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**ISSUER IDENTIFICATION DATA**

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End date of the reporting period:

[ 31/12/2021 ]

Tax number (CIF):

[ A05556733 ]

Company name:

[ **SOLTEC POWER HOLDINGS, S.A.** ]

Registered office:

[ (MOLINA DE SEGURA MURCIA) ]

**A. OWNERSHIP STRUCTURE**

**A.1.** Complete the table below on the share capital and voting rights attributed, including, where applicable, those corresponding to shares with loyalty voting rights, as at the financial year-end:

Indicate whether the company's articles of association contain a provision for double loyalty voting:

Yes

No

Date of last modification	Share capital (€)	Number of shares	Number of voting rights
27/10/2020	22,846,679.25	91,386,717	91,386,717

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

Yes

No

**A.2.** List the direct and indirect holders of significant shareholdings at the financial year-end, including directors with significant shareholdings:

Name or company name of shareholder	% voting rights associated with shares		% voting rights through financial instruments		total % of voting rights
	Direct	Indirect	Direct	Indirect	
Mr JOSÉ FRANCISCO MORENO RIQUELME	0.00	42.27	0.00	0.00	42.27
Mr RAÚL MORALES TORRES	0.01	19.58	0.00	0.00	19.59
SCHROEDERS PLC	0.00	3.38	0.00	0.01	3.39
SWEDBANK ROBUR FONDER AB	3.00	0.00	0.00	0.00	3.00
SANTANDER ASSET MANAGEMENT, S.A., SGIIC	0.00	3.44	0.00	0.00	3.44
INVESCO LTD.	0.00	1.76	0.93	0.00	2.69

Details of the indirect shareholding:

Name or company name of the indirect shareholder	Name or company name of the direct shareholder	% voting rights associated with the shares	% voting rights through financial instruments	total % of voting rights
Mr JOSÉ FRANCISCO MORENO RIQUELME	GRUPO CORPORATIVO SEFRAN S.L.	42.27	0.00	42.27
Mr RAÚL MORALES TORRES	VALUETEAM S.L.	19.58	0.00	19.58
INVESCO LTD.	INVESCO CAPITAL MANAGEMENT LLC	2.69	0.00	2.69

Indicate the most significant changes in the shareholding structure over the year:

**Most significant changes**

- SWEDBANK ROBUR FONDER AB Purchase of shares above the company's "significant shareholding" threshold 24/03/2021 Total 3.004%
- INVESCO LTD. Purchase of shares above the company's "significant shareholding" threshold 23/03/2021 Total 2.463%
- INVESCO LTD. Changes its "significant stake" in the company on 28/10/2021 (3.018%), 24/11/2021 (3.082%), 08/12/2021 (2.993%) and 23/12/2021 (2.691%)
- SCHROEDERS PLC Changes its "significant shareholding" in the company on 05/01/2021 (2.859%), 27/01/2021 (3.036%) and 28/01/2021 (3.388%)

**A.3.** Breakdown of shareholdings, irrespective of percentage, at year-end for directors holding voting rights associated with company shares or through financial instruments, excluding the directors identified in section A.2 above:

Name or company name of director	% voting rights attributed to shares		% voting rights through financial instruments		total % of voting rights	% voting rights which may be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Mr JOSÉ FRANCISCO MORALES TORRES	0.01	0.00	0.00	0.00	0.01	0.00	0.00

total % of voting rights held by members of the board of directors

19.60

Details of the indirect shareholding:

Name or company name of director	Name or company name of the direct shareholder	% voting rights attributed to shares	% voting rights through financial instruments	total % of voting rights	% voting rights which <u>may be transferred</u> through financial instruments
No data					

Breakdown of the total percentage of voting rights represented on the board:

total % of voting rights represented on the board of directors	61.87
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The following significant shareholders are represented on the Board of Directors:

Mr Raúl Morales Torres Total 19.59%  
Mr José Francisco Moreno Riquelme Total 42.27%

**A.4.** Indicate, where applicable, any family, commercial, contractual or corporate relationships between the significant shareholders, insofar as they are known to the company, unless they are of little relevance or derive from the ordinary course of business, except for those reported in section A.6:

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

**A.5.** Indicate, where applicable, any relationships of a commercial, contractual or corporate nature that exist between the significant shareholders and the company and/or its group, unless they are of little relevance or derive from the ordinary course of business:

Related name or company name	Type of relationship	Brief description
Mr RAÚL MORALES TORRES	Corporate	Raúl Morales Torres is a significant shareholder and Chief Executive Officer and Chairman of the Board of Directors

**A.6.** Describe the relationships, unless of little relevance to both parties, that exist between the significant shareholders or shareholders represented on the board and the directors, or their proxies in the case of directors that are legal entities.

Explain, if applicable, how significant shareholders are represented. Specifically, those directors who have been appointed on behalf of significant shareholders, those whose appointment has been promoted by significant shareholders, or who are related to significant shareholders and/or entities of their group, with details provided as to the nature of such relationships, must be indicated. In particular, mention shall be made, where appropriate, of the existence, identity and position of board members, or representatives of directors, of the listed company who are also members of the board of directors, or their representatives, in companies that hold significant shareholdings in the listed company or in entities in the group of those significant shareholders:

Name or company name of director or representative related	Name or company name of the significant shareholder related	Company name of the company in the group of the significant shareholder	Relationship/position description
Mr RAÚL MORALES TORRES	Mr RAÚL MORALES TORRES	VALUETEAM S.L.	Mr Raúl Morales Torres holds 19.58% of the shares through his company Valueteam S.L. and 0.01% of the shares directly. Mr Morales Torres is also CEO and Chairman of the Board of Directors.
Mr JOSÉ FRANCISCO MORALES TORRES	Mr RAÚL MORALES TORRES	VALUETEAM S.L.	Mr José Francisco Morales Torres is a proprietary director representing the significant shareholder Mr Raúl Morales Torres. Raúl and José are brothers.
Ms MARINA MORENO DÓLERA	Mr JOSÉ FRANCISCO MORENO RIQUELME	GRUPO CORPORATIVO SEFRAN S.L.	Ms Marina Moreno Dólera is a proprietary director representing the significant shareholder Mr José Francisco Moreno Riquelme. Ms Moreno Dólera is the daughter of Mr José Francisco Moreno.
Mr MARCOS SÁEZ NICOLÁS	Mr JOSÉ FRANCISCO MORENO RIQUELME	GRUPO CORPORATIVO SEFRAN S.L.	Mr Marcos Sáez Nicolás is a proprietary director representing a significant shareholder, Mr José Fco. Moreno

Name or company name of director or representative related	Name or company name of the significant shareholder related	Company name of the company in the group of the significant shareholder	Relationship/position description
			Riquelme. Mr Marcos Sáez Nicolás has an extensive, long-standing working relationship with Mr José Fco. Moreno, being Executive Director of Zukán S.L.U., a company belonging to the group of the significant shareholder.

**A.7.** Indicate whether the company has been notified of any shareholders' agreements affecting it in accordance with the provisions of Articles 530 and 531 of the Capital Companies Act. If applicable, briefly describe them and list the shareholders bound by the covenant:

Yes  
 No

Indicate whether the company is aware of the existence of coordinated actions among its shareholders. If so, please describe them briefly:

Yes  
 No

In the event of any modification or termination of such covenants, agreements or concerted actions during the financial year, please indicate this expressly:

[ N/A ]

**A.8.** Indicate whether there is any individual or legal entity that exercises or may exercise control over the company under the terms of Article 5 of the Securities Market Act. If applicable, identify them:

Yes  
 No

**A.9.** Complete the following tables on the company's treasury stock:

As at the financial year-end:

Number of direct shares	Number of shares indirect shares(*)	total % of share capital
508,708		0.56

(\*) Through:

Name or company name of the direct holder of the stake	Number of direct shares
No data	

Explain the significant changes over the financial year:

Explain the significant changes
Soltec Power Holdings SA purchased treasury shares during the 2021 financial year, after 24/03/2021. As at 31/12/2021 its shareholding amounted to 0.557% of the share capital.

**A.10.** Give details of the conditions and tenure from the shareholders' meeting to the board of directors for issuing, buy-back or transfer of own shares:

<p>"The General Shareholders Meeting, in its resolution of 6 October 2020, decided to empower the Board of Directors of the Company so that, to the fullest extent required by law and with express powers of substitution in favour of the Chief Executive Officer or any other director or proxy of the Company, to develop, formalise, execute and settle, where appropriate, the Executive Incentive Plan, which was approved by the General Shareholders Meeting in the same act; adopting such resolutions and signing such documents, public or private, as may be necessary or appropriate for its full effect, including powers to remedy, rectify, amend or supplement this resolution, and in general, to adopt such resolutions and take such actions as may be necessary or merely appropriate for the proper fulfilment of this resolution and the implementation, execution and settlement of the Incentive Plan, including, by way of example but not limited to, the following powers:</p> <p>[...]</p> <p>(G) Draw up, sign and present any communications and supplementary documentation that may be necessary or appropriate before any authority or body for the purposes of the implementation, execution or settlement of the Incentive Plan.</p> <p>(H) Adopt any action, declaration or management before any body or authority to obtain any authorisation or verification necessary for the implementation, execution or settlement of the Incentive Plan.</p> <p>(I) Draw up, sign, grant and, where appropriate, certify any type of document relating to the Incentive Plan, including, but not limited to, signing and modifying any contracts with companies providing services that are required or suitable for the fulfilment of the Incentive Plan.</p> <p>(J) Draw up and publish notices as necessary or appropriate.</p> <p>(K) And, in general, to carry out as many actions and sign as many documents as may be necessary or appropriate for the validity, effectiveness, implementation, development, execution, settlement and performance of the Incentive Plan and of the previously adopted agreements.</p> <p>This agreement is made for an indefinite period aside from time limitations under the term of the Incentive Plan.</p> <p>As the Incentive Plan consists of a remuneration for executives in the form of the Company's own shares, under section (K) the Board of Directors is granted a power to implement a plan to repurchase the Company's own shares in order to execute and settle the Incentive Plan. "</p>
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In addition, by resolution of the Universal Shareholders' Meeting of 13 October 2020, the AGM resolved to authorise the Board of Directors to derivatively acquire treasury shares and to dispose of them after the date of admission to trading on the stock exchange. Acquisition may take the form of purchase, exchange, gift, donation, allocation or dation in payment and, in general, by any other form of acquisition for value of outstanding and fully paid-up shares as permitted by law. Shares may be acquired by any of the methods described above, once or several times, provided that the shares acquired, when added to those owned by the Company, do not exceed 10% of the share capital. The price or consideration shall range from a minimum of 0.01 euro to a maximum of 105% of the quoted price of the Company's shares on the Continuous Market at the time of acquisition or the closing price of the last trading session prior to the acquisition, where it is made outside the trading hours of the Continuous Market. The period of validity of the authorisation will be five years from the day after the agreement date. It is expressly stated for the record that the shares acquired as a result of this authorisation may be used for their disposal or redemption, for potential corporate or business transactions, or for their delivery directly to the employees or directors of the Company, or as a result of the exercise of option rights held by them, in accordance with the provisions of the third paragraph of section 1.a) of article 146 of the Capital Companies Act.

**A.11. Estimated floating capital:**

	%
Estimated floating capital	25.61

**A.12.** Indicate whether there are any restrictions (statutory, legislative or otherwise) on the transferability of securities and/or any restrictions on voting rights. In particular, where there exist any type of restrictions that may hinder the taking of control of the company through the acquisition of its shares on the market, they are to be stipulated, along with any prior authorisation or notification regimes that may be applicable to acquisitions or transfers of the company's financial instruments under sectoral regulations.

Yes  
 No

**A.13.** Indicate whether the general meeting has resolved to adopt neutralisation measures against a takeover bid pursuant to the provisions of Law 6/2007.

Yes  
 No

If applicable, explain the measures adopted and the terms under which the restrictions will be ineffective:

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

Yes  
 No



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

**B. GENERAL SHAREHOLDERS MEETING**

**B.1.** Indicate and, if applicable, detail whether there are any differences with the rules of minimum requirements provided for in the Capital Companies Act (LSC) with regard to the quorum needed to constitute the general shareholders meeting:

Yes  
 No

**B.2.** Indicate and, if applicable, detail whether there are any differences with the rules provided for under the Capital Companies Act (LSC) on adopting corporate resolutions:

Yes  
 No

**B.3.** Indicate the rules applicable to amendments to the company's articles of association. In particular, the majorities established for amending the articles of association shall be communicated, as well as, where appropriate, the rules set out on the protection of members' rights in the amendment of the articles of association.

The rules for amending the articles of association and the majorities required to do so do not differ from those laid down in the LSC

**B.4.** Indicate the attendance figures for the general meetings held in the financial year to which this report refers and those of the two previous financial years:

Date of the general shareholders meeting	Attendance information				Total
	% physical presence	% in representation	% remote voting		
			E-voting	Other	
28/07/2020	100.00	0.00	0.00	0.00	100.00
Of which floating capital	0.00	0.00	0.00	0.00	0.00
24/06/2021	0.00	0.00	84.73	0.12	84.85
Of which floating capital	0.00	0.00	0.00	0.00	0.00

The General Shareholders Meeting was held exclusively by telematic means in 2021 due to the public health crisis. Of the 84.85% of the definitive quorum, 63.38% was "present" at the Meeting, that is, "connected by electronic means to the telematic attendance platform for the Meeting", while 21.47% was represented by one of the shareholders "present". Virtually all shareholders present or represented cast their votes by electronic means.

