will represent 75% of the Award Value.

Main terms of the LTIP

	Share Options	Restricted Stock Units
Nature	Option cost shall be calculated by a third party using the Black-Scholes or some other accepted methodology.	Conditions shall be based on continuing employment (or other service relationship) and achievement of a minimum 5% average annual total shareholders return ("TSR").
Exercisability and vesting period	One-third of the total number of options awarded shall vest on each anniversary of the date upon which an award was granted. The Company will decide at vesting if cash or shares are given as payment.	The shares will vest on the third anniversary of the grant date but only if the total annual shareholders return ("TSR") has been at least a 5% yearly average over such 3-year period.
Ownership and dividends	The participant shall have the rights of a shareholder only as to shares acquired upon the exercise of an option and not as to unexercised options. Until the Shares are issued or transferred, no right to vote at any meeting or to receive dividends or any other rights as a shareholder shall exist.	The participant will be entitled to receive, for each share unit, a payment equivalent to the amount of any dividend or distribution paid on one share between the grant date and the date on which the share unit vests.

Effect on termination of employment

If a participant's employment terminates by reason of involuntary termination (death, disability, retirement dismissal rendered unfair, etc.), any portion of his/her Award shall thereafter continue to vest and become exercisable according to the terms of the LTIP but such participant shall be no longer entitled to be granted Awards under the LTIP.

If a participant incurs a termination of employment for cause or voluntary resignation or withdrawal, options that have vested on the termination date will be exercisable within the period of 30 days from such termination date but any unvested Awards (options or restricted stock units) shall lapse.

Change in control

If there is a change in control, all Awards shall vest in full on the date of the change in control. The participants must exercise their options within a period of 30 days.

Delisting

If the Company is delisted, all outstanding Awards shall vest in full on the date of delisting and will be settled in cash. The cash payment for restricted stock units will be the last quoted share price of the Company and the cash payment for any outstanding share options will be the difference between the last quoted share price and the exercise price for the applicable option. Such cash payments will be made after applicable tax deductions within 30 days of the delisting.

In addition to the LTIP, in February 2019 the Board of Directors approved a special one-off plan which permits the grant of stock units to certain members of the Management and certain members of middle management, consisting of approximately 25 managers. The value of the award will be defined as 50% of 2019 target remuneration (including salary and variable bonus). The share units will vest in 3 years, one third each year, provided that the manager is still an employee of the company.

The Chief Executive Officer LTIP, including the special one-off plan, will be submitted for shareholders' approval at the 2019 annual general meeting expected to be held in June 2019.

Executive directors do not receive any pension contributions.

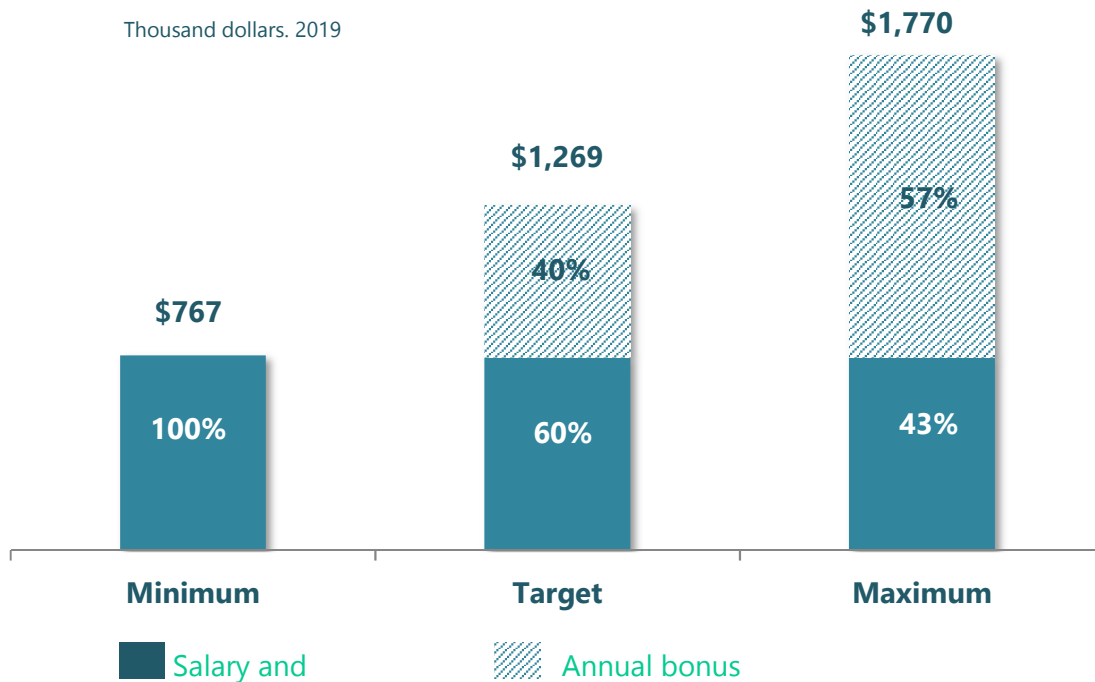
None of the non-executive directors receive bonuses, long-term incentive awards, pension or other benefits in respect of their services to the Company.

