



## **ANNUAL REPORT 2021 OF THE APPOINTMENTS AND REMUNERATION COMMITTEE OF SOLTEC POWER HOLDINGS, S.A.**

This report complies with Recommendation 6 of the Good Governance Code of Listed Companies (“**GGC**” or “**Code**”) so that the Board of Directors of SOLTEC POWER HOLDINGS, S.A. (“Soltec” or “Company”) may periodically evaluate the functioning of its Audit Committee. (“**Soltec**” or “**Company**”) may periodically evaluate the functioning of its Appointments and Remuneration Committee.

This report is also broadly aligned with the Spanish Stock Exchange Commission (CNMV - *Comisión Nacional del Mercado de Valores*) Technical Guide 1/2019 on Appointments and Remuneration to enable shareholders and other interested parties to understand the activities carried out by Soltec’s Appointments and Remuneration Committee (“**Committee**” or “**CNR**”) during the 2021 financial year.

This report is structured according to point 11 of Section Three of Technical Guide 1/2019, which indicates the minimum content of a *CNR* report, expected to be published on the Company’s website sufficiently in advance of the Ordinary General Shareholders’ meeting. It should enable shareholders, and other interested parties, to understand the activities carried out by this Committee in each financial year.

### **a) Regulation of the *CNR***

Article 529 *terdecies* of the Capital Companies Act, the consolidated text of which was approved by Royal Legislative Decree 1/2010 of 2 July (“**RLD**”), stipulates that listed companies must set up at least one Appointments and Remuneration Committee. Article 529 *quaterdecies* regulates its composition, operation and powers.

The Committee was established on 6 October 2020, by resolution of the Company's Board of Directors and its rules of composition, operation and powers are regulated in article 24 of the Articles of Association. These rules have been implemented through article 15 of the Board of Directors Regulations.

In February 2019, the CNMV published Technical Guide 1/2019 on *quaterdecies* Committees ("**Guide 1/2019**"), which contains the basic principles of action and a set of criteria and best practices for such committees.

Among the recommendations included in Guide 1/2019 is the recommendation that CNRs should have their own regulations approved by the Board of Directors. Although the Company is indeed interested in complying with all the recommendations of the CBG, it is true that the development contained in the Regulations of the Company's Board of Directors itself is sufficiently detailed.

## **b) Composition**

Under the provisions of Soltec's Articles of Association and the Regulations of the Board of Directors, the Committee shall be composed exclusively of non-executive commissioners, a majority of whom are independent.

As established in Recommendation 47 of the Code of Good Governance for Listed Companies ("CBGSC") and in Board Regulations, Committee members, especially its president, were appointed considering their knowledge, skills and experience in areas relating to the work which they are called upon and the Committee's duties.

Thus, the Committee is made up of three members, a president and two members.

The CV of each Committee member is published on the Company's website, describing their professional profiles.

The composition of CNR members did not vary throughout 2020.

The Committee is comprised of:

<i>Commissioner</i>	<i>Typology</i>	<i>Position</i>
Ms. María Sicilia Salvadores	External Independent	President
Ms. Nuria Aliño Perez	External Independent	Member
Mr. Fernando Caballero de la Sen	External Independent	Member

The date of reappointment is October 6, 2024.

No commissioner who is a member of the Appointment Committee performs executive functions in the Company and the three of them are independent commissioners. Hence, it amply complies with legal regulations and the recommendations of good governance, which establish that it should be composed of a majority of independent commissioners.

Committee meetings are attended by Ms. Silvia Diaz de Laspra Morales, Secretary of the Committee, and Ms. María de la Torre Rodriguez, the Legal Adviser.

### **c) Functions and tasks**

#### **1. Functions**

The functions attributed to the Committee and its rules of operation are set out in article 24 of the Articles of Association and implemented in article 15.5 and 15.6 of the current Regulations of the Board of Directors, which were approved on October 6, 2020 and did not change in 2021. We refer to these texts published on the Company's corporate website for further details.

To this end, the Board Secretariat prepares an agenda for approval by the Committee's President, which is sent to all participants well in advance of the meeting, together with the relevant documentation for each of the items on the agenda.

The Committee's President, if she considers it appropriate, could call a preparatory working session attended by all the Committee Members, as well as the persons to be convened so that A can be discussed with prior work.

In addition to the members of the Committee, the Secretary of the Board and the Legal Adviser, upon invitation by the President, attend the meetings in those areas and items of the agenda that are required, as

well as the Organization Director and the Chief Financial Officer and all those executives and employees of the Group that the President deems appropriate.

Minutes of the conclusions reached at each meeting are drawn up by the Committee Secretary and included as an item on the next Board of directors meeting, will EL President of the Committee reports to the entire Board on the most relevant points discussed and recommendations if any.

