



**SUSTAINABILITY
REPORT**

2021

A growth story:
innovation, sustainability
and vertical integration

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The Sustainable Development Goals (SDGs), approved by all United Nations Member States as part of the 2030 Agenda for Sustainable Development, constitute a universal call to action to end poverty, protect the planet and improve the lives and prospects of everyone, everywhere.

Soltec, thanks to its business model and the sector in which it operates, contributes directly to achieving the following objectives:



Additionally, the company contributes to achieving the remaining objectives by carrying out complementary activities of volunteering and social action.



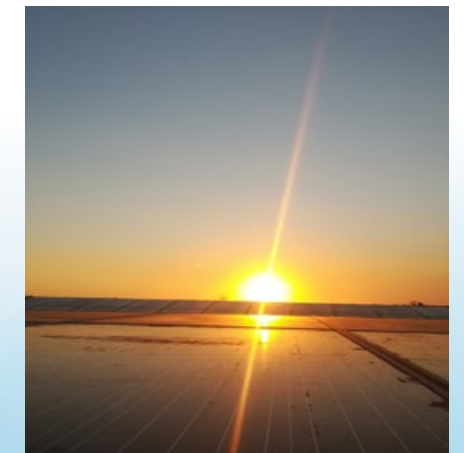
Industrial division

In charge of designing and supplying solar trackers and delivering services linked to the construction and maintenance of solar PV plants.



Project development division

Focussing on large-scale photovoltaic projects in Europe and Americas.



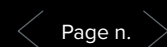
Asset management division

In 2022, a new line of business was created, specialising in asset management and responsible for operating solar projects of which Soltec will retain ownership.



Content interactions:

The report has an interactive table of contents on the side to optimize the use of information and get more out of reading the report.



More information: [which is within the report](#)



More information: [which is located in an external link](#)

A report moving towards an integrated report

We want to continue improving our reporting and communications with Stakeholders, and for this reason we value your opinion on this report or on any aspect related to sustainability at Soltec very important.

You can contact us at: info@soltec.com

LETTER FROM THE CHIEF EXECUTIVE OFFICER



We have built our vision of the future and of the business on three essential pillars: people, the environment and innovation.

Dear friends,

This year, 2022, is shaping up as a year of acceleration for the photovoltaic industry. The way forward towards energy transition is through renewable energies, and the solar revolution has only just begun. One year after going public and drawing on the 18-year track record of Soltec Power Holdings, experience has shown us that companies such as ours must contribute to fostering a better future. We have therefore built our vision of the future and of the business on three essential pillars: people, the environment and innovation.

With these values, I am pleased to present the company's sustainability report for 2021. This report reflects how far we have come over the last year, with the 'Sustainability Report 2020' as our base line. In this report, we explain the progress made by the company at a financial and operational level, encompassing matters related to business strategy, good governance and the environment, as well as our commitment to society, including the milestones achieved during 2021 and our challenges and goals for the coming years.

It is important to analyse the context in which we had to operate last year. We had to cope with considerable disruptions that forced us to redirect our strategy and take swift and efficient steps to mitigate their effects. Among other factors, disruptions to international logistics had a major impact, affecting not only our costs but also the way in which we negotiate contracts. We also dealt with the increase in cost of all raw materials and certain personnel resources due to shortages and restrictions arising out of the pandemic. In addition, we cannot forget that the recent invasion of Ukraine has contributed to greater instability, making it necessary to reassess our supply strategy, focusing particularly on key materials.

Despite the significant challenges we faced in 2021, we can state that the long-term view of the photovoltaic industry is very positive. This supports very strong expected growth for the next 30 years, due mainly to cost competitiveness, as well as to public policies encouraging renewable energies. It should also be noted that the value proposition of the solar tracker is very sound compared to fixed-array systems, due to increased production (between 15% and 25% higher, depending on latitude) and a lower Levelised Cost of Energy (LCOE).

This positive outlook for the industry, together with the measures we decided to apply to make the company even more integrated, enabled us to end 2021 with greater trust from our investors and a more robust profit and loss statement. We ended 2021 with revenues of €347 million, 47 % higher than the previous year. This was mainly due to a particularly positive performance in the fourth quarter, with revenues of €160 million.

If we take a look at our business divisions, the industrial division ended the year with more than €412 million in revenues, a record for solar tracker supply, and operating indicators with strong figures, which translate into a backlog amounting to €250 million (1,726 MW), 32% higher than in 2020. The project development area ended 2021 with a pipeline of 10.3 GW and had entered three new markets.

Against this backdrop, in 2022 we have decided to continue evolving to generate greater value for our shareholders and the rest of our stakeholders, through increased vertical integration and an active focus on asset management as part of our business. This will provide greater stability and enable us to balance our results through recurring power generation, it will give us flexibility when rotating the assets under development and it will contribute by generating numerous synergies between the group's divisions, optimising the company's cost structure and helping to improve margins.

This business approach is based on a clear commitment to innovation as an intrinsic feature of Soltec's DNA. In 2021, we achieved key milestones such as the launch of our SFOne solar tracker and our entry into the distributed generation market with SolarFighter. We also accomplished the creation of Aurora, an accelerator for start-ups focusing on projects aimed at fighting climate change through developing technology to drive the photovoltaic power plants of the future. And, finally, we participated in creating AHMUR, the Murcia Region's Green Hydrogen Sector Association, through which we seek to promote green hydrogen projects in the Spanish region of Murcia.

For Soltec, innovation goes hand in hand with sustainability, and our efforts centre on answering the social call to serve society through our business activity. Development of both solar technology and photovoltaic plants must target clearly benefiting the communities where these activities are carried out, as well as a positive impact on the environment.

Under this premise, in 2021 we created the 'Ecolvoltaica' concept, a new approach through which we aim to boost the development, construction and operation of sustainable photovoltaic projects. Through developing plants using our 'Ecolvoltaica' approach, the company is seeking to generate growth opportunities and social and economic development by fostering employment and contracts with local suppliers. In addition, at those plants it wants to ensure the criteria of respect for and integration of the environment and biodiversity (agrivoltaics, integration in the surrounding landscape, etc.), as well as offsetting carbon footprint nationwide.

The commitment and integration of sustainability into our corporate culture led in 2021 to us being given an AA rating by MSCI and a Low Risk rating by Sustainalytics. This, together with the trust our investors have placed in Soltec's vision, is a good indicator that the path we have chosen is the right one to continue contributing value to society, our customers and our shareholders.

Thank you for your trust and support.

Raúl Morales

**Chairman and Chief Executive Officer of
Soltec Power Holdings**

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OPERATIONAL RESULTS

FINANCIAL RESULTS

	Soltec POWER HOLDINGS	Soltec Industrial	PowerTis Project development
Revenues (€Mn)	346.5	411.8	-
Adjusted EBITDA (€Mn)	(6.9)	(13.6)	10.0



Tracker supply track record

11.8 GW

Pipeline:

€3,067 MN
(+15% vs 2020)

Backlog de

€250 MN
(+32% vs 2020)

Project pipeline stands at

10.3 GW

Asset rotation

1,288 MW

130 MW

under construction in Brazil and Spain

Entry in 3 new countries: **Denmark, Colombia and USA**

SUSTAINABILITY RATINGS

Soltec has been positively recognized in the ratings in which she has participated: Sustainalytics and MSCI ESG



Negligible	Low	Medium	High	Severe
0 - 10	10 - 20	20 - 30	30 - 40	40+

MSCI ESG RATINGS



CCC	B	BB	BBB	A	AA	AAA
					AA	

INNOVATION

Creation of **Aurora**, a corporate venturing tool aimed at broadening Soltec's innovation horizon through collaboration with external and internal entrepreneurs.



Launch of **SF-ONE**, a new single axis tracker. This solar tracker has a double row 1P configuration that reduces operational costs and allows Soltec to expand its offer of competitive solutions in a growing market.



ESG KEY INDICATORS

ENVIRONMENTAL

3,580,197

tCO₂ eq. avoided thanks to our projects.

2,742

CO₂ emissions (tCO₂ eq.) of scopes 1 & 2

SOCIAL

2,495

Employees (Year-End)

22.31

Training hours per employee

GOVERNANCE

43 %

of Board of Administration are women

43 %

Independent Members in the Board of Administration

ECOVOLTAICA:

Soltec has created the **Ecovoltaica** concept with the aim of developing the most sustainable plants, improving the impact on the environment, the economy and local communities.



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Soltec Industrial:

411.8 M €

in revenues, a record figure in supply of solar trackers.

Project Development

10.3 GW

Pipeline

1. OUR BUSINESS

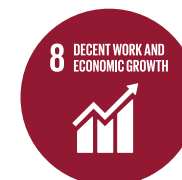
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Soltec, a company in the solar energy sector, operates through three lines of business: its industrial division, in charge of designing and supplying solar trackers and offering construction and operation services of solar PV plants; its project development division, specialising in developing photovoltaic projects; and its asset management division.

The company has reinforced its commitment to developing the most sustainable photovoltaic plants and to this end has launched its “**Ecovoltaica**” concept. With this initiative, Soltec is seeking to stimulate the socio-economic development of the areas where the assets are located, as well as to protect the biodiversity of the environment, contribute to the circular economy and offset its carbon footprint.



Images::

Top: Solar plant in Spain, 85 MW.

Bottom: Workers installing a solar tracker in Chile.

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1.1 Soltec, a vertically integrated, sustainable and innovative company since its inception

There are many synergies between the company's business lines, deriving from the company's vertical integration, which contribute to generating value and improving margins¹.

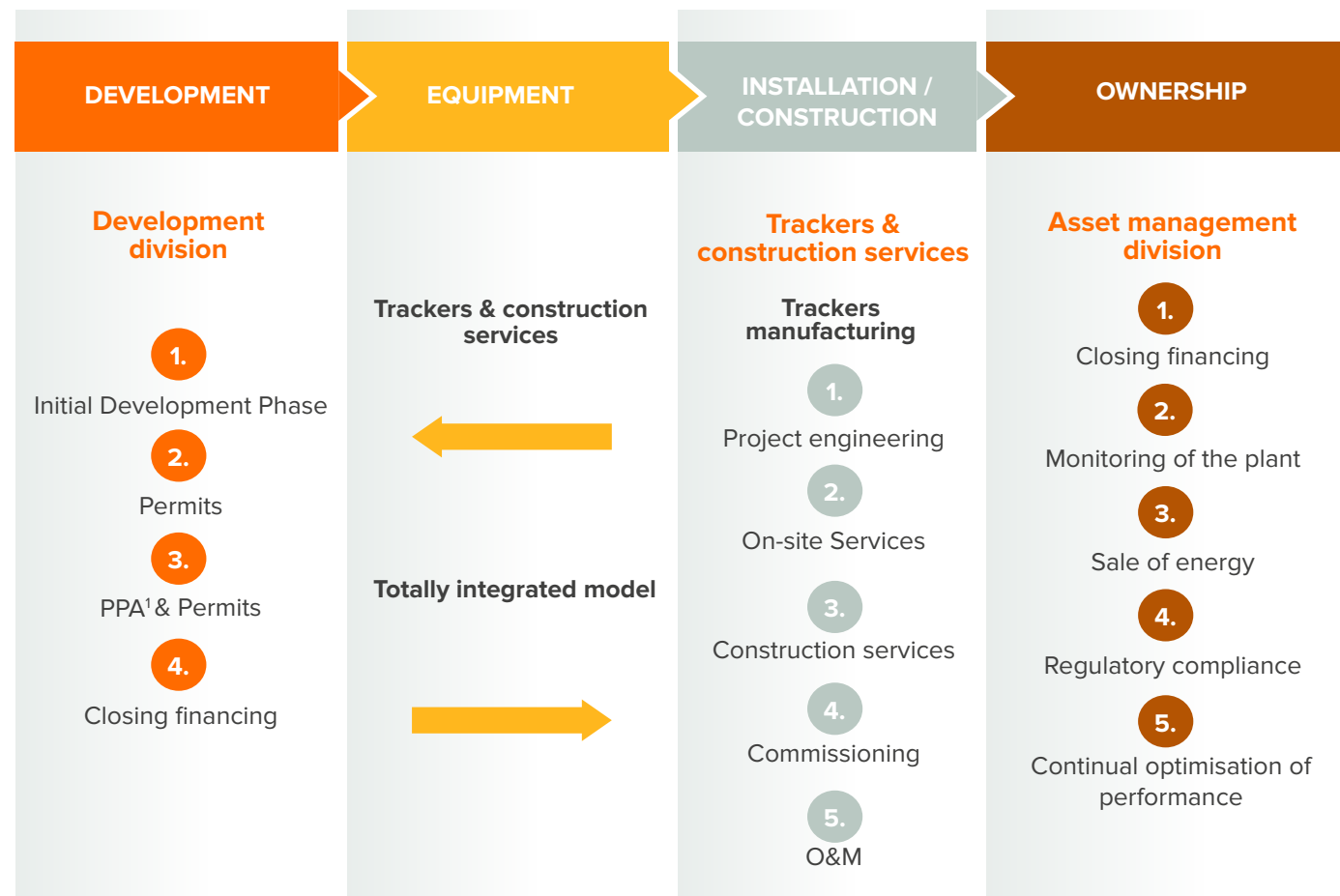
Soltec wants to support the transition to a low-carbon economy, protect the biodiversity of the local areas where the photovoltaic plants are located and bring value to its relationship with stakeholders by listening to them and understanding their needs, making it a pioneer in developing Ecovoltaica initiatives².



1. For more information on margins' targets, see chapter 5
2. For more information about our Ecovoltaica initiatives, see chapter 1.3.2.1

The activities of Soltec, sustainable since its inception, have a clear purpose: to create a clean, sustainable and fair world through energy.

Soltec Power Holdings is a leading company in the solar photovoltaic sector with three main lines of business:



(1) Power Purchase Agreement

Corporate structure

Soltec is divided into two parent companies, Soltec Energías Renovables, S.L.U. and Powertis, S.A.U. (hereinafter, Soltec Industrial and Powertis respectively), which have several subsidiaries which make up the perimeter of Soltec Power Holdings, S.A.

See section "Financial performance"

Organisational structure of Soltec Power Holdings

Soltec
Soltec Energías Renovables, S.L.U.
It provides a wide range of solar tracker sales services, as well as tracker installation and maintenance services when required by customers.

Powertis
Powertis, S.A.U.
In charge of developing and carrying out projects involving electrical power production facilities which use solar photovoltaic energy.

A constantly growing company

Soltec was created in 2004, driven by the determination and the effort of its founders, with Raúl Morales, the current Chief Executive Officer of Soltec Power Holdings, at its head, who combines his passion for renewable energy with a firm commitment to boosting operational productivity. Soltec started out specialising in developing photovoltaic projects and also working as an EPC contractor on small projects in the Murcia region of Spain.

In 2007, Soltec designed and launched its first solar tracker, achieving through this innovation its first 20 MW in solar tracker development and construction. During 2009, Soltec

developed and launched a single-axis photovoltaic tracker, and over the following years it continued creating new products, enabling it to obtain highly competitive trackers and consolidate its position as one of the leading solar tracker manufacturers.

Soltec began its international expansion in 2008 by entering Italy and accelerated the expansion from 2014 onwards with the opening of an office in Chile and signing its first supply agreements in other countries, such as Peru, Brazil, Mexico and the United States.

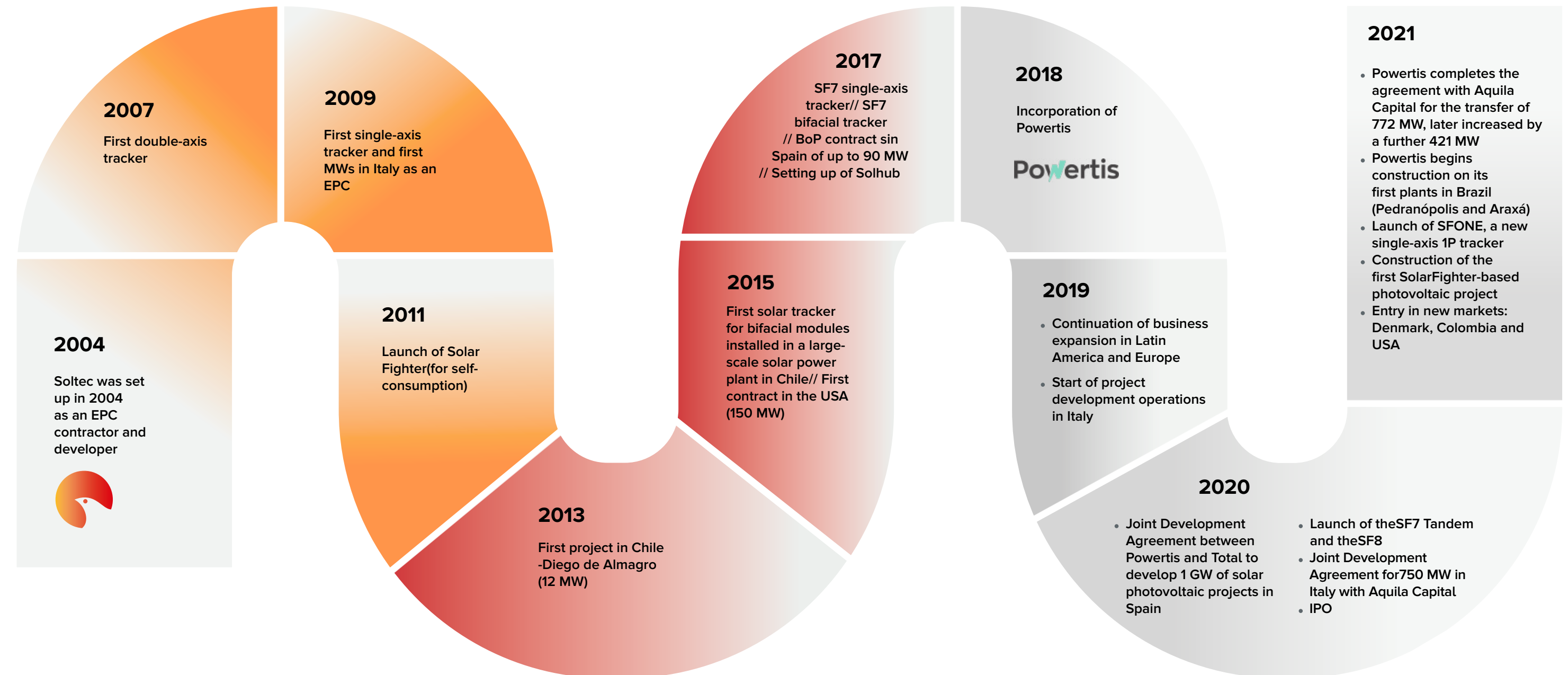
Later, in 2018, it set up Powertis with the aim of boosting the vertical integration process and offering services throughout the value chain, carrying out complementary activities that fostered synergies with Soltec Industrial's business.

As from 2019, Soltec Industrial cemented its expansion in Europe, Latin America and North America and began operating in Asia, Africa and APAC. Over the same period, Powertis consolidated its business in Brazil, Italy and Spain and in 2021 it managed to enter three new markets: Colombia, Denmark and the United States.

In 2021, Soltec developed and launched a new solar tracker, the SFOne, which offers a double-row 1P configuration, thereby strengthening its portfolio of flexible and versatile products while adapting to all types of projects and customer demands in a global market.

In 2020 the company went public on the Spanish Stock Exchange, raising funds to undertake its business plan.

In 2022, it will establish its third line of business, devoted to managing operating assets, through which it will sell power in order to achieve a more stable source of revenue.