There are no provisions for the recovery of sums paid or the withholding of any sum.

Chief Executive Officer remuneration policy

The Compensation Committee approved a fixed remuneration of \$767 thousand for the Chief Executive Officer for 2019, with no changes versus 2018.

Total remuneration of the only executive director for a minimum, target and maximum performance in 2019 is presented in the chart below.



Assumptions made for each scenario are as follows:

- Minimum: fixed remuneration only
- Target: fixed remuneration plus half of maximum annual bonus
- Maximum: fixed remuneration plus maximum annual bonus

LTIP is not included as it would not vest in 2019 and is subject to achieving targets but it is proposed that, subject to shareholder approval, the Chief Executive Officer will be eligible for a 2019 LTIP award of 70% of this total compensation for 2018, being \$888 if we consider the Target total compensation above.

For 2019, the bonus measures for the remuneration of the Chief Executive Officer, will focus on 5 areas: financial targets, value creating growth/investments, strategic review, health and safety and implementing the succession plan.

This approach is intended to provide a balanced assessment of how the business has performed over the course of the year against stated objectives. Targets are aligned with the annual plan and strategic and operational priorities for the year.

For 2019 the bonus objectives are the following:

	Percentage weight
CAFD (cash available for distribution) – Equal or higher than \$190 million	40%
EBITDA– Equal or Higher than \$827 million	10%
Present and close value creating and accretive investment opportunities	15%
Lead the works of the strategic review and plan	20%
Achieve health and safety targets - (Frequency with Leave / Lost Time Index below 4.5 and General frequency index below 13.8) based on reliable targets and consistent measure metrics	10%
Implementation of the succession plan	5%

Approach to recruitment

As previously stated within this report, the recruitment of managers is largely based on the estimates of two external consultants of the market conditions for similar positions, in terms of fixed and variable remuneration.

In addition, the remuneration policy reflects the composition of the remuneration package for the appointment of new executive directors. We expect to offer a competitive fixed remuneration, an annual bonus not exceeding 200% of the fixed remuneration and a participation in the LTIP plan.

Lastly, whenever needed, the Company can contract an external advisor to hire key personnel.

As stated in the “Single total figure of remuneration for each director”, since August 2018, each independent director receives an annual compensation of \$134,000. The chairman of the Audit Committee receives an additional \$15,000 per year. The chairman of the Nominating and Corporate Governance Committee and the chairman of the Compensation Committee receive an additional \$10,000 per year. The chairman of the Board of Directors receives an additional \$61,000 per year.

Until August 2018, each independent director received a total annual compensation of \$100,000 and the chairman of the Board of Directors received an additional \$35,000 per year.