**B.5.** Indicate whether at the general meetings held during the financial year there have been any items on the agenda that, for whatever reason, were not approved by the shareholders:

Yes  
 No

**B.6.** Indicate whether there is any restriction contained in the articles of association establishing a minimum number of shares required to attend the general meeting, or for remote voting:

Yes  
 No

**B.7.** Indicate whether it has been established that certain decisions, other than those established by law, involving an acquisition, disposal, transfer of essential assets to another company or other similar corporate operations, must be submitted to the general shareholders meeting for approval:

Yes  
 No

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

<https://soltecpowerholdings.com/corporate-governance/board-of-directors/>

<https://soltecpowerholdings.com/stakeholders-investors/>

## C. COMPANY MANAGEMENT STRUCTURE

### C.1. Board of Directors

C.1.1 Maximum and minimum number of directors stipulated in the articles of association and the number set by the general shareholders meeting:

Maximum number of directors	15
Minimum number of directors	5
Number of directors set by the AGM	7

C.1.2 Complete the following table of board members:

Name or company name of director	Representative	Category of director	Board position	Date of first appointment	Date of latest appointment	Election procedure
Ms NURIA ALIÑO PÉREZ		Independent	COMPANY DIRECTOR	06/10/2020	06/10/2020	RESOLUTION OF THE GENERAL SHAREHOLDERS MEETING
Ms MARÍA SICILIA SALVADORES		Independent	COMPANY DIRECTOR	06/10/2020	06/10/2020	RESOLUTION OF THE GENERAL SHAREHOLDERS MEETING
MR FERNANDO CABALLERO DE LA SEN		Independent	INDEPENDENT LEAD DIRECTOR	06/10/2020	06/10/2020	RESOLUTION OF THE GENERAL SHAREHOLDERS MEETING
Mr JOSÉ FRANCISCO MORALES TORRES		Proprietary director	COMPANY DIRECTOR	06/10/2020	06/10/2020	RESOLUTION OF THE GENERAL SHAREHOLDERS MEETING
Mr RAÚL MORALES TORRES		Executive	CHAIRMAN AND CHIEF EXECUTIVE OFFICER	02/12/2019	06/10/2020	RESOLUTION OF THE GENERAL SHAREHOLDERS MEETING
Mr MARCOS SÁEZ NICOLÁS		Proprietary director	COMPANY DIRECTOR	06/10/2020	06/10/2020	RESOLUTION OF THE GENERAL SHAREHOLDERS MEETING

Name or company name of director	Representative	Category of director	Board position	Date of first appointment	Date of latest appointment	Election procedure
Ms MARINA MORENO DÓLERA		Proprietary director	COMPANY DIRECTOR	06/10/2020	06/10/2020	RESOLUTION OF THE GENERAL SHAREHOLDERS MEETING

Total number of directors	7
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Indicate any resignations from the board of directors during the reporting period, whether due to resignation or by resolution of the general shareholders meeting:

Name or company name of director	Category of director at the time of termination	Date of latest appointment	Termination date	Special Committees of which a member	Indicate whether the termination took place before the end of the term
No data					

Cause of termination, if occurring before the end of the term of office and other remarks; information on whether the director has sent a letter to the other members of the board and, in the case of termination of a non-executive director, explanation or opinion of the director who has been removed by the general shareholders meeting

There have been no resignations or dismissals during the period under review.

C.1.3 Complete the following tables on board members and their different categories:

EXECUTIVE DIRECTORS		
Name or company name of director	Position in the company's organisation chart	Profile
Mr RAÚL MORALES TORRES	Chief Executive Officer	Raúl Morales is the founder and CEO of Soltec. For more than a decade, he has led Soltec in becoming one of the largest manufacturers and suppliers of single-axis solar trackers. Having extensive experience in the solar PV industry, Morales combines his passion for renewable energy with a commitment to driving productivity through innovation and by attracting talent.

Total number of executive directors	1
% of total board	14.29

EXTERNAL PROPRIETARY DIRECTORS		
Name or company name of director	Name or corporate name of the significant shareholder he/she represents or who has proposed their appointment	Profile
Mr JOSÉ FRANCISCO MORALES TORRES	VALUETEAM S.L.	José Francisco M. Torres is the founder of Seguidores Solares Planta 50 S.L., dedicated to photovoltaic energy production and specialising in consultancy for companies in the renewable sector. He is an economist with 42 years of experience in the fiscal and accounting consultancy sector. His extensive experience makes him a fine candidate to serve as advisor to Soltec Power Holdings.
Mr MARCOS SÁEZ NICOLÁS	GRUPO CORPORATIVO SEFRAN S.L.	Marcos Sáez is the managing director of Zukán S.L.U. Throughout his more than 20 years of experience, Sáez has been CFO at Soltec for the past 14 years, and he has grown the company's sales greatly. He has also worked as a consultant or financial director for the companies of Grupo Corporativo Sefran S.L.
Ms MARINA MORENO DÓLERA	GRUPO CORPORATIVO SEFRAN S.L.	Marina Moreno has more than 5 years of experience in roles of responsibility in finance departments. Moreno has worked at Soltec as a collaborator in financial analysis and continues to advise Zukán S.L.U. on organisation and sustainability. At Zukán he has also worked in the operations, logistics, production and finance departments.

Total number of proprietary directors	3
% of total board	42.86

EXTERNAL INDEPENDENT DIRECTORS	
Name or company name of director	Profile
Ms NURIA ALIÑO PÉREZ	Nuria Aliño has extensive experience in investment banking, having worked for more than 20 years in developed and developing markets. She was Managing Director at BBVA Corporate and Investment Banking and in 2016 she joined the World Bank Group. She currently works as a Global Digital Finance Services Specialist at IFC World Bank and is focused on digital transformation.
Ms MARÍA SICILIA SALVADORES	María Sicilia is Strategy Director with Enagás, a world leader in gas infrastructures, which is part of the IBEX35. She has worked at Iberdrola Renovables as head of regulatory affairs and market analysis and renewable energies foresight in 23 countries and as assistant director-general for Energy Planning with the Ministry of Industry, Energy and Tourism of the Spanish Government.
Mr FERNANDO CABALLERO DE LA SEN	Fernando Caballero is Managing Director with responsibility for AON's Risk Consulting Services and Solutions in Spain. He is also in charge of coordinating the AGCR initiatives in LATAM and Portugal and has over 8 years' experience with the big four in accounting and consultancy. Caballero is also a proactive member of the Institute of Internal Auditors in Spain

Total number of independent directors	3
% of total board	42.86

Indicate whether any director classified as independent receives from the company, or from the same group, any amount or benefit for an item other than director's remuneration, or maintains or has maintained, during the past financial year, a business relationship with the company or with any company in its group, either in his own name or as a significant shareholder, director or senior manager of a company that maintains or has maintained such a relationship.

Where appropriate, include a reasoned statement from the board as to why it considers that such director is able to perform his duties as an independent director.

Name or company name of director	Description of the relationship	Reasoned statement
No data		

**OTHER EXTERNAL DIRECTORS**

Identify other external directors and the reasons why they cannot be considered proprietary or independent, providing details of their links, whether with the company, its management or its shareholders:

Name or company name of director	Reasons	Related company, officer or shareholder	Profile
No data			

Total number of other external directors	N/A
% of total board	N/A

Indicate the changes, if any, that have occurred during the period in the category of each director:

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

C.1.4 Complete the following table with information on the number of female directors at the end of the last 4 financial years, as well as the category of such directors:

	Number of female company directors				% of the total number of directors in each category			
	2021 financial year	2020 financial year	2019 financial year	2018 financial year	2021 financial year	2020 financial year	2019 financial year	2018 financial year
Executive			N/A	N/A	0.00	0.00	N/A	N/A
Proprietary	1	1	N/A	N/A	33.33	33.33	N/A	N/A
Independent	2	2	N/A	N/A	66.67	66.67	N/A	N/A
Other External			N/A	N/A	0.00	0.00	N/A	N/A
Total	3	3	N/A	N/A	42.86	42.86	N/A	N/A

C.1.5 Indicate whether the company has diversity policies in place in relation to the company's board of directors with regard to issues such as, for example, age, gender, disability, professional background and experience. Small and medium-sized companies, in accordance with the definition contained in the Audit Act, will report, as a minimum, on the policy they have put in place in relation to gender diversity.

- Yes  
 No  
 Partial policies

Where they exist, describe these diversity policies, their objectives, measures and how they have been implemented, and their results for the year. Specific measures taken by the board of directors and the Appointments and Remunerations Committee to achieve a balanced and diverse participation of directors should also be indicated.

If the company does not implement a diversity policy, explain the reasons why it does not do so.

**Description of policies, objectives, measures and how they have been implemented, as well as the results obtained**

In the 2021 financial year, the Board of Directors approved a Diversity Policy for the Members of the Board of Directors with the aim of ensuring that the Board of Directors presents diversity in their skills, knowledge, experience, backgrounds, nationalities, age and gender.

It will be ensured that candidate selection is geared towards achieving a diverse and balanced Governing Board as a whole, a make-up to enhance decision-making by bringing a plurality of views into the debate on matters within its competence.

In this regard, the Board of Directors makes a commitment to promoting diversity in its composition and, to this end, in the selection of candidates for directors, candidates whose appointment favours directors with different skills, knowledge, experience, origins, nationalities, age and gender will be valued.

Diversity criteria will be chosen with regard to the nature and complexity of the Group's businesses, as well as the social and environmental context in which it operates.

In addition, depending on the needs of the Board of Directors, other criteria may be taken into consideration.

The candidate-selection process will eschew any kind of bias that may imply any discrimination, inter alia, on grounds of sex, ethnic origin, age or disability.

The Board of Directors will periodically assess the degree of compliance with and the effectiveness of its diversity policy and, in particular, the percentage of female directors, in the review of which it will always prioritise their merit and ability as an essential criterion that must prevail in the selection process, in order to assess the degree of compliance with the corporate governance recommendations about the integration of female directors.

During the 2021 financial year, this diversity policy was clearly implemented in full, as the Board of Directors presents a clear balance between the number of executive, proprietary and independent directors, a satisfactory percentage of female directors representing 42.86%, a wide range of ages and a great diversity of training and professional backgrounds. In the opinion of the Appointments and Remuneration Committee and the Board of Directors, the current composition of the Board fully complies with the Diversity Policy.

C.1.6 Explain any measures agreed by the Appointments committee for ensuring that the selection procedures are free from implicit biases that would impede the selection of female directors, and that the company conscientiously seeks out and includes among potential candidates women who meet the professional profile sought and facilitates a balanced presence of women and men. Also indicate whether these measures include encouraging the company to have a significant number of senior managers:

**Explanation of measures**

In the 2021 financial year, the Board of Directors approved the Diversity Policy for Board members. This expressly includes the need to avoid any type of bias in the candidate selection process that would suggest any discrimination, among others, for reasons of gender, ethnic origin, age or disability.

It also states that the Board of Directors will periodically assess the degree of compliance and effectiveness of its diversity policy and, in particular, the percentage of female directors, in the review of which it will always prioritise their merit and ability as an essential criterion that must prevail in the selection of directors to assess the degree of compliance with the corporate governance recommendations regarding the presence of female directors.

At present, and since it was first formed, the Board has been made up of 42.83% of female directors, while women account for 37.5% of senior management at the company. There is no implicit bias against including women in these positions.

When, despite the measures taken, if any, there are few or no female directors or senior managers, explain the reasons for this:

**Explanation of reasons**

There are a large number of female board members and senior managers.

C.1.7 Explain the findings of the Appointments committee on verifying compliance with the policy for promoting an appropriate composition of the board of directors.

As indicated in section C.1.5., in 2021 the Board of Directors, following a favourable report from the Appointments and Remuneration Committee, approved the Diversity Policy for Members of the Board of Directors.

The Policy sets down that the Board of Directors makes a commitment to promoting diversity in how it is formed and, to this end, in selecting candidates as directors, with due consideration given to candidates whose appointment would mean a board that shows a breadth of skills, knowledge, experience, origins, nationalities, age and gender.

In the opinion of the Appointments and Remunerations Committee, the current composition of the Board is diverse and balanced in terms of the kinds of director, as well as their age, gender, skills and knowledge. The Board of Directors is currently made up of 7 members, of which 1 is an Executive Director, 3 are Independent Directors and 3 are Proprietary Directors. There are three female company directors and four male directors. The professional profiles are varied, ranging from people with backgrounds and expertise in the photovoltaic energy sector, as well as in other energy sources, and those with experience in banking, auditing and risk. The age range is broad.

For all these reasons, the Appointments and Remunerations Committee has concluded that in 2021 the guidelines of the Diversity Policy have been fulfilled.

The Committee also remarked on the following in their report:

No deficiencies in gender diversity were found and therefore the provisions of article 529 quidecies.3.b) of the Capital Companies Act, ("establish a target for the representation of the under-represented sex on the Board of Directors and develop guidelines on how to achieve it") are met.

As regards the distribution of directors by category (executive, proprietary, independent and other directors), the current composition complies with the recommended number of independent directors (one third), so that the board is fully counterbalanced between the number of proprietary and independent directors.

In the same vein, the composition of the Board has been designed to favour diversity of knowledge, experience and gender, with the Board being made up of people of different backgrounds, experience, age and knowledge.



C.1.8 Explain, if applicable, the reasons why proprietary directors have been appointed at the request of shareholders whose shareholding is less than 3% of the share capital:

Name or company name of the significant	Reasons
No data	

State whether any formal requests for inclusion on the board have been ignored from shareholders whose shareholding is equal to or greater than that of others at whose request proprietary directors would have been appointed. If so, please explain the reasons why they have been ignored:

- [ ] Yes  
[ v ] No

C.1.9 State the powers and authorities, if any, delegated by the board of directors, including those relating to the possibility of issuing or repurchasing shares, to directors or board committees:

Name or company name of director or committee	Brief description
RAÚL MORALES TORRES	As Chief Executive Officer, Mr Raúl Morales has been delegated all the powers attributed to the company's governing body which are not non-delegable and which have not been reserved to the full Board by law, the Articles of Association or the Rules governing the Board of Directors.

C.1.10 Identify, if applicable, the members of the board who are directors, representatives of directors or executives in other companies forming part of the listed company's group:

Name or company name of director	Company name of the group entity	Position	Does it carry executive duties?
Mr RAÚL MORALES TORRES	Powertis S.A.U.	Member of the Board of Directors	NO
Mr RAÚL MORALES TORRES	Soltec Innovations S.L.U.	Sole Administrator	YES
Mr RAÚL MORALES TORRES	Soltec Energías Renovables S.L.U.	Sole Administrator	YES
Mr RAÚL MORALES TORRES	Seguidores Solares S.L.	Sole Administrator	YES

C.1.11 List any roles as executive director, administrator or company director, or as representatives thereof, held by members of the company's board of directors in other entities, whether or not they are listed companies:

Named director or representative	Company name of the entity, whether listed or not	Position
Ms MARÍA SICILIA SALVADORES	Tubos Reunidos S.A.	COMPANY DIRECTOR
Ms MARÍA SICILIA SALVADORES	Dualmetha	COMPANY DIRECTOR

Named director or representative	Company name of the entity, whether listed or not	Position
Mr RAÚL MORALES TORRES	VALUETEAM S.L.	SOLE ADMINISTRATOR
Mr RAÚL MORALES TORRES	Valuehome S.L.	SOLE ADMINISTRATOR
Mr RAÚL MORALES TORRES	Murciana de Energía Solar S.L.	SOLE ADMINISTRATOR
Mr JOSÉ FRANCISCO MORALES TORRES	Solar Trackers Planta 50, S.L.U.	SOLE ADMINISTRATOR

Indicate, if applicable, any other remunerated activities of the directors or representatives of the directors, whatever their nature, other than those indicated in the above table.

