REPORT ISSUED BY THE APPOINTMENTS AND REMUNERATION COMMITTEE OF SOLTEC POWER HOLDINGS, S.A. IN RELATION TO THE PROPOSED NEW DIRECTORS' REMUNERATION POLICY

1. INTRODUCTION AND PURPOSE OF THE REPORT

This report was issued by the Appointments and Remuneration Committee of the Board of Directors of Soltec Power Holdings, S.A. ("**Soltec Power**" or the "**Company**"), at its meeting held on 13 May 2022, to justify and explain the proposed new remuneration policy for the Company's Directors which is submitted to the Board of Directors, the full text of which is set out in the Appendix, in accordance with the provisions of article 529 *novodecies* of the consolidated text of the Spanish Companies Law approved by Royal Legislative Decree 1/2010, of 2 July (hereinafter, the "**Spanish Companies Law**") and article 15.5(viii) of the Regulations of the Board of Directors of Soltec Power.

It is noted for the record that the proposed new Directors' remuneration policy (the "**Remuneration Policy**") must be submitted for approval at the upcoming General Shareholders Meeting of the Company. For these purposes, and in accordance with the provisions of articles 518 and 529 *novodecies* of the Spanish Companies Law, this report will be made available to the shareholders on the Company's corporate website, and will be published uninterruptedly on the aforesaid website from the date of publication of the notice of call until the holding of the aforementioned General Shareholders Meeting. The Company's shareholders may also request free delivery or shipment thereof.

2. GENERAL JUSTIFICATION FOR THE PROPOSAL

The Appointments and Remuneration Committee has carried out a review of the current Remuneration Policy, approved in October 2020 in view of the public offer for subscription and sale and the admission to trading of the Company's shares on the Stock Exchanges, placing special emphasis on three areas:

(i) the revision of the Remuneration Policy to align it with the amendments made to the Spanish Companies Law by Law 5/2021 of 12 April, which amends the restated text of the Spanish Companies Law, approved by Royal Legislative Decree 1/2010 of 2 July, and other financial regulations, with regard to the promotion of long-term shareholder involvement in listed companies ("**Law 5/2021**");

(ii) the inclusion in the Remuneration Policy of the new variable remuneration scheme applicable to the CEO and other management and key employees of Soltec Power and its group (the "**Incentive Plan**") which the Board of Directors intends to approve on 16 May 2022; and

(i) the incorporation of certain rules and provisions set forth in the Good Governance Code of Listed Companies regarding directors' remuneration, thereby achieving greater alignment and a better level of compliance with its best practice recommendations, as well as other technical drafting improvements and minor corrections.

3. JUSTIFICATION OF THE MAIN NOVELTIES OF THE NEW REMUNERATION POLICY

3.1 ALIGNMENT OF THE REMUNERATION POLICY WITH THE SPANISH COMPANIES LAW

The Spanish Companies Law, following its amendment by Law 5/2021, includes new requirements as regards the contents of the remuneration policies for directors of listed companies and imposes the adaptation of the policies in force at the first General Meeting held by listed companies after the entry into force of said Law, in accordance with the First Transitory Provision of Law 5/2021.

On the one hand, it is proposed to include the novelties included in article 529 *novodecies* of the Spanish Companies Law by Law 5/2021, which imposes new requirements on the content of the remuneration policies for directors of listed companies, including all those provisions that were not regulated in the previous text. On the other hand, it is proposed to incorporate the new wording of articles 529 *septdecies* and *octodecies* of the Spanish Companies Law, in relation to the remuneration of directors in their capacity as such and for the performance of executive functions.

Firstly, it is proposed to align the guiding principles and criteria of the Remuneration Policy with the contribution to the business strategy and the long-term interests and sustainability of the Company, as set out in section 3a) of article 529 novodecies of the Spanish Companies Law. In line with the above, it is proposed to include a new section explaining how the Remuneration Policy contributes to the business strategy and the long-term interests and sustainability of the Company.

In relation to the CEO's share-based remuneration, it is proposed to incorporate an explanation of vesting periods, to provide for a commitment to retain a minimum number of shares upon vesting, and to set out how this type of remuneration contributes to the achievement of the Company's business strategy and the long-term interests and sustainability of the Company. Similarly, in relation to the variable remuneration of the CEO (remuneration in cash and shares under the new Incentive Plan), it is proposed to include the period of deferral in the delivery of variable remuneration, the possibility to cancel outstanding variable remuneration (*malus*) or demand its return if it has been paid (*clawback*) in justified cases and an explanation of how this type of remuneration contributes to the achievement of the business strategy and to the long-term interests and sustainability of the Company.