Nominee directors did not receive any compensation from us.

The stated above remuneration will be offered in recruitment of independent directors.

Policy on payments for loss of office

In order to protect the Company's know-how and to ensure continuity in terms of attainment of business objectives, the policy approved by our shareholders at the 2017 Annual General Shareholders Meeting, introduced certain termination payments to key executives, including the Chief Executive Officer.

The Company agreed with certain executives with strategic and key responsibilities in the Company ("Key Managers"), including the Chief Executive Officer, to make payments for loss of office or employment in addition to the severance payment under the prevailing labour and legal conditions in their contracts or countries where they are employed if they should leave (by loss of office or employment) the Company within 2 years of a change in control. The payment would represent six months of remuneration and will be adjusted to ensure that total payment including severance payment required under prevailing laws represent at least 12 months of remuneration (including salary, benefits, long term incentive plans and variable pay), but never more than 24 months of remuneration, unless required by local law.

A change of control means that a third party or coordinated parties (i) acquire directly or indirectly by any means a number of shares in the Company which (together with the shares that such party may already hold in the Company) amount to more than 50% of the share capital of the Company; or (ii) appoint or have the right to appoint at least half of the members of the Board of Directors of the Company.

No payments would be made to Key Managers for dismissal for breach of contract, breach of fiduciary duties or gross misconduct, determined (in the event of a dispute) by a court of competent jurisdiction to reach a final determination.

Consideration of employee conditions elsewhere

For the management team and key personnel, our policy is to use two external consultants to estimate market conditions for roles of a similar level of managerial responsibilities and complexity in terms of fixed and variable remuneration and, based on a performance appraisal, set a target remuneration, as a general rule, within that market practice.

The annual variable remuneration payment is calculated with reference to the achievement of a number of specific measurable targets defined at the previous year. Each specific target is measured on a performance scale of 0%-120%.

For the rest of its employees, the Company establishes predefined remuneration ranges for different positions and reviews each individual remuneration depending on performance appraisal within two ranges without employee consultation.

The remuneration of all employees, including the members of the management team, may be adjusted periodically in the framework of the annual salary review process which is carried out for all employees.

Overall, we expect that, following the implementation of our policies, remunerations of the Company's employees will increase in line with the market with the exception of individuals that have been recently promoted or whose remuneration is above market conditions.

Statement of consideration of shareholder views

There are no comments in respect of directors' remuneration expressed to the Company by shareholders. The next Annual General Meeting will be held on June 20, 2019.

Summary of Policy for Non-Executive Directors

Name of component	How does the component support the company's objective?	Operation	Maximum
Fees	Attract and retain the high-performing independent non-executive directors	Reviewed annually by the committee and board The lead independent director /chairman of the Board and the chair of each committee receive additional fees	Annual total compensation for independent non-executive directors, in any case, will not exceed two million dollars
Benefits	Reasonable travel expenses to the Company's registered office or venues for meetings	Customary control procedures	Real costs of travel

Service Contracts

Mr. Seage has a service contract with Atlantica that includes a 6-month notice period.

The non-executive directors do not have a service contract and were elected for a period of three years starting June 2017.

Employee Benefit Trusts

The Company has not established employee trusts for share plans.

Key Management Compensation for 2018

We have a key management team with extensive experience in developing, financing, managing and operating contracted assets. Our key management is made up of the following members:

Name	Position	Year of birth
Santiago Seage	Chief Executive Officer and Director	1969
Francisco Martinez-Davis	Chief Financial Officer	1963
Emiliano Garcia	Vice President North America	1968
Antonio Merino	Vice President South America	1967
David Esteban	Vice President EMEA	1979
Irene M. Hernandez	General Counsel and Chief of Compliance	1980
Stevens C. Moore	Vice President Strategy and Corporate Development	1973

There are no potential conflicts of interest between the private interests or other duties of the members of the senior management listed above and their duties to Atlantica. There are no family relationships among any of our executive officers or directors.

