REASONED PROPOSAL FOR A NEW DIRECTORS' REMUNERATION POLICY PRESENTED BY THE BOARD OF DIRECTORS OF SOLTEC POWER HOLDINGS, S.A.

1. INTRODUCTION AND PURPOSE OF THE REASONED PROPOSAL

Pursuant to the provisions of article 529 *novodecies* of the restated text of the Spanish Companies Law approved by Royal Legislative Decree 1/2010, of 2 July (hereinafter, the "**Spanish Companies Law**"), the Board of Directors of Soltec Power Holdings, S.A. ("**Soltec Power**" or the "**Company**"), following a report from the Appointments and Remuneration Committee, has prepared and approved this reasoned proposal for the approval of the proposed new Directors' remuneration policy (the "**Remuneration Policy**"), which will be submitted to the General Shareholders Meeting for approval. The full text of the proposed resolution to the General Shareholders Meeting approving the new Directors' remuneration policy is included in this proposal as **Appendix I**.

The full text of the Remuneration Policy is incorporated in the report received from the Appointments and Remuneration Committee, which the Board endorses in all its terms and which is attached to this reasoned proposal as **Appendix II.** For these purposes, and in accordance with the provisions of articles 518 and 529 *novodecies* of the Spanish Companies Law, this reasoned proposal will be made available to the shareholders on the Company's corporate website, and will be published uninterruptedly thereon from the date of publication of the notice of call until the aforementioned General Shareholders Meeting is held. shareholders may also request free delivery or shipment.

In the event of approval by the Company's General Shareholders Meeting, the text of the Remuneration Policy will replace and supersede the text hitherto in force and described in the Annual Directors' Remuneration Report, which will be submitted to the consultative vote of the same General Shareholders Meeting as a separate item on the agenda.

2. JUSTIFICATION OF THE PROPOSAL

The Appointments and Remuneration Committee has carried out a review of the current remuneration policy.

Within the framework of this review, it has focused on the implementation in the Company's Remuneration Policy of the amendments made to the Spanish Companies Law by Law 5/2021 of 12 April, amending 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**").

On the other hand, the new variable remuneration system applicable to the CEO and the rest of the management and other key employees of Soltec Power and its group (the "**Incentive Plan**") approved by the Board of Directors on the date hereof has been included in the Remuneration Policy.

Finally, the Appointments and Remuneration Committee has incorporated 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.

Based on the above review, the Board of Directors agrees with the Appointments and Remuneration Committee and proposes to the General Meeting the introduction of the aforementioned adjustments to the Remuneration Policy, as further developed below.

3. PROPOSED AMENDMENTS

3.1 ALIGNMENT OF THE REMUNERATION POLICY WITH THE SPANISH COMPANIES LAW

Incorporation into the Remuneration Policy of the novelties included in articles 529 *septdecies*, *octodecies* and *novodecies* of the Spanish Companies Law, by Law 5/2021, not already contemplated in the outgoing policy, specifically:

(i) incorporating the new wording provided in 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 duties;

(ii) aligning the guiding principles and criteria that govern the Remuneration Policy with the contribution to the business strategy and the long-term interests and sustainability of the Company, and adding a new section explaining how the Remuneration Policy contributes to those goals;

(iii) including an explanation of how the CEO’s variable remuneration (cash and share-based remuneration under the new Incentive Plan) contributes to the achievement of the business strategy and the long-term interests and sustainability of the Company, the vesting, deferral and retention periods after vesting, and the possibility to cancel or demand repayment of variable remuneration;

(iv) establishing clear, comprehensive and varied criteria for the award of variable remuneration and identifying financial and non-financial performance metrics, explaining the methods that should be applied in order to determine whether those performance metrics have been satisfied;

(v) detailing the structure of the CEO’s variable remuneration and adding a reference to complete the information on notice periods and supplementary pension or early retirement schemes regulated in his/her contract, if any; and

(vi) introducing new sections outlining how the Company’s employees’ remuneration and employment conditions of the have been taken into consideration when formulating the Remuneration Policy, the decision-making process followed to determine, revise and apply the Remuneration Policy, including measures to avoid or manage conflicts of interest and, where applicable, the role of the Remuneration Committee, and describing and explaining all significant changes and how the votes taken and views received on the Remuneration Policy have been taken into account, the role of the Appointments and Remuneration Committee, and describing and explaining all significant changes and how the votes taken and views received from shareholders on the policy and the annual directors’ remuneration reports have been taken into account since the date of the most recent vote on the remuneration policy at the General Shareholders Meeting.

3.2 NEW INCENTIVE SCHEME

The Board of Directors has approved on the same date a new Incentive Plan, addressed to the Company's Management and to certain employees of the companies that constitute its business group, and whose application to the CEO is subject to the approval of the new remuneration policy for directors by the General Shareholders Meeting of Soltec.

It is proposed to incorporate into the Remuneration Policy the new Incentive Plan, applicable to the CEO, whose main changes with respect to the previous version of the Incentive Plan will be as follows:

(i) 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.

(ii) As a result of the above, the Vesting Periods are modified to reflect the different vesting period of the incentive in cash (annual) and shares (biannual)

(iii) This includes the price of the Company's shares in the initial public offering preceding the admission of the shares on the stock exchanges, which is the basis for calculating the number of shares to be delivered.

(iv) As a new performance metric, the non-financial indicator "ESG indicator" is included, replacing the previous financial metric "Free Cash Flow".

(v) 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.

(vi) 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. The Company will award to each beneficiary a maximum total financial amount which will serve as the basis for determining 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 Plan will consist of three vesting periods of one and two years each, from 1 January 2021 to 4 January 2025. The Incentive Plan will be linked to the achievement of certain financial and non-financial performance targets, with achievement scales according to which the Incentive Plan will vest at, above or below a target level.

The CEO must hold ownership of a number of shares, options or other financial instruments such that he/she maintains a financial exposure to share price changes equivalent to an amount of at least twice his/her annual fixed remuneration, and is subject to *malus* and *clawback* clauses.

Finally, the Incentive Plan sets out the consequences of the beneficiary's "good leaver" and in case of other events triggering early maturity.

3.3 TECHNICAL IMPROVEMENTS AND MINOR CORRECTIONS

Finally, some technical drafting improvements and minor corrections have been included.

4. TERM OF EFFECTIVENESS

In accordance with the provisions of art. 529 *novodecies* of the Spanish Companies Law, the Company will apply this Remuneration Policy as from its approval by the General Shareholders 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 legislation in force.

5. CONCLUSION

The Board of Directors of the Company endorses the conclusions reflected in the previous report prepared by the Appointments and Remuneration Committee and believes that the remuneration of the Directors referred to in the proposed Remuneration Policy is consistent with the remuneration regime contemplated in articles 17 of the Articles of Association and 25 of the Board Regulations. On the other hand, the remuneration for the performance of executive duties, as described in the proposed Remuneration Policy, complies with the requirements set down in the Spanish Companies Law and with the principles and rules contained in the Articles of Association and the Regulations of the Board of Directors of the Company.

The Board of Directors also considers that the Remuneration Policy proposed for approval contributes to the corporate strategy and to the long-term interests and sustainability of the Company; is clear and comprehensible and describes the different components of fixed and variable remuneration; sets out how the Company's employees' remuneration and employment terms and conditions have been taken into account when formulating the Policy; sets out clear, comprehensive and varied criteria for the award of variable remuneration and identifies the financial and non-financial performance criteria, explaining how they contribute to the achievement of the corporate strategy and the long-term interests and sustainability of the Company, and the methods to be applied to determine the extent to which the performance metrics have been satisfied; reports on any deferral period and on the possibility for the Company to cancel or demand repayment of variable remuneration; specifies the vesting periods of variable remuneration (in cash and shares), explaining how they contribute to the achievement of the business strategy and the long-term interests and sustainability of the company; outlines the duration of contracts or agreements with directors, the applicable notice periods, the main features of supplementary pension or early retirement schemes, the conditions of termination and the payments linked to it; explains the decision-making process followed for their determination, review and implementation, including measures to avoid or manage conflicts of interest and, where applicable, the role of the Appointments and Remuneration

Committee; describes and explains all significant changes and how the votes taken and views received from shareholders on the policy and annual reports on Directors' remuneration since the date of the most recent vote on the remuneration policy at the General Shareholders Meeting have been taken into account.

The Policy also takes into account the Company’s size and economic situation, market standards for comparable companies and the time devoted by the Company’s directors. The remuneration established strikes a suitable balance and promotes the long-term profitability and sustainability of the Company, incorporating the necessary precautions to avoid excessive risk-taking or rewarding unfavourable results, and ensuring that the Directors’ interests are aligned with those of the Company and its Shareholders, without compromising the Directors’ independence.

In view of the above, in accordance with the provisions of article 529 *novodecies* of the Spanish Companies Law, the Board of Directors of Soltec Power submits this proposal to the General Shareholders Meeting for approval, the full text of which is attached as Appendix I.

In Madrid, 16 May 2022

<u>APPENDIX I</u>

PROPOSED RESOLUTION TO THE GENERAL MEETING

The full text of the proposed resolution submitted for approval by the Ordinary General Meeting is transcribed below:

“To approve the remuneration policy for the Company’s directors for the remaining period of financial year 2022 and financial years 2023, 2024 and 2025, in accordance with the provisions of articles 529 *septedecies*, *octodecies* and *novodecies* of the consolidated text of the Spanish Companies Law, rendering ineffective the current remuneration policy for the Company’s directors, approved by the General Shareholders Meeting of 6 October 2020 for financial years 2021, 2022 and 2023.**”**

APPENDIX II

REPORT PREPARED BY THE APPOINTMENTS AND REMUNERATION COMMITTEE OF SOLTEC POWER HOLDINGS, S.A. IN RELATION TO THE PROPOSED NEW REMUNERATION POLICY FOR DIRECTORS AND FULL TEXT OF THE PROPOSED REMUNERATION POLICY