The Appointments and Remuneration Committee proposes to establish in the Remuneration Policy clear, comprehensive and varied criteria for the award of variable remuneration and the financial and non-financial performance criteria, including, where applicable, those relating to corporate social responsibility, explaining the methods to be applied to determine the extent to which the performance criteria have been met, both for variable remuneration in cash (annual) and for variable remuneration in shares (long-term). The new Incentive Scheme will be described in the following section.

Specifically, the CEO may receive as variable remuneration a percentage of his/her fixed remuneration if certain targets set by the Board of Directors are met. These targets are divided into three main blocks of analysis and measurement. The first block would be the achievement of a minimum rating in the Board of Directors' evaluation of the CEO's performance. The second block would refer to the achievement of a minimum percentage of the individual targets set by the Board of Directors for the CEO. The third block will measure the Company’s compliance with targets related to financial and non-financial performance metrics of the Company, such as total shareholder return, adjusted EBITDA or ESG indicator. The Company's targets will be set by the Board of Directors for each calculation period and, based on the scales of achievement defined in the Incentive Plan, the degree of achievement of these targets parametrised during the observation period will determine a specific coefficient of achievement for each of the Company's targets. The weighted average of these ratios will result in an allocation rate of the final incentive amount to be delivered to the CEO at the end of the annual or multi-year vesting period of the incentive in cash or shares, respectively.

Furthermore, it is proposed to introduce a new section setting out how the Company’s employees’ remuneration and employment conditions have been taken into account when setting the Remuneration Policy, and it is proposed to add, in relation to the main terms and conditions for CEOs, a mention to complete the information on notice periods, supplementary pension schemes or early retirement, which are not currently provided for.

It is also proposed to include a new section explaining the decision-making process followed to determine, revise and apply the Remuneration Policy, including measures to avoid or manage conflicts of interest and, where appropriate, the role of the Appointments and Remuneration Committee.

Finally, it is proposed to include a new section describing and explaining all significant changes and a reference to how the votes taken and views received from shareholders on the annual director remuneration report for financial year 2020—the only one submitted to the advisory vote of the General Shareholders Meeting since the approval of the Remuneration Policy in force to date—have been taken into account (where applicable).

3.2 NEW INCENTIVE SCHEME

Based on the advice of AON, an independent consultant specialising in remuneration of Directors and senior management, taking into account companies comparable to the Company, the Board of Directors plans to approve, on 16 May 2022, the new Incentive Plan, aimed at the Company’s Management and certain employees of the companies that make up its business group, and whose application to the CEO is subject to the approval of the new Remuneration Policy by the upcoming Soltec General Shareholders Meeting.

The Appointments and Remuneration Committee proposes to incorporate into the Remuneration Policy the new Incentive Plan, applicable to the CEO, to be approved by the Board of Directors on 16 May 2022, whose main changes with respect to the previous version of the Incentive Plan will be as follows:

- Split the Incentive to be offered to the beneficiaries of the plan between a cash amount to be accrued annually (for a percentage not exceeding 30% of the maximum annual reference amount) and a number of Soltec Power shares (for a percentage not less than 70% of the maximum annual reference amount) to be accrued each cycle of two consecutive financial years, with different Deferral Periods.

- As a consequence of the above, the Vesting Periods are modified to reflect the different vesting period of the incentive in cash (annual) and shares (biannual)
- This includes the price of the Company's shares in the subscription offer prior to the admission of the shares on the stock exchanges, which is the basis for calculating the number of shares to be delivered.
- As a new performance metric, the non-financial indicator "ESG indicator" is included, replacing the previous financial metric "Free Cash Flow".
- A commitment is introduced for the CEO to maintain ownership (directly or indirectly through controlled companies) of a number of Soltec Power shares equivalent to two years' fixed remuneration.
- A mechanism is introduced to cancel (*malus*) and/or recover (*clawback*) all or part of the Incentive.