Below are the biographies of those members of the senior management of Atlantica Yield who do not also serve on our board of directors.

Francisco Martinez-Davis, Chief Financial Officer

Mr. Martinez-Davis was appointed as our Chief Financial Officer on January 11, 2016. Mr. Martinez-Davis has more than 25 years of experience in senior finance positions both in the United States and Spain. He has served as Chief Financial Officer of several large industrial companies. Most recently, he was Chief Financial Officer for the company responsible for the management and operation of metropolitan rail service of the city of Madrid where he was also member of the Executive Committee. He has also worked as CFO for a retailer and as Deputy General Manager in Finance and Treasury for Telefonica Moviles. Prior to that, he worked for different investment banks in New York City and London for more than 10 years, including J.P. Morgan Chase & Co. and BNP Paribas. Mr. Martinez-Davis holds a Bachelor of Science, cum laude, in Business Administration from Villanova University in Philadelphia and an MBA from The Wharton School at the University of Pennsylvania.

Emiliano Garcia, Vice President North America

Mr. Garcia serves as Vice President of our North American business. Based in Phoenix, Arizona, he is responsible for managing two of our key assets, Solana and Mojave. Mr. Garcia was previously the General Manager of Abengoa Solar in the United States and of the Solana Power Plant. Before that, he held a number of managerial positions in various Abengoa companies over two decades. Mr. Garcia holds a Bachelor's degree in Engineering from Madrid Technical University.

Antonio Merino, Vice President South America

Mr. Merino serves as Vice President of our South American business. Previously, he was the Vice President of Abengoa's Brazilian business, as well as the head of Abengoa's commercial activities and partnerships in South America. Mr. Merino holds an MBA from San Telmo International Institute.

David Esteban, Vice President EMEA

Mr. Esteban has served as Vice President of our operations in EMEA since July 2014. He had previously served at Abengoa's Corporate Concession department for two years. Before joining Abengoa, David worked for the management consulting firm Arthur D. Little for seven years in the industries of Telecoms & Energy and then moved to a private equity firm specialized in renewable investments in Europe for three years.

Irene M. Hernandez, General Counsel

Ms. Hernandez has served as our General Counsel since June 2014. Prior to that, she served as head of our legal department since the date of our formation. Before that, Ms. Hernandez served as Deputy Secretary General at Abengoa Solar since 2012. Before joining Abengoa,

she worked for several law firms. Ms. Hernandez holds a law degree from Complutense Madrid University and a Master's degree in law from the Madrid Bar Association (Colegio de Abogados de Madrid (ICAM)).

Stevens C. Moore, Vice President Strategy & Corporate Development

Mr. Moore has more than 22 years of experience in finance positions in Spain, the United Kingdom and the United States. He has worked in various positions in structured and leveraged finance at Citibank and Banco Santander, and vice president of M&A at GBS Finanzas. Most recently, he was director of corporate development and investor relations at Codere, the Madrid stock exchange listed international gaming company. He holds a B.A. degree in history from Tulane University of New Orleans, Louisiana.

\$ in thousands	2018	2017 ⁽¹⁾
Short-term employee benefits	4,305.6	3,924.3
2016-2018 LTIP Awards	1,360.1	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	-	-
Total	5,665.7	3,924.3

Key management includes Directors, Chief Executive Officer, CFO and 5 key executives

(1) Prior period remuneration has been restated to conform the current list of key managers

2016-2018 LTIP was paid in March 2019.

4.5 Cybersecurity

In Atlantica, we prioritize security and protection of information and systems, including information of our employees, partners and suppliers. We regularly review our capabilities, reassess our policies and coordinate communication and cybersecurity related training across our organization.

In the current world, organizations may be subject to disruption, damage or failure from a variety of sources, including computer viruses, security breaches, cyber-attacks, phishing attacks, natural disasters and defects in design. Energy facilities have been experiencing an increasing number of cyber-attacks. We are aware that cybersecurity incidents are evolving and include malicious software, attempts to gain unauthorized access to data and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information and the corruption of data.