## **2. Tasks**

Within its functions and the powers assigned by the Board of Directors to the Committee, it carries out the following tasks:

- 1.- Evaluation and selection of commissioners.
- 2.- Submit proposals for appointment, reelection and removal of independent commissioners.
- 3.- Inform about proposals for appointment, reelection and removal of other commissioners and senior executives, including the secretary of the board.
- 4.- Analyze and organize the succession of the president of the board and top executive and senior managers.
- 5.- Evaluate the board of directors and its specialist committees.
- 6.- Propose the remuneration policy and contractual conditions for commissioners and senior management.
- 7.- Propose the determination or verification of remuneration accrued for commissioners and senior management.

**d) Meetings held during the financial year 2021 and number of attendees, specifying whether non-members of the Committee were invited.**

Following the bylaws of the Company, the Appointments and Remuneration Committee meets at least twice per year, convened by its President.

In 2021, the CNR held five meetings, more specifically during the months of January, July, September, October and December, thus revealing the dedication of this Committee in aspects assigned by the Board.

The average index of commissioner attendance to onsite Committee sessions was 100%. Committee sessions are convened well in advance to allow members to analyze documentation and information on the topics to be covered, which are made available to them before each meeting.

The CNR President also informs the Board about topics discussed and decisions made by the Committee.

Following an invitation by the President, all sessions were held with all the necessary individuals and without compromising Committee independence.

The Committee drafted and adopted the Performance Report corresponding to the previous year.

#### **e) Matters dealt with by the CNR during the financial year 2021**

Topics dealt by the Committees were, first of all, related to the needs of the Company, which is undertaking a structural change.

##### **1. With regards to the remuneration policy of the Board.**

In accordance with the provisions of article 529r of the Capital Companies Act (“LSC”) which establishes that the commissioner remuneration policy shall be approved at least every three years at the General Shareholders Meeting. Such approval was proposed at the 2020 general meeting for subsequent years.

Thus, this year the remuneration policy was not reviewed as it remains effective for three years.

##### **2. Scope of the functioning and performance assessment of the Board and specialist committees, including the CNR itself, taking into consideration the evaluation areas, evaluation methods used, and**

extent to which the evaluation led to relevant organizational changes.

This year, the Committee supervised all aspects within its field of competence. Such aspects are as follows:

1.- Evaluation and selection of commissioners.

Considering their recent training and the validity of their positions, no need to cover any vacancy was identified.

The Board of Directors approved in 2021 a Diversity Policy applicable to Board of Directors Members with the aim to ensure the Board of Directors is comprised of individuals with a diversity of skills, knowledge, experience, origin, nationality, age and gender.

The selection of candidates should aim to create a balanced, diverse Board of Directors, thus enriching the decision-making process and providing a variety of perspectives during the discussion of matters falling within their competence.

In that sense, the Board of Directors commits to having a diversity of members and, with that aim, the director selection process will prioritize candidates whose appointment means having directors whose skills, knowledge, experience, origin, nationality, age and gender are heterogeneous.

Diversity criteria will be selected in accordance with the nature and complexity of businesses carried out by the group, as well as in line with the existing social and environmental context. Additionally, other criteria might be taken into consideration depending on the specified needs of the Board of Directors.

The candidate selection process should avoid any type of bias which could lead to discrimination on the basis of sex, ethnic origin, age or disability.

The Board of Directors shall periodically assess the level of compliance and effectiveness of its diversity policy, paying special attention to the number of female directors. Their assessment should also prioritize merits and capabilities as the main criterion for selection. with the aim of assessing compliance with corporate governance recommendations relating to the presence of female directors.

Compliance with this diversity policy in 2021 was confirmed, with a clear balance between the number of executive directors, independent members and proprietary directors within the Board of Directors, as well as with a satisfactory percentage of female commissioners.

2.- Submit proposals for appointment, reelection and removal of independent commissioners.

This did not take place this year.

3.- Inform about proposals for appointment, reelection and removal of other commissioners and senior executives, including the secretary of the board.

The situation of the organization, as well as staff remuneration and target and scale distribution, were thoroughly supervised.

Key organizational positions, especially those in charge of control activities, were supervised.

4.- Evaluate the board of directors and its specialist committees.

In 2021, the Board of Directors was assessed and an action plan was developed for 2022.

## **Conclusion**

No events or circumstances have occurred in the *CNR's* competence areas throughout the 2021 financial year requiring intervention and notification to the Board of Directors.

This annual report will be presented to the Board of Directors of the Company at the meeting scheduled for March 22, 2022.

Madrid, March 21, 2022

Mrs. María Sicilia Salvadores  
President of the Appointments and Remuneration Committee