Named director or representative	Other paid activities
Ms MARÍA SICILIA SALVADORES	Director of Strategy with executive duties at Enagás S.A.
Mr FERNANDO CABALLERO DE LA SEN	Managing Director AON
Mr MARCOS SÁEZ NICOLÁS	Executive Director Zukán S.L.U.
Ms NURIA ALIÑO PÉREZ	•Open Banking and Digital Transformation Specialist at World Bank Group – Adjunct Professor at IE University
Mr JOSÉ FRANCISCO MORALES TORRES	Freelance economist and Head of Internal Audit Department, as an employee.

C.1.12 Indicate and, if applicable, explain whether the company has established rules on the maximum number of company boards its directors may form part of, identifying, if applicable, any related rules:

[  ] Yes  
[  ] No

**Explanation of the rules and identification of the regulatory document**

Directors may not sit on more than four Boards outside of the company.

This restriction is contained in Article 21.2 (viii) of the Rules governing the Board of Directors.

2. Directors must tender their resignation to the board of directors and, should the board deem it appropriate, formalise their resignation in the following cases:

(viii) When they sit on more than four boards of directors of other companies (outside of the Company).

C.1.13 Indicate the amounts of the following items relating to the overall remuneration of the board of directors:

Remuneration accrued during the year to the Board of Directors (thousands of euros)	499
Amount of accumulated funds by current directors through long-term savings schemes with vested economic rights (thousands of euros)	
Amount of accumulated funds by current directors for long-term savings schemes with non-consolidated economic rights (thousands of euros)	7
Amount of accumulated funds by former directors through long-term savings schemes (thousands of euros)	

The amount of Board remuneration includes the Chief Executive Officer's allowance for his executive duties

C.1.14 Identify the members of senior management who are not personally executive directors, and indicate the total remuneration accrued by them during the financial year:

Name or company name	Position(s)
Mr PABLO OTÍN PINTADO	Business Unit General Manager Powertis
Mr JOSÉ FRANCISCO NÚÑEZ JIMÉNEZ	Chief Financial Officer
Mr SERGIO LÓPEZ OÑA	Business Unit General Manager Soltec Industrial
Mr EDUARDO DE SAN NICOLÁS JUÁREZ	Chief Strategy Officer
Ms ADA DE PAULA LAX RUIZ	Chief Marketing Officer
Ms SILVIA AMATERATSU DÍAZ DE LASPRA MORALES	Chief Legal Officer
Ms MERITXELL PÉREZ DE CASTRO ACUÑA	Investor Relations Director
Mr GABRIEL SEOANE SÁNCHEZ	Chief Organization Officer

Number of women in senior management	3
Percentage of total members of senior management	37.50

Total remuneration of senior management (thousands of euros)	939
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C.1.15 Indicate whether there have been any changes made to the Rules governing the Board of Directors during the year:

- Yes  
 No

C.1.16 Indicate the procedures for selection, appointment, re-election and removal of directors.

Detail the relevant bodies, procedures to be followed and criteria to be used in each of the procedures.

Directors will be appointed by the general shareholders meeting or by the board of directors by co-option, following a report from the appointments and remuneration committee or, in the case of independent directors, where proposed by the latter, in accordance with the provisions contained in the applicable regulations, the Articles of Association and the Rules governing the Board of Directors. The board of directors will endeavour to ensure that candidates are chosen from among persons of recognised solvency, competence and experience, and will exercise the utmost rigour with regard to those persons offered the role of independent director. Before proposing the re-election of directors to the general shareholders meeting, the board of directors will assess, with the parties concerned abstaining, the quality of the work and dedication to the post of the directors proposed during the previous term of office. Directors will cease to hold office at the end of their appointed term and when so decided by the general shareholders meeting in exercising its legal or statutory powers. In the 2021 financial year, the Board of Directors approved a Diversity Policy for the members of the Board of Directors, as mentioned above.

**C.1.17 Explain to what extent the Board's yearly performance appraisal has led to significant changes in its internal organisation and in the procedures applicable to its activities:**

**Description of changes**

In its performance appraisal carried out in 2021, the Board of Directors found no major deficiencies, and the points contained in the Action Plan do not envisage any major changes to either the internal organisation or the applicable procedures. However, we will elaborate below on the main points included in the Action Plan resulting from the Board's yearly performance appraisal for 2021 as follows:

- a). A commitment has been made to ensure that directors have to hand documentation relating to the matters included on the agenda, as set prior to each meeting, and made available to them at the earliest opportunity so that they can study it and cast a vote based on prior knowledge of the matter.
- b). Given that the information usually provided is very extensive, a commitment has been made to circulate drafts prior to the final document, so that the information can be reviewed by the directors well in advance, regardless of the edits made in the final document.
- c). With regard to financial information, during 2021, and at the request of the directors, a format for presenting information has been agreed with the financial management that contains a structure for reviewing the group's economic data through a more concise dashboard design, without diminishing the extent or availability of the information provided, so that directors have an in-depth awareness of the situation and outlook of the Company and its group, presented in a more streamlined and intuitive way, as well as a progress report.
- d). Continue to make progress in ensuring that the information on the most significant transactions for the Company and the Group is presented in a way that the directors can analyse more easily and in greater detail.
- e). Continue the positive improvement in the sensitivity analysis of the strategy and strategic projects, so as to enable the Directors to become more involved in risk assessment if certain forecasts are not met.
- f). Likewise, it is also considered advisable to continue working on improving the integration of information on the different strategic projects and those of greater relevance, in order to be able to assess, from a global perspective, both Company and group risk, as well as its integration within the framework of the Strategic Plan and its updates.
- g). Directors have been advised to explore training in knowledge of the sector and the group and in their own functions as directors.

Describe the appraisal process and the areas evaluated by the board of directors assisted, where necessary, by an external consultant, with respect to how the board is run and formed, together with its committees and any other area or aspect subject to appraisal.

**Description of the performance appraisal process and areas evaluated**

The Board carried out its yearly performance appraisal at the close of the 2021 financial year, led by the Secretary of the Board and the Lead Director, in accordance with art. 529 septies of the Capital Companies Act. The performance appraisal was carried out in two formats, written and face-to-face. In the written format, directors answered anonymously the standard questions contained in a survey sent to them by letter and, subsequently, a face-to-face session was held, without a structured format, with each director, involving dialogue and suggestions. On completion of the performance appraisal, a report was drawn up, which was commented on and approved by the Board of Directors, as well as an Action Plan with the aim of correcting the detected deficiencies.

**C.1.18 Details, for years where an external consultant assisted with the performance appraisal, of the business relationships between the consultant or any company in its group with the Company or any of its group companies.**

The company has not yet carried out a Board performance appraisal with the assistance of an external consultant in any financial year, given that it only began trading in 2020.

**C.1.19 Indicate the cases in which directors are obliged to resign.**

- (i) When they leave the executive positions with which their appointment as director was associated.
- (ii) When they are involved in any of the cases of incompatibility or proscription provided for by law or the Articles of Association.
- (iii) When they are seriously reprimanded by the board of directors for having been found in breach of their obligations as directors.
- (iv) When their continued membership on the board of directors may jeopardise or harm the interests, prestige or reputation of the Company or when the reasons for which they were appointed cease to exist, including, without limitation, when their professional situation or in the conditions under which they were appointed as directors are significantly affected.

(v) When they are charged or prosecuted as part of criminal proceedings or are the subject of disciplinary proceedings for serious or very serious misconduct by the supervisory authorities.

(vi) In the case of proprietary directors (i) when the shareholder they represent sells their entire shareholding or reduces it significantly and, (ii) in the appropriate number, when such shareholder reduces their shareholding to a level that requires a reduction in the number of proprietary directors.

(vii) When, due to acts attributable to the director, in the opinion of the board, his or her continued membership on the board of directors seriously impairs the company's assets or reputation.

(viii) When they sit on more than four boards of directors of other companies (outside of the Company).

C.1.20 Are enhanced majorities, other than legally-stipulated majorities, required for any kind of decision?

Yes

No

Where applicable, please describe the differences.

C.1.21 Explain whether there are specific requirements, other than those relating to directors, to be appointed chairman of the board of directors:

Yes

No

C.1.22 Indicate whether the articles of association or Rules governing the Board of Directors establish any age limit for directors:

Yes

No

C.1.23 Indicate whether the articles of association or the Rules governing the Board of Directors establish a limited term of office or other more stringent requirements additional to those legally established for independent directors, other than those established in the regulations:

Yes

No

C.1.24 Indicate whether the articles of association or the Rules governing the Board of Directors establish specific rules for proxy voting on the board of directors for other directors, how proxy voting is done and, in particular, the maximum number of proxies that a director may hold, as well as whether any limitations are set as to the categories for which proxies may be granted, beyond the limitations imposed by law. If so, please give brief details of these rules.

In accordance with the Rules governing the Board of Directors, the directors will make every effort to attend the meetings of the Board of Directors and, when they are unable to do so in person, will grant their proxy in writing and on an ad hoc basis for each meeting to another member of the Board of Directors, including appropriate instructions, and will inform the Chairman of the Board of Directors thereof. In the case of non-executive directors, they may only be represented by another member of the board of directors with the same status. Directors' absences from board meetings will be quantified in the annual corporate governance report.

C.1.25 Indicate the number of Board of Directors meetings held during the financial year. Also indicate the number of times, if any, the board has met in the absence of the Chairman. For the purposes of calculating attendance, representations made with specific instructions will be considered as attendance.

Number of board meetings	12
Number of board meetings in the Chairman's absence	0

Indicate the number of meetings held by the lead director with the other directors, without any executive director being either present or represented:

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

Number of Audit Committee meetings	11
Number of meetings of the Sustainable Development Committee	4
Number of Appointments and Remuneration Committee meetings	5

C.1.26 Indicate the number of meetings held by the board of directors during the financial year and its' members attendance figures:

Number of meetings attended in person by at least 80% of the Board Members	12
Attendance in person as a % of total votes during the financial year	100.00
Number of meetings attended in person, or representations made with specific instructions, by all directors	12
% of votes cast with physical attendance and proxies made with specific instructions, out of the total number of votes cast during the year	100.00

C.1.27 Indicate whether the individual and consolidated annual accounts submitted to the board for formulation are previously certified:

- Yes  
 No

Identify, if applicable, the person(s) who has/have certified the individual and consolidated annual accounts of the company, for their preparation by the board:

C.1.28 Explain any mechanisms set in place by the board of directors to ensure that the annual accounts submitted by the board of directors to the general shareholders meeting are drawn up in accordance with accounting regulations.

The Board of Directors has delegated to the Audit Committee the supervision of the company's financial and non-financial information and mechanisms for internal control over financial reporting (ICFR) are in place, given that all financial and non-financial information proposed for approval by the Board of Directors is informed favourably and in advance by the Audit Committee. In addition, the company's internal audit function performs periodic audits of the financial statements of the subsidiaries in accordance with its annual audit plan. In addition, our external auditors review and validate all information published.

C.1.29 Is the Secretary of the Board a Director?

- Yes  
 No

If the Secretary is not a Director, fill in the following table:

Name or company name of the Secretary	Representative
Ms SILVIA AMATERATSU DÍAZ DE LASPRA MORALES	

C.1.30 Indicate the specific mechanisms established by the company to safeguard the independence of the external auditors, as well as, if any, the mechanisms to safeguard the independence of financial analysts, investment banks and rating agencies, including how the legal provisions have been implemented in practice.

**Independence of the Auditor**

Sections 14v and 14 vi of the Rules governing the Board of Directors establish the relations with the auditors in order to receive information on matters that may jeopardise their independence, for examination by the audit committee, and any other matters related to the process of auditing the accounts and, where appropriate, the authorisation of services other than those prohibited, under the terms provided in the applicable regulations, as well as those other communications covered in the legislation on auditing the accounts and in other auditing standards. In any case, the audit committee must receive from the auditors on a yearly basis written confirmation of their independence from the Company and entities directly or indirectly related to it, together with detailed and itemised information on additional services provided of any kind and the corresponding fees received from these entities by the external auditor or by the persons or entities related to it, in accordance with the provisions of legislation on auditing of accounts.

In this regard, a report will be issued annually, prior to the audit report, expressing an opinion on whether the independence of the auditors or audit firms has been compromised. This report will, in any case, give an opinion on the provision of the additional services referred to in the preceding paragraph, individually and as a whole, other than the statutory audit and in relation to the rules on independence or to the audit regulations.

The Audit Committee's activity report includes an assessment of the independence of the external auditor, verifying that there are no grounds for incompatibility or abstention, as well as prohibitions, and that any threats to its independence have been correctly identified and assessed.

**– Independence of financial analysts, investment banks and rating agencies**

The principles underlying the company's relationship with financial analysts and investment banks are based on transparency, simultaneity and non-discrimination, and always in strict compliance with securities market regulations. The company also takes special care not to compromise or interfere with the independence of financial analysts in respect of the services provided by investment banks, in accordance with the internal codes of conduct established by the banks themselves and aimed at separating their analytical and advisory services.

C.1.31 Indicate whether the Company has changed external auditors during the financial year. Where applicable, identify the incoming and outgoing auditor:

- Yes  
 No

Where differences arose with the outgoing auditor, explain the substance of those differences:

- Yes  
 No

C.1.32 Indicate whether the audit firm performs other non-audit work for the Company and/or its group and if so, state the amount of fees received for such work and the percentage that the above amount represents of the fees invoiced for audit work to the Company and/or its group:

- Yes  
 No

	Company	Group companies	Total
Amount of other non-audit work (thousands of euros)	42	9	51
Amount of non-audit work / Amount of audit work (%)	7.97	5.00	7.22

C.1.33 Indicate whether a qualified audit report was given on the previous year's annual accounts. If applicable, state the reasons offered by the audit committee chair to shareholders at the General Shareholders Meeting to explain the content and scope of such qualifications.

Yes  
 No

C.1.34 Indicate the number of consecutive years that the current audit firm has been auditing the Company's individual and/or consolidated annual accounts. Also indicate the number of years audited by the current audit firm as a percentage of the total number of years for which the annual accounts have been audited:

	Individual	Consolidated
Number of uninterrupted financial years	2	2
No. of years audited by the current audit firm / No. of years the Company or its group has been audited (%)	100.00	100.00

C.1.35 Indicate whether there is a procedure for ensuring that directors have the necessary information to prepare for meetings of the governing bodies in good time and, if so, provide details:

Yes  
 No

**Details of procedure**

The company issues notices to the board of directors as far in advance as possible and in any case above the minimum limit of three days established in the Rules governing the Board of Directors. Once the notices have been issued to the board or the committees, the Company or the chairs organise working meetings to identify all those aspects that require a higher level of information than that sent, or so that the directors can raise queries or request additional information to that provided. At all times, the Company encourages contact between the directors and company senior management, so that the directors may directly contrast the information subject to approval and the internal management.

The Rules governing the Board of Directors provide the option for all directors to seek the advice necessary for the performance of their duties. Moreover, the secretary and the legal counsel offer continuous advice within the Board of Directors. In addition, the Action Plan drawn up following the Board's evaluation process in 2021 includes the need to continue to improve in this area, as well as the commitment to ensure that information is provided to Directors as far in advance as possible for their consideration prior to Board or Board Committee meetings.