We understand the importance of having strong cybersecurity practices to enable resilience across our ecosystems. We invest time, money and creative talent to evolve as the threats grow in their degree of sophistication. We implemented prevention, monitoring and threat-detection measures following several international standards including ISO 27000. We train all our employees once per year to detect, monitor and prevent threats by following strict

procedures in various user-centric cybersecurity skills such as email phishing, sophisticated password maintenance, avoidance of public wireless network hotspots, among other.

We also conduct periodic internal and external audits to ensure that our cybersecurity controls are effective. We elaborated a risk map based on how we evaluate each of the relevant risks. High-level areas of focus are information security policies, human resources security, access control, physical security, operational and communication security, cryptography, incident management, supplier relationships, business continuity and compliance.

4.6 Shareholder Engagement

Atlantica board is accountable to shareholders. Each year, at the annual meeting, shareholders have the opportunity to elect each member of our Board of Directors, to approve the selection of our independent public accounting firm and to vote on the Company's executive compensation program.

The proposals are published in our annual proxy statement and voted on by shareholders in conjunction with the annual meeting.

Proxy item	2018	2017	2016	2015
% shares present	80.2%	87.9%	81.3%	74.5%

Proxy item	Percentage vote "For" ¹⁵			
	2018	2017	2016	2015
Annual report	98.9%	99.9%	100.0%	99.9%
Directors' remuneration report	93.8%	89.1%	97.0%	99.9%
Directors' remuneration policy	-	93.7%	97.1%	83.8%
Appointment of independent auditor	98.9%	99.9%	100.0%	99.8%
Audit committee to set auditors' compensation	98.9%	99.9%	100.0%	99.8%
Election of directors (average)	86.3%	89.6%	-	85.5%
Appointment of CEO	-	-	99.2%	-
Company name change to Atlantica Yield	-	-	100.0%	-
New articles of incorporation	-	-	100.0%	-
Authorize directors to allot shares	-	-	-	88.1%
Disapply statutory pre-emption rights	-	-	-	87.5%
Authorize repurchase of shares	-	-	-	87.8%
Amendment to the articles of incorporation	98.3%	-	-	94.9%
Reduce share premium for dividend distribution	98.3%	-	-	-

¹⁵ Defined as For/(For+Against+Withheld), expressed as a percentage. Non-voters are not included in the calculation.

Forward-Looking Statements

This report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, strategies, future events or performance (often, but not always, through the use of words or phrases such as may result, are expected to, will continue, is anticipated, believe, will, could, should, would, estimated, may, plan, potential, future, projection, goals, target, outlook, predict and intend or words of similar meaning) are not statements of historical facts and may be forward looking. Such statements occur throughout this report and include statements with respect to our expected trends and outlook, potential market and currency fluctuations, occurrence and effects of certain trigger and conversion events, our capital requirements, changes in market price of our shares, future regulatory requirements, the ability to identify and/or consummate future acquisitions on favorable terms, reputational risks, divergence of interests between our company and those of our largest shareholders and affiliates, tax and insurance implications, and more. Forward-looking statements involve estimates, assumptions and uncertainties. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, important factors included in Part I, Item 3D. Risk Factors in our Annual Report on Form 20-F filed with the SEC (in addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements) that could have a significant impact on our operations and financial results, and could cause our actual results to differ materially from those contained or implied in forward-looking statements made by us or on our behalf in this quarterly report, in presentations, on our website, in response to questions or otherwise. These forward-looking statements include, but are not limited to, statements relating to:

- our growth strategy and reliance on favorable trends in renewable energy and demand for sustainable power generation and new water sources;
- our ability to grow through acquisitions from AAGES, Algonquin, other partners, or third parties, including our ability to acquire assets from Algonquin under our enhanced collaboration agreement with Algonquin;
- the performance of our assets and long-term agreements and investments;
- our intention to collaborate with new and existing partners to expand asset ownership and growth;
- our objective to pay consistent and growing cash dividends to shareholders;
- acquisition closings that are subject to conditions precedent or outstanding government approval;
- the remaining term life of our assets and the expected costs of asset expansions and acquisitions;
- the impact of fluctuating interest rates on our performance and expenses and the projected success of mitigation tactics;
- our expected sources of liquidity and the sufficiency of our existing liquidity position and cash flows in meeting commitments and dividend requirements;
- the impact of currency fluctuations on business operations and cash-flow hedging tactics;

- the condition of the debt and equity capital markets and our ability and need to borrow additional funds and access capital markets, as well as our substantial indebtedness and the possibility that we may incur additional indebtedness going forward;
- the ability of our counterparties to satisfy their financial commitments or business obligations and our ability to seek new counterparties in a competitive market;
- government regulation, including compliance with regulatory and permit requirements and changes in tax laws, market rules, rates, tariffs and policies affecting renewable energy;
- our ability to finance and consummate new acquisitions on favorable terms;
- potential environmental liabilities and the cost and conditions of compliance with applicable environmental laws and regulations;
- third-party contractor and supplier viability;
- the effects of litigation and other legal proceedings (including bankruptcy) against us and our subsidiaries;
- price fluctuations, revocation and termination provisions in our offtake agreements and power purchase agreements;
- our relationship with our shareholders including bankruptcy; our substantial short-term and long-term indebtedness, and incurring additional debt in the future;
- financial damage caused by our off-taker PG&E and potential default under our project finance agreement due to a breach of our underlying PPA agreement with PG&E.

Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances, including, but not limited to, unanticipated events, after the date on which such statement is made, unless otherwise required by law. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained or implied in any forward-looking statement.

Definitions

Unless otherwise specified or the context requires otherwise in this quarterly report:

- references to "AAGES" refer to the joint venture between Algonquin and Abengoa to invest in the development and construction of clean energy and water infrastructure contracted assets;
- references to "AAGES ROFO Agreement" refer to the agreement we entered into with AAGES on March 5, 2018, which became effective upon completion of the Share Sale, that provides us a right of first offer to purchase any of the AAGES ROFO Assets, as amended and restated from time to time;
- references to "Algonquin" refer to, as the context requires, either Algonquin Power & Utilities Corp., a North American diversified generation, transmission and distribution utility, together with its subsidiaries or any of its subsidiaries independently considered, unless the context otherwise requires;
- references to "Atlantica" refer to Atlantica Yield plc and, where the context requires, its consolidated subsidiaries;
- references to "cash available for distribution" refer to the cash distributions received by the Company from its subsidiaries minus all cash expenses of the Company, including debt service and general and administrative expenses;
- references to "Further Adjusted EBITDA including unconsolidated affiliates" refer to amounts calculated as profit for the period attributable to Atlantica, after adding back loss/(profit) attributable to non-controlling interest from continued operations, income tax, share of profit/(loss) of associates carried under the equity method, finance expense net, depreciation, amortization and impairment charges, and dividends received from our preferred equity investment in ACBH and our share in EBITDA of unconsolidated affiliates. Further Adjusted EBITDA including unconsolidated affiliates for the first quarter of 2017 includes compensation received from Abengoa in lieu of ACBH dividends. Further Adjusted EBITDA including unconsolidated affiliates is not a measure of performance under IFRS as issued by the IASB and you should not consider Further Adjusted EBITDA including unconsolidated affiliates as an alternative to operating income or profits or as a measure of our operating performance, cash flows from operating, investing and financing activities or as a measure of our ability to meet our cash needs or any other measures of performance under generally accepted accounting principles. We believe that Further Adjusted EBITDA including unconsolidated affiliates is a useful indicator of our ability to incur and service our indebtedness and can assist securities analysts, investors and other parties to evaluate us. Further Adjusted EBITDA including unconsolidated affiliates and similar measures are used by different companies for different purposes and are often calculated in ways that reflect the circumstances of those companies. Further Adjusted EBITDA including unconsolidated affiliates may not be indicative of our historical operating results, nor is it meant to be predictive of potential future results. See Note 4 to the Consolidated Financial Statements;

