



## **ANNUAL REPORT 2020 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 2020 financial year.

Point 11 of Section Three of Technical Guide 1/2019 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.

This report on the Committee's operation and activities have been prepared under the indications of Technical Guide 1/2019 and in line with best corporate governance practices.

### **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, at this time of its recent listing on the Continuous Market.

## **b) Members**

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.

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

The Committee members have been appointed by the Board of Directors, considering the knowledge, skills and experience commensurate with the work which they are called upon and the Committee's duties. The members of the Committee as a whole have the relevant expertise concerning the energy sector.

The President is an independent commissioner who the Board of Directors has assessed as having knowledge, skills and experience the subject matter.

In the case of the members of the Committee, the aforementioned qualification is met.

On 6 October 2020, the Board of Directors of Soltec appointed as members of the *CNR* those who are currently still members of the Audit Committee:

<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 6 October 2024. The report justifying the appointment was included in the minutes of the meeting. All their *curricula vitae* are published on the Company's website. No director member of the Audit Committee performs executive functions in the Company.

No commissioner member of the 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.

The Committee's 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. 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 Human Resources 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, where the 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 and number of attendees, including whether non-members of the Committee have been invited.**

Following the bylaws of the Company, the Audit Committee meets at least twice per year, convened by its President. Since the Committee was created on October 6, 2020, the Committee did not hold any meeting in 2020.

**e) Matters dealt with by the *CNR* during the financial year 2020**

Since no *CNR* meeting was held in 2020, no matters were addressed in 2020.

**f) 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.**

Considering the recent creation of the *CNR* on October 6, 2020, the Committee will assess in 2021 the functioning and performance of the Board of Directors and its delegate committees (Audit Committee, the *CNR* itself and the Sustainable Development Committee), including evaluated areas, evaluation methods used, and extent to which the evaluation led to relevant organizational changes in Soltec and the Group.

**g) Information on national and international practical guides on *CNR* being followed, if any, and the extent of their application.**

Considering the recent creation of the *CNR* on October 6, 2020, the Committee is drafting internal procedures to facilitate implementation of CNMV Guide 1/2019.

In that sense, one of the *CNR* missions in 2021 is to approve a selection policy which fosters the appointment of a significantly high number of female senior managers within the Company, even if a large number of women are already in charge of key business areas.

**h) Significant deviations from procedures adopted or irregularities communicated in writing to the Board of Directors in matters within its competence.**

There was no significant deviation from adopted procedures or irregularities in matters within the competence of the CNR in 2020.

## **Conclusion**

No events or circumstances have occurred in the *CNR's* competence areas throughout the 2020 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 24, 2021.

Madrid, March 22, 2021

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