C.1.36 Indicate whether the company has established rules obliging directors to inform and, where appropriate, to resign when situations arise that affect them, whether or not related to their actions in the company itself, which could damage the prestige and reputation of the company:

Yes  
 No

Explain the rules

Directors must tender their resignation to the board of directors and, should the board deem it appropriate, formalise the corresponding resignation in the following cases:

- (i) When they leave the executive positions with which their appointment as director was associated.
- (ii) When they are involved in any of the cases of incompatibility or proscription provided for by law or the Articles of Association.
- (iii) When they are seriously reprimanded by the board of directors for having been found in breach of their obligations as directors.
- (iv) When their continued membership on the board of directors may jeopardise or harm the interests, prestige or reputation of the Company or when the reasons for which they were appointed cease to exist, including, without limitation, when their professional situation or in the conditions under which they were appointed as directors are significantly affected.
- (v) When they are charged or prosecuted in criminal proceedings or are the subject of disciplinary proceedings for serious or very serious misconduct by the supervisory authorities.
- (vi) In the case of proprietary directors (i) when the shareholder they represent sells their entire shareholding or reduces it significantly and, (ii) in the appropriate number, when such shareholder reduces their shareholding to a level that requires a reduction in the number of proprietary directors.

C.1.37 Indicate, unless special circumstances have arisen which have been recorded in the minutes, whether the board has been informed or has otherwise become aware of any situation affecting a director, whether or not related to his or her performance in the company itself, which could damage the prestige and reputation of the company:

Yes  
 No

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

Nothing to highlight

C.1.39 Identify individually, in the case of directors, and on an aggregate basis in all other cases, and indicate, in detail, the agreements between the company and its directors and management or employees which provide for indemnities, guarantee or golden parachute clauses, where they resign or are unfairly dismissed or if the contractual relationship is terminated by a takeover bid or other transaction.

Number of beneficiaries	1
Type of beneficiary	Description of the agreement
Chief Executive Officer	In the event of structural change to the company or change of ownership involving a change of control, regardless of its form, the chief executive officer, if he/she chooses to leave his/her post, will be entitled to receive a severance payment equal to twice the amount of the last total yearly remuneration received, which will include fixed remuneration, variable remuneration, long-term incentive plans and all rights and benefits that may have been established.

Indicate whether, apart from the cases provided for in the regulations, these contracts must be reported to and/or approved by the bodies of the company or its group. If so, specify the procedures, the cases envisaged and the nature of the bodies responsible for approval or communication:

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

## C.2. Board committees

C.2.1 List all the committees of the board of directors, their members and the proportion of executive, proprietary, independent and other external directors sitting:

Audit Committee		
Name	Position	Category
Ms NURIA ALIÑO PÉREZ	MEMBER	Independent
Mr FERNANDO CABALLERO DE LA SEN	CHAIR	Independent
Mr JOSÉ FRANCISCO MORALES TORRES	MEMBER	Proprietary director

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

Explain the functions, including, if applicable, those additional to those provided for by law, attributed to this committee, and describe the procedures and rules of organisation and operation of the same. For each of these functions, indicate its most important actions during the financial year and how it has exercised in practice each of the functions attributed to it, either in law or in the Articles of Association or in other corporate resolutions.

- To report to the general shareholders meeting on matters within its competence and, in particular, on the outcome of the audit.
- Monitor the effectiveness of the internal controls of the Company and its group, the internal audit and risk management systems, both financial and non-financial, and discuss with the auditor any significant weaknesses in the internal control system found during the course of the audit, without compromising the auditor's independence.
- Supervise the process for preparing and presenting regulated financial and non-financial information and submit recommendations or proposals to the board of directors.
- Propose to the board of directors, for submission to the general shareholders meeting, the selection, appointment, re-election or substitution of the auditors, in accordance with the applicable regulations, as well as the terms and conditions of their engagement, and regularly obtain information from them on the audit plan and its execution, and safeguard their independence in the performance of their duties.
- Establish appropriate relations with the auditors for receiving information on those issues that may jeopardise their independence, for examination by the audit committee, and any other issues related to the accounts auditing process.

- Issue, prior to the audit report, a yearly report expressing an opinion on whether the independence of the auditors or audit firms has been compromised. This report will, in any case, give an opinion on the provision of the additional services referred to in the preceding paragraph, individually and as a whole, other than the statutory audit and in relation to the independence regime or to the audit regulations.
- Report to the board of directors in advance on all matters provided for by law, in the articles of association and in the Rules governing the Board of Directors and, in particular, on: (i) the financial information that the Company is obliged to disclose periodically; (ii) the creation or acquisition of interests in special purpose vehicles or entities domiciled in countries or territories considered as tax havens; and (iii) related party transactions.
- Oversee the Company's internal audit activity, supervising the internal audit plan and verifying that the plan has considered the main risk areas, both financial and non-financial, of the business.
- In relation to internal control and information systems: (a) supervise the preparation process and the integrity of the financial information relating to the Company and, where appropriate, the group; (b) ensure the independence of the unit responsible for internal auditing, propose the selection, appointment, re-election and dismissal of the head of internal auditing; receive regular information on the implementation of the annual work plan; and (c) establish and supervise a mechanism that allows employees or other persons connected with the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report, either confidentially or anonymously, any potentially significant irregularities, including financial and accounting irregularities, or any other type of irregularity related to the company that they notice within the Company or its group. This mechanism must guarantee confidentiality and, in any case, provide for cases where communications can be made anonymously, respecting the rights of the whistle-blower and the party subject of complaint.
- In relation to the external auditor: (a) in the event of resignation, examine the circumstances giving rise to it; (b) ensure that their remuneration does not compromise their quality or independence; (c) ensure the Company notifies the CNMV of any change of auditor and support this, where appropriate, with a statement on any potential differences with the outgoing auditor and the substance thereof; (d) ensure that the external auditor meets annually with the full board of directors to deliver a report on the work performed and developments in the Company's situation; (e) ensure that the Company and the external auditor respect the rules in force on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, any other rules on auditor independence.
- Ensure that the annual accounts submitted by the board of directors to the general shareholders meeting are drawn up in accordance with accounting regulations and that, in cases where the auditor has included a qualification in their audit report, the chairman of the audit committee clearly explains the audit committee's opinion on its content and scope at the annual meeting.
- Call on any employee or officer of the Company, including arranging for them to appear without the presence of any other officer.
- Check that the financial and non-financial information published on the Company website is continuously up to date.
  
- Regularly assess the need for a separate department for risk control and management.
- Define the procedure for selecting the statutory auditor.

For further information, please refer to the annual report of the audit committee, which will be published on the Company website.

Identify directors who are members of the audit committee that have been appointed on the basis of their accounting and/or auditing knowledge and experience and state the date when the chair of the audit committee was appointed.

Names of company directors with experience	Ms NURIA ALIÑO PÉREZ / Mr JOSÉ FRANCISCO MORALES TORRES
Date when chair was appointed	06/10/2021

Sustainable Development Committee		
Name	Position	Category
Ms NURIA ALIÑO PÉREZ	CHAIR	Independent
Ms MARÍA SICILIA SALVADORES	MEMBER	Independent
Ms MARINA MORENO DÓLERA	MEMBER	Proprietary director

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

Explain the functions delegated or assigned to this committee other than those already described in section C.1.9, and describe the procedures and rules of organisation and operation of the committee. For each of these functions, indicate its most important actions during the financial year and how it has exercised in practice each of the functions attributed to it, whether by law, in the Articles of Association or in other corporate agreements.

- Monitoring compliance with the Company's corporate governance rules and internal codes of conduct, and ensuring that corporate culture aligns with its purpose and values.
- Overseeing the implementation of the general policy on financial, non-financial and corporate reporting as well as communication with shareholders and investors, proxy advisors and other stakeholders. It will also be monitored how the Company communicates and interacts with small and medium-sized shareholders.
- Evaluation and periodic review of the corporate governance system and of the company's environmental and social policy, so that they fulfil their mission of promoting the social interest and take into account, as appropriate, the legitimate interests of other stakeholders.
- Monitoring that the company's environmental and social practices are in line with the strategy and policy established.
- Monitoring and evaluation of stakeholder engagement processes.
- Monitor the Company's performance in matters of corporate reputation and report to the Board of Directors accordingly.
- Advise, prior to its approval, on the annual corporate governance report and the statement of non-financial information of the Company, obtaining for this purpose the necessary reports from the audit committee and the Appointments and Remunerations Committee in relation to the sections of said report that are encompassed within the scope of their competencies.
- Inform on proposals for amending the Rules governing the Board of Directors and the code of ethics.
- Issue reports and implement actions that, within its sphere of competence, may additionally correspond to it, in accordance with the corporate governance system, or which may be requested by the board of directors or its chairman.
- Assume the functions attributed to it in the code of ethics.

**Appointments and Remuneration Committee**

Name	Position	Category
Ms NURIA ALIÑO PÉREZ	MEMBER	Independent
Ms MARÍA SICILIA SALVADORES	CHAIR	Independent
Mr FERNANDO CABALLERO DE LA SEN	MEMBER	Independent

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

Explain the functions, including, if applicable, those additional to those provided for by law, attributed to this committee, and describe the procedures and rules of organisation and operation of the latter. For each of these functions, indicate its most important actions during the financial year and how it has exercised in practice each of the functions attributed to it, either in law or in the Articles of Association or in other corporate resolutions.

- Assess the skills, knowledge and experience required of the board of directors. For this purpose, it will define the functions and skills required of the candidates to fill each vacancy and assess the time and dedication necessary for them to carry out their duties effectively, taking into account a competency matrix drawn up in advance, defining the most suitable functions, competencies, knowledge and experience required for the job.
- Analysing the other occupations of each Company director, ensuring that the directors devote sufficient time in practice and, if this is not the case, proposing the appropriate measures to be taken.
- Set a representation target for the under-represented gender on the board and develop guidance on how to achieve this target.
- Submit proposals to the board of directors for the appointment of independent directors, to be appointed by co-option or for submission to the decision of the general shareholders meeting, as well as proposals for the re-election or removal of such directors by the general shareholders meeting.
- Report on proposals for the appointment of the remaining directors for appointment by co-option or for submission to the decision of the general shareholders meeting, as well as proposals for their re-election or removal by the general shareholders meeting.

- To report on proposals for the appointment, reappointment and dismissal of senior management and the basic conditions of their contracts.
- Examine and organise the succession of the chairman of the board of directors and the chief executive of the Company and, if appropriate, make proposals to the board of directors for the succession to take place in an orderly and pre-planned manner, in consultation with the chairman of the Company, and involving the coordinating director, if any, and provided that he is not a member of the appointments and remuneration committee.
- Propose to the board of directors the remuneration policy for directors and general managers or those who perform their duties as senior management reporting directly to the board of directors, executive committees or managing directors, as well as the individual remuneration and other contractual conditions of executive directors, while verifying and ensuring compliance therewith.
- Verify compliance with the Company's remuneration policy.
- Periodically review the remuneration policy applied to directors and senior management, including share-based remuneration schemes and their implementation, and ensure that their individual remuneration is proportionate to that paid to other directors and senior management.
- Propose to the board of directors a policy for selecting directors and, where appropriate, senior management, which should contain measures to encourage the company to have a significant number of senior managers.
- Ensure that any conflicts of interest do not prejudice the independence of the external advice provided to the Commission.
- Verify information about remunerations for directors and senior management contained in the various corporate documents, including the annual remuneration report.

For further information, please refer to the annual report of the Appointments and Remunerations Committee, which will be published on the Company website

**C.2.2** Complete the following table with information on the number of female directors on the board committees at the close of the past four financial years:

	Number of female company directors							
	2021 financial year		2020 financial year		2019 financial year		2018 financial year	
	Number	%	Number	%	Number	%	Number	%
Audit Committee	1	33.33	1	33.33	N/A	N/A	N/A	N/A
Sustainable Development Committee	3	100.00	3	100.00	N/A	N/A	N/A	N/A
Appointments and Remuneration Committee	2	66.67	2	66.67	N/A	N/A	N/A	N/A

**C.2.3** Indicate, where they exist, regulations on board committees, where they may be consulted, and any amendments made during the financial year. Likewise, indicate whether an annual report on the activities of each committee has been prepared on a voluntary basis.

The committees, how they are formed, their functions and organisation are regulated in the Rules governing the Board of Directors. The three committees have produced annual activity reports for the 2021 financial year.

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

**D.1.** Explain, if applicable, the procedure and competent bodies for the approval of related-party and intra-group transactions, indicating the criteria and general internal rules of the entity that regulate the abstention obligations of the directors or shareholders affected and detailing the internal procedures for reporting and periodic control systems established by the company in relation to those related-party transactions whose approval has been delegated by the board of directors.

It is the responsibility of the General Shareholders Meeting to approve:

- Related-party transactions whose amount or value (of the set of transactions provided for in a framework agreement or contract, where applicable) is equal to or exceeds 10% of the total asset items according to the latest annual balance sheet approved by the Company.
- When the business or transaction which the Related-Party Transaction consists of is, by its very nature, legally reserved to the competence of this body.

The Board of Directors will be responsible for approving:

- All other Related-Party Transactions.

During the 2021 financial year, the Related-Party Transactions Policy was approved and is available on the Company website, where the approval process for related-party transactions is elaborated.

**D.2.** Individually list any transactions significant due to their amount or relevant due to their subject matter taking place between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or represented on the company's board of directors, indicating which body had competence for approving them and whether any shareholder or director affected abstained. In the case where the board has competence, indicate whether the proposed resolution has been approved by the board without a majority of the independent directors voting against it:

	Name or company name of the shareholder or of any of its subsidiaries	% shareholding	Name or company name of the subsidiary company or dependent entity	Amount (thousands of euros)	Approving body	Identification of the significant shareholder or director would have abstained	The proposal to the board, if any, has been approved by the board without the majority of independents voting against
No data							

	Name or company name of the shareholder or of any of its subsidiary companies	Nature of the relationship	Type of transaction and other information necessary for assessing the transaction
No data			

There have been no significant related-party transactions during the year in terms of amount or subject matter. A number of warehouse lease and loan agreements entered into with Grupo Corporativo Sefran, S.L. prior to the IPO remain outstanding in 2021. A more detailed breakdown of the amount and nature of these transactions is provided in section 15.1 of the Notes to the Financial Statements.