- references to "GW" refer to gigawatts;
- reference to "IPO" refer to our initial public offering of ordinary shares in June 2014;
- references to "MW" refer to megawatts;
- references to "O&M" refer to operation and maintenance;
- references to "PV" refer to photovoltaic;
- references to "PPA" refer to the power purchase agreements through which our power generating assets have contracted to sell energy to various offtakers;
- references to "ROFO" refer to a right of first offer;
- references to "UK" refer to the United Kingdom;
- references to "U.S." or "United States" refer to the United States of America;
- references to "we," "us," "our" and the "Company" refer to Atlantica Yield plc and its subsidiaries, unless the context otherwise requires; and

Appendix A

Sustainability Accounting Standards Board Index

Atlantica is a sustainable infrastructure company, it owns and manages solar and wind plants, water desalination facilities, transmission lines and natural gas plants. As such we hereby detail the Electric Utilities and Power Generations SASB with a reference to the pages where we provide all relevant information.

In addition, given that Atlantica’s activity does not correspond exactly to the activity of an electric utility in many aspects, we have included certain references to the Solar Technology Developers SASB and Wind Technology Developers SASB, which are applicable to Atlantica. Although we are not project developers, we own and manage solar and wind assets, therefore, we consider some of these SASB apply to Atlantica.

1) Sustainability Disclosure Topics and Accounting Metrics Electric Utilities and Power Generations.

Topic	SASB code	Accounting metric	Page
Greenhouse emissions	IF-EU-110a.1	(1) Gross global Scope 1 emissions, percentage covered under (2) emissions-limiting regulations, and (3) emissions-reporting regulations	Pages 27 - 30
Greenhouse emissions	IF-EU-110a.2	Greenhouse gas (GHG) emissions associated with power deliveries	N/A, Atlantica does not deliver power to retail customers
Greenhouse emissions	IF-EU-110a.3	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Page 27
Greenhouse emissions	IF-EU-110a.4	(1) Number of customers served in markets subject to renewable portfolio standards (RPS) and (2) percentage fulfillment of RPS target by market	N/A Atlantica is not a utility company and our customers are not subject to renewable portfolio standards.
Air Quality	IF-EU-120a.1	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, (3) particulate matter (PM10), (4) lead (Pb), and (5) mercury (Hg); percentage of each in or near areas of dense population	Page 30
Water Management	IF-EU-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Pages 31- 35

Topic	SASB code	Accounting metric	Page
Water Management	IF-EU-140a.2	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	Page 31
Water Management	IF-EU-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	Page 31
Coal Ash Management	IF-EU-150a.1	Amount of coal combustion residuals (CCR) generated, percentage recycled	Not applicable. Atlantica does not utilize coal in its operations.
Coal Ash Management	IF-EU-150a.2	Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment	Not applicable. Atlantica does not utilize coal in its operations.
Energy Affordability	IF-EU-240a.1	Average retail electric rate for (1) residential, (2) commercial, and (3) industrial customers	Not applicable. Atlantica does not sell energy to retail customers.
Energy Affordability	IF-EU-240a.2	Typical monthly electric bill for residential customers for (1) 500 kWh and (2) 1,000 kWh of electricity delivered per month	Not applicable. Atlantica does not sell energy to retail customers.
Energy Affordability	IF-EU-240a.3	Number of residential customer electric disconnections for non-payment, percentage reconnected within 30 days ³	Not applicable. Atlantica does not sell energy to retail customers.
Energy Affordability	IF-EU-240a.4	Discussion of impact of external factors on customer affordability of electricity, including the economic conditions of the service territory	Not applicable. Atlantica does not sell energy to retail customers.
Workforce Health & Safety	IF-EU-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	Pages 52-55
End-use efficiency and demand	IF-EU-420a.1	Percentage of electric utility revenues from rate structures that (1) are decoupled and (2) contain a lost revenue adjustment mechanism (LRAM)	Not Applicable. Atlantica does not sell electricity to retail customers. Atlantica does not sell electricity under rate base note. Atlantica does not do distribution, it does not use smart grid technology.