This Incentive Plan will allow its beneficiaries to receive, after a certain period of time, a cash-settled incentive and a number of shares in the Company, provided that, among other things, certain targets of the Company (the "**Targets**") are met and the beneficiary remains in the Company.

The Company will allocate to each beneficiary a maximum total financial amount (the "**Incentive**") which will serve as the basis for determining, depending on the degree of achievement of the Targets, the amount in cash and the number of shares of the Company to be delivered to each beneficiary. The number of shares will be calculated on the basis of converting the reference cash amount into ordinary shares of the Company at the price of the initial public offering preceding the admission to trading of the Company's shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges in October 2020. This price was 4.82 euros per share.

The Incentive Scheme came into force on 1 January 2021 and will run for four years. Three Vesting Periods are established:

- The first Vesting Period shall begin on 1 January 2021 and end on 2 January 2023. The Incentive that may be paid to the CEO at the end of this Vesting Period shall not exceed 42.5% of the Incentive to which he/she is entitled.
- The second Vesting Period shall begin on 3 January 2023 and end on 4 January 2024. The Incentive that may be paid to the CEO at the end of this Vesting Period shall not exceed 7.5% of the Incentive to which he/she is entitled, with a cap of 30,000 euros.
- The third Vesting Period shall begin on 3 January 2023 and end on 4 January 2025. The Incentive that may be paid to the CEO at the end of this Vesting Period shall not exceed 42.5% of the Incentive to which he/she is entitled.

The Incentive will be linked to the achievement of Targets, which for the first Incentive Plan Vesting Period are: (i) 10% Total Shareholder Return Target (for both annual Calculation Periods falling within the First Vesting Period; (ii) €30.8 million and €17 million Adjusted EBITDA Target for the first and second annual Calculation Periods falling within the First Vesting Period, respectively; and (iii) maintain or improve the MSCI ESG Rating (AA) and Sustainalitycs ESG Risk Rating Report (>19.99) as the ESG Rating Target for the second Calculation Period of the first Vesting Period (the degree of compliance with the ESG Rating Target for the first Calculation Period of the first Vesting Period being zero).

The degree of fulfilment of the Parametrised Targets during the Vesting Period will assign, according to the scales of achievement defined in the Incentive Plan, a specific coefficient to the achievement of each of these Targets. The weighted average of these coefficients will result in an allocation rate of the final Incentive Amount to be paid to the CEO at the end of the Vesting Period.

The delivery of the Incentive is subject to a Grace Period (applicable to both the cash payment and the delivery of shares), and the CEO undertakes to maintain ownership (directly or indirectly through controlled companies) of a number of shares, options or other financial instruments such that he/she maintains an economic exposure to changes in the share price equivalent to an amount of at least twice his/her annual fixed remuneration. In addition, provision is made for the Board, at the proposal of the Appointments and Remuneration Committee, to approve the total or partial cancellation (*malus*) and/or recovery (*clawback*) of the Scheme Shares.

In case of "*good leaver*" cases, the beneficiaries will be entitled to receive the final Incentive, pro rata for the time the beneficiary has rendered services in the Company. Beneficiaries will also be entitled to receive the final Incentive in cash, prorated for the time elapsed during the corresponding cycle until the effective date of cases of: (i) a takeover of the Company; (ii) a takeover bid for the Company resulting in a change of control; and (iii) a structural modification of the Company involving non-group companies.

3.3 TECHNICAL IMPROVEMENTS AND MINOR CORRECTIONS

Finally, it is proposed to include some technical drafting improvements and minor corrections.

4. TERM OF EFFECTIVENESS

In accordance with the provisions of art. 529 *novodecies* of the Spanish Companies Law, the Company shall apply this Remuneration Policy as from its approval by the General Meeting and during the current financial year 2022 and the following three financial years (i.e. 2023, 2024 and 2025), unless the Company's General Shareholders Meeting resolves to amend or replace it during this period in accordance with the provisions of the legislation in force.

5. CONCLUSION

In view of the foregoing, in accordance with the provisions of article 529 *novodecies* of the Spanish Companies Law, the Appointments and Remuneration Committee of Soltec Power submits this proposal to the Board of Directors of the Company so that the latter, in turn, may propose it to the General Shareholders Meeting for approval.

In Madrid, 13 May 2022

APPENDIX
COMPLETE TEXT OF THE PROPOSED DIRECTORS' REMUNERATION POLICY