- D.3.** List individually the transactions that are significant due to their amount or relevant due to their subject matter between the Company or its subsidiaries with the directors or executives of the Company, including those transactions carried out with entities that the director or executive controls or jointly controls, and indicating which body had competence for approving them and whether any affected shareholder or director abstained. In the case of board competence, indicate whether the proposed resolution has been approved by the board without a majority of the independent directors voting against it:

Name(s) or company name(s) of the director(s) or executive(s) or entities under their control or joint control	Name or company name of the company or dependent entity	Link	Amount (thousands of euros)	Approving body	Identification of the significant shareholder or director would have abstained	The proposal to the board, if any, has been approved by the board without the majority of independents voting against
No data						

Name(s) or company name(s) of the director(s) or executive(s) or entities under their control or joint control	Nature of the transaction and other information necessary for assessment of the transaction
No data	

Nothing to highlight

- D.4.** Report on an individual basis on the intra-group transactions that are significant due to their amount or relevant due to their subject matter between the company and its parent company or other entities belonging to the parent company's group, including the listed company's own subsidiaries, unless no other related party of the listed company has an interest in such subsidiaries or such subsidiaries are wholly owned, directly or indirectly, by the listed company.

In any case, any intra-group transactions with entities established in countries or territories considered as tax havens will be notified:

Company name of its group entity	Brief description of the operation and other information necessary for assessing the transaction	Amount (thousands of euros)
No data		

- D.5. Individually list any transactions that are significant due to their amount or relevant due to their subject matter between the company or its subsidiaries and other related parties in accordance with International Accounting Standards as adopted by the EU, which have not been reported under the previous headings.

Company name of related party	Brief description of the operation and other information necessary for assessing the transaction	Amount (thousands of euros)
No data		

- D.6. List the mechanisms in place to detect, determine and resolve possible conflicts of interest between the company and/or its group, and its directors, executives, significant shareholders or other related parties.

The Rules governing the Board of Directors expressly establish a mechanism for identifying and resolving conflicts as detailed in Article 29. In 2021, the Company approved a Policy on Conflicts of Interest and Related-Party Transactions, available on the Company website, where this point is elaborated on in further detail.

- D.7. Indicate whether the company is controlled by another entity under the terms of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relationships with that entity or any of its subsidiaries (other than those of the listed company) or engages in activities related to those of any of them.

Yes  
 No



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

### **E.1. Explain the scope of the company's financial and non-financial Risk Control and Management System, including those of a fiscal nature.**

The Soltec Group's risk management is an activity linked to the responsible development and growth of the Group's companies with the aim of maintaining its key position and leadership in the global photovoltaic energy market.

The main objective of risk management is to identify, define and quantify all business risks in order to apply the optimal mitigating measures for eliminating, offset or reduce the probability and/or severity of the threats identified, and to take advantage of the opportunities, allowing the Soltec Group to develop its activity and grow in a sustainable manner, making informed, consistent decisions.

Risk management is an activity integral to each and every process of the Soltec Group, where all departments of the Group companies collaborate in the daily control of risks. In addition, in a second line of control, there is a risk management department, with regular committees, which effectively monitors and systematises the activity.

As a third line of control, there is an internal audit department to ensure that the Group's companies operate correctly.

In the fiscal area, in 2021 the company obtained renewal of its certification by Aenor for compliance with the UNE 19602 standard, so that risk control in fiscal matters is optimal.

In addition, the company has also renewed its certification in 2021 for compliance with the UNE 19601 standard on the prevention of criminal risks.

### **E.2. Identify the company bodies responsible for the development and implementation of the financial and non-financial Risk Management and Control System, fiscal included.**

**Board of Directors:** In accordance with the provisions of the LSC, risk management is a non-delegable matter attributed to the full board.

**Audit Committee:** Pursuant to article 14.4 (ii) of the Rules governing the Board of Directors, risk management is a responsibility of the audit committee.

**Risk Management Committee:** The Risk Management Committee is a permanent internal body of an informative and executive nature that will discuss and reach agreements concerning risk management and insurance at corporate, bidding and project levels, as well as other strategic issues in relation to risk management with the objective of ensuring the sustainability of Soltec. In addition, it will ensure the creation of mechanisms to promote risk management in all company processes in order to guarantee Soltec's sustainability and solvency.

**Investment Committee:** The Investment Committee is a permanent internal body of an informative and executive nature that will discuss and reach agreements in relation to investment initiatives at corporate level, with the objective of achieving profitable growth for the company. In addition, it will ensure that mechanisms are put in place to ensure that investment decision-making processes are backed by policies and procedures geared towards achieving Soltec's strategic objectives.

**Security Committee:** Among others, risk management for security issues.

**Business Development Committee:** Among others, risk management related to business development issues. Operations

**Committee:** Among others, risk management related to ongoing project issues.

**Talent Committee:** Among others, HR-related risk management.

Created within the framework of the tax compliance programme, it is formed of three members from the fiscal and financial departments of the company, and its objective is to ensure and monitor compliance with the company's fiscal obligations.

### **E.3. Indicate the main risks, financial and non-financial, including those fiscal and, insofar as significant, those arising from corruption (the latter understood within the scope of Royal Decree Law 18/2017), which may affect the achievement of the business objectives.**

During 2021, the main operational, strategic and regulatory risks affecting the Group were identified and analysed.

Specifically, an inventory of 200 risks has been identified (446 risks to be assessed and replicated by affiliates), and which were assessed through a series of interviews and surveys with each of the "owners" of each risk.

Upon identification and assessment, the main risks affecting the Group are linked to the uncertainty in the demand for products and services in a changing environment, affected by the Covid-19 global pandemic, the difficulty of adapting to the different regulatory environments together with political and social uncertainties, as well as potential regulatory changes, an increasingly competitive PV industry, particularly in respect of solar trackers, all of which impact on the falling price of solar trackers, potential regulatory breaches at the operational level, information security linked to product R&D, potential problems arising from system failures and/or supply interruptions (e.g. price increases on raw materials and transport), as well as potential problems arising from natural disasters, system failures and/or supply disruptions.

In relation to financial risks, the main risks identified during 2021 would be linked to market risks (exchange rate and interest rate), liquidity, customer credit and obtaining the necessary guarantees to be able to contract for and execute projects  
The risks arising from corruption are properly controlled through a legal and fiscal compliance risk management system.

**E.4. Identify whether the entity has risk tolerance levels, including for fiscal risk.**

Yes, risk management quantifies all business risks by defining tolerance levels, including fiscal risk as well as operational, strategic, regulatory, ESG and environmental risks affecting the Group  
During the financial year 2021, the company updated its risk map, which will define this point more precisely once it has been approved by the Group in early 2022.

In addition, SOLTEC is defining the following actions:

- Definition of the acceptable tolerance level for SOLTEC;
- Analysis of the insurance market to produce risk transfer to the insurance market where possible;
- Definition and implementation of controls for the identified risks in order to mitigate them and thus reduce their likelihood and impact;
- Definition of treatment plans, in addition to controls, to reduce the likelihood of the various risks manifesting and their impact in the event of materialising.

The Group's risk management is based on a system of continuous improvement implemented during 2021 based on the following pillars:

- o Systematic activity for identifying, assessing and addressing risks
- o Redefinition of risks
- o Introduction of new risks on the inventory
- o Adaptation to changes that may affect the organisation.
- o Reallocation of risks
- o Review at least once every six months.
- o Risk Management Committee (RMC).
- o Ongoing support from SOLTEC's top management.
- o Review of contracts before signing
- o Follow-up during project implementation (lessons learned)

**E.5. Indicate which risks, financial and non-financial (fiscal included), have materialised during the year.**

During 2021, the following risks have materialised:

1. Uncertainty associated with demand for products and services in a changing and pandemic-affected environment
2. Potential problems resulting from system failures and/or supply disruptions
3. An increasingly competitive industry
4. Drop in solar tracker prices
5. Security of information linked to product R&D
6. Potential for non-compliance at the operational level and/or increased costs.
7. Liquidity
8. Customer credit
9. Obtaining guarantees necessary for contracting/implementing projects
10. Market (exchange rate/interest rate)

**E.6. Explain the response and monitoring plans for the entity's main risks, including fiscal risks, as well as the procedures followed by the company to ensure that the board of directors responds to new challenges as they arise.**

Operation of the control systems for each of the risks listed in the previous paragraph:

1. Appropriate. These include, among others, the following control systems: commercial follow-up of major customers; prospecting for new customers; follow-up of opportunities for regulatory changes and budget allocation; and local presence in key countries.
2. Appropriate. These include, inter alia, the following control systems: diversification of suppliers both in terms of companies and geographically; local presence in key countries.
3. Appropriate. These include, inter alia, the following control systems investment in R&D&I; diversification with new products; study of synergies and new business lines; continuous improvement systems; local presence in key countries; agreements with key players within the industry, establishment of internal treatment plans for market price volatility analysis, establishment of internal treatment plan for logistic analysis.

4. Appropriate. These include, inter alia, the following control systems: local presence in key countries; optimisation of supplier prices; optimisation of design through investment in R&D&I; establishment of framework agreements with suppliers; monitoring of fluctuating raw material prices; negotiation with the customer to introduce contractual mechanisms to be able to revise prices once offers have been fulfilled and the customer has not issued the order to proceed, establishment of internal processing plans for market price volatility analysis, establishment of internal processing plan for logistic analysis
5. Appropriate. These include, inter alia, the following control systems: ISO 27001 certification; appointment of a security officer; implementation of access control at headquarters; conducting a security audit; non-competition agreements for key personnel.
6. Appropriate. These include, inter alia, the following control systems: local presence in key countries; local legal and local fiscal advice; monitoring of local design regulation updates; transfer to client with regulation of law change clauses and variations; requirement of clear project specifications from clients, legal security analysis in the countries where we conduct business.
7. Appropriate. These include, inter alia, the following control systems: framework agreements with financing entities; review of new financing formulas; framework agreements with suppliers/customers; review of the cash flow of projects prior to contract signature, in accordance with the payment conditions of the client and suppliers; analysis of the maximum risk of non-payment; monitoring of the cash flow of projects in execution.
8. Appropriate. These include, inter alia, the following control systems: transfer to the insurance/financial market; transfer to clients requesting the issuance of letters of credit/other types of guarantees; review of the cash flow of projects prior to contract signature, according to the payment conditions of the client and suppliers; analysis of the maximum risk of non-payment; monitoring of cash flow of ongoing projects.
9. Appropriate. These include, inter alia, the following control systems: framework agreements with institutions; financial/insurance companies; active monitoring of the status of guarantees issued and of the overall position; negotiation with customers; strengthening of the balance sheet.
10. Appropriate. These include, inter alia, the following control systems: hedging contracts; monitoring of rate fluctuations; agreements with suppliers in the same currency as the main contract; framework agreements with financing entities.

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

Describe the mechanisms forming part of the control and risk management systems in relation to the financial reporting process (ICFR) of the entity.

**F.1. Entity's control environment.**

Report, indicating at least the main characteristics of:

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

The Internal Control over Financial Reporting (ICFR) system forms part of Soltec Power Holdings' internal control system and is defined as a system designed to provide reasonable assurance regarding the reliability of financial information.

The group's ICFR was designed during the 2020 financial year and the December 2020 accounting close was the first to be performed under the quality standards required for the design of Soltec's ICFR. During 2021 the ICFR has been deployed in the different affiliates of the group and its level of implementation and efficiency has been reviewed in the affiliates included in the 2021 internal audit plan.

The ICFR responsibility model of Soltec Power Holding is articulated through the following bodies and/or functions that develop, maintain and supervise the process of preparing the Group's financial information:

- The Board of Directors is responsible for determining the risk control and management policy, including fiscal risks, and the supervision of internal information and control systems, as set out in article 5.4 (xii) of the Rules governing the Board of Directors. Being ultimately responsible for ensuring an internal control environment conducive to producing reliable, complete and timely financial information. These functions have been delegated to the Audit Committee under article 14.5(ii) of the Rules governing the Board of Directors.

- The Audit Committee's responsibilities include supervising the effectiveness of the internal control of the Company and its group, the internal audit and risk management systems, both financial and non-financial (including operational, technological, legal, social, environmental, political, reputational and corruption-related risks), ensuring that established internal control policies and systems are effectively implemented in practice, and discussing with the statutory auditor any significant weaknesses in the internal control system identified in the course of the audit, without compromising the auditor's independence.

Likewise, to supervise the process for preparing and the integrity of the financial information about the Company and, where appropriate, the group, reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria as established in Article 14.5(ix) of the Board of Directors' Regulations

In order to carry out these functions, the Audit Committee has an Internal Audit Department.

- The Finance Department is responsible for the design, implementation, execution and monitoring of the ICFR.

- Internal Audit, which reports to the Audit Committee, is responsible for evaluating and improving the efficiency of processes and monitoring internal control within the organisation. As one of the main functions of Internal Audit is to ensure the proper functioning of the ICFR, it will:

- o Carry out periodic reviews to ensure that documentation is kept up to date in accordance with the Annual Audit Plan
- o Design and execute, based on the scope of review agreed in the audit planning phase, tests on general controls, technological controls and process controls.
- o Issue reports on the reviews carried out on the ICFR, in accordance with the Annual Audit Plan.
- o Verify the correct implementation of the identified corrective actions on the ICFR in accordance with the Annual Audit Plan

The objectives, management, review and other particularities of the ICFR are covered by three internal policies:

- o Soltec Group ICFR Policy
- o ICFR monitoring procedure
- o ICFR risk management procedure

**F.1.2** Whether the following elements exist, especially with regard to the financial reporting process:

- Responsible departments and/or mechanisms: (i) the design and review of the organisational structure; (ii) clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) the existence of sufficient procedures for their correct dissemination within the entity:

The design and review of the organisational structure, as well as the definition of the lines of responsibility of the Group's Organisation Management, which defines the distribution lines for tasks and organisational functions of the Group.

Likewise, the board of directors, through the Appointments and Remuneration Committee, as established in the various sections of article 15 of the Rules governing the Board of Directors, is responsible for assessing the skills, knowledge, availability and experience required on the board of directors, submitting to the board of directors proposals for the appointment of independent directors and proposing to the board of directors the remuneration policy for directors and general managers or those who perform their duties as executive personnel reporting directly to the board of directors, executive committees or managing directors, as well as the individual remuneration and other contractual conditions of executive directors, verifying and monitoring compliance therewith.

- Code of conduct, approving body, level of dissemination and instruction, principles and values included (indicating whether there are specific mentions of the recording of transactions and preparation of financial information), body responsible for analysing breaches and proposing corrective actions and sanctions:

The purpose of the Code of Conduct of SOLTEC POWER HOLDINGS S.A. is to establish the directives and guidelines for all its administrators, managers and workers in their daily performance, with regard to the relations it maintains with all its stakeholders, with a transparent, efficient and effective management of resources, being honest with customers, suppliers, institutions, and being socially and environmentally responsible.