Topic	SASB code	Accounting metric	Page
End-use efficiency and demand	IF-EU-420a.2	Percentage of electric load served by smart grid technology ⁴	Not Applicable. Atlantica does not sell electricity to retail customers. Atlantica does not sell electricity under rate base note. Atlantica does not do distribution, it does not use smart grid technology.
End-use efficiency and demand	IF-EU-420a.3	Customer electricity savings from efficiency measures, by market ⁵	Not Applicable. Atlantica does not sell electricity to retail customers. Atlantica does not sell electricity under rate base note. Atlantica does not do distribution, it does not use smart grid technology.
Nuclear Safety and Emergency management	IF-EU-540a.1	Total number of nuclear power units, broken down by U.S. Nuclear Regulatory Commission (NRC) Action Matrix Column	Not applicable. Atlantica does not have any nuclear asset.
Nuclear Safety and Emergency management	IF-EU-520a.2	Description of efforts to manage nuclear safety and emergency preparedness	Not applicable. Atlantica does not have any nuclear asset.
Grid Resiliency	IF-EU-550a.1	Number of incidents of non-compliance with physical and/or cybersecurity standards or regulations	Not applicable.
Grid Resiliency	IF-EU-550a.2	(1) System Average Interruption Duration Index (SAIDI), (2) System Average Interruption Frequency Index (SAIFI), and (3) Customer Average Interruption Duration Index (CAIDI), inclusive of major event days ⁶	Not applicable.

2) Activity Metrics of the Electric Utilities and Power Generation.

Activity metric	SASB code	Page
Number of: (1) residential, (2) commercial, and (3) industrial customers served	IF-EU-000.A	We have a total of 24 offtakers
Total electricity delivered to: (1) residential, (2) commercial, (3) industrial, (4) all other retail customers, and (5) wholesale customers	IF-EU-000.B	Pages 5-6
Length of transmission and distribution lines ⁸	IF-EU-000.C	Pages 5-6

Activity metric	SASB code	Page
Total electricity generated, percentage by major energy source, percentage in regulated markets	IF-EU-000.D	Pages 5-6
Total wholesale electricity purchased	IF-EU-000.E	Not Applicable

3) Sustainability Disclosure Topics and Accounting Metrics from Solar Technology Developers.

Topic	SASB code	Accounting metric	Page
Hazardous Waste Management	RR-ST-150a.1	Amount of hazardous waste generated, percentage recycled	Page 35-36
Hazardous Waste Management	RR-ST-150a.2	Number and aggregate quantity of reportable spills, quantity recovered	Page 35-36

4) Activity Metrics of the Electric Utilities and Power Generation.

Activity metric	SASB code	Page
Total capacity of completed solar energy systems	RR-ST-000.B	Page 6

Additionally, we disclose information that we consider is material given Atlantica's core business, we have followed Global Reporting Initiatives detailed in the table below:

GRI Activity Metric	Disclosure number	Page
GRI 304 Biodiversity: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	304-1	Page 37
GRI 401 Employment: New employee hires and employee turnover	401-1	Page 46
GRI 401 Employment: Benefits provided to full-time employees that are not provided to temporary or part-time employees	401-2	Page 47
GRI 401 Employment: Parental leave	401-3	Page 43

GRI Activity Metric	Disclosure number	Page
GRI 404 Training and Education: Average hours of training per year per employee	404-1	Pages 47-50
GRI 404 Training and Education: Programs for upgrading employee skills and transition assistance programs	404-2	Page 48
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