[Find out more about Soltec's history through this link](#)



Manufacture of solar photovoltaic trackers



Market expansion



Consolidation as a leading integrated global player

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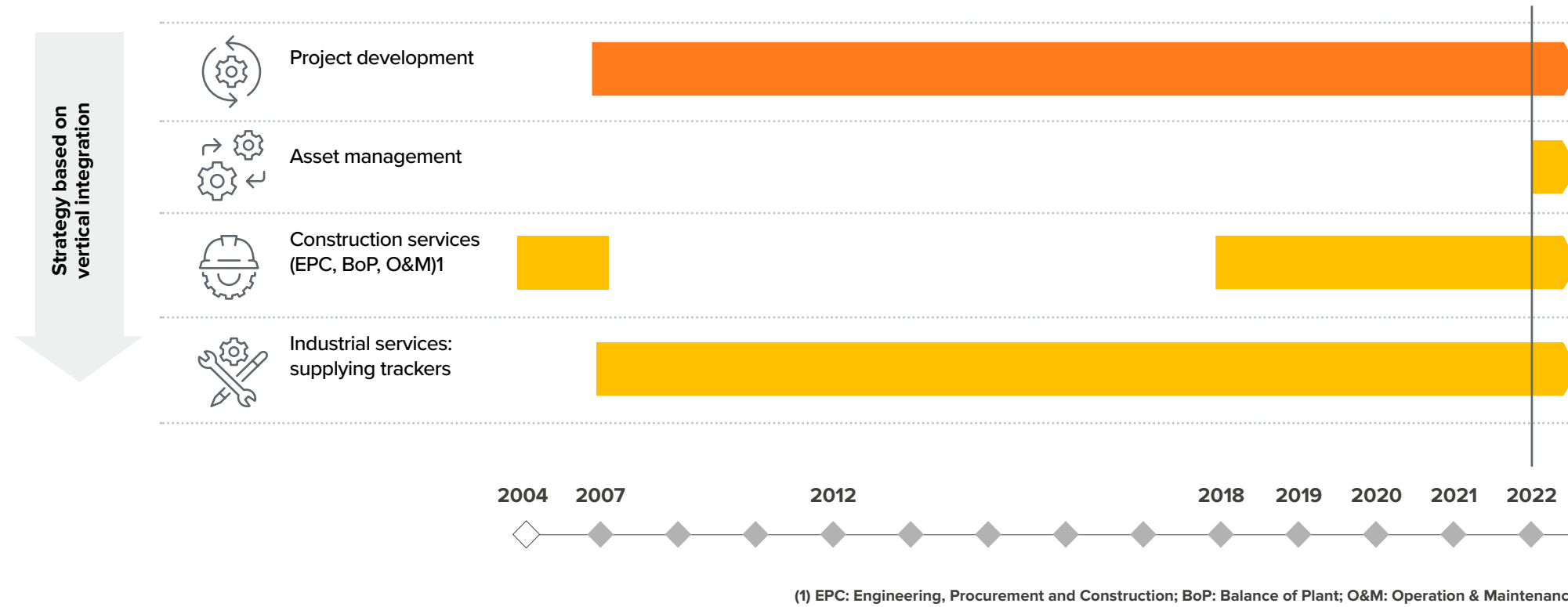
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Thanks to the synergies between its lines of business and the benefits of vertical integration in an expanding photovoltaic industry, Soltec has managed to consolidate its position as a fully integrated company, with a sustainable business model and a brand which is recognised worldwide, based on innovation stemming from the quality and experience of its team and years working with the main actors in the sector.

Sustainability

The business activities carried on by Soltec contribute directly to the energy transition at a key moment, moving towards the complete decarbonisation of the system.

The products and services it develops provide customers with efficient and sustainable solutions. The company has also worked to create a sustainable business model.

Integration

Soltec has a vertically integrated business model in which the synergies between its different activities offer the company the ability to grow and capture margins.

In addition, the roll-out of collaborations with other technological partners makes it possible to increase the value proposition throughout the chain.

Innovation

Soltec has marked itself out right from the beginning due to its industrial nature and its support for innovation.

With the aim of seeking out new business opportunities and new innovative applications that complement its solar trackers, the company invests significantly in R&D&I and in start-ups in the energy sector through different channels.

Presence in the sector

The company seeks to participate in the energy transition through its involvement in developing new technologies that can generate new opportunities for growth. To this end, it participates on an ongoing basis in national and international forums and associations, contributing its experience and visibility. Annex I includes a brief description of the main associations and forums of the sector in which Soltec participates.



1.2 The mission, vision and values of a sustainable and vertically integrated business

Soltec was founded with the purpose of creating a clean, sustainable and fair world based on efficient photovoltaic power generation. With this aim, since the very beginning Soltec has been determined to lead the global photovoltaic power market and deliver reliable solutions through the latest technology. Soltec encourages its suppliers, customers and employees to share this vision and is committed to carrying out environmental and sustainability-based activities that disseminate these values.



Soltec's **PURPOSE** is to create a cleaner, more sustainable and fairer world through energy.



Soltec's **MISSION** is to develop integral solutions through sustainable solar power.



Soltec's **VISION** is to become an international leader in sustainable solar power by contributing integral, innovative solutions throughout the value chain.

Accomplishing Soltec's mission is made possible through the use of different resources or capital...



FINANCIAL CAPITAL

- Capital structure reinforcement after flotation.



[More info: c. 5.3](#)



SOCIAL CAPITAL

- Incorporation of social aspects into Ecovoltaica projects.
- Integration of social and environmental clauses in the supply chain.

[More info: chaps. c. 1.3.2.1 and 4.1](#)



HUMAN CAPITAL

- Existence of a multicultural, diverse team.
- Presence of local workers in the projects.
- Continuous training in all areas of the company.
- Customer-oriented.

[More info: c. 1.3.2.1 and 4.4](#)



INTELLECTUAL CAPITAL

- Experience in an industry in which Soltec is a pioneer.
- Mechanisms that foster in-house and external innovation.
- Collaboration with technological partners.

[More info: c. 2.3](#)

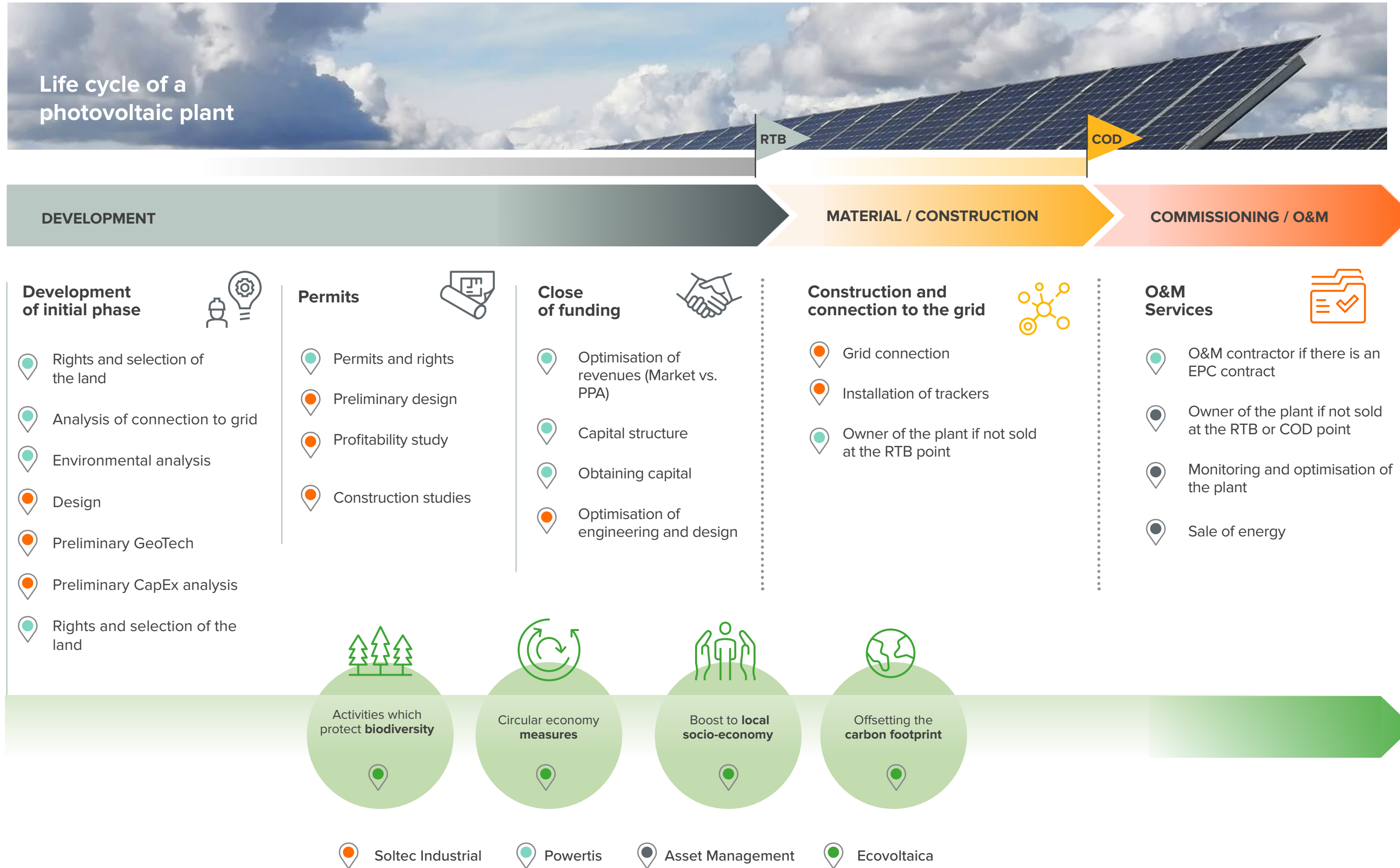


NATURAL CAPITAL

- Sustainable management of materials used in the company's business operations.
- Integration of the circular economy into the company's activities.

[More info: c. 1.3.2.1 and 4.3](#)

...which the company makes use of to perform the activities comprising its business value chain...



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...thus generating significant value for its stakeholders and making progress towards achieving the company's vision.



Soltec's DIFFERENTIAL VALUES



Commitment

To achieve sustainable development of the business, it is essential to establish strategic alliances with stakeholders that make it possible to address social, economic and environmental challenges.



Adaptation to change

The environment the company is in is constantly evolving and therefore its ability to adapt and its flexibility have become priority areas.



Quality and continuous improvement

Continuous improvement of the products and services through innovation is a key element of the business proposition, which is embedded in the company's culture at every level.

1.3 Business areas

In 2021, Soltec Power Holdings achieved revenues of €346.5 million, an increase of 47 % compared to the previous year. Adjusted EBITDA at the end of December 2021 was -€6.9 million, compared to -€9.4 million in 2020. The result for the year was a net loss of €1.2 million, which represented an improvement of €3.8 million compared to 2020. It must be noted that the year's fourth quarter performance was particularly good, as it achieved €160 million in revenues, EBITDA of €16 million and a net profit of €19 million.

Main indicators in 2021 – Soltec Power Holdings

Indicator	2021	2020
Revenues (€ Mn)	346.5	235.6
Adjusted EBITDA (€ Mn)	(6.9)	(9.4)
Net profit (€ Mn)	(1.2)	(4.9)
Net debt (€ Mn)	71.9	11.5

Soltec Industrial

The main activities of Soltec Industrial centre on the design, manufacture, supply and installation of solar trackers, as well as additional services (construction and maintenance). Soltec Industrial is the **world's third largest solar photovoltaic tracker manufacturer**.

The value proposition of the solar tracker

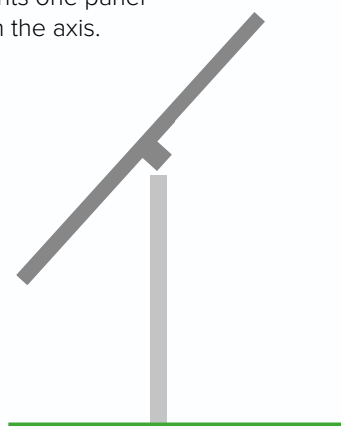
A solar tracker is a mechanical device designed to direct photovoltaic modules so they are perpendicular to the sun's rays by tracking the sun's position from sunrise to sunset. With the right albedo conditions and plant design, trackers increase power production by between 15% and 25% compared to fixed-array systems.

The solar tracker market has high growth potential linked to the increase in installed capacity in solar photovoltaic projects. Numerous studies calculate that more than 300 GW of solar trackers will be installed between 2021 and 2025, representing 40 % of all the new solar installed capacity in the same period.

The trackers can be differentiated due to their configuration: either 1P (1-in-Portrait) or 2P (2-in-Portrait). This refers to the configuration of the photovoltaic modules in the tracker itself:

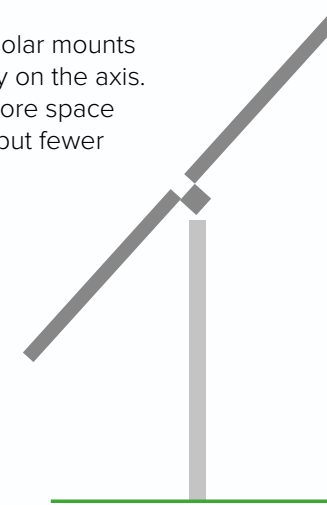
1P trackers

A 1P (1-in-Portrait) solar tracker mounts one panel vertically on the axis.



2P trackers

A 2P (2-in-Portrait) solar mounts two panels vertically on the axis. 2P trackers need more space between the rows, but fewer piles.



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Soltec's solar tracker portfolio:

1P: SFONE tracker

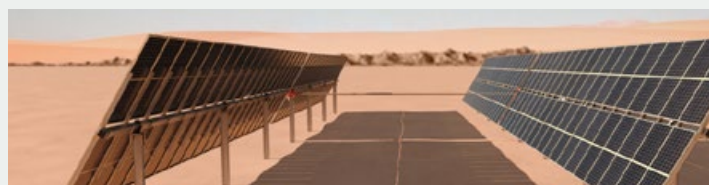
2P: SF7, SF7 Tandem and SF8 trackers

SF7 Tracker



This is the current tracker we market, from which the other products are derived. Its excellent yield per hectare makes it ideal for large-scale projects. Compared to its main competitors, the SF7 has 46 % fewer batteries per MW, 15 % fewer parts and 15 % fewer screws and bolts per battery. Similarly, it can be installed quickly, making it possible to optimise construction and labour lead times, aspects which significantly reduce final installation costs and increase the installed MW rate.

SF7 Tandem Tracker



This model, based on the SF7 model, uses a pair of trackers. To build a SF7 Tandem, the control electronics and electric motor of one of the trackers is removed. Both trackers are moved by a single slewing drive using a drive shaft, thus contributing to cost savings.

SF8 Tracker



Drastic renewal of the SF7, including a modification of the main tube and, in turn, of all related elements to enhance robustness. The SF8 has 5.16 % less parts per module than the previous generation, hence reducing cost and increasing installation efficiency. Compared to competitors, the ground-breaking technology of the SF8 tracker provides up to 8.6 % more power generation when bifacial modules are installed.

SFONE Tracker



SFONE is the new single-axis 1P tracker from Soltec, which was especially designed for longer modules of 72 and 78 cells. This tracker is self-powered thanks to its dedicated module, resulting in lower operating costs. This tracker requires 5 % fewer piles than the competition and implies 75 % less working time.

SolarFighter



This is the first all-in-one photovoltaic kit for distributed generation plants of up to 12 MW. It includes all components needed for installation of a small- or mid-sized photovoltaic plant. This combined package is specially designed to maximise compatibility and competitiveness in the market, making it particularly quick and easy to install.

Services provided to support photovoltaic plants

Soltec offers all the services needed to enable each project to come to fruition, providing a personalised and complete service including advisory services such as guidance, logistics, training, commissioning, installation, and operations and maintenance. The services Soltec develops and offers its customers are:



Project engineering

Design optimised by the manufacturer to maximise the peak product performance for each project.



On-site services

These include guidance on plant installation, logistics, training, commissioning, installation, and operation and maintenance.



Solhub

The service includes the Solhub warehousing and logistics system, which delivers the tracker components to the project location within the agreed deadlines without intermediary companies.



Installation

Installation and assembly of the industrial equipment in compliance with the established deadlines.



Commissioning

The company offers plant commissioning, which includes both commissioning and proper control of the project's solar trackers by specialised engineers.



Construction services

Integral plant construction services with possible management of purchasing of the main equipment.



Solmate (after-sales service)

Soltec's customer service through a new platform for comprehensive management of warranty, care, operation and maintenance of the plants.



Soltech Pro

This is the complete training programme for design and installation of photovoltaic plants equipped with Soltec solar trackers. This professional programme is aimed at solar industry companies and workers specialising in designing and installing solar trackers in large-scale photovoltaic projects.

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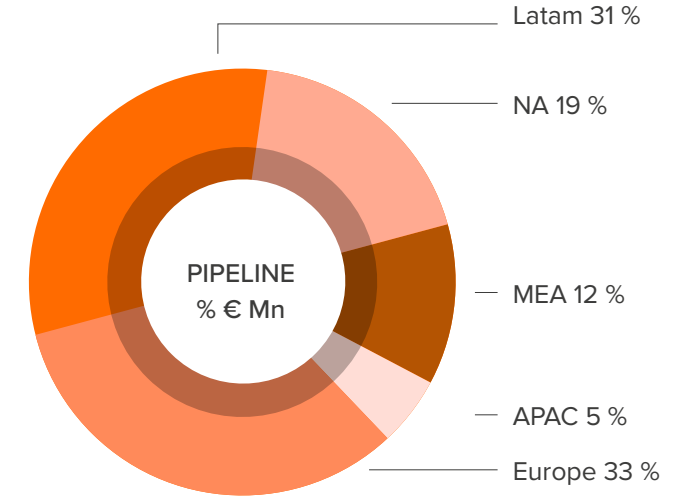
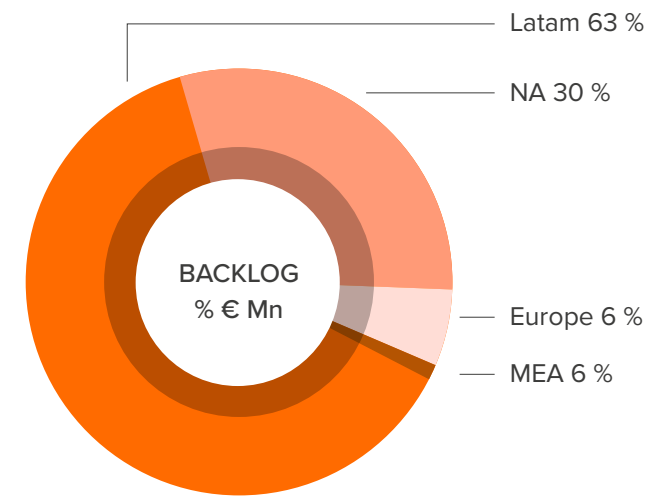
Solar plant in Australia, 70 MW.

Geographical diversification of Soltec Industrial

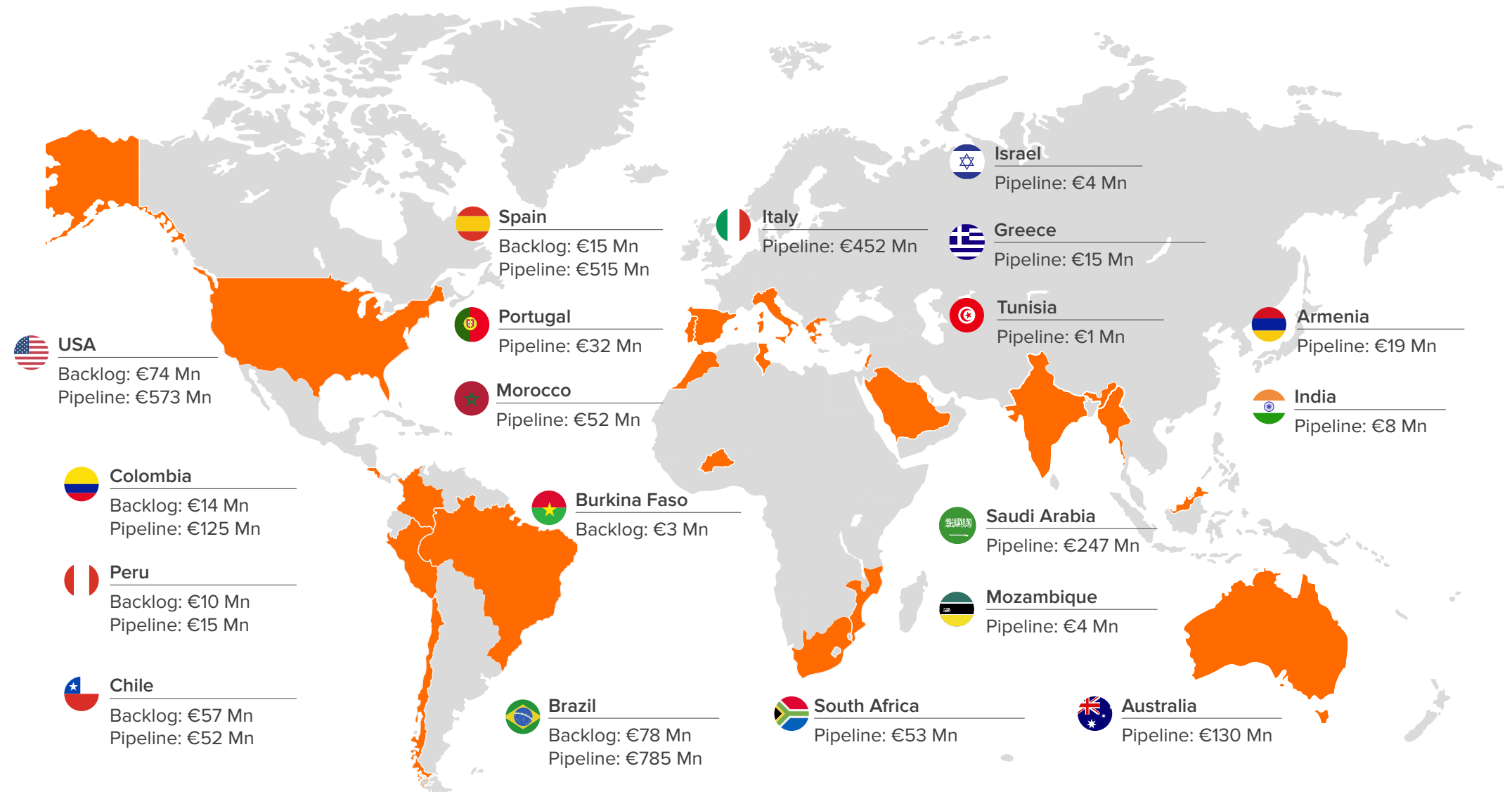
Soltec's presence in important markets for photovoltaic power, alongside the solar trackers' solid value proposition, have been crucial elements of its growth strategy, resulting in 3.4 GW of solar trackers supplied around the world in 2021, placing the company third in the ranking of the world's leading tracker manufacturers.

NA: North America, MEA: Middle East and Africa, APAC: Asia Pacific

Diversification by region



Countries in which Soltec Industrial is present



Soltec Industrial in 2021: Record turnover

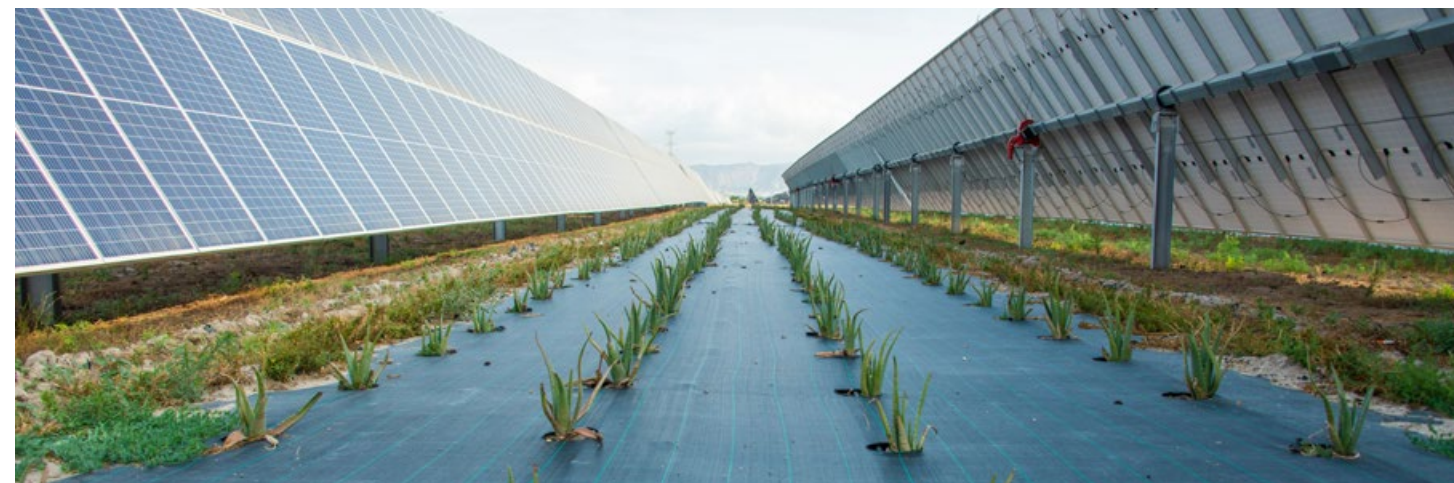
Main indicators in 2021 – Soltec Industrial		
Indicator	2021	2020
Financial indicators		
Revenues (€ Mn)	411.8	236.2
Adjusted EBITDA (€ Mn)	(13.6)	(11.3)
Operating indicators		
Backlog of projects (MW)	1,726	1,891
Backlog of projects (€ Mn)	250	190
Backlog of projects represented by Powertis (% of MW)	9.9	12.2
Backlog of projects represented by Powertis (% of € Mn)	8.5	17.5
Pipeline of projects (MW)	25,260	24,340
Pipeline of projects (€ Mn)	3,067	2,665
Pipeline of projects represented by Powertis (% of MW)	7.4	6.6
Pipeline of projects represented by Powertis (% of € Mn)	28.5	27

The industrial division ended 2021 with revenues of more than €411.8 million, a record figure in supply of solar trackers.

EBITDA for the year was -€13.6 million, affected by the disruption in the market caused mainly by international logistics as well as the lack of staffing resources in certain countries.

The results improved constantly throughout the year, as a result of the mitigation measures put in place by the company to minimise the impact of the disruptions. In this way, in the fourth quarter of 2021 it recorded €223.2 million in sales (+529 % compared to 2020) and €6.3 million in EBITDA (€13.3 million higher than the figure for 2020).

The positive results of the year were possible due mainly to the consolidation of the business in various countries. If we perform an analysis by region, in **Europe** Soltec achieved important milestones, such as the agreement with Statkraft to build four photovoltaic plants, which will lead to the generation of 500 GW/h of clean energy a year. It also entered into a framework agreement with Acciona Energía which considers Soltec as a supplier to provide solar trackers in the projects it develops. The agreement has a term of three years. It also signed a deal with Endesa to supply solar trackers and construction services for three photovoltaic plants in Extremadura (Spain) with installed capacity of 142 MW.



Solar plant in Spain, 85 MW.

Growth in **Latin America** was due to its consolidation in Brazil and the new projects entered in Chile, Peru and Colombia. In Brazil, Soltec signed an agreement with Focus Energia to supply solar trackers for a project involving 852 MW, making it the largest bifacial tracker project in Latin America. Another important agreement was the contract to supply bifacial trackers for a 359 MW project that Elecnor will be developing in the Pirapora region. These two agreements have taken on particular importance as they confirm Soltec's positioning in the country, where it has achieved a market share of 35.7 %.

Finally, in the **United States** it changed its strategy to increase competitiveness by broadening the services it offers (installation) in the market. This change in strategy has already given its first results, including new projects entered into with leading market players such as Engie, AES and EDF. Specifically, during the year it entered into an agreement with Moss & Associates, LLC, to supply solar trackers for two photovoltaic plants in Colorado (United States), with installed capacity of 700 MW.

As for new products, in 2021, the company launched its new single-axis tracker, the fruit of its commitment to innovation: the **SFONE**. This solar tracker has a double-row 1P configuration which reduces operational costs, and enables Soltec to broaden its range of competitive solutions in a growing market.

Another product launched was the **SolarFighter**, a product designed for distributed-generation photovoltaic projects of up to 12 MW. This is a package that includes solar trackers, modules adapted to the characteristics of each project, an inverter, all the cabling, communications and BoP systems, as well as batteries for the projects with storage. It is also ready for projects with future hydrogen storage. The success of this launch was reflected in the fact that, that same year, construction began in Murcia of the first distributed-generation photovoltaic plant using the SolarFighter, which has an installed capacity of 5 MW.

The operating indicators continued to show solid figures at year-end 2021. The backlog (signed contracts) increased to €250 million and 1.73 GW, with an economic value 32 % higher than the previous year. In addition, the pipeline (potential contracts with a likelihood of success) amounted to a value of €3,067 million (an increase of 15% over the previous year), which corresponds to 25.3 GW. Finally, if we look at the value of the pipeline with a probability of over 50 %, Powertis accounted for €1,673 million, which demonstrates that the company has a solid future portfolio.

MILESTONES 2021



MARKETS:

- **EMEA:** Spain maintained its position as the leading country in the region, with projects launched with the main market players such as Statkraft (234 MW), Acciona and Endesa (142 MW). Numerous projects were also consolidated in Italy, Greece, France and Portugal.
- **Latin America:** While Brazil is considered the strongest country in the region, there was also growth in Chile, Peru and Colombia through new projects. In addition, there are several large projects in Brazil which are currently at the tendering stage.
- **North America:** Thanks to its change in strategy, Soltec achieved growth by starting to supply new services such as installation, which enabled it to stand out from the competition. It entered into an agreement with Moss & Associates, LLC, to supply solar trackers for two 700 MW photovoltaic plants.
- **Asia Pacific:** There was a residual presence, with a subsidiary in China which supplies products and with some activity in India and Australia.

LAUNCH OF NEW PRODUCTS:

- **Launch of the SFONE tracker**, a new solar tracker with double-row 1P configuration, which consolidates a portfolio of flexible, versatile products.
- **Launch of the SolarFighter tracker**, with technology aimed at distributed generation plants, and construction of the first photovoltaic project that uses this tracker.
- **Launch of the Diffuse Booster**, an algorithm designed for better exploitation of diffuse energy, increasing production during cloudy periods by between 5.34 % and 6.85 %. For more information about this product, read chapter 2.3 Innovation, a key element in making our company stand out.

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Powertis

The project development division, also known commercially as Powertis, develops large-scale sustainable projects in Europe and the Americas.

The activities of Powertis therefore include the development and structuring of photovoltaic plants, procurement of power purchase agreements (PPAs), financing, and the construction and operation of the assets. All this is done in accordance with the values of efficiency, excellence, respect for the environment, integration of local communities and job creation. This development strategy has made it possible to create differential value through the implementation of the Ecovoltaica concept.

Another differentiating element is the integration of the solar trackers designed by Soltec Industrial into its projects, thereby encouraging and boosting cohesion and collaboration between the two businesses. Consequently, Soltec Industrial supplying Powertis is a guarantee of the quality of the products, which is a clear differentiating element compared to other competitors.

Powertis centres on medium-scale and large-scale plants, which allows for maximum efficiency in developing infrastructures and use of the latest technology, as well as sophisticated contracting modalities, with the ultimate goal of providing a guaranteed and sustainable return on investment

over time. In addition, Powertis has focused on greenfield projects, although it has occasionally purchased projects developed by third parties.

As a result of the regulatory situation, power prices and the impacts on the supply chain and logistics, Powertis has begun to lengthen the life cycle of some of its projects by directly operating the plant after constructing the project (the 'ownership phase'). This change in strategy enables the company to reduce the impact of external disruptions and ensure more stable revenues, resulting in more sustainable EBITDA.

Powertis in 2021

Main indicators – Powertis		
Indicator	2021	2020
Revenues (€ Mn)	-	0.6
Adjusted EBITDA (€ Mn)	10	2.6
Financial indicators		
Pipeline of projects (GW)	10.3	5
Backlog of projects (MW)	722	717
Projects at advanced stage (MW)	3,044	792
Projects at early stage (MW)	2,571	1,366
Identified opportunities (MW)	3,964	2,112

The operating indicators for Powertis at year-end 2021 were very positive, with a portfolio of projects (pipeline) that amounted to 10.3 GW, of which 722 MW were backlog projects.

During 2021, the project development division was able to achieve asset rotation of more than 1,288 MW of its asset portfolio in Italy and in Spain, recording €10 million in EBITDA.

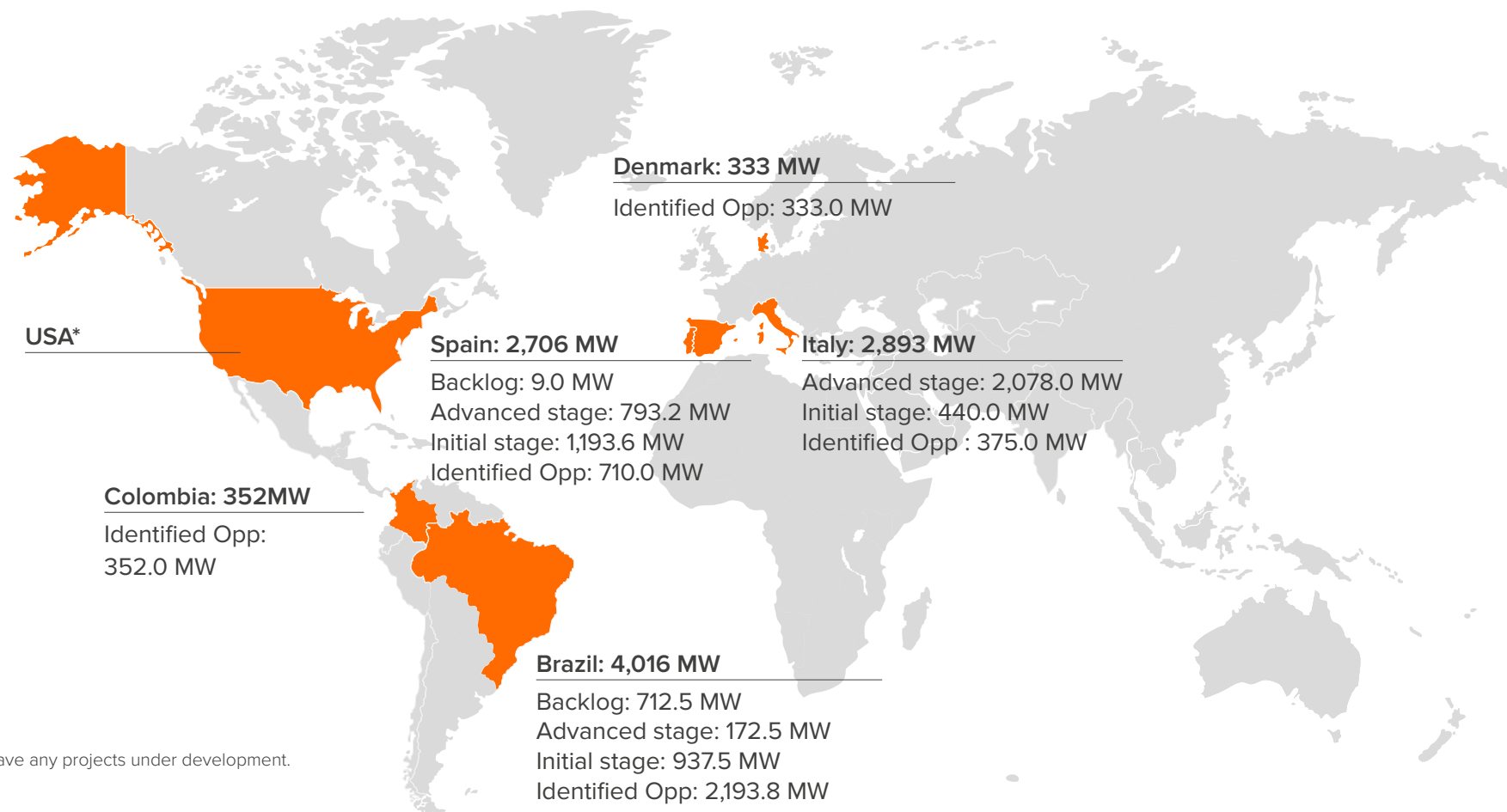
Powertis continued to promote its business in Spain, Italy and Brazil and managed to enter three new countries (Colombia, the United States and Denmark).

Thanks to a team of more than 85 people exclusively dedicated to the development of photovoltaic projects globally.

Geographical diversification of Powertis

Unique geographies in the photovoltaic market with great growth potential

In the few years it has been operating, Powertis has managed to consolidate its position as a leading developer of photovoltaic projects in different regions. At year-end 2021, Powertis was developing projects in Europe (Spain, Italy and Denmark) and America (Brazil, Colombia and the United States).



* United States does not currently have any projects under development.

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	Market 	Portfolio 	Milestones 2021 	Strategy 
<p>SPAIN</p> 	<p>The Spanish market stands out due to the amount of installed capacity and the large number of projects developed without subsidies and with PPAs. It is estimated that in the period 2022-2025 installed capacity will grow by an average of 20% a year⁴.</p>	<p>The Spanish portfolio has a total of 2.7 GW, among which there are 793.2 MW at the advanced stage. The rest of the portfolio is distributed in the following manner: 9 MW in backlog, 1,936.6 MW at an early stage and 710 MW classified as identified opportunities.</p>	<p>In Spain, construction started in La Asomada, a 4.5 MW photovoltaic project in Murcia, which began operations in 2022.</p>	<p>Due to the restrictions, mainly due to regulatory aspects in the new-project market, the strategy for Powertis has been based on finalising the rotation of the current portfolio and preparing for the forthcoming developments.</p>
<p>ITALY</p> 	<p>Italy is the second country with the most installed photovoltaic power capacity in Europe, standing at a total of 22 GW. The focus of the market's growth potential is in certain areas such as Puglia, Basilicata, Sicily and Cerdeña.</p>	<p>In Italy, Powertis is in a very beneficial position, having signed agreements for competitive land in the areas with the highest value and greatest potential for development. The pipeline grew over the year by more than 1 GW, with the total portfolio amounting to 2.9 GW. It is important to highlight that more than 2,078 MW are at an advanced stage of development. The rest of the portfolio includes 440 MW at an early stage and 375 MW classified as identified opportunities.</p>	<p>Over 2021, Powertis reached two important agreements in Italy with German asset manager Aquila Capital to formalise the transfer of solar photovoltaic projects. The first transfer amounted to 772 MW and the second, an additional 421 MW. The second agreement provided for the co-development of a further 90 MW for power storage in that country. Powertis maintains 49% of the portfolio rotated to Aquila Capital.</p>	<p>The growth strategy in Italy was based on entering the market at an early stage, beating many competitors, and focusing on obtaining land in the areas with the most potential. The implementation of agrivoltaics as part of all the projects developed is another important measure. It is part of the growth strategy for this market, which has a significant agricultural and industrial industry.</p>
<p>BRAZIL</p> 	<p>Brazil is a strategic market for Powertis due to the high growth potential of its energy market. It is estimated that in the period 2022-2025 more than 12 GW of photovoltaic capacity will be installed, consolidating Brazil as one of the world's leading solar power production countries.</p>	<p>Brazil is the leading market for Powertis as regards portfolio size (4 GW). The portfolio includes 712.5 MW in backlog projects, 172.5 MW at an advanced stage, 937.5 MW at an early stage and 2,193.8 MW which represent identified opportunities.</p>	<p>An important milestone was achieved when construction began on the country's first two photovoltaic plants (Pedranópolis and Araxá). Between them, they represent total capacity of 225 MW (112.5 MW each) and it is estimated they will avoid emissions of 350,000 tCO₂ a year, while supplying clean energy to some 230,000 households and creating 2,800 jobs (direct and indirect jobs).</p>	<p>This market has a high demand for PPAs from electricity companies and therefore Powertis has decided to increase the life cycles of its current projects, thus accessing a stable source of revenue. Due to the size of the market, it is also seeking to increase the volume of its project portfolio, for both development and construction. The execution of the projects' initial stages always entails the implementation of important social activities (for more information about these activities, please read chapter 1.3.2.1 Ecovoltaica as a differential element for sustainable development of photovoltaic plants).</p>



Solar plant in Spain, 5 MW.

⁴ Solar Power Europe - EU Market Outlook for Solar Power 2021-2025

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Market



Portfolio



Milestones 2021



Strategy



DENMARK
(new market 2021)



Denmark is a country with great growth potential, with a target for 2030 of increasing its solar power capacity to 6 GW. In 2021, it was fifth among the countries in Europe with the most MW per capita. However, it is a market which historically has rolled out more off-shore wind-farm projects than photovoltaic ventures and as a result it has not developed a strong solar culture.

Powertis was able to consolidate its position in the market and develop a pipeline of 333 MW which will contribute to boosting development of agricultural activities through association with local companies.

Thanks to its strategy of cohesion, effective costs and co-existence between agricultural production and energy production, Powertis has established itself as one of the developers with the most medium-term socio-economic impact. This enabled it to make positive progress with the municipalities and network operators in developing its project portfolio, achieving the first milestones born out of that development.

The strategy for Powertis in the Danish market is based on involving the local community in the projects, permitting farming on the land where the plants are located and thus preventing them potentially rejecting the new projects currently being identified.

COLOMBIA
(new market 2021)



The energy auctions organised by the government and recent changes in market regulation have made Colombia a strategic country for the growth of the company in Latin America, where it is expected that installed renewable energy capacity will grow by 50% during the period 2021-2026⁵.

The pipeline in this market includes 352 MW, made up of a project awarded in a public energy auction and a PPA.

Entering the Colombian market was an important achievement for Powertis. This occurred after winning an energy auction, being awarded 100 MW, which represented 12.5% of the total amount auctioned by the Colombian government.

The strategy in Colombia is to continue increasing the portfolio by bidding at the next public energy auctions and consolidate a selective presence in the country.

UNITED STATES
(new market 2021)



The United States is an extremely important market for Powertis' growth, as it is estimated that it will be the country which installs the most photovoltaic capacity worldwide between now and 2025, with a total of almost 30 GW. At year-end 2021, Powertis still had no projects under development in the US market, but it had set up a task force to identify opportunities⁵.

MILESTONES 2021



CONSOLIDATION IN MARKETS:

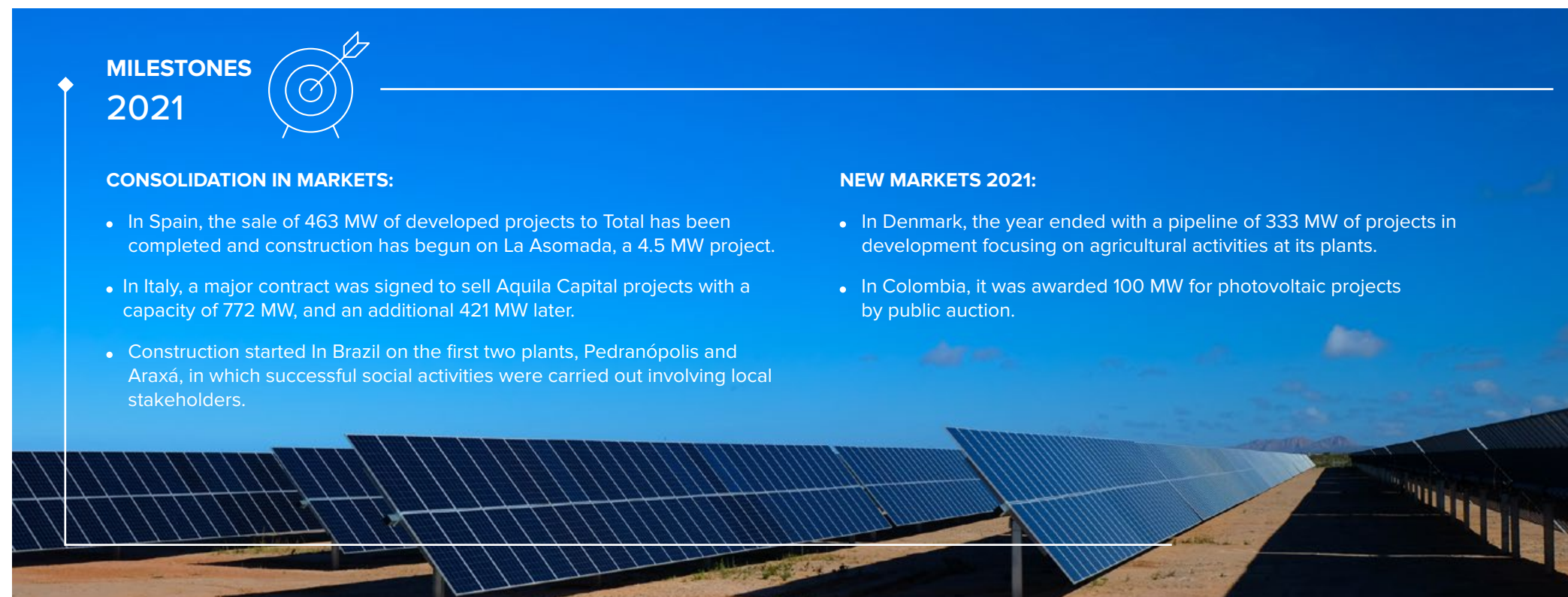
- In Spain, the sale of 463 MW of developed projects to Total has been completed and construction has begun on La Asomada, a 4.5 MW project.
- In Italy, a major contract was signed to sell Aquila Capital projects with a capacity of 772 MW, and an additional 421 MW later.
- Construction started in Brazil on the first two plants, Pedranópolis and Araxá, in which successful social activities were carried out involving local stakeholders.

NEW MARKETS 2021:

- In Denmark, the year ended with a pipeline of 333 MW of projects in development focusing on agricultural activities at its plants.
- In Colombia, it was awarded 100 MW for photovoltaic projects by public auction.



Solar plant in the USA, 150 MW.



⁵ IEA – Renewables 2021 Analysis and forecast to 2026 Report

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Ecovoltaica as a differential element for the sustainable development of photovoltaic plants

The integration of the principles of the Ecovoltaica in Soltec's photovoltaic projects has made it an essential, differential element of the company's strategy.

The photovoltaic plants developed under the Ecovoltaica concept are characterised by their ability to boost the economy and protect the environment in the places they are located. Ecovoltaica is based on four guiding principles: (1) socio-economic excellence, (2) the circular economy, (3) biodiversity and (4) offsetting the carbon footprint. Each of these principles contains numerous actions,

with measurable development and application potential, which are adapted to the characteristics of each project. Annex II contains a list of actions for each of the guiding principles.

Ecovoltaica is the result of the natural evolution of Soltec's commitment and the way it has been conducting business for a long time, and reflects its philosophy. Under its Ecovoltaica criteria, Soltec undertakes to boost socio-economic excellence in the areas where the photovoltaic projects are located, promoting the creation of local jobs,

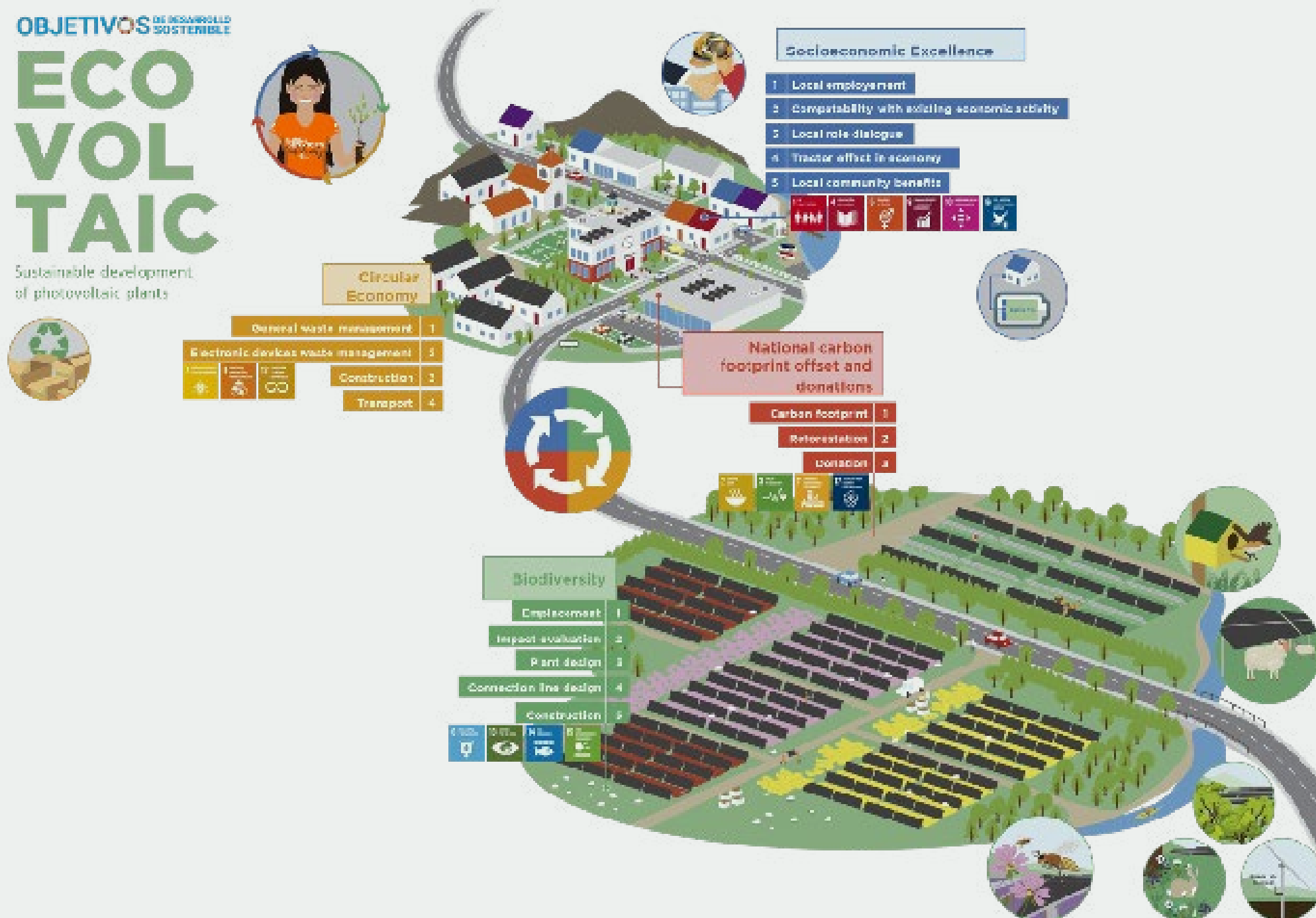
prioritising contracts with local and regional suppliers and acting as a driving force for the economy. In addition, Soltec is committed to the circular economy, with smart waste management and monitoring of soil and water pollution. It also promotes respect for the biodiversity of the environment, by fostering the recovery of its fauna and flora and minimising the impact of installing photovoltaic plants in the area. Finally, photovoltaic plants must obtain the 'Carbon-Neutral Project' seal to be classified as projects that offset their carbon footprint at a national level.

The project development division, specifically, seeks to maximise the positive impact of the plants and therefore has taken on the commitment to incorporate the Ecovoltaica concept into all the development projects on which it is working. The company will also attempt to apply the greatest possible number of Ecovoltaica measures in the construction services it provides to third parties through its industrial division.

Ecovoltaica guarantees the sustainable development of photovoltaic plants while preserving the environmental, ecological and social balance of the areas where they are located.

The application of each of the Ecovoltaica measures varies depending on the characteristics and needs of each plant and its setting, as well as the country and the market. For example, there are plants where it is possible to align photovoltaic power generation with good farming practices in what is known as 'agrivoltaics', enabling the combined use of the land on which the plants are located for simultaneous power generation and agricultural uses.

In addition, it always seeks to prioritise the integration of the local community (town council, inhabitants, associations, etc.), during the entire development process, with the aim of responding to their needs and socio-economic concerns. For this reason, boosting employment and training in neighbouring communities, contracting local suppliers and fostering the circular economy are key elements in organising the plant.



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Cases of actual implementation

Ecovoltaica at the plants under development and construction in Brazil

During the development and construction phases of the photovoltaic plants in Brazil (Pedranópolis and Araxá, among others), Powertis has applied its Ecovoltaica criteria, working very closely with local communities and ensuring a positive impact on their economy, respecting the environment at all times and minimising the impact on the area of installing the solar parks. Through these efforts, Soltec is in line with the performance standards established by the International Finance Corporation (IFC), the Equator Principles and the Sustainable Development Goals (SDGs).

Firstly, Soltec has boosted the socio-economic excellence around the plants it develops, promoting the opportunity for growth and development for the municipalities and their communities. This has become particularly significant because the plants are located near local communities, known as 'quilombos', whose inhabitants are in a vulnerable economic situation.

Therefore, during the project development phase, Powertis organised meetings with the directly or indirectly affected inhabitants of the quilombos. More than 250 people came to participate in the sessions, which took place over 2021, and the meetings served to define different measures that could support local development. The most important fruit of this initiative was the creation of a document called the Quilombo Basic Environmental Plan (PBAQ – Plano Básico Ambiental Quilombolo), which contains a series of specific actions that support the local economy.

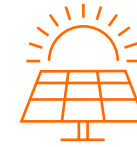
Additionally, during the construction of the UFV Araxá and UFV Pedranópolis plants, communication campaigns, which shared information about how the project was progressing and notifications about construction work that could interfere with the locals' daily lives. It is a transparency effort and encouraged local citizens to share their concerns about the project with Powertis.

In addition, support for the insertion into the labour market of vulnerable groups was another important form of action for the company, with the aim of making the plants catalysts for the economic development of the rural areas in which they are located, which tend to have low development, education and employment levels. Through training and employment opportunities, some local inhabitants have managed to earn professional qualifications that will serve them for working both at the plants developed by Powertis and in other, future projects related to the sector. It is hoped that this measure will have a positive long-term impact in the regions where it is implemented.

In this respect, Soltec, together with the Piauí Federal Institute, organised professional training courses aimed at the inhabitants of the quilombos. In the quilombo communities known as Riacho dos Negros and Saco/ Curtume, a total of 88 people enrolled for courses that amounted to 160 hours' training. In 2021, Powertis also offered 33 grants for technical and advanced courses in electronics, IT, etc. The company is committed to increase the number of grants in the next few years to continue supporting insertion into the labour market.

To complete the activities which were carried out over the course of the year to achieve the socio-economic excellence of the plants, the company defined a series of commitments relating to financial aid and investment in local projects that can facilitate the development of the local communities themselves.

For example, it invested in installing three internet access points in the quilombo communities of Malhada, Curtume and Riacho do Anselmo e Quanto, with the aim of providing internet access for over 100 families, making it easier for them to obtain online education and develop their businesses.



Ecovoltaica at the plants under development and construction in Europe



Over the year, Soltec conducted multiple Ecovoltaica activities in Europe which focused on its 'agrivoltaic' plants – those which enable the land where the facilities are located to also be put to agricultural use. This type of plant makes it possible to achieve socio-economic excellence by combining different economic activities on the same land. In addition, Soltec implemented other Ecovoltaica measures related to biodiversity.

Pairing photovoltaic activities with agricultural activities was particularly relevant in countries such as Denmark, Italy and Spain, due to the significant farming culture in these countries. This reconciliation with local economic activities has been achieved through installing the SF7 solar tracker which, thanks to its height (approximately 2.3 metres), leaves space for people and machinery, thus enabling agricultural activities to be performed underneath them.

In addition, at the Totana plant, Murcia (Spain), with other companies, Soltec has launched different pilot schemes to enable agricultural activity on the land. Among the activities performed, it has encouraged the planting of different crops between the rows and under the panels at the plant. To date, they

have been short-cycle (broccoli, artichokes and peppers) and long-cycle (thyme, aloe vera, pitaya, caper) crops, taking advantage of the benefits certain crops obtain from the shade cast by the solar modules, which reduces the daily temperature and encourages greater humidity. Likewise, at the same plant, collaboration began with local shepherds to manage the vegetation on the land more sustainably by allowing their sheep to live at the photovoltaic plant and graze between the panels.

With the aim of preserving the biodiversity at the Totana plant, Soltec has replanted trees on the land there so that during the migratory period there are natural landscapes for the birds, such as that offered by the plant, during their journey. Additionally, other measures are being studied to encourage habitat even further, such as the introduction of nesting boxes or roosting spaces for different birds of prey.

Finally, Powertis has made a commitment to the locations where it rolls out its plants in Spain, where it will compensate up to 1% of the energy produced at the plants to residents living within a radius of 2 kilometres from the facilities through self-consumption or other compensatory measures. In addition, Powertis has committed to pay the full tax rebate from the ICIO (Tax on Construction, Facilities and Works), in addition to an additional €1,000 per MW, to local neighbourhood associations.



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Launch of the SF-ONE, a new solar tracker with double row 1P configuration

AURORA Launch of the new accelerator program for cleantech projects to fight climate change

2. SOLTEC, A COMPANY PREPARED TO KEEP GROWING

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2.3 Innovation, a key element in making our company stand out / 26

The solar power market is growing rapidly to respond to the energy transition and meet governments' climate commitments. The environment in which Soltec operates is thus evolving constantly, forcing the company to adapt its strategy to the new situations and trends within the global context.

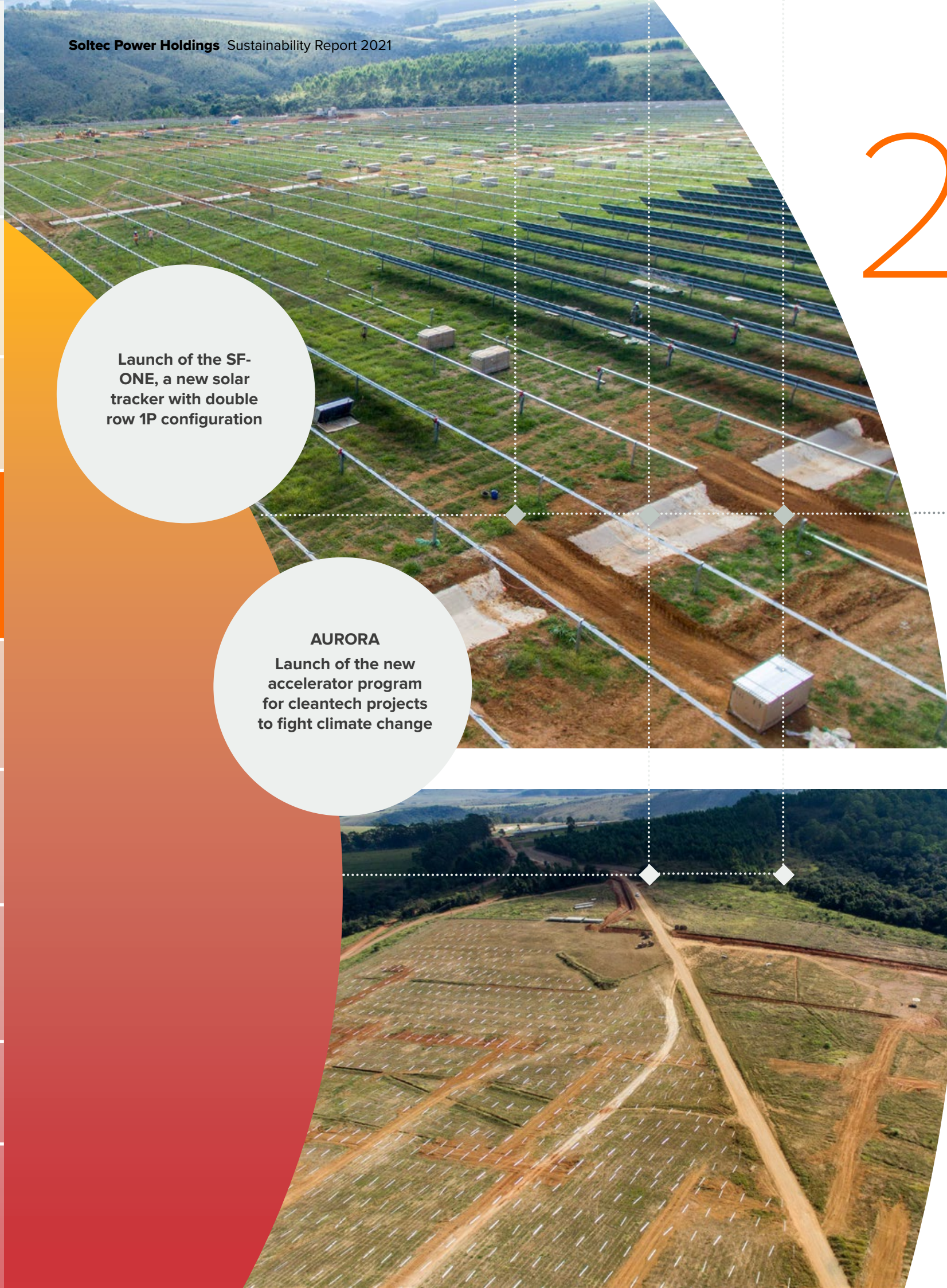
In 2021, the situation of the solar PV market was impacted by global disruptions, mainly, the supply chain blockages and the mobility restrictions caused by the pandemic, requiring companies, including Soltec, to reassess their supply strategies.



Images::

Top: Solar plant in construction in Brasil, 113 MW.

Bottom: Solar plant in Spain, 146 MW.



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2.1 Material aspects

Soltec has prepared a materiality analysis in which it identifies its “material” aspects. According to GRI, material aspects are those which may generate impacts (positive and/or negative) of an economic, environmental and social nature for the environment and its stakeholders. The materiality of these aspects will be greater when:

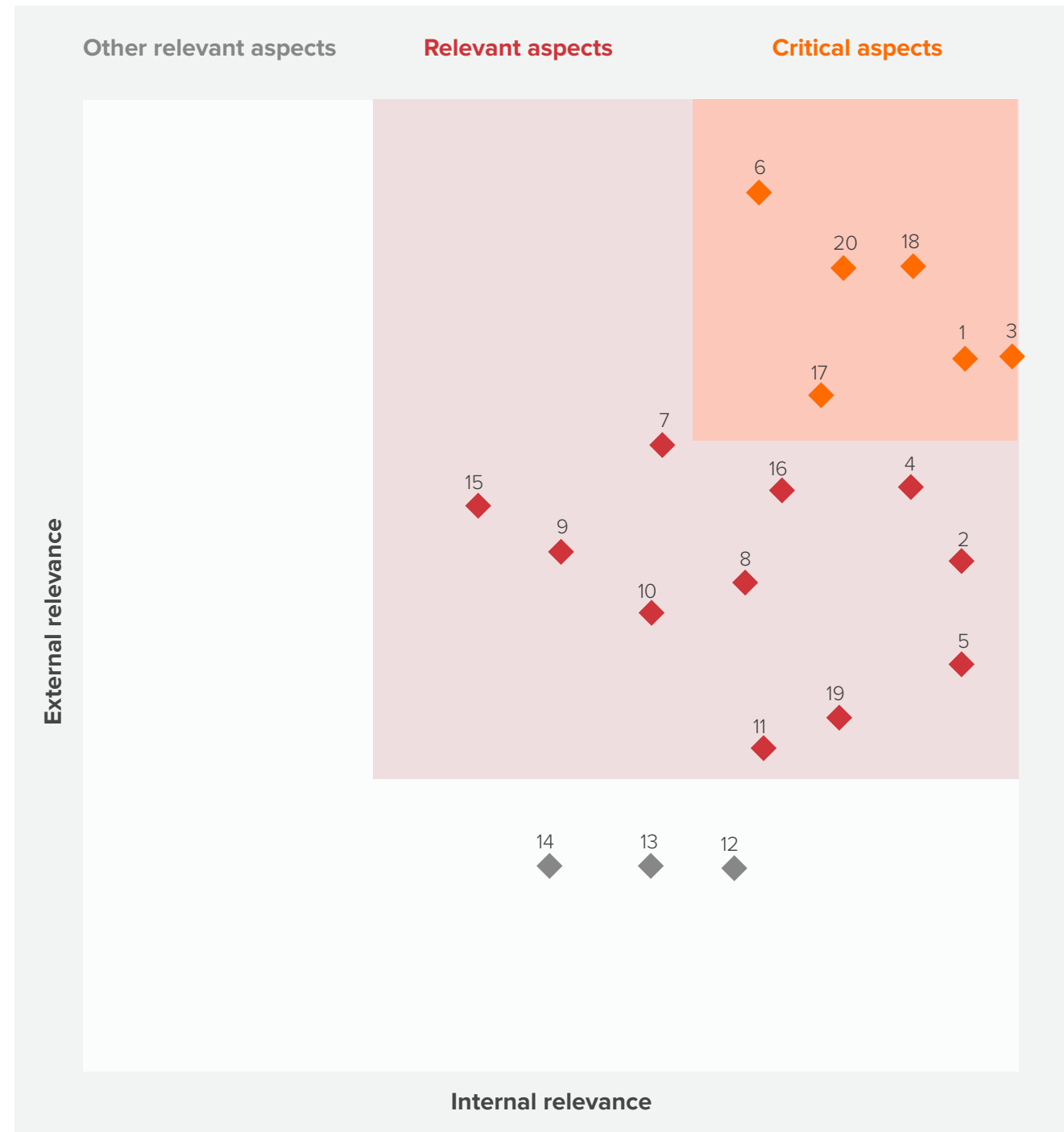
- the impact on the company’s ability to carry out its strategy and operations (the horizontal axis of the matrix) is greater.
- the influence they have on the decisions/assessments that stakeholders make about the company (vertical axis of the matrix) is greater.

The analysis was based on the list of sustainability aspects suggested by the GRI. In addition, other relevant aspects for both the company and its stakeholders were included, which were identified through benchmarking other companies in the sector, internal interviews, press analysis, sustainability index requirements, analysis of other internal Soltec documentation, etc.

The materiality of each of the sustainability aspects of interest to Soltec was then assessed, and the results were recorded in a dual-axis materiality matrix:

- Horizontal axis: This shows the relevance each aspect could have with regard to Soltec’s ability to implement its strategy and operations.
- Vertical axis: This shows the relevance that each aspect could have with regard to stakeholders’ decisions/assessments of the company.

The following figure represents the material aspects for Soltec according to the findings of the analysis:



No.	ASPECT
1	Contribution to the energy transition and deployment of renewable energies
2	Ongoing commitment to innovation in products and solutions provided to customers
3	Regulatory environment and new regulations
4	Differential business model
5	Attraction, development and retention of human capital
6	Contribution to the development of local communities
7	Ethics and integrity in all our operations
8	Good governance and transparency
9	Health and safety of our employees
10	Increased marketplace visibility and dissemination of our business plan among investors
11	Excellence in our products and services
12	Strategic alliances to support business development and company growth
13	Management of cash conversion cycles
14	Collaboration with new customers who add value to the business
15	Diversity and equal opportunities
16	Reduction of the carbon footprint in our operations
17	Promotion of the circular economy and efficient resource management
18	Minimised impact on land and biodiversity
19	Responsible supply chain management
20	Financing

The content included in this integrated report seeks to address the aspects which have been identified through the materiality analysis as being relevant or critical.

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2.2 Market environment

Energy transition and the rapid progress made in developing new technologies, which are increasingly smart and automated, are shaping the power market of the future and specifically the renewables sector, where Soltec operates.

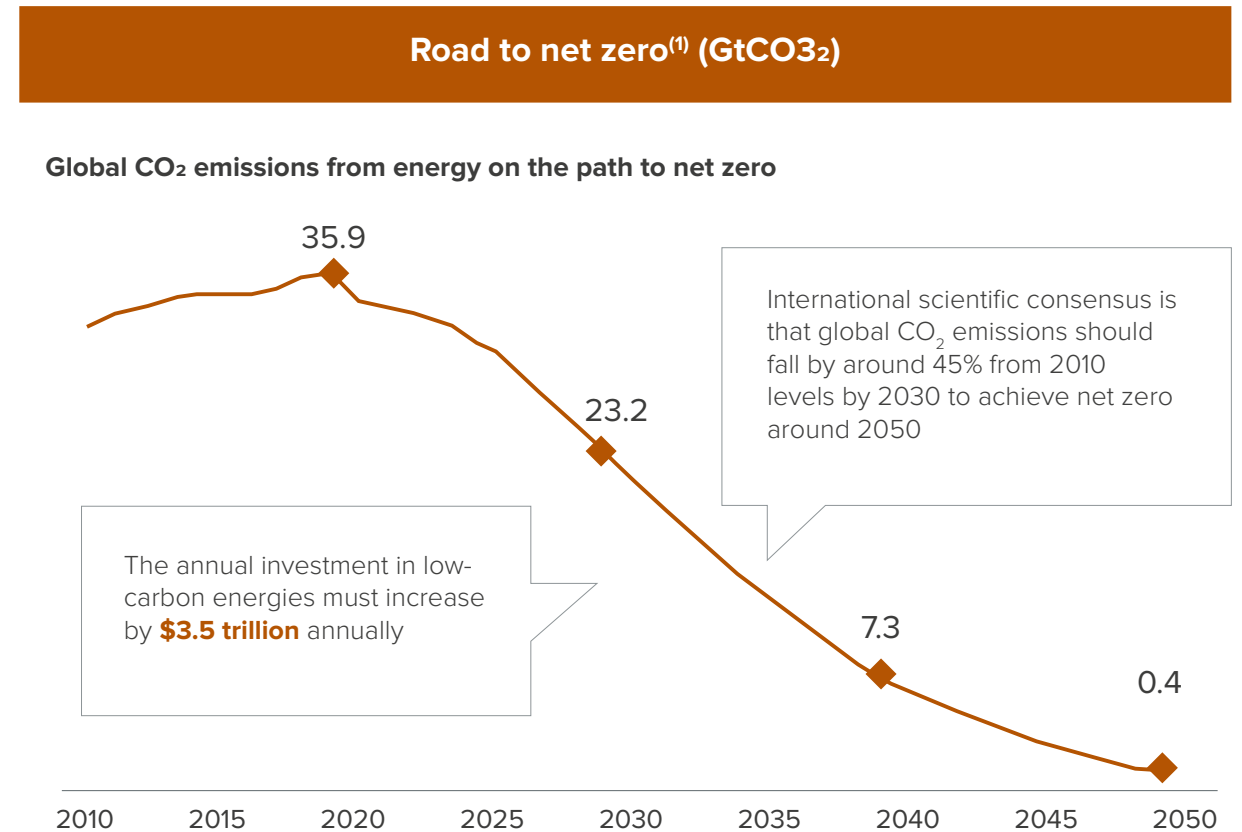
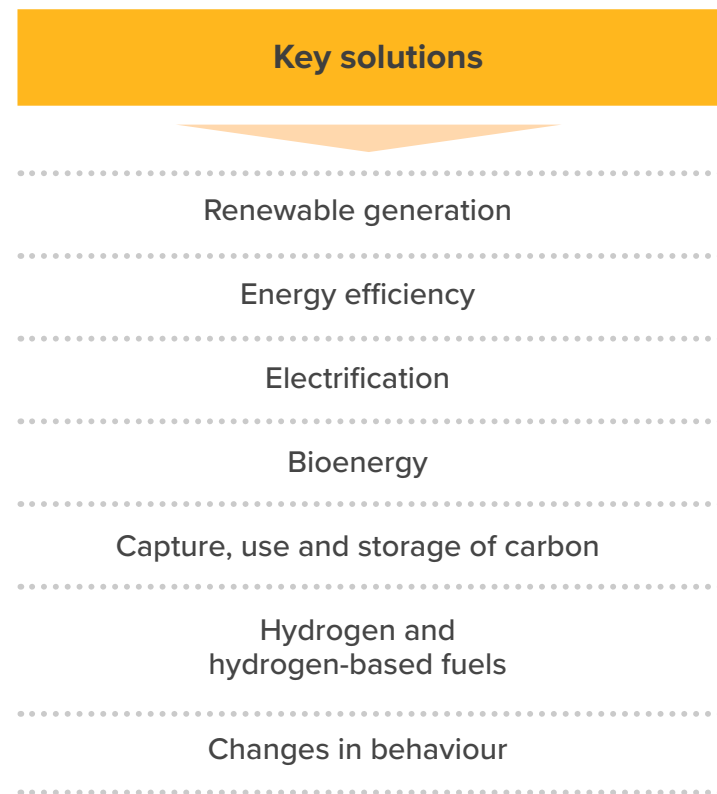
The regulatory, economic and social aspects are also constantly evolving, directly affecting the behaviour of the sector and resulting in different types of impact on the company. This situation requires Soltec to analyse the market constantly and thoroughly, identifying and analysing new trends in order to evolve its strategy and maintain its leadership position in the market.

Main trends in Soltec's business environment

Trend towards decarbonisation

In the last few years, the energy transition has become increasingly important owing, among other aspects, to the considerable climate commitments taken on around the world by different countries. The United Nations Climate Change Conference (COP26) held in November 2021 brought together the representatives of 200 governments with the goal of accelerating climate action to fulfil the Paris Agreement. It urged governments around the world to accelerate their decarbonisation processes and set their carbon-neutral energy targets for 2050.

According to the International Energy Agency (IEA), this necessary shift will require investment in renewable energy to increase to US\$4 trillion annually by 2030. And the climate scenarios which are targeting net zero emissions by 2050, carried out by prestigious organisations (IPCC, IEA, etc.), entail significant growth in renewable energy generation. Specifically, renewable energy generation should grow by 12% a year over the next decade in order to reach net zero emissions by 2050. In particular, solar photovoltaic energy and wind energy should spearhead this growth due to their low costs and wide availability. This growth will triple the capacity of these two technologies, from 10% to 30% of global energy capacity, over the next decade¹. It is estimated that other renewable technologies such as hydroelectric, bioenergy and geothermal power will also contribute to the decarbonisation of the economy, but at a later stage.



Source: (1) IEA 'Net Zero by 2050' report, (2) McKinsey research.

¹ IEA (2021), World Energy Outlook 2021, IEA, Paris <https://www.iea.org/reports/world-energy-outlook-2021>

The photovoltaic market

In the decade following 2010, the Levelised Cost of Energy (LCOE) of photovoltaic projects dropped by 85%, equivalent to a decrease of \$0.324/kWh⁷, mainly as a result of the reduction in the cost of capital of the projects, the improved efficiency (capacity factor) of the technology and the lower operation and maintenance cost of the plants. As a result, in many places around the world, solar power became the cheapest power generation technology, and the production of this type of energy had increased to 821 TWh by 2020⁸.

However, this increase is envisaged to be insufficient if we observe the 'net zero emissions by 2050' climate scenarios. Specifically, this target requires the solar photovoltaic power capacity installed during the decade 2020-2030 to be 300 GW per year, reaching 8,500 GW by 2050⁹. For this reason, it is necessary for development and investment in photovoltaic projects to continue growing and for the efficiency of the technology to keep on improving, for example by using state-of-the-art trackers.



Solar plant in Brasil, 113 MW.

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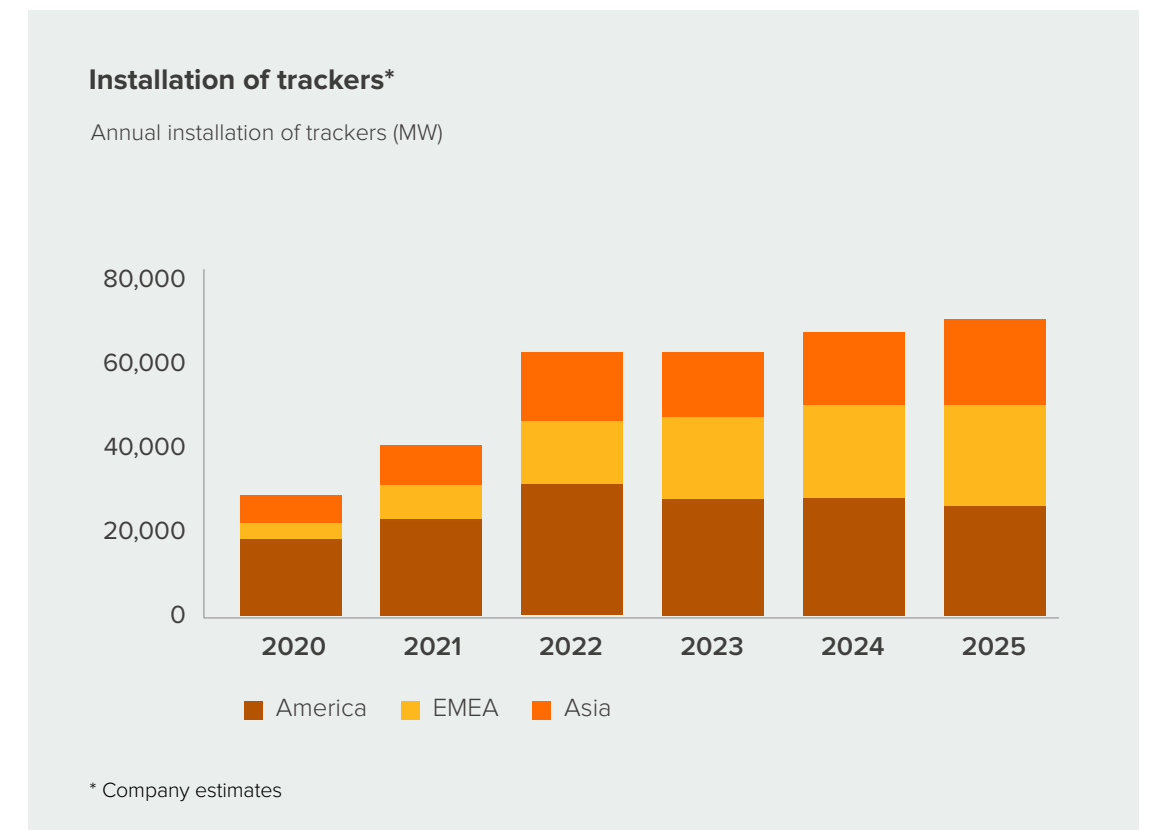
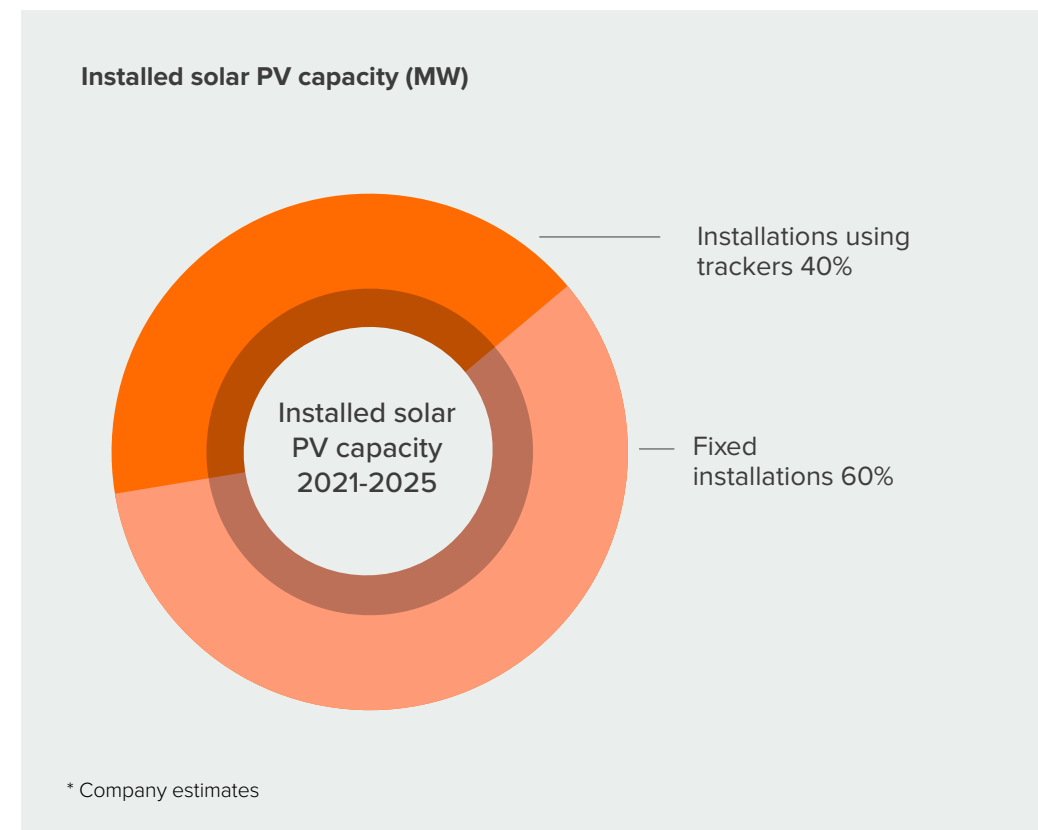
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The solar tracker market

The solar tracker market has high growth potential linked to the growth of the photovoltaic market. According to numerous reports, the installed capacity of photovoltaic projects using trackers will increase on average by 19% a year in the period 2020-2025, leading 40% of installed capacity in the same period to be through the use of trackers.

From 2020 to 2024, 3-5 GW of trackers will be installed each year in Europe and 4-6 GW in Latin America. In this situation, Soltec is in a privileged position, as these two markets are among its main fields of operation. As the rest of the markets mature and achieve economic growth, they are expected to change to tracking systems, thus increasing the available market for Soltec.



7. IRENA – Renewable power generation costs in 2020 (Report)
 8. IEA (2021), Solar PV, IEA, Paris <https://www.iea.org/reports/solar-pv>
 9. IRENA - Global energy transformation: A roadmap to 2050 (2019 edition)

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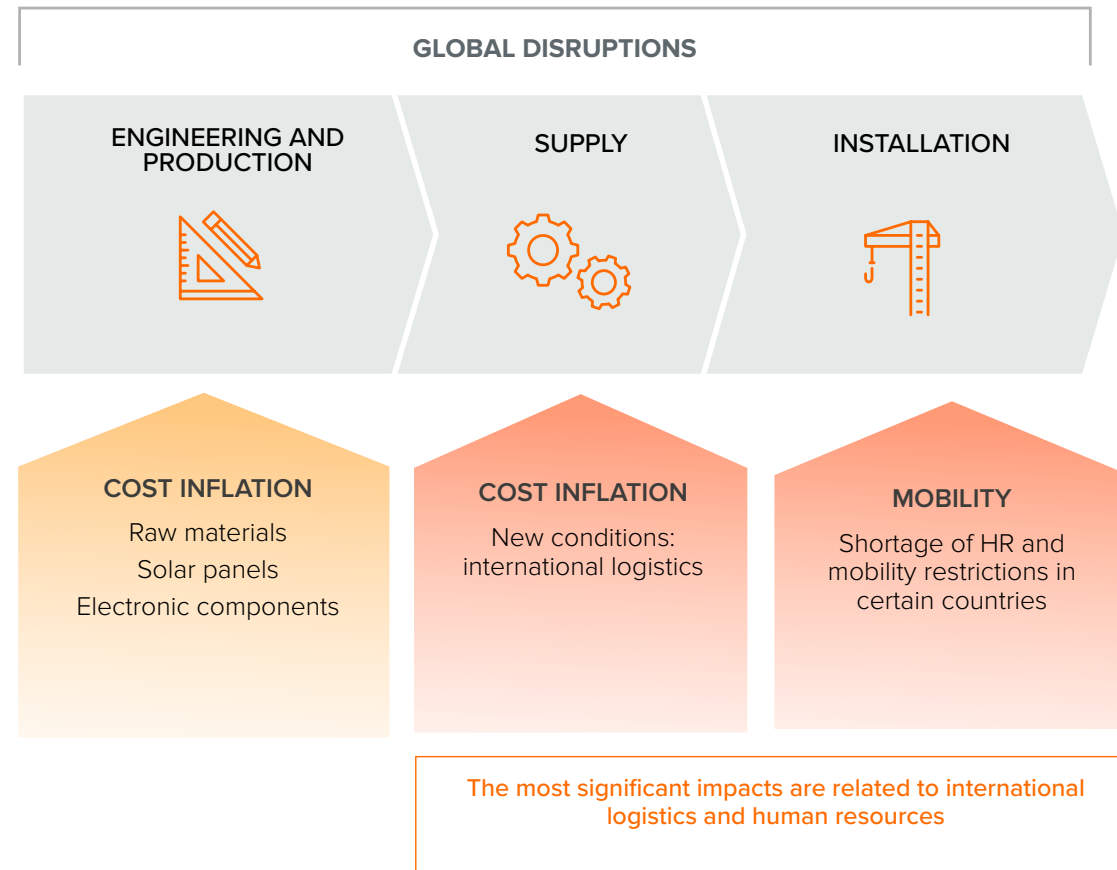
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Disruptions in the market



- LOGISTICS**
 - New delivery conditions: FOB (Free on Board)
 - Use of carriage in the cargo hold
 - Production close to destination
 - Agreements with new suppliers
- RAW MATERIALS**
 - Transfer of steel prices in contracts
 - Additional guarantees
- HUMAN RESOURCES**
 - New personnel suppliers

Market disruptions:

Focusing on 2021, global disruptions were observed which affected international logistics, slowing and raising the cost of transportation. This, together with the increased price of steel (the main raw material for the trackers), caused an impact on the global price of the trackers, which rose by \$0.025/W. In addition, the market suffered human resource limitations arising out of the mobility restrictions applied due to the COVID-19 pandemic.

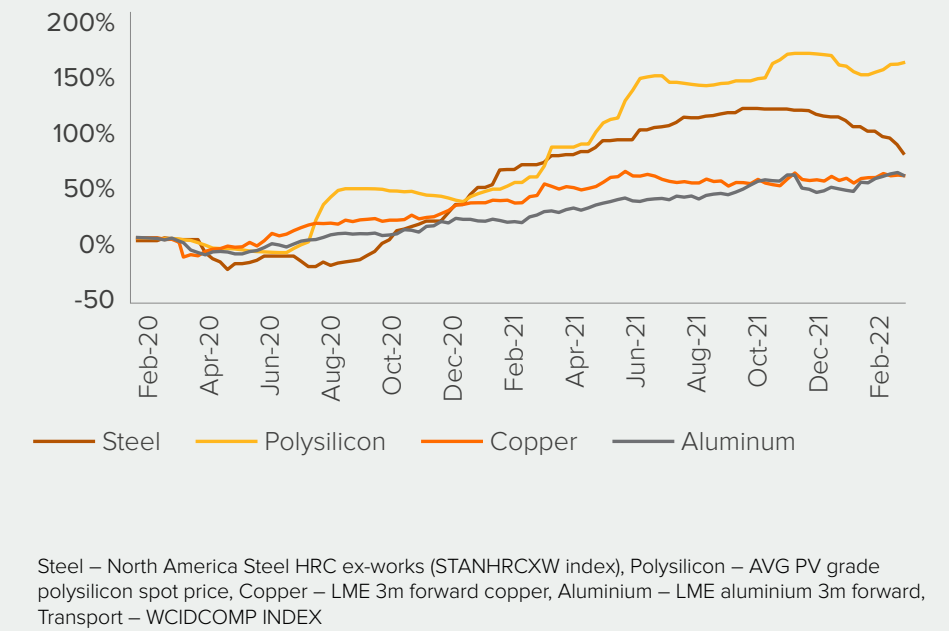
The rising cost of steel was triggered by the increased demand for products depending on this raw material, at a time when production capacity was reduced, mainly due to the different restrictions arising out of the situation caused by COVID-19.

In addition, transport costs doubled during the first half of 2021, mainly caused by the strong demand in Europe and North America for products from Asia and the low demand in Asia for products, thus hindering the return of containers.

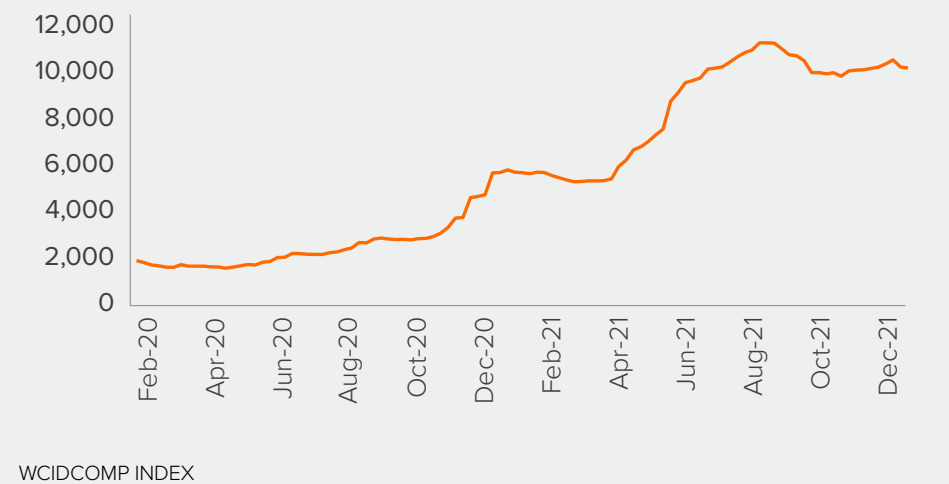
The third market disruption, which has been dragging on since 2020, was in relation to the shortage of human resources and the mobility restrictions on certain countries as a result of COVID-19, which had repercussions on certain costs within the projects, such as salaries. This added to the limited access to qualified professionals caused by the recent growth in the sector, boosting demand, increasing average pay and hindering customer loyalty.

All these factors led not only to a price increase for the trackers but also to delays in the delivery of products and limitations with regard to offering certain services at the plants. On some occasions, this situation had a direct impact on the margins of companies, in the case of executing the projects, or on their market share, in the case projects were postponed to 2022.

Raw materials



Transport



Mitigation measures put in place by Soltec:

In view of the situation, Soltec implemented different measures to increase the flexibility of its supply chain management, thus mitigating the impact on the company of the disruptions:

Measures concerning increased cost of logistics:

- 1. New delivery conditions:** The first measure consisted of agreeing new delivery conditions with suppliers. The new conditions included, for example, a FOB (Free on Board) clause, through which the selling party is responsible for the costs arising until the merchandise is delivered to the port of origin or departure. With this contractual obligation, Soltec manages to share the cost and risk with the supplier.
- 2. Carriage in the cargo hold:** Another of the measures implemented was the use, through the new delivery conditions, of carriage in the cargo hold for long-distance delivery of merchandise, making it possible to close agreements more quickly and to diversify transportation options.
- 3. Production near to destination:** Over 2021, restrictions on mobility continued due to the COVID-19 pandemic, affecting the access to certain products in the global market. Due to this, Soltec developed new supply chains closer to the locations of the projects, which reduced the distance the products needed to travel to reach their final destination, thereby reducing its dependence on the markets most affected by the restrictions.
- 4. Agreements with new suppliers:** Soltec began to collaborate with new suppliers, achieving diversification which enabled it to balance the awarding of supply contracts in accordance with the progress of the pandemic, the shortage of raw materials, the collapse of port operations, as well as anticipated price increase for logistical transport services.

Measures concerning increased cost of raw materials:

The price increases for raw materials such as steel and polysilicon were passed-through by Soltec to the contracts signed with its customers and as a result **this disruption of the market did not affect the company's margins.**

Measures concerning shortage of human resources

To mitigate the human capital problems that arose due to COVID-19, **the number of contractors and workers was increased**, making the approval process more flexible and increasing the search for contractors at a local level. Thanks to this diversification, it was possible to partially mitigate the dependence on certain service providers, as well as to continue contributing to the local economy.

Soltec has developed several actions that have made the supply chain management more flexible, mitigating the impact of the disruptions.

2.3 Innovation, a key element in making our company stand out

Innovation has been part of Soltec's DNA since it was founded, contributing to the success and differentiating nature of the company in its search for new solutions which have enabled it to serve the market.

Soltec has been a pioneer in developing and introducing into the marketplace many different technologies such as independent single-axis trackers, self-powered trackers, the backtracking algorithm that adapts to the plant's orographic situation, bifacial trackers and the bifacial tracker algorithm, among others.

In addition, Soltec has known how to adapt to this dynamic technological environment by developing new products in accordance with progress in the market. Since the beginning, due to its industrial nature and the superior technical know-how of its solutions, the company has made large investments in R&D&I through internal (corporate) and external (open) innovation. This desire to develop more efficient products has enabled the company to have a highly competitive

position in the market, making it a technological benchmark in the sector.

Its external collaboration approach is also reflected in the evolution of Soltec's business model, which has gradually incorporated other business partners into its value chain through agreements to develop certain elements. This vertical integration has enabled the company to increase the range of services provided, generating business that goes beyond tracker installation. In fact, the launch of products which integrate additional elements of the vertical power production chain, beyond trackers, generates efficiencies at an economic and operational level, giving Soltec the opportunity to capture added value in all the phases of the business.

Market normalisation

It is expected that over the next few years the prices for steel and logistics will normalise. This situation, together with the foreseeable increase in efficiency of the photovoltaic modules and potential improvements in trackers, suggests that the impact on the price of the trackers will be of short duration and that, in 2022, we will go back to a reduction in costs.

Average selling price (\$/W)

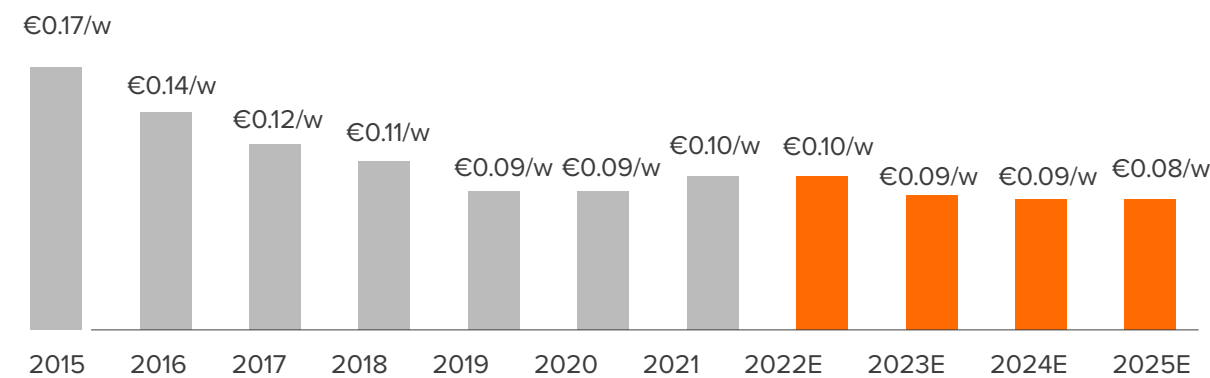


Figure: Company estimates

ASP €/w



Solar plant in Spain, 5 MW.

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New framework to create value through innovation

With the aim of boosting Soltec's capacity for innovation even further, in 2021 the company undertook an in-depth reorganisation of Soltec Innovations, the subsidiary which had been acting as the Group's patent box solution, to contribute to the leadership and sustainability of the entire company, fostering opportunities through corporate (internal) and open (external) innovation.

Under its new structure, Soltec Innovations is a business unit which connects the R&D&I, no longer associated with the function of continuous improvement, with a corporate venturing strategy aimed at fostering collaboration with emerging technological companies and intrapreneur employees. This is a qualitative leap forward in Soltec's innovation strategy, as it aims to increase its ambitions in developing new products or markets linked to solar power while promoting intrapreneurial culture at the company and collaboration with third parties to innovate. In this respect,

in addition to the joint projects with start-ups, it also has a relationship with technological centres, universities and other large companies in developing major technological projects.

Several committees set up by the company for the purpose participate in the roll-out of this reorganisation, such as the Innovation Committee, the Product Committee and the Patent Committee, and meet regularly to perform the duties entrusted to them.

The figure below contains the three horizons for innovation for Soltec: continuous or incremental improvement, after the reorganisation, is entrusted to the engineering department at Soltec Industrial; adjacent innovation in markets and solutions would be led by Soltec Innovations and Aurora (Soltec's corporate venturing initiative); the latter unit would also be the door for more disruptive innovation.

Soltec Innovations, channelling research and development activities

With the aim of combining all the company's efforts in research and development, in 2019 Soltec created a specific subsidiary called Soltec Innovations. It was set up with facilities suited to its activities, including a team of engineers and scientists who make up an integral part of the workforce. Soltec Innovations also has specific procedures to ensure internal management is as efficient as possible and that the work focuses on research activities. It also has a laboratory for mechanical testing

at its facilities and an electronics laboratory, and during 2022 a laboratory will be built to conduct electrochemical testing on batteries and green hydrogen.

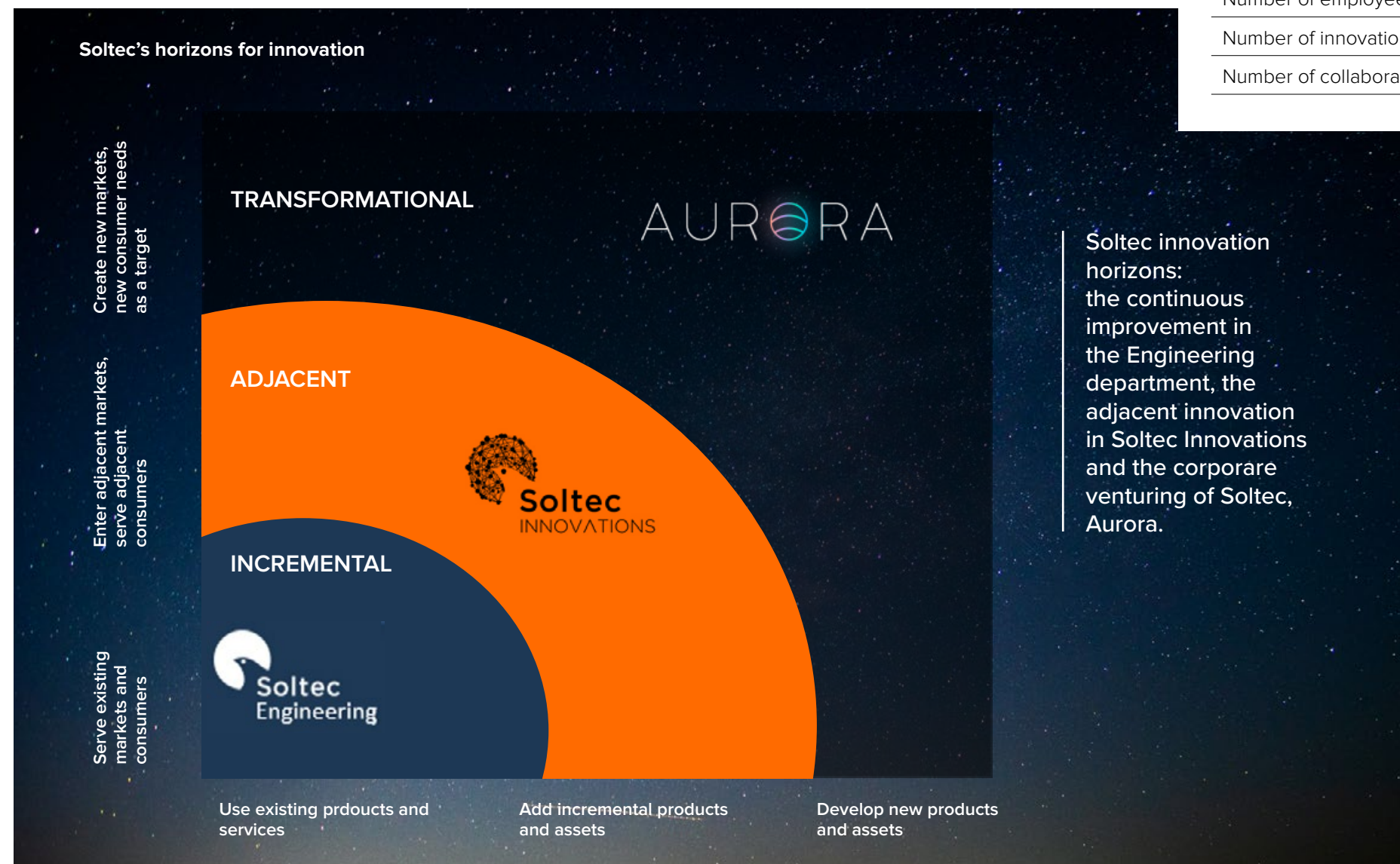
Soltec Innovations was initially set up to be the patent box and instrument for developing new designs and improvements to the portfolio of products and services (through patents, utility models and industrial designs).

Main indicators

Indicator	2021	2020
Budget of Soltec Innovations (€)	2,919,116	1,604,995
Sales of Soltec Innovations (€)	6,999,000	907,945
Number of employees	25	32
Number of innovation projects carried out and completed	16	22
Number of collaborations with external innovation partners	20	16

In 2021, Soltec Innovations was restructured so that its activities focused entirely on innovation, gradually transferring continuous improvement activities to the engineering area of Soltec Industrial. To this end, agile methodologies are being implemented to help the technical team to develop new projects from the idea until technology readiness levels (TRLs) of prototyping and validation in controlled environments.

At Soltec Innovations, monitoring and tracking of the patents obtained in the past is also performed to exclusively protect the ideas generated by Soltec. The company currently has 135 intellectual and industrial property registrations (32 filings and 103 protections). To broaden research and development efforts, Soltec Innovations works actively to detect opportunities to undertake individual projects or projects in consortium with European funds and funds from national administrations.



Soltec innovation horizons: the continuous improvement in the Engineering department, the adjacent innovation in Soltec Innovations and the corporate venturing of Soltec, Aurora.



Line of activity of Soltec Innovations RESEARCH AND INNOVATION

- Assessment of research activities and innovations to make decisions regarding the products that can be launched in the medium or long term.
- Development of a general strategy based on future scenarios which the Innovation Committee monitors.

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Aurora, open innovation and corporate entrepreneurship

Created in late 2021 and currently part of Soltec Innovations, Aurora is a corporate venturing tool aimed at increasing the Group's horizon for innovation through collaborations with external and internal entrepreneurs. In particular, Aurora's mission is to identify start-ups and spin-offs with innovative products, services and/or business models:

- a) That lead to diversification of the Group's activities towards new types of markets and/or customers;
- b) That integrate enabling technologies, contributing substantial improvements to products or services in the current portfolio or to the efficiency of internal processes.

The goal is to create an ecosystem of companies at a global level whose technology focuses on fostering the renewable energy plants of the future in fields such as green hydrogen, power storage, smart networks and development of new structural materials for power plants and

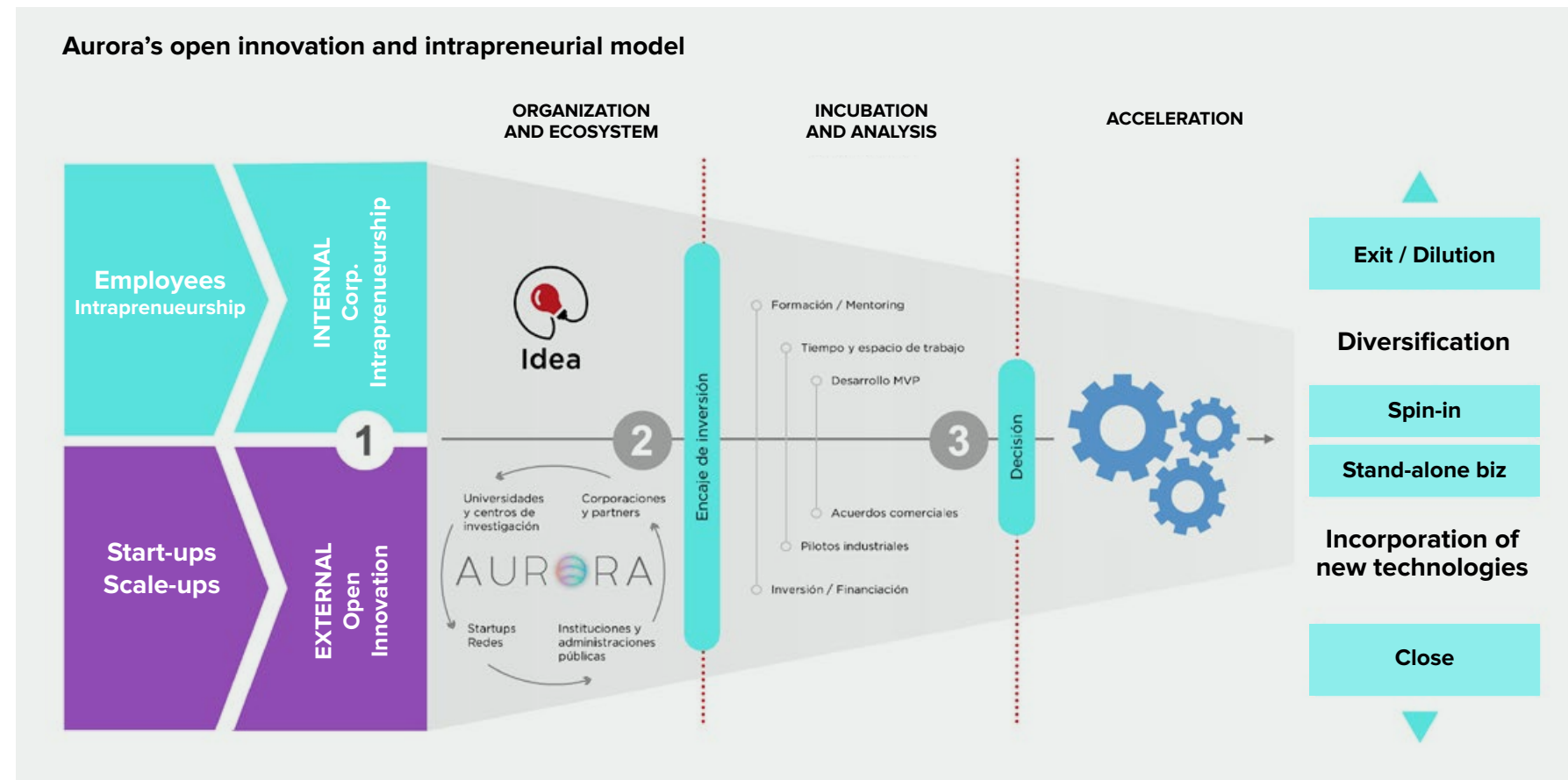
their recycling, among other projects, all through tools such as blockchain, cybersecurity, big data, machine learning and IoT.

Soltec offers the start-ups which participate in Aurora a series of resources and facilities, seeking both the acceleration of the new business and for it to fit in the Group. These supports include financial backing in the form of convertible or participative loans or co-investment in the share capital; assistance in looking for sources of public funding; the use of infrastructure and resources to conduct pilot studies in experimental and real environments; and access to a commercial network which is present in over 17 countries.

As an intrapreneurial tool, Aurora is the unit responsible for promoting the IDEA programme. This initiative is open to all Soltec's workers, who, to participate, just have to submit a business idea that is in alignment with Aurora's goals.

Up to a maximum of 20 business ideas will be selected each year. The materialisation of

the idea over the following months is the responsibility of the workers who suggested it. To this end, they will have a series of resources and incentives, such as specialised training, mentoring, work spaces and the freeing-up of part of their working day so they can devote it to the project. In later phases, an assessment will be made of the technical and business viability of the idea, which have to be reflected, successively, in a proof-of-concept study, a minimum viable product and a business plan. In the final stage, the IDEA programme converges with the acceleration of Aurora's external start-ups. This is the point when a maximum of three intrapreneurial projects are transformed into spin-offs with co-investment from Soltec, and the employees who launched them become temporarily disassociated from Soltec so they can take on managing the new company.



Alliances with agents from the innovation ecosystem

Soltec promotes external collaboration (outsourcing) as a basic tool to increase its development capacity, accessing different specialists depending on its needs. The company therefore currently has various collaboration agreements for innovation at a national and international level.

The partners with which it has reached collaboration agreements include such outstanding institutions as the Fraunhofer German institute, Inalia, CENIM (Centro Nacional de Investigaciones Metalúrgicas), Tekniker, UPCT (Universidad Politécnica de Cartagena), the University of Ottawa, and the University of Oklahoma.

In addition, and in line with the goal of establishing synergies with start-ups in the sector, Soltec collaborates closely with ANCES (the Spanish National Association of European Business and Innovation Centres) and participates in Innoenergy (the platform linked to the European Institute of Innovation and Technology - EIT) and in 1.070 KM HUB. The latter initiative seeks to help start-ups from Mediterranean cities (Ceuta, Alicante, Malaga, etc.) so that they can compete as regards attracting talent and capital with more developed cities in this respect. Soltec participates in this initiative through acting as the coordinator of the hub's energy vertical, which seeks out businesses involved in the renewables energy sector.



Solar plant in Spain, 5 MW.

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Continuous improvement for the efficiency of solar trackers

Soltec is constantly innovating in order to offer products and services which are efficient in energy, economic and operative terms, which offer significant advantages compared to other alternatives in the market.

Soltec promotes many projects which are assessed by the Innovation Committee. It also carries out testing and builds prototypes at its facilities in Molina de Segura, in the Murcia region, where, in addition, it has its mechanical, electronics and, shortly, electrochemical laboratories.

Additionally, Soltec Industrial works on the continuous improvement of its existing products and on industrialising the innovations originated at Soltec Innovations, such as the new solar tracker models and the complementary products for the solar trackers designed to streamline and increase the competitiveness of assembly of other elements (DC-Harness direct current integrated cabling and different rapid commissioning tools).

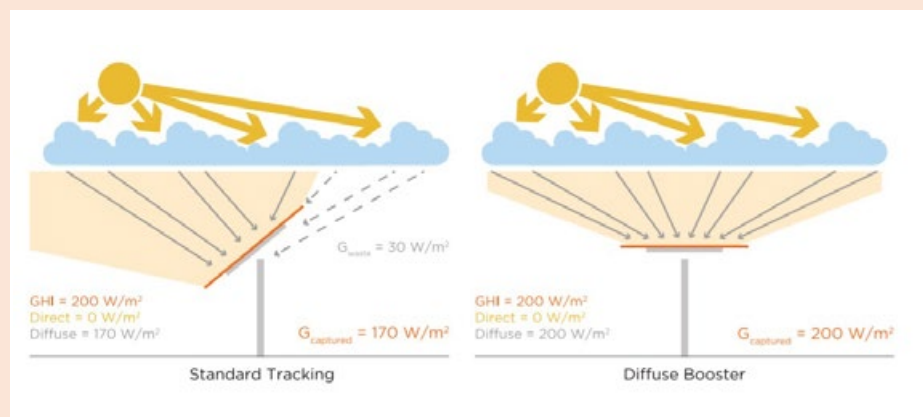
Another of the innovative activities of Soltec consists of the integration of other technologies in the tracker, such as, for example, battery-based storage systems. In addition to innovation and continuous improvement of the product, it has incorporated software improvements that make it possible to improve performance such as, for example, Team Track and Diffuse Booster.

TeamTrack

TeamTrack is a tracking algorithm that looks for the closest angle to the perpendicular position of the sun, in order to later adapt the position of the panels and reduce the amount of shadow on them. This process is undertaken by taking into account the orographic situation of the terrain and the amount of shadow affecting several panels at the same time, thus maximising power production for the entire plant. A study has demonstrated that performance can be increased by ranges of between 3.6% and 7.5% in comparison with a standard tracker.

Diffuse Booster

Soltec's Diffuse Booster aims to increase production at the photovoltaic plant even on cloudy days (that is, when there is more diffuse than direct irradiance). The algorithm, which uses both sensors and weather forecasts, moves the trackers to the optimum position to capture maximum irradiance. In this way, the algorithm increases production during cloudy periods by between 5.34% and 6.85%, depending on latitude. Diffuse Booster is one of the algorithms that make up the extended Team Track package from Soltec, the goal of which is to make the plants as smart as possible. The Diffuse Booster has been certified by TÜV Rheinland.



In addition, with the goal of assessing the performance of bifacial panels with different trackers and of creating models that can predict power generation at any bifacial plant, in California, in 2017, Soltec began its **BiTEC (Bifacial Tracker Evaluation Center)** project – the first research centre in the world specialising in bifacial solar tracking.

Commitment to green hydrogen

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Solar plant in Chile, 11 MW.

Anticipated applications of green hydrogen:

Fuel for:



Transport

vehicles and lorries with fuel cells. Other applications are synthetic fuel for aviation and maritime transport.



Energy

Power generation with fuel cells, joint combustion of gas turbines, combined production of heat and power, and peaking power plants.

Heat for:



Industry

High-grade heat for metal refining, and the production of cement and paper.



Residential and commercial buildings

Decarbonisation of gas networks by hydrogen direct injection, combined heat and power fuel cells.

Raw material for:



Chemical production

production of methanol, ammonia, fertilisers, hydrocracking and desulphurisation of crude oil and plastic production.



Industrial products

replacement of grey usage with low-carbon hydrogen. Direct reduction of iron.

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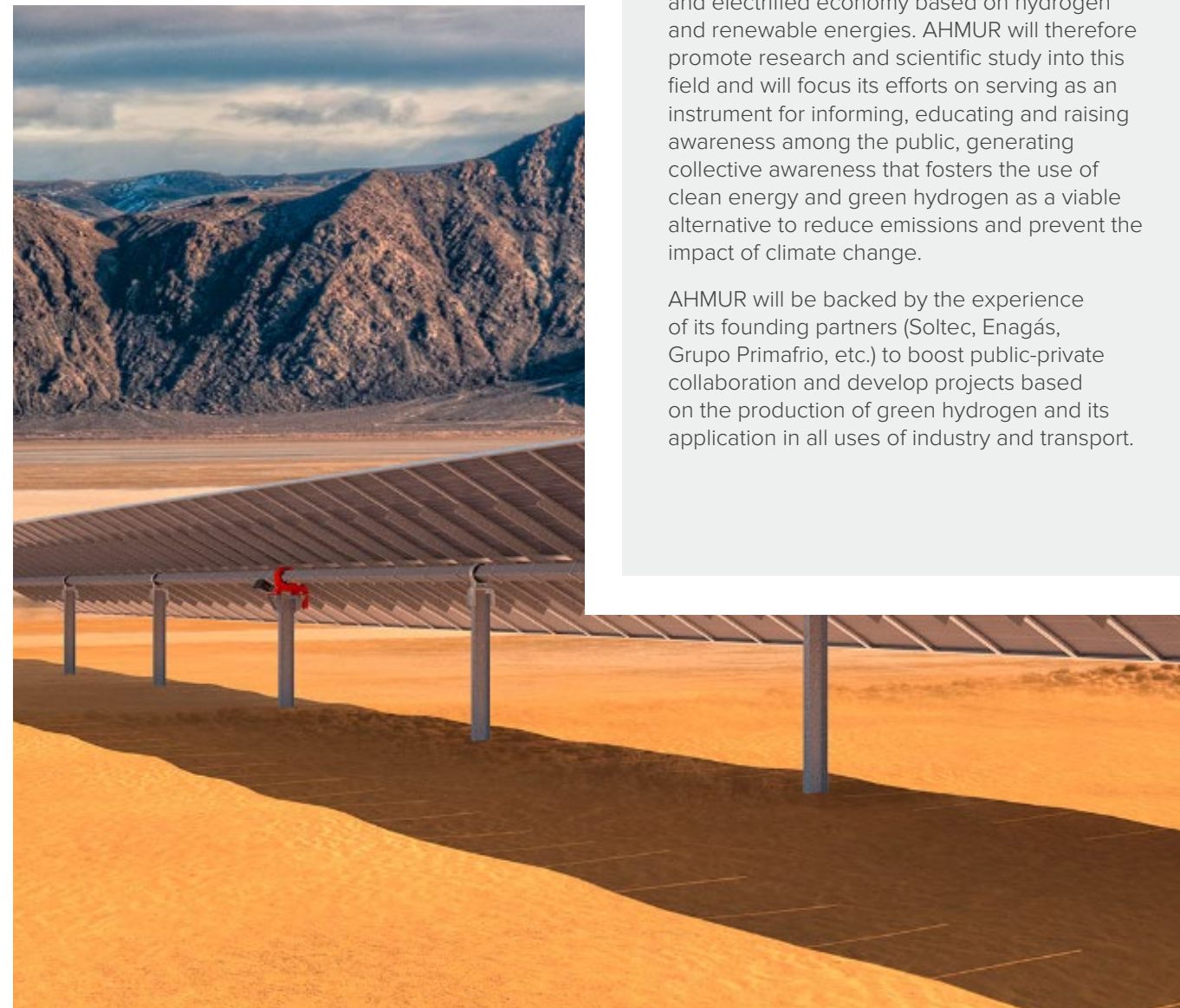
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Soltec has rolled out several activities to develop its own green hydrogen technology, such as electrolyzers for the production of hydrogen from Soltec solar plants, more energy-efficient hydrogen storage systems using liquid organic hydrogen carriers (LOHC) or unitised regenerative fuel cells (URFC); these make possible both the re-electrification of hydrogen and the reversible working of the device to produce hydrogen from renewable sources. These projects are being carried out in collaboration with universities, the CSIC (Consejo Superior de Investigación Científica) and technological centres. In addition, Soltec seeks to promote photovoltaic plants that can supply energy in hydrogen production and the application of this to different sectors such as heavy freight and the energy sector. These projects have been promoted by the Murcia Region's Green Hydrogen Sector Association (Asociación Sectorial del Hidrógeno Verde de la Región de Murcia, AHMUR).



SF7 Solar Tracker

AHMUR



Soltec is a founding member of AHMUR, the Murcia Region's Green Hydrogen Sector Association, which seeks to take advantage of the geographical situation, climate and infrastructures of the region of Murcia to become one of Europe's leading hydrogen hubs. In this respect, the Valle de Escombreras is one of the most appropriate places in the world to become a 'hydrogen valley'. This is a place where hydrogen generation and demand for hydrogen to decarbonise industries and sectors which are hard to convert to the carbon-neutral economy converge. The organisation has been created with the goal of acting as a guide in the energy transition process through a sustainable development model, leading to a decarbonised and electrified economy based on hydrogen and renewable energies. AHMUR will therefore promote research and scientific study into this field and will focus its efforts on serving as an instrument for informing, educating and raising awareness among the public, generating collective awareness that fosters the use of clean energy and green hydrogen as a viable alternative to reduce emissions and prevent the impact of climate change.

AHMUR will be backed by the experience of its founding partners (Soltec, Enagás, Grupo Primafrio, etc.) to boost public-private collaboration and develop projects based on the production of green hydrogen and its application in all uses of industry and transport.

Energy storage

Battery energy storage systems (BESSs) are considered one of the technologies that are crucial in achieving the milestone of decarbonisation by 2050, given that their integration into the energy system fosters the flexibility and adaptability of consumption. According to the net zero emissions by 2050 scenario of the International Energy Agency*, the overall storage capacity of utility-scale batteries should grow from the 20 GW there was in 2020 to more than 3,000 GW by 2050, which means an increase of almost 100 GW a year.

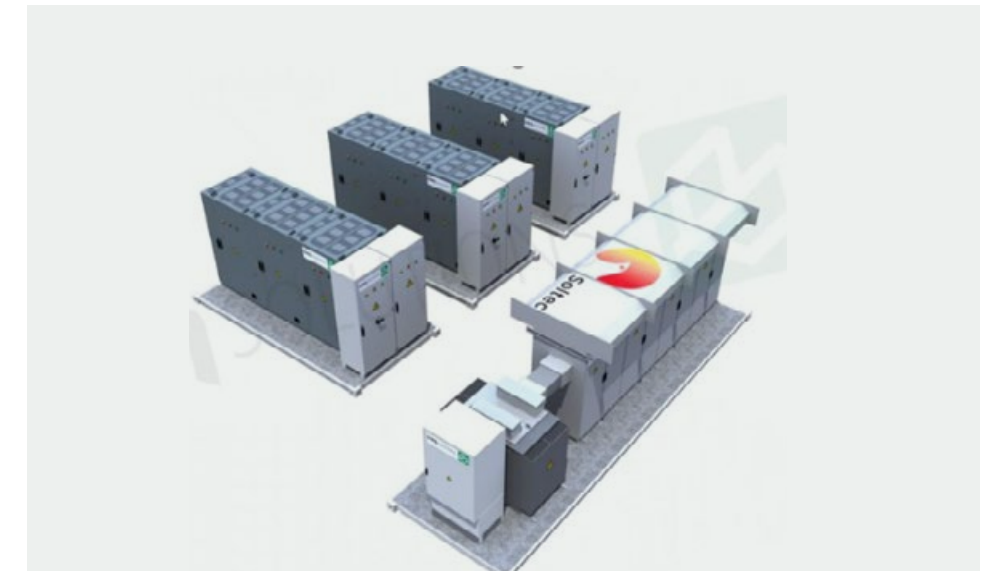
Batteries for photovoltaic plants are, therefore, an important driver for growth for the sector and Soltec, which, as an innovative company which wants to adapt to the new needs and trends of the market, is working on developing and implementing this type of project.

At the current time, for photovoltaic plants, the main parameters of the BESS it is seeking to improve are their intrinsic safety, depth of discharge,

useful life, charging/discharging speed and operation time.

For the technology to be successful, the energy storage system needs to provide different services to the network such as price arbitrage, frequency control, secondary and tertiary regulation and reserve capacity.

Soltec plans to include energy storage systems at several of its photovoltaic projects. In Italy, the company has 55 projects, with a total capacity of 1,300 MWac, planned for 2022/2023.



MILESTONES 2021



IN INNOVATION:

- Inauguration of Aurora, a corporate accelerator for start-ups with synergies with Soltec's business.
- Reactivation of the IDEA programme with the goal of fostering intrapreneurship.
- First photovoltaic project sold using SolarFighter, innovative technology focusing on distributed generation, which consists of a complete kit made up of all the equipment needed to build a photovoltaic tracking plant.
- Launch of the SFONE tracker, a new solar tracker with double-row 1P configuration, which consolidates a portfolio of flexible, versatile products.
- Launch and certification of the Diffuse Booster, an algorithm designed for bifacial production which enables improved exploitation of diffuse energy.
- Design of new specific solar trackers for agrivoltaic projects (installation of trackers in agricultural areas).
- Continuous improvement of the SF7 and SF8 trackers.
- Involvement in several strategic alliances for projects concerning generation, storage and distribution of green hydrogen that will be presented as part of the Strategic Projects for Economic Recovery and Transformation (PERTE) for green hydrogen of the Next Generation funds.
- Performance of economic studies on technologies, manufacturers, configurations, sizing and pre-engineering for the integration of energy storage systems (BESS) at photovoltaic plants.

* IEA - World Energy Outlook 2021S

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43%

independent directors

43%

women on the Board of Directors

Member of the United Nations Global Compact

since 2020

Sustainalytics ESG risks rating:

Low

MSCI ESG Ratings

AA



3. GOOD GOVERNANCE

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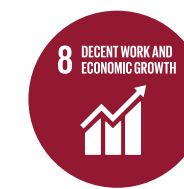
3.2 Ethics and integrity / 34

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Soltec, in line with best practices and recommendations in the area of good governance, has implemented robust corporate governance models as well as mechanisms for ethical compliance, risk management and sustainability

In the last year, Soltec launched a number of initiatives with the goal of improving the company's governance, such as approving a Corporate Governance Plan for the entire company, extending and updating the criminal and risk management system and reviewing certain corporate policies.



Images::

Top: IPO in October 2020

Bottom: 2021 General Shareholder's Meeting

3.1 Corporate governance

Soltec's corporate governance model has been designed in compliance with existing best practices and the recommendations of the Spanish National Securities Commission (CNMV), with the goal of conveying confidence to the company's investors and other stakeholders.

Main indicators in 2021

Indicator	2021	2020
Presence of independent directors on the Board of Directors	43%	43%
Presence of women directors on the Board of Directors	43%	43%
Number of meetings held by the Board	12	2
Attendance at the Board of Directors meetings convened during the year	100%	N/A

MILESTONES 2021



- 100% compliance with the Corporate Governance Plan.
 - Approval of a Regulation of the Lead Director.
 - Improvements to the investment and financing policy.
 - Review of the insider information system, by implementing an automated alert system for the restricted periods and specialised training for the Board of Directors and management team. ✓
 - Continual adaptation by the Company to corporate governance best practices through implementation of new practices to update regulations and policies. ✓
- ✓ Target set for 2021

TARGETS 2022



- Implement at management level of the measures defined in the Corporate Governance Plan through training and internal communication.



2021 General Shareholder's Meeting

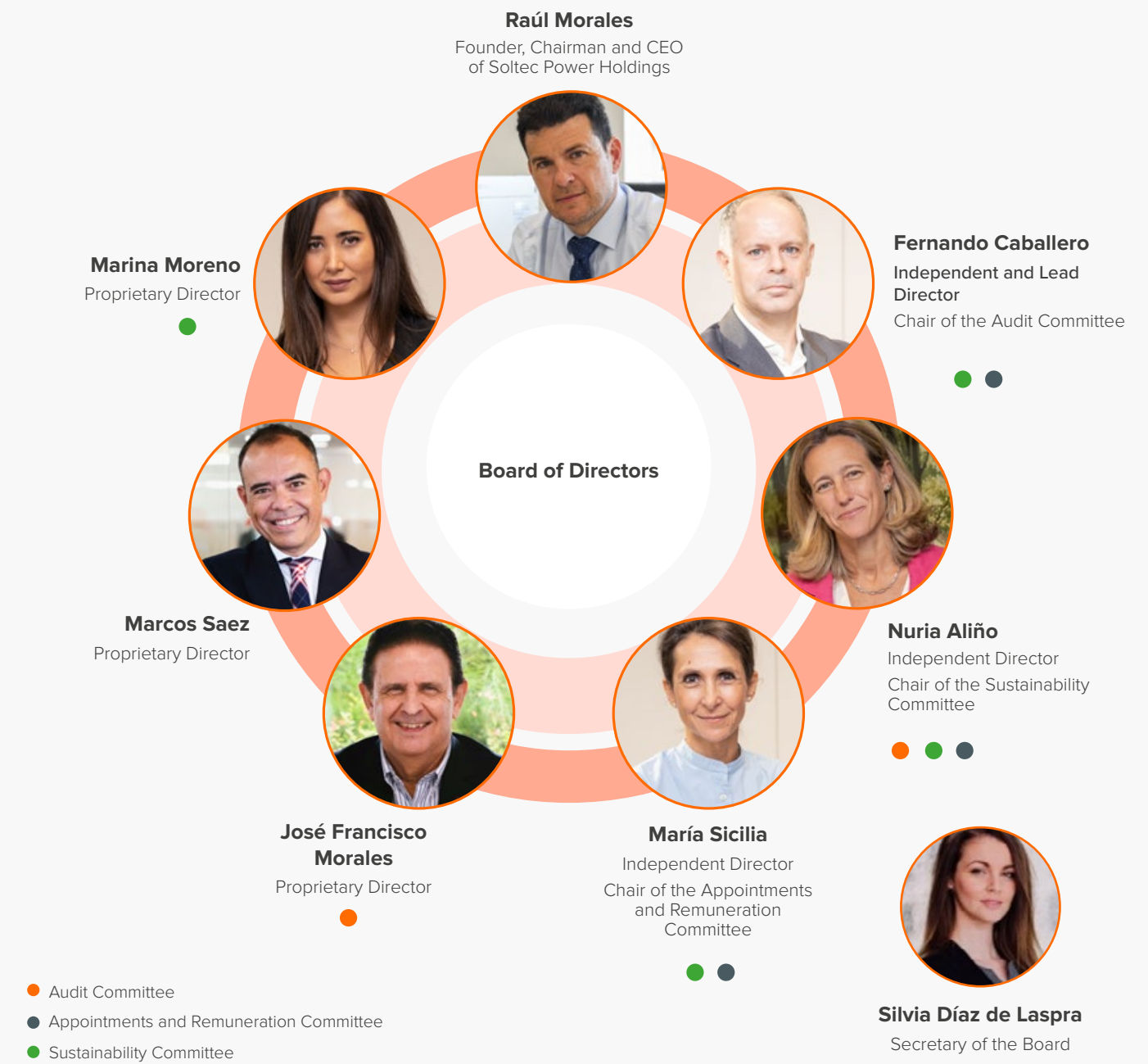
Soltec's governance model

Soltec has a governance model designed following existing best practices. It represents a key focus for strengthening transparency with its stakeholders.

Soltec's governance model consists of a Board of Directors made up of three women and four men, of which 43% are independent directors.

The Board is made up of the Chairman and Chief Executive Officer (Raúl Morales Torres), the proprietary directors (José Francisco Morales Torres, Marina Moreno Dólera and Marcos Saez Nicolás) and the independent directors (María Sicilia Salvadores, Nuria Aliño Pérez and Fernando Caballero de la Sen).

Board of Directors structure and its dependent committees



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The company has three independent Board committees: the Audit Committee, the Appointments and Remuneration Committee and the Sustainable Development Committee. Each of these committees is chaired by an independent director, with differentiated duties, as is explained below:

Delegated committees of the Board of Directors and main functions

 Audit Committee	 Appointments and Remuneration Committee	 Sustainable Development Committee
In accordance with the Board of Directors' Regulations, its primary purpose is to supervise the financial reporting process, the internal audit process and risk management systems, propose auditors, supervise internal control and information systems, ensure that the annual accounts are drawn up correctly, and other functions described in the Board Regulations.	In accordance with the Board of Directors' Regulations, it focuses its activity on assisting the Board of Directors in developing and managing a fair and transparent procedure for establishing policies on director appointments and remuneration, assessing the skills, knowledge and experience required on the Board, analysing the other occupations of directors, managing the succession of the Chairman of the Board of Directors, and setting representation targets, among other functions.	In accordance with the Board of Directors' Regulations, its responsibilities include supervising compliance with corporate governance rules and internal codes of conduct, assessing and reviewing the corporate governance system and environmental policy, and supervising the application of the general policy on the communication of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, proxy advisors and other stakeholders, among other functions. The supervision that the company's practices in environmental and social matters are according to the established strategy and policy.

Soltec was listed on the stock exchange in 2020 and, therefore, its governing bodies operate in accordance with the recommendations of the Unified Good Governance Code of Listed Companies approved by the CNMV.

Beyond the governing bodies and at management level, the Company has various committees with specific competencies in different areas:

- Compliance
- Tax compliance
- Investments
- ComplianceTax
- Operations
- EHS (Environment, Health and Safety)
- Security
- IT
- Business Development
- Product
- Equality
- Risk Management
- ESG

Adoption of corporate governance best practices

During 2021, Soltec put in place different measures with the goal of continuing to improve its governance model:

- In January 2021, the Board of Directors approved the Corporate Governance Plan for the entire company and its implementation, though approval of its policies and practices over the whole year.
- Improvement of the insider information system, by implementing an automated alert system for the restricted periods, as well as training for the Board of Directors and management team on treasury share management.
- During the year, new practices were put in place to update regulations and policies and as a consequence an assessment was performed of the Board of Directors and an action plan was proposed.

Remuneration policy for the governing bodies

The remuneration policy aims to define and control remuneration practices with regard to the directors, contributing to sustainable value creation for its shareholders in the long term.

This policy establishes a remuneration scheme appropriate to the dedication and responsibilities assumed by the members of the Board of Directors, which is applied in order to attract, retain and motivate them.

Directors' remuneration consists of two components, one fixed and one variable. Fixed remuneration is determined according to the responsibility, functions, and experience of each director. Variable remuneration, which only the executive director receive, may be paid in cash or shares if duly approved by the General Meeting.

Remuneration of the Board of Directors (thousands of €)	2021	2020
Remuneration for membership of the Board and/or Board Committees	309	69
Fixed remuneration and salaries	190	183
Variable cash remuneration	-	-
Share-based remuneration schemes	-	-
Compensation	-	-
Other items (long-term saving systems)	31	-
Total	530	252

Senior Management

On 1 January 2021, the new Long-Term Incentive Plan for managers came into effect. The plan aims to compensate and motivate stakeholders by enabling them to be part of the Company's value creation through establishing a link between their remuneration and the performance of the plan's shares over the long term.

Following the entry into force of the plan, the remuneration of the members of senior management (three women and five men in 2021 and three women and four men in 2020), excluding those who are members of the Board of Directors (whose remuneration has been explained above) during 2021 and 2020, paid both by the parent company and by any subsidiary companies, is summarised in the following table:

Remuneration (thousands of €)	2021	2020
Salaries	939	652
Share-based remuneration systems	-	-
Total	939	652

If we break down the remuneration by gender, average remuneration in salaries would be 106 thousand euros and 112 thousand euros for women and men, respectively, (62 thousand euros and 108 thousand euros in 2020) and average remuneration through the shared-based remuneration system would be 109 thousand euros and 243 thousand euros for women and men, respectively.

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3.2 Ethics and integrity

Soltec has a rigorous compliance programme which ensures that the company's activities are conducted with the highest level of integrity and ethics, respecting human rights at all times and fighting corruption and fraud.

Main indicators in 2021

Indicator	2021	2020
Number of complaints received through the established channel	3	0
Cases of corruption identified	0	0
Operations assessed for corruption-related risks	0	0
Employees trained in anti-corruption policies and procedures	247	131

MILESTONES 2021



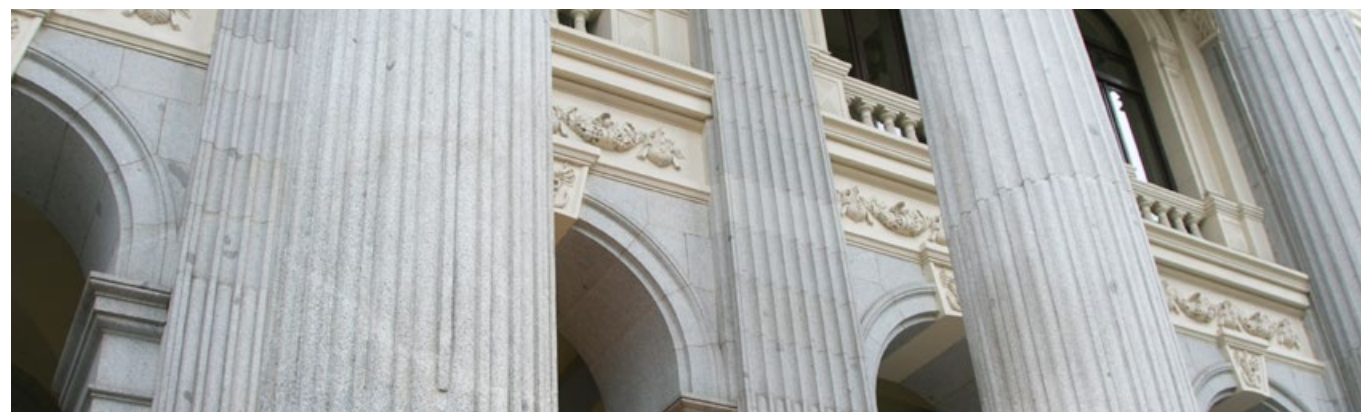
- Extension of the criminal management system to Powertis, S.A., Soltec Innovations, S.L. and some international subsidiaries of the company. ✓
- Renewal of the Aenor certification on the UNE 19601 standard at Soltec Power Holdings S.A. and Soltec Renewable Energies S.L.U. and obtaining said certification at Soltec Innovations S.L.U. ✓

✓ Target set for 2021

TARGETS 2022



- Carry out training on insider information.
- Carry out training on criminal compliance.



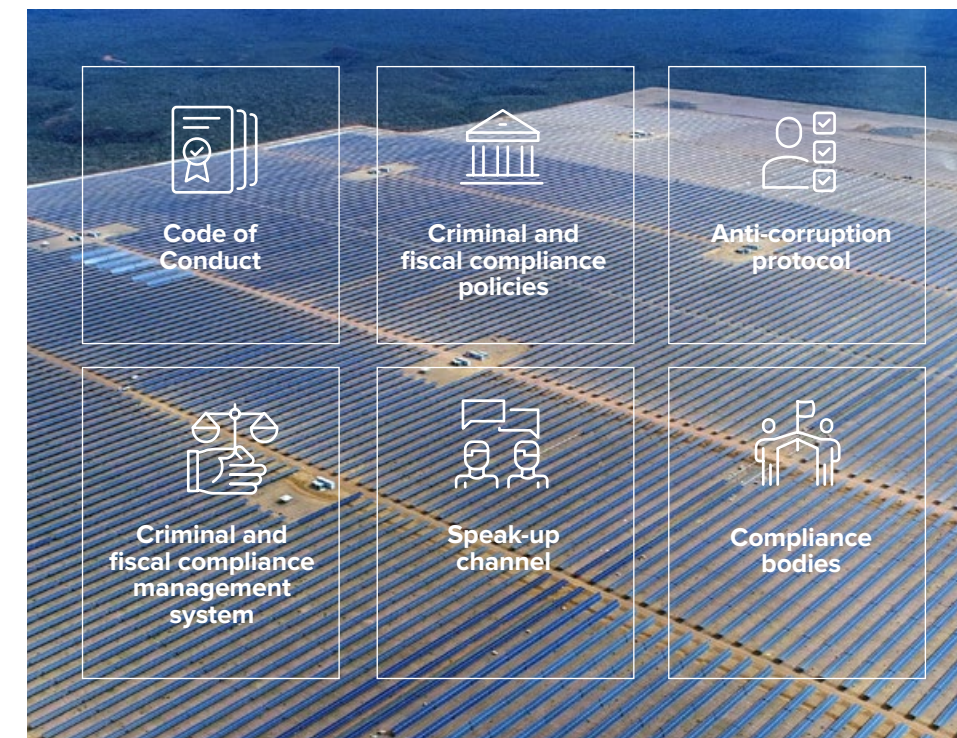
IPO

Corporate Compliance Programme

Soltec seeks to ensure all its employees act with integrity while they perform their daily activities at the company, from corporate governance to operations and including the supply chain, respecting fundamental responsibilities as regards human rights, work, environment and the fight against corruption.

The company also has a commitment of zero tolerance for fraud, bribery or corruption that could occur in its operating environment either by its professionals or by the third parties with which it collaborates.

The company therefore works to incorporate corporate governance best practices and foster management that ensures compliance with ethical practice through all its activities. In this respect, the company has developed a corporate compliance programme made up of management tools enabling it to ensure compliance with the legal requirements and business ethics at all times:



Solar plant in Brazil, 158 MW.

During the years ending on 31 December 2021 and 31 December 2020 there were no significant sanctions or complaints linked to the areas described in this section.

Code of Conduct

In 2020, Soltec developed and approved a Code of Conduct that establishes the guidelines and lines of action for all company employees, regardless of their job title or position, in their daily work, as regards the relations with all its stakeholders, including transparent, effective and efficient management of resources, being honest with customers, suppliers and institutions, and being socially and environmentally responsible.

The code is based on the definition of the company's mission, vision and values. It is incorporated into employment contracts and must be signed by all persons joining the organisation. The company promotes and encourages the adoption of the guidelines on conduct developed in the Code of Conduct by its suppliers and other collaborating companies.

The code also incorporates principles such as transparent, effective and efficient management of resources and strict respect for the Human Rights and Civil Liberties included in the Universal Declaration of Human Rights.



Access the Code of Conduct through the following link.

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Human Rights

Soltec and its employees are committed to the promotion and achievement of human rights and support in full the United Nations (UN) Universal Declaration of Human Rights.

It also requires suppliers to support and respect protection of human rights, as defined in the aforementioned United Nations declaration. In addition, suppliers are not authorised to take any action that violates these principles either directly or indirectly.

Soltec therefore subscribes to the following principles of the global compact arising out of United Nations declarations in the area of human rights, work, environment and fighting corruption and on which there is universal consensus:

- Soltec does not use or support the use of child labour.
- Soltec does not use or support the use of forced labour by employees.
- Soltec has established a safe and healthy working environment, takes appropriate measures to prevent accidents and injuries, and assesses all the risks so as to plan measures designed to eliminate or reduce the risks identified.
- Soltec respects the right of its employees to form trade unions, and to select a trade union of their choice, ensuring that the staff representatives are not discriminated against and can have access to the rest of the workers at the workplace.
- Soltec does not practise or support any type of discrimination on the basis of race, origin, nationality, religion, disability, gender, sexual orientation, trade union membership, political orientation, ideology, employment category or age. Behaviour, gestures or language which threaten people's dignity or integrity are not permitted.
- Soltec does not use or support corporal punishment, mental or physical coercion, or verbal abuse.
- Soltec workers have at least one free day during each seven-day period of work. Overtime is paid according to the collective agreement and is always voluntary.
- The salary paid meets the legal minimum-wage requirements for jobs. Soltec meets all labour obligations and social security obligations set out in existing legislation.
- Soltec monitors compliance with social-employment regulations and occupational risk prevention regulations by significant suppliers and subcontractors.

During 2021 and 2020, Soltec did not identify any significant risk of potential violation of human rights in the organisation's direct or indirect activities.

During the years ending on 31 December 2021 and 31 December 2020, it received no complaints due to violations of human rights.

Criminal compliance management system

Soltec has a criminal compliance management system which aims to prevent, avoid and identify the perpetration of criminal offences in the business sphere in compliance with the Spanish Criminal Code. To this end, it has set up a compliance body responsible for appropriate operative supervision of the functioning of the programme.

Soltec's crime prevention function has the follow general strategic objectives:

- To promote a culture of compliance at the company, as well as awareness by those at the company of the rules and regulations applicable to the aforementioned matters, through advisory, dissemination, training and awareness-raising activities.

- To define and foster the implementation and total affiliation by the organisation with regard to the risk management measures and frameworks related to compliance matters.

The management system is permanently being reviewed and in 2021 the AENOR certification for standard UNE 19601 was renewed. In addition, during the same year, the company effectively extended the system to the following companies:

1. Soltec Innovations, S.L.U., with the AENOR certification for standard UNE 19601.
2. Powertis, S.A.U.
3. Soltec Brazil, Soltec Mexico, Soltec USA and Soltec Chile.

Soltec is committed to having the system approved and efficiently applied in the medium term at all its companies.

Soltec also has a specific Criminal Compliance Policy which sets out the main objectives to be achieved by the organisation, including ensuring compliance with its legal obligations, demonstrating zero tolerance of any criminal offences, identifying the most important risks and establishing measures to prevent them, extending this philosophy among all the members of the organisation and ensuring satisfactory performance with regard to these aspects by the company for all stakeholders.

 [Access the Criminal Compliance Policy through the following link.](#)



During 2020, a **compliance body** was set up. It is independent and autonomous in its decisions, with a multidisciplinary composition in accordance with best practices and standard UNE 19601. In 2021, Aenor's certification on the UNE 19601 standard was renewed.



Solar plant in Namibia

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Tax compliance management system

In 2020, Soltec implemented a Corporate Fiscal Policy and a tax compliance management system which has been certified by AENOR according to standard UNE 19602, in order to reinforce the basis for fulfilment of the duties of a tax nature entrusted to the Board of Directors in accordance with applicable regulations and best tax practices.

In this respect, the aim of Soltec's tax strategy is to ensure the company complies with tax regulations. In the same way, Soltec undertakes to maintain a cooperative relationship with the different public administrations, as well as carry out responsible payment of the taxes required by the local tax regulations in each of the countries where it operates.



To fulfil the company's tax obligations, in 2020 the governing body appointed a **Tax Compliance Officer**, the latter being responsible for supervising the tax compliance management system and reviewing the aforementioned tax policy, adopting any modifications and improvements he or she may deem appropriate, in accordance with the applicable regulations at any given time and country.



[Access the Corporate Fiscal Policy through the following link.](#)

Anti-corruption Protocol

Soltec has designed an Anti-corruption Protocol whereby it seeks to ensure that all its employees comply with all applicable anti-corruption regulations.

The protocol specifies that employees may not carry out or offer, directly or indirectly, any payments in cash or in kind, or any other benefit, to any public official, with the intention of illicitly obtaining or retaining business or other advantages. In addition, they may not, under any circumstances, accept gifts, handouts, hospitality or any other type

of favour from any person or private entity in the performance of their activities, unless these are symbolic and insignificant or done as a courtesy.

In order to exert greater control in this respect, the company continuously assesses its risks in this area to prevent them and use the conclusions reached to improve the foundations of the Corporate Compliance Programme and the controls applied by the compliance body.

Soltec supports this commitment by means of its efforts to raise awareness and train its employees, through which it stresses the importance of beating corruption and duly informs them of any substantial changes in the protocol.



Solar plant in Thailand, 10 MW.

Speak-up channel

With the goal of reporting possible breaches, Soltec has made available to both its employees and any business partner who deems it necessary to make use of this tool a speak-up channel through which they can report any type of well-founded suspicions or knowledge of possible breaches of the code of conduct, as well as of any general or protocol the Group has provided as part of the implementation of the Corporate Compliance Programme.

In addition, the company has a protocol on its policy and procedures for internal complaints, as well as a procedure for investigating, managing and responding that ensures the proper handling of any reports received.



[Access the Speak-Up Channel Protocol through the following link.](#)

Money laundering

Soltec has committed to resolutely combating money laundering, in order to prevent the financing of terrorism, as well as other illicit activities, faithfully following the recommendations of the Financial Action Task Force.

For that purpose, Soltec does not establish business relationships with people or entities who do not comply with the money laundering and terrorism financing obligations of each country and which do not provide adequate information with regard to its compliance.

Data Protection

With the goal of making responsible use of personal data, all the data that Soltec collects, stores and/or uses are recorded and processed in compliance with the obligations set out in the Spanish Data Protection Act (the regulations in force at any given time), ensuring the recognition of the rights (of information, access, rectification, etc.) established in that law.

Training on ethics, compliance and corruption

In 2021, Soltec worked on a training plan about ethics, compliance and corruption for the entire workforce. It made online training available to all employees through Solnet (the corporate Intranet), which a significant percentage participated in. In addition, in the departments where it is considered there is greater risk (procurement and sales), specific, compulsory training on this issue was delivered.



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3.3 Risk management

Successful management of the risks to which Soltec is exposed has enabled the company to have a high level of resilience, reducing uncertainty and generating confidence among stakeholders about the sustainable future of the company.

Main indicators in 2021

Indicator	2021	2020
Number of claims handled	22	33

MILESTONES 