This Code of Conduct forms part of and is the basis for the Corporate Compliance Programme implemented in the Group to prevent, avoid and detect the criminal offences being committed in the corporate sphere in line with the provisions of the Criminal Code and the Tax Compliance programme. The Group's Code of Conduct is based on the definition of the Group's Mission, Vision, Values and Principles, and stands as a guide for action to ensure that its employees act appropriately in their professional conduct, adapting and adhering to the legislation in force in the country where the Group pursues its activities, as well as to the Internal Policies and Protocols.

In 2021 Soltec renewed the UNE 19601 certifications for the Criminal Compliance Management System, which includes Soltec's code of conduct

- Whistle-blowing channel, which allows for the communication to the audit committee of irregularities of a financial and accounting nature, in addition to possible breaches of the code of conduct and irregular activities in the organisation, informing, where appropriate, whether it is of a confidential nature and whether it allows for anonymous communications, respecting the rights of the whistle-blower and the reported party.

There is a whistle-blowing channel open to all employees, or anyone who has dealings with the company, which allows them, in a confidential manner, to bring any irregularity or breach of the code of conduct to the attention of the Compliance Body. Communication is by e-mail. In the event of an irregularity being found of an accounting or financial nature, the compliance body would bring this to the attention of the audit committee.

- Regular training and refresher programmes for staff involved in the preparation and review of financial information, and in ICFR assessment, covering at least accounting standards, auditing, internal control and risk management:

The HR department, which reports to the Organisation Management, is in charge of managing and planning all matters concerning training programmes and other support elements to cover the training needs of employees. In coordination with the departments reporting to the Finance Department, Human Resources identifies and analyses the specific training needs of staff involved in preparing and reviewing financial information, considering as the main subjects those related to accounting, internal control and risk management. The Finance Directorate has a budget to allocate for training depending on the needs, regulatory changes and accounting updates that arise.

In addition, Soltec is a member of the Institute of Internal Auditors, where members of the Internal Audit team take part in courses, sector meetings and conferences aimed at the continuous training of the team.

## **F.2. Risk evaluation of financial information.**

Reporting, at least, on:

### **F.2.1 Main characteristics of the risk identification process, including those of error or fraud, in terms of:**

- Whether the process exists and is documented:

The risk identification process is documented in the Global Risk Management Policy whose main function is to identify, determine and quantify all business risks for the purpose of applying the optimal mitigating measures to eliminate or reduce the probability and/or severity of the identified threats, as well as to take advantage of the opportunities, allowing the Soltec Group to develop its activity and grow in a sustainable manner, making informed, consistent decisions.

There is also a Risk Committee which is a permanent internal body of an informative and executive nature that will discuss and reach agreements in relation to risk management and insurance at corporate, bidding and project levels, as well as other strategic issues in relation to risk management with the objective of ensuring the sustainability of Soltec. In addition, it will ensure that mechanisms are created for promoting risk management across all company processes in order to guarantee Soltec's sustainability and solvency. This committee is formed of members of Company senior management.

Soltec has implemented a risk procedure in the analysis of bids which establishes the obligation to carry out a risk analysis of the potential contracts of Soltec Power Holdings SA and its subsidiaries in the bidding and/or negotiation phase.

Soltec is in the process of obtaining a standardised and functional risk map that will be regularly updated and will include all financial and operational risks.

The management of ICFR risks is documented in the ICFR Risk Management Procedure

Internal Audit works closely with the risk area incorporating a continuous exchange of information and accommodating the requirements of the risk area in the annual audit plan.

- Whether the process covers the full range of financial reporting objectives (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations), whether it is updated and how often:

The risk management process is reviewed annually while the bid risk management process identifies, monitors and ultimately mitigates risks that are identified in each of the bids submitted by Soltec to its customers.

All risks related to financial reporting processes have controls in place to ensure that financial information adequately meets the existence, occurrence, completeness, valuation, presentation, disclosure and comparability requirements for which the ICFR was designed. These controls are regularly updated to keep pace with evolving and changing risks.

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

The consolidation perimeter of the Soltec Group is reviewed at each monthly closing. The Administration Department is responsible for analysing the companies that join and those that leave the scope of this perimeter. The incorporation, acquisition, sale and dissolution of companies are all subject to internal authorisation processes that clearly identify all entries and exits from the consolidation perimeter.

- Should the process take into account the effects of other types of risks (operational, technological, financial, legal, fiscal, reputational, environmental, etc.) insofar as they affect the financial statements:

The objective is to obtain a comprehensive overview of them, designing an efficient response system aligned with the company's business objectives, which is fulfilled by reviewing the risks on offer that involve the most significant risks for the company.

The risk map drawn up in 2021, due for approval in early 2022, will increase the control, scope, monitoring and visibility of corporate risks at group level, always based on the continuous improvement process as indicated in section E4.

- Which governing body of the entity oversees the process:

The Board of Directors has ultimate responsibility for the process of preparing financial information. In addition, the Risk Department reports directly to the Audit Committee.

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

Report, indicating its main characteristics, whether it has at least the following:

**F.3.1** Procedures for the review and authorisation of the financial information and the description of the ICFR, to be published in the securities markets, indicating those responsible, as well as documentation describing the flows of activities and controls (including those relating to fraud risk) of different types of transactions which may materially affect the financial statements, including the procedure for closing the accounts and the specific review of relevant judgements, estimates, assessments and projections.

In accordance with the Rules governing the Board of Directors, the Audit Committee is responsible, among others, for reviewing the annual accounts and the periodic information to be supplied by the Board of Directors to the markets and their supervisory bodies, ensuring at all times compliance with legal requirements and the correct application of generally accepted accounting principles in their preparation.

The Regulations also state that the Audit Committee shall meet quarterly to review the periodic financial information to be submitted to the stock exchange authorities along with information for approval by the Board of Directors and to be included in its public documentation.

The Group also maintains various accounting policies and procedures to ensure the reliability of financial information. Such policies include:

- o Accounts Payable Procedures
  - o Accounts Receivable Procedure
  - o Accounting Manual on Capital Assets
  - o Accounting Manual on Fixed Assets
  - o Leasing Manual
  - o Asset Impairment Manual
  - o On-Site Administrative Control Procedure
  - o Closing of accounting periods procedure
  - o Treasury Policy
  - o Guarantee Management policy
  - o Project Cash-flow Policy
  - o Supplier Financial Management Procedure.
  - o Exchange Rate Risk Management Procedure
- All ICFR-related matters are covered by various policies and procedures:
- o Soltec Group ICFR Policy
  - o ICFR monitoring procedure
  - o ICFR risk management procedure

**F.3.2** Internal control policies and procedures on information systems (including access security, change control, system operation, business continuity and segregation of duties) that support the relevant processes of the entity for preparing and publishing financial information.

Information systems play a relevant role and are a supporting element in the processes of preparing the financial information to be reported externally, which is why they are included within the scope of action and configuration of the ICFR, thus defining a specific matrix of controls for IT processes.

The Group has an IT department whose aim is to protect the security of all IT processes through daily user support, system maintenance, development of improvements and independent system testing. Soltec also has an Information Security Policy applicable to the entire group.

In 2020, Soltec's IT department was granted the ISO 27001:2013 Information Security Standard certification, valid for three years.

The Group in place contingency mechanisms and procedures, both technical and operational, to be able to guarantee the recovery of the information systems in the event of failure or unavailability both in the central offices and in any of the Group's regional offices.

**F.3.3 Internal control policies and procedures to monitor the management of outsourced activities, together with aspects of evaluation, calculation or valuation entrusted to independent experts, which may have a material effect on the financial statements.**

Special attention is given to activities outsourced to third parties that could have a significant impact on the financial statements in order to ensure that, in key processes that could be outsourced, there is the maximum guarantee of control in relation to the security standards and preparation of financial information required at Group level. For this reason, there are different policies and procedures for governing and safeguarding the contracting process and quality control of third party suppliers:

- Soltec General Terms and Conditions of Purchase
- Supplier Approval Procedure
- Sourcing Procedure
- On-site Purchasing Procedure
- Product Validation Procedure

Likewise, the Purchasing department has in place a series of model documents agreed with its suppliers, such as the NDAs that define the confidential relationship for the handling of sensitive technical information by our suppliers.

When the services of independent experts are contracted for work that supports valuations, judgements or accounting calculations, it is ensured that they are firms of recognised prestige in the aspects consulted

**F.4. Information and communication**

Report, indicating its main characteristics, whether it has at least the following:

**F.4.1 A specific function in charge of defining, keeping accounting policies up to date (accounting policy area or department) and resolving doubts or disputes arising in their interpretation, maintaining fluid communication with those responsible for operations within the organisation, as well as an accounting policy manual that is updated and provided to units that the entity operates through.**

The Finance Department, with its Administration, FP&A and Tax departments, is responsible for keeping the accounting policies up to date and transmitting them to the staff involved in the preparation of financial information.

For this purpose, there is a set of accounting policies, procedures and manuals (see point F.3.1) available to all employees on the group's intranet, which serve as reference guidelines for accounting records, financial statements and annual accounts.

**F.4.2 Mechanisms for collecting and preparing financial information using standard formats, applicable and adopted by all units of the entity or group, which support the main financial statements and the notes, as well as the information detailed on the ICFR.**

All of the entities forming part of the Soltec Power Holding Group use the same financial information reporting tools and applications, regardless of the information systems used for the maintenance of accounting records. These tools are continuously reviewed by the IT department.



**F.5. Operational monitoring of the system.**

Report, as a minimum, and indicating its main characteristics, on:

F.5.1 The ICFR monitoring activities performed by the audit committee and whether the entity has an internal audit function whose responsibilities include supporting the committee in its oversight of the internal control system, including ICFR. Also advises on the scope of the ICFR assessment performed in the year and the procedure by which the assessor reports the results of the assessment, if the entity has in place an action plan listing any corrective measures, and whether their impact on financial reporting has been considered.

The Soltec Group maintains a proactive attitude in order to guarantee an updated model that is aligned with the actual circumstances of the business and the best regulatory practices. This analysis and constant monitoring of the ICFR, detecting possible improvements and making the corresponding changes, is conducted by means of the following actions:

- Regular evaluation of the design and effectiveness of controls
- Verification and auditing, in accordance with the Audit Plan agreed for the year, where the review of the implementation of ICFR controls is a significant point within its scope.
- Supervision by the Audit Committee, in relation to the ultimate control over the ICFR model, delegated by the Board of Directors and implemented through the Internal Audit functions.
- Reporting of the weaknesses identified, creating action plans to resolve them, establishing the mechanisms for follow-up and assigning the necessary resources for their fulfilment.

To ensure appropriate coverage of the ICFR review, an Annual Internal Audit Plan is drawn up, which is approved and supervised by the Audit Committee and includes the review thereof.

F.5.2 Whether it has a discussion procedure whereby the auditor (in accordance with the provisions of the AAS), the internal audit function and other experts can communicate to senior management and the audit committee or directors of the entity significant weaknesses in internal control identified during the review of the annual accounts or others entrusted to them. It will also report on whether it has an action plan that seeks to correct or mitigate the weaknesses observed.

The Internal Audit function regularly communicates to senior management and the Audit Committee the internal control weaknesses identified in the process reviews carried out by means of reports issued at the end of each audit. These reports include action plans established for mitigating each weakness identified. The Group's auditor has direct access to the Board of Directors through the Group's Audit Committee and holds regular meetings to report any control weaknesses found in the course of its work. On a yearly basis, the external auditors present a report to management and the Audit Committee detailing the internal control weaknesses identified in the course of their work.

**F.6. Other relevant information.**

The 2021 financial year saw the first deployment and implementation of the Internal Control over Financial Reporting System for Soltec and its affiliates

**F.7. External auditor's report.**

It reports on:

F.7.1 Whether the ICFR information disclosed to the markets has been reviewed by the external auditor, in which case the entity should include the relevant report as an annex. Otherwise, reasons ought to be provided.

The 2021 financial year saw the first deployment and implementation of the Internal Control over Financial Reporting System for Soltec and its subsidiaries and has therefore not been subject to a specific review by the external auditor.

**G. DEGREE TO WHICH CORPORATE GOVERNANCE RECOMMENDATIONS ARE FOLLOWED**

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

Where a recommendation is not followed or only partially followed, a detailed explanation of the reasons should be included so that shareholders, investors and the market in general have sufficient information to assess the company's actions. General explanations will not be acceptable.

1. The articles of association of listed companies should not limit the maximum number of votes that may be cast by a single shareholder, nor contain other restrictions that make it difficult to take control of the company by acquiring its shares on the market.

Complies [  ]      Explain [  ]

2. When the listed company is controlled, under the terms of Article 42 of the Commercial Code, by another entity, whether listed or not, and has, directly or through its subsidiaries, business relations with that entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of them, it should publicly disclose specifically the following:

- a) The respective areas of activity and any business relationships between, on the one hand, the listed company or its subsidiaries and, on the other hand, the parent company or its subsidiaries.
- b) The mechanisms in place for resolving potential conflicts of interest that may arise.

Complies [  ]      Partially complies [  ]      Explain [  ]      Not applicable [  ]

3. During the ordinary general meeting, to supplement the written release of the annual corporate governance report, the chairman of the board of directors should verbally inform shareholders, in appropriate detail, of the most significant aspects of the company's corporate governance and, in particular:

- a) Changes occurring since the previous AGM.
- b) Specific reasons why the company does not follow any of the recommendations of the Corporate Governance Code and, where they exist, the alternative rules it applies in this area.

Complies [  ]      Partially complies [  ]      Explain [  ]

4. The company should define and promote a policy on communication and contact with shareholders and institutional investors in the context of their involvement with the company, as well as with proxy advisors; a policy that fully complies with the rules against market abuse and treats shareholders in the same position on an equal footing. The company should also make this policy public through its website, including information on how it has been put into practice and identifying the interlocutors or those responsible for implementing it.

And that, without prejudice to the legal obligations to disclose inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through the channels it deems appropriate (media, social networks or other channels), enabling it to maximise the dissemination and quality of the information available to the market, investors and other stakeholders.

Complies [ X ]      Partially complies [ ]      Explain [ ]

5. The board of directors should not submit to the general meeting a proposal to delegate powers to issue shares or convertible securities, excluding pre-emptive subscription rights, for an amount exceeding 20% of the capital at the time of delegation.

And when the board of directors approves any issue of shares or convertible securities with exclusion of pre-emptive subscription rights, the company should immediately publish on its website the reports on such exclusion referred to in commercial legislation.

Complies [ X ]      Partially complies [ ]      Explain [ ]

6. Listed companies that produce the reports listed below, whether on a mandatory or voluntary basis, should publish them on their website in good time ahead of the ordinary general meeting, even where dissemination is not mandatory:

- a) Report on the independence of the auditor.
- b) Reports on the functioning of the audit, appointments and remuneration committees.
- c) Audit committee report on related-party transactions.

Complies [ X ]      Partially complies [ ]      Explain [ ]

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

And that the company should have mechanisms that enable proxy voting and voting by telematic means and even, in the case of large cap companies and to the extent proportionate, attendance and active participation in the General Meeting.

Complies [ X ]      Partially complies [ ]      Explain [ ]

8. The audit committee should ensure that the annual accounts submitted by the board of directors to the general shareholders meeting are drawn up in accordance with accounting regulations. And in cases where the auditor has included a qualification in its audit report, the chairman of the audit committee should clearly explain to the general meeting the audit committee's opinion on its content and scope, and make available to shareholders, at the time of publication of the notice convening the meeting, a summary of the board's opinion, together with the rest of the board's proposals and reports.

Complies [ X ]      Partially complies [ ]      Explain [ ]

9. The company should publish on its website, on a permanent basis, the requirements and procedures it will accept for accrediting ownership of shares, the right to attend the general shareholders meeting and the exercise or delegation of voting rights.

And that such requirements and procedures are conducive to the attendance and exercising of shareholders' rights and are applied in a non-discriminatory manner.

Complies [ X ]      Partially complies [ ]      Explain [ ]

10. That when any shareholder entitled to do so has exercised, prior to the holding of the general shareholders meeting, the right to add to the agenda or to submit new proposals for resolutions, the company should:

- a) Immediately circulate such additional points and new proposals for agreement.
- b) Make public a sample attendance card or proxy or remote voting form with the necessary modifications so that new items on the agenda and alternative proposals for resolutions may be voted on subject to the same terms as those proposed by the board of directors.
- c) Put all such alternative items or proposals to the vote and apply the same voting rules to them as to those made by the board of directors, including, in particular, presumptions or deductions as to the direction of the vote.
- d) After the general shareholders meeting, communicate the breakdown of the vote on such supplementary items or alternative proposals.

Complies [ X ]      Partially complies [ ]      Explain [ ]      Not applicable [ ]

Articles 9.5, 9.6 in conjunction with Article 30. 5 paragraphs (i) and (ii) of the Regulations of the General Shareholders Meeting. The presumptions or deductions as to how the vote was taken vary only according to whether or not the item put to the vote had been published before the General Shareholders Meeting was held. In any case, the supplements to the Notice of Meeting requested in due time and form by the shareholders entitled to do so must be published in accordance with arts. 9.5 and 9.6 of the Rules governing the General Shareholders Meeting.

11. If the company intends to pay attendance fees for the general shareholders meeting, it should establish, in advance, a general policy on such fees and that this policy should be consistent.

Complies [ ]      Partially complies [ ]      Explain [ ]      Not applicable [ X ]

12. The board of directors should perform its duties with unity of purpose and independence of judgement, treat all shareholders in the same position equally, and be guided by the corporate interest, understood as the achievement of a profitable and sustainable business in the long term, which promotes its continued existence and growth of the economic value of the company.

And that in the pursuit of the public interest, in addition to respect for laws and regulations and behaviour based on good faith, ethics and respect for commonly accepted customs and good practices, it should seek to reconcile its own corporate interest with, as appropriate, the legitimate interests of its employees, its suppliers, its customers and other stakeholders that may be affected, as well as the impact of the company's activities on the community as a whole and on the environment.

Complies [ X ]

Partially complies [ ]

Explain [ ]

13. The board of directors should be of a suitable size to ensure that is run effectively and inclusively, which means that it is advisable for it to have between five and fifteen members.

Complies [ X ]

Explain [ ]

14. The board of directors should adopt a policy aimed at encouraging an appropriate composition of the board of directors and which should:

- a) Be concrete and verifiable.
- b) Ensures that proposals for appointment or reappointment are based on a prior analysis of the competencies required by the board; and
- c) Encourage diversity of knowledge, experience, age and gender. For these purposes, measures that encourage the company to have a significant number of female senior managers are considered to be conducive to gender diversity.

The result of the prior analysis of the competencies required by the board of directors should be included in the appointments committee's report published when convening the general shareholders meeting to which the ratification, appointment or re-election of each director is submitted.

Compliance with this policy will be verified annually by the appointments committee and reported in the annual corporate governance report.

Complies [ X ]

Partially complies [ ]

Explain [ ]

15. Proprietary and independent directors should constitute an ample majority of the board of directors and the number of executive directors should be the minimum necessary, taking into account the complexity of the corporate group and the percentage interest held by executive directors in the company's share capital.

And that the number of female directors should account for at least 40% of the members of the board of directors by the end of 2022 and thereafter, but no less than 30% beforehand.

Complies [ X ]      Partially complies [ ]      Explain [ ]

16. The percentage of proprietary directors out of the total number of non-executive directors should not be greater than the proportion between the capital of the company represented by such directors and the rest of the capital.

This criterion may be relaxed:

- a) In large-cap companies in which there are few shareholdings that are legally considered to be significant.
- b) In the case of companies with a plurality of shareholders represented on the board of directors and they are not related to each other.

Complies [ X ]      Explain [ ]

17. The number of independent directors should represent at least half of the total number of directors.

However, when the company is not a large-cap company or when, even if it is a large-cap company, it has one or more shareholders acting in concert who control more than 30% of the share capital, the number of independent directors should represent at least one third of the total number of directors.

Complies [ X ]      Explain [ ]

18. Companies should publish the following information about their directors on their website and keep it up to date:

- a) Professional and biographical profile.
- b) Other boards of directors to which they belong, whether or not they are listed companies, as well as other remunerated activities of any kind.
- c) Indication of the category of director to which they belong, stating, in the case of proprietary directors, the shareholder they represent or with whom they are linked.
- d) Date of his first appointment as a director of the company, as well as subsequent re-elections.
- e) Company shares, and options thereon, held by them.

Complies [ X ]      Partially complies [ ]      Explain [ ]

19. The annual corporate governance report, after verification by the appointments committee, should explain the reasons why proprietary directors have been appointed at the request of shareholders whose shareholding is less than 3% of the share capital; and explain the reasons why, where applicable, formal requests for a presence on the board from shareholders whose shareholding is equal to or greater than that of others at whose request proprietary directors would have been appointed have been ignored.

Complies [  ]      Partially complies [  ]      Explain [  ]      Not applicable [  ]

20. Proprietary directors should tender their resignation when the shareholder they represent transfers their entire shareholding. They should also do so, to the relevant number, when such shareholder reduces its shareholding to a level that requires a reduction in the number of its proprietary directors.

Complies [  ]      Partially complies [  ]      Explain [  ]      Not applicable [  ]

21. The board of directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the articles of association, except where the board finds just cause, based on a report from the appointments committee. In particular, just cause shall be deemed to exist when the director takes up new posts or acquires new obligations that prevent him from devoting the necessary time to the performance of the duties inherent to the post of director, fails to fulfil the duties inherent to his post or incurs in any of the circumstances that diminish his independent status, in line with the provisions of the applicable legislation.

The removal of independent directors may also be proposed as a result of takeover bids, mergers or other similar corporate operations resulting in a change to the capital structure of the company, when such changes in the structure of the board of directors are prompted by the proportionality criterion set out in Recommendation 16.

Complies [  ]      Explain [  ]



22. Companies should establish rules obliging directors to report and, where appropriate, resign when situations arise that affect them, whether or not related to their actions in the company itself, and which could damage the prestige and reputation of the company; and, in particular, oblige them to inform the board of any criminal proceedings in which they are under investigation, as well as any procedural developments.

And, having been informed or having otherwise become aware of any of the situations mentioned in the preceding paragraph, the board should examine the case as soon as possible and, in view of the specific circumstances, decide, after a report from the Appointments and Remunerations Committee, whether or not to adopt any measure, such as opening an internal investigation, requesting the resignation of the director or proposing his or her removal. And to report thereon in the annual corporate governance report, unless there are special circumstances that justify otherwise, and which must be recorded in the minutes. This without prejudice to the information to be disclosed by the company, where appropriate, at such a time when the corresponding measures are adopted.

Complies [  ]      Partially complies [  ]      Explain [  ]

23. All directors should clearly express their opposition when they consider that any proposed decision submitted to the board may be contrary to the company's interests. In particular, independent and other directors who are not affected by the potential conflict of interest should do the same in the case of decisions that may be detrimental to shareholders not represented on the board.

And that when the board of directors adopts significant or reiterated decisions about which the director has expressed serious reservations, the director draws the appropriate conclusions and, if he/she chooses to resign, explains the reasons in the letter referred to in the following recommendation.

This recommendation also applies to the secretary of the board of directors, even if he/she is not a director.

Complies [  ]      Partially complies [  ]      Explain [  ]      Not applicable [  ]

24. When, either by resignation or by resolution of the general meeting, a director leaves office before the end of his or her term of office, he or she should offer a full explanation of the reasons for his or her resignation or, in the case of non-executive directors, their views on the reasons for the removal by the board, in a letter that will be sent to all board members.

And, without prejudice to the disclosure of all of the above in the annual corporate governance report, insofar as it is relevant for investors, the company should publish the resignation as soon as possible, making proper reference to the reasons or circumstances provided by the director.

Complies [  ]      Partially complies [  ]      Explain [  ]      Not applicable [  ]

25. The appointments committee should ensure that non-executive directors have sufficient time at their disposal for the proper performance of their duties.

And that the Rules governing the Board of Directors should establish the maximum number of company boards on which its directors may sit.

Complies  Partially complies  Explain

26. The board of directors should meet with the necessary frequency to perform its duties effectively and at least eight times a year, following the schedule of dates and matters established at the beginning of the year, with each director being able to propose other items on the agenda that were not initially foreseen.

Complies  Partially complies  Explain

27. Director absences should be kept to an absolute minimum and quantified in the annual corporate governance report. And that, when they are to be produced, representation is granted with instructions.

Complies  Partially complies  Explain

28. When directors or the secretary express concerns about a proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the board meeting, a record should be made of them in the minutes, at the request of the person expressing them.

Complies  Partially complies  Explain  Not applicable

29. The company should provide suitable channels for directors to obtain the advice they need to carry out their duties, including, if circumstances so require, external advice at the company's expense.

Complies  Partially complies  Explain

30. Regardless of the expertise required of directors for the performance of their duties, companies should also offer directors refresher programmes as the situation requires.

Complies  Explain  Not applicable

31. The agenda for board meetings should clearly indicate the points on which the board is to adopt a decision or resolution, so that directors can study or obtain the information necessary for its adoption beforehand.

When, exceptionally, for reasons of urgency, the chairman wishes to submit to the board of directors for approval decisions or resolutions not included on the agenda, prior express consent will be required from a majority of directors present, to be duly recorded in the minutes.

Complies [ X ]      Partially complies [ ]      Explain [ ]

32. Directors should be kept regularly informed of movements in shareholdings and of the views of significant shareholders, investors and rating agencies on the company and its group.

Complies [ X ]      Partially complies [ ]      Explain [ ]

33. The chairman, as the person responsible for the proper steering of the board of directors, in addition to the duties assigned by law and the company's articles of association, should prepare and submit to the board of directors a schedule of meeting dates and agendas; organise and coordinate regular evaluations of the board and, where appropriate, the company's chief executive; be responsible for managing the board of directors and its effective functioning; ensure that sufficient discussion time is devoted to strategic issues; and agree on and review refresher programmes for each director, as circumstances dictate.

Complies [ X ]      Partially complies [ ]      Explain [ ]

34. When there is a coordinating director, the articles of association or Rules governing the Board of Directors should grant him or her the following powers in addition to those conferred by law to: chair the board of directors in the absence of the chairman and vice-chairmen, if any; reflect the concerns of non-executive directors; liaise with investors and shareholders to ascertain their views in order to form an opinion on their concerns, in particular in relation to the corporate governance of the company; and coordinate the chairman's succession plan.

Complies [ X ]      Partially complies [ ]      Explain [ ]      Not applicable [ ]

35. The secretary of the board of directors should take special care to ensure that in its actions and decisions the board of directors takes into account the recommendations on good governance contained in this Code of Good Governance which are applicable to the company.

Complies [ X ]      Explain [ ]

36. The full board of directors should assess once a year and adopt, where appropriate, an action plan to correct any deficiencies identified with respect to:
- The quality and efficiency in how the board of directors functions.
  - The functioning and composition of its committees.
  - Diversity of composition and competence within the board of directors.
  - The performance of the chairman of the board of directors and the chief executive of the company.
  - The performance and contribution of each director, paying special attention to the heads of the various board committees.

The evaluation of the various committees will be based on the report they submit to the board of directors, and for the evaluation of the board of directors, on the report submitted by the appointments committee.

Every three years, the board of directors will be assisted in its evaluation by an external consultant, whose independence shall be verified by the appointments committee.

Business relationships existing between the consultant or any company in their group and the company or any company in its group should be disclosed in the annual corporate governance report.

The process and areas assessed will be described in the annual corporate governance report.

Complies  Partially complies  Explain

37. When there is an executive committee, at least two non-executive directors should sit on it, at least one of whom should be independent; its secretary should be the secretary of the board of directors.

Complies  Partially complies  Explain  Not applicable

38. The board of directors should always be informed of the business transacted and decisions taken by the executive committee and all members of the board of directors should receive a copy of the minutes of the meetings of the executive committee.

Complies  Partially complies  Explain  Not applicable

39. The members of the audit committee as a whole, and in particular its chairman, should be appointed with regard to their knowledge and experience in accounting, auditing and risk management, both financial and non-financial.

Complies  Partially complies  Explain

40. Under the supervision of the audit committee, there should be an internal audit unit to ensure the effective functioning of internal control and information systems, reporting functionally to the non-executive chairman of the board or the chairman of the audit committee.

Complies [ X ]

Partially complies [ ]

Explain [ ]

41. The head of the unit that takes on the internal auditing duties should present its annual work plan to the audit committee for approval by the latter or by the board, report directly to it on its implementation, including any incidents and limitations on scope that may arise in its development, the results and follow-up of its recommendations, and submit an activities report to it at the end of each year.

Complies [ X ]

Partially complies [ ]

Explain [ ]

Not applicable [ ]

42. That, in addition to those provided for by law, the following functions correspond to the audit committee:

1. In relation to internal control and information systems:
  - a) Supervising and assessing the preparation process and the integrity of financial and non-financial information, as well as the control and management systems for financial and non-financial risks relating to the company and, where appropriate, the group, including operational, technological, legal, social, environmental, political, reputational and corruption-related risks, reviewing compliance with regulatory requirements, properly defining the perimeter of consolidation and the correct application of accounting criteria.
  - b) Ensuring the independence of the unit that takes on the internal auditing duties; proposing the selection, appointment and dismissal of the head of the internal audit service; proposing the budget of the internal audit service; approving or proposing approval to the board of the annual internal audit orientation and work plan, ensuring that its activity is primarily focused on relevant risks (including reputational risks); receiving regular information on its activities; and verifying that senior management takes into account the findings and recommendations of its reports.
  - c) Establishing and overseeing a mechanism to enable employees and other persons connected with the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report potentially significant irregularities, including financial and accounting irregularities, or those of any other nature relating to the company which come to their attention within the company or its group. This mechanism must guarantee confidentiality and, in any case, provide for cases where communications can be made anonymously, respecting the rights of the whistle-blower and the party subject of complaint.
  - d) Ensuring overall that the established internal control policies and systems are effectively implemented in practice.
2. In relation to the external auditor:
  - a) In the event of resignation of the external auditor, looking at the circumstances leading to the resignation.
  - b) Ensuring that the external auditor's remuneration does not compromise the quality or independence of his or her work.
  - c) Monitoring that the company notifies the CNMV of the change of auditor and supports this with a statement on the possible existence of any disagreements with the outgoing auditor and their substance.
  - d) Ensuring that the external auditor holds an annual meeting with the full board of directors to report to it on the work performed and on developments in the company's accounting and risk situation.
  - e) Ensuring that the company and the external auditor comply with existing rules on the provision of non-audit services, limits on the concentration of the auditor's business and, in general, other rules on auditor independence.

Complies [ X ]

Partially complies [ ]

Explain [ ]

43. The audit committee should be able to call on any employee or manager of the company, and even arrange for them to appear without the presence of any other senior management.

Complies [ X ]                      Partially complies [ ]                      Explain [ ]

44. The audit committee should be informed of the structural and corporate modifications that the company plans to implement for its analysis and prior report to the board of directors on their economic conditions and accounting impact and, in particular, where appropriate, on the proposed exchange ratio.

Complies [ X ]                      Partially complies [ ]                      Explain [ ]                      Not applicable [ ]

45. The risk control and management policy should identify or determine at least the following:

- a) The different types of financial and non-financial risks (including operational, technological, legal, social, environmental, environmental, political and reputational risks, including those related to corruption) faced by the company, including financial or economic risks, contingent liabilities and other off-balance sheet risks.
- b) A tiered risk management and control model, including a specialised risk committee where sectoral rules so provide or where the company deems it appropriate.
- c) The level of risk deemed acceptable by society.
- d) The measures in place for mitigating the impact of the risks identified, should they materialise.
- e) The internal control and information systems to be used to monitor and manage such risks, including contingent liabilities or off-balance sheet risks.

Complies [ X ]                      Partially complies [ ]                      Explain [ ]

46. Under the direct supervision of the audit committee or, as the case may be, a specialised committee of the board of directors, there should be an internal risk control and management function exercised by an internal unit or department of the company with the following duties expressly assigned to it:

- a) Ensuring the proper functioning of risk management and control systems and, in particular, that all significant risks affecting the company are adequately identified, managed and quantified.
- b) Actively participating in the development of risk strategy and major risk management decisions.
- c) Ensuring that risk management and control systems adequately mitigate risks within the framework of the policy defined by the board of directors.

Complies [ X ]                      Partially complies [ ]                      Explain [ ]

47. The members of the appointments and remuneration committee – or of the appointments committee and the remuneration committee, if they are separate – should be appointed as having the proper knowledge, skills and experience for the duties they are called upon to perform, and the majority of such members should be independent directors.

Complies  Partially complies  Explain

48. Large-cap companies should have a separate appointments committee and a separate remuneration committee.

Complies  Explain  Not applicable

49. The appointments committee should consult with the chairman of the board of directors and the chief executive of the company, especially on matters relating to executive directors.

And that any director may request the appointments committee to consider potential candidates to fill vacancies on the board, should they consider them suitable.

Complies  Partially complies  Explain

50. The remuneration committee should exercise its functions independently and, in addition to the functions attributed to it by law, it should have the following functions:

- a) Proposing to the Board of Directors the basic terms and conditions of senior management contracts.
- b) Verifying compliance with the remuneration policy established by the company.
- c) Periodically reviewing the remuneration policy applied to directors and senior management, including share-based remuneration schemes and their implementation, and ensuring that their individual remuneration is proportionate to that paid to other directors and senior management of the company.
- d) Ensuring that any conflicts of interest do not impair the independence of the external advice given to the committee.
- e) Verifying the information on directors' and senior management remuneration contained in the various corporate documents, including the annual report on directors' remuneration.

Complies  Partially complies  Explain

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

Complies  Partially complies  Explain



52. The rules for the formation and functioning of the supervisory and control committees should feature in the Rules governing the Board of Directors and be consistent with those applicable to legally mandatory committees under the above recommendations, stipulating that:

- a) They are composed exclusively of non-executive directors, with a majority of independent directors.
- b) Their chairs should be independent directors.
- c) The board of directors should appoint the members of these committees, taking into account the knowledge, skills and experience of the directors and the duties of each committee, deliberate on their proposals and reports, and report on their activities at the first board plenary following their meetings, and be accountable for the work carried out.
- d) The committees may seek external advice when they deem it necessary for performing their duties.
- e) Minutes of its meetings should be taken and made available to all directors.

Complies [ X ]

Partially complies [ ]

Explain [ ]

Not applicable [ ]

53. The supervision of compliance with the company's environmental, social and corporate governance policies and rules, as well as internal codes of conduct, should be attributed to one or more committees of the board of directors, which may be the audit committee, the Appointments committee, a committee specialising in sustainability or corporate social responsibility, or another special committee that the board of directors, in the exercise of its powers of self-organisation, has decided to create. And such a committee should be composed solely of non-executive directors, with the majority being independent and given specific minimum functions as set out in the following recommendation.

Complies [ X ]

Partially complies [ ]

Explain [ ]

54. The minimum functions referred to in the above recommendation are as follows:

- a) Overseeing compliance with the company's corporate governance rules and internal codes of conduct, and ensuring that the corporate culture is aligned with its purpose and core values.
- b) Overseeing the implementation of the general policy on financial, non-financial and corporate reporting as well as communication with shareholders and investors, proxy advisors and other stakeholders. The way in which the institution communicates and relates to small and medium-sized shareholders will also be monitored.
- c) The evaluation and periodic review of the corporate governance system and of the company's environmental and social policy, in order that they fulfil their mission of promoting the social interest and take into account, as appropriate, the legitimate interests of other stakeholders.
- d) Monitoring that the company's environmental and social practices are in line with the strategy and policy set.
- e) Monitoring and evaluation of stakeholder engagement processes.

Complies [ X ]

Partially complies [ ]

Explain [ ]

55. Sustainability policies on environmental and social issues should at least identify and include:

- a) The principles, commitments, objectives and strategy with regard to shareholders, employees, customers, suppliers, social issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of corruption and other illegal practices.
- b) Methods or systems for monitoring compliance with policies, associated risks and their management.
- c) The mechanisms for monitoring non-financial risk, including those related to ethical and business conduct issues.
- d) The channels of communication, participation and dialogue with stakeholders.
- e) Responsible communication practices that prevent manipulation of information and protect integrity and honour.

Complies [ X ]

Partially complies [ ]

Explain [ ]

56. Directors' remuneration should be sufficient to attract and retain directors of the desired profile and to reward the dedication, qualification and responsibility that the post requires, but not so high as to influence the independent judgement of non-executive directors.

Complies [ X ]

Explain [ ]

57. Variable remuneration linked to the company's performance and personal performance, as well as remuneration in the form of shares, options or rights over company stock or instruments indexed to the value of the share and long-term savings schemes such as pension plans, retirement schemes or other social welfare systems, should be reserved for executive directors.

The provision of shares as remuneration to non-executive directors may be considered on the condition of holding them until they cease to be directors. The foregoing will not apply to shares which the director needs to dispose of, where applicable, in order to meet the costs related to their acquisition.

Complies [ X ]

Partially complies [ ]

Explain [ ]

58. In the case of variable remuneration, remuneration policies should include limits and technical safeguards to ensure that such remuneration reflects the professional performance of the beneficiaries and not merely general changes in the market or the company's sector of activity or other similar circumstances.

And, in particular, that the variable components of remuneration:

- a) Are linked to predetermined, measurable performance criteria, which take into account the risk assumed in order to achieve an outcome.
- b) Promote the sustainability of the company and include non-financial criteria that are appropriate for long-term value creation, such as compliance with the company's internal rules and procedures and its policies for risk control and management.
- c) Are configured on the basis of a balance between meeting short-, medium- and long-term objectives, allowing performance to be rewarded for sustained performance over a period of time long enough to appreciate their contribution to sustainable value creation, so that the performance measures are not solely based on one-off, occasional or extraordinary events.

Complies [ ]

Partially complies [ X ]

Explain [ ]

Not applicable [ ]

In 2021, the Long-Term Incentive Plan included pre-determined and measurable performance criteria such as EBITDA, total shareholder return and Free Cash Flow. The Long-Term Incentive Plan did not include non-financial or sustainability criteria in 2021, but there are plans to include them in 2022. Although the vesting period of the Incentive Plan is set to be long-term, the calculation periods are annual and include short-term targets.

59. The payment of variable components of remuneration is subject to proper verification that the performance or other conditions set out above have actually been met. Entities will include in the annual directors' remuneration report the criteria for the time required and methods for such verification depending on the nature and characteristics of each variable component.

In addition, institutions should consider the establishment of a malus clause based on the deferral for a sufficient period of time of the payment of a part of the variable components that implies their total or partial loss in the event that, prior to the time of payment, some event occurs that makes it advisable to do so.

Complies [  ]      Partially complies [  ]      Explain [  ]      Not applicable [  ]

No bonus malus is foreseen in the configuration of the Long-Term Incentive, but a grace period of one year is established at the end of each Vesting Period and prior to the payment of the incentive, in which compliance with the established objectives is checked. Since the objectives set in 2021 are financial in nature, their fulfilment must be verified during the Exclusion Period by the Audit Committee, the External Auditor and the Appointments and Remuneration Committee.

60. Remuneration linked to the company's results should take into account any qualifications stated in the external auditor's report and reduce those results accordingly.

Complies [  ]      Partially complies [  ]      Explain [  ]      Not applicable [  ]

This point is not foreseen in the Long-Term Incentive Plan in force in 2021 but it is the Company's intention to include specific clauses to cover this eventuality.

61. A relevant percentage of the variable remuneration of executive directors should be linked to the delivery of shares or financial instruments referenced to their value.

Complies [  ]      Partially complies [  ]      Explain [  ]      Not applicable [  ]

The Incentive Plan rules stipulate that incentives are paid through the delivery of shares in the Company, and include some cases in which it is possible to deliver the incentive in cash, but such cases are isolated and duly justified:

- where the Company does not have sufficient treasury shares to deliver Scheme Shares to Participants under the Plan;
- in the event of the winding up of the Company
- if the Company determines (acting reasonably) that delivering some or all of the Scheme Shares to any Participant on any relevant date is materially prejudicial to the Company for any reason, including as a result of any applicable law preventing the delivery of Ordinary Shares on that date or if the delivery of Ordinary Shares to such Participant would result in (i) such Participant being required to make a tender offer for all of the Company's securities in accordance with applicable Spanish securities tender offer regulations, or (ii) a breach of the applicable Spanish regulations on takeover bids, or (iii) a breach of the circulars, operating instructions and other internal regulations of the Spanish Stock Exchanges, in which case the Company will pay in cash some or all of the undelivered Scheme Shares due to such Participant under the Plan.

62. Once the shares, options or financial instruments corresponding to the remuneration systems have been allocated, executive directors may not transfer ownership or exercise them until a period of at least three years has elapsed.

An exception is made where the director maintains, at the time of the transfer or exercise, a net economic exposure to changes in the share price of a market value equivalent to an amount of at least twice his annual fixed remuneration through the ownership of shares, options or other financial instruments.

The foregoing will not apply to shares that the director needs to dispose of in order to meet the costs related to their acquisition or, subject to the favourable opinion of the appointments and remuneration committee, in order to deal with extraordinary circumstances that so require.

Complies [  ]      Partially complies [  ]      Explain [  ]      Not applicable [  ]

No provision is made for this. The Executive Director's variable remuneration system, which is based on shares, has an extended vesting period of two years for each of the two tranches of which it is composed, plus a vesting period of one year prior to the delivery of shares, and is therefore configured as a long-term remuneration, and hence it was not considered necessary to include an additional lock-up period.

63. Contractual arrangements should include a clause allowing the company to claim reimbursement of variable components of remuneration where payment has not been in line with performance conditions or where they have been paid on the basis of data subsequently found to be inaccurate.

Complies [  ]      Partially complies [  ]      Explain [  ]      Not applicable [  ]

Clauses to cover these scenarios are expected to be implemented during the 2022 financial year.

64. Payments for termination or expiry of the contract should not exceed an amount equivalent to two years of the total annual remuneration and should not be paid until the company has been able to verify that the director has complied with the criteria or conditions established for receiving them.

For the purposes of this recommendation, termination or contractual termination payments include any payments whose accrual or payment obligation arises as a result of or in connection with the termination of the director's contractual relationship with the company, including amounts not previously vested in long-term savings schemes and amounts paid under post-contractual non-competition agreements.

Complies [  ]      Partially complies [  ]      Explain [  ]      Not applicable [  ]

Article 6.4.v of the remuneration policy:  
"Termination of the Executive Director's contract for the reasons set out in (iii) or (v) above shall entitle the Executive Director to receive a severance payment equal to twice the last total annual remuneration received (including fixed remuneration, annual variable remuneration and long-term incentive plans)."

**H. OTHER INFORMATION OF INTEREST**

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1. If there are any relevant aspects of corporate governance in the company or in the entities of the group that have not been included in the other sections of this report, but which it is necessary to include in order to provide fuller and reasoned information on the structure and practices of governance in the company or its group, briefly describe them.
2. This section may also include any other information, clarification or specification related to the previous sections of the report to the extent that they are relevant and not reiterative.

Specifically, indicate whether the company is subject to corporate governance legislation other than Spanish law and, if so, include the information that it is obliged to provide and which differs from that required in this report.

3. The company may also indicate whether it has voluntarily adhered to other international, sectoral or other codes of ethical principles or best practices. Where applicable, identify the code in question and the date of accession. In particular, it will be noted whether it has adhered to the Code of Good Tax Practices of 20 July 2010:

The company has an interest in augmenting its internal voluntary compliance. In 2021, there was an opportunity to enhance and improve the degree of compliance with the recommendations and the development of corporate governance through the approval of various policies outlined in this report and the enhanced activity and powers of the governing bodies, especially in comparison to 2020, when the time for compliance with the recommendations and guidelines was limited to the short listing period of two months. It is the Company's wish to continue in this line of improvement and development over the coming years.

This annual corporate governance report was approved by the board of directors of the company at its meeting held on this date:

[ 22/03/2021 ]

Indicate whether any directors voted against or abstained from voting on the approval of this report.

[ ] Yes  
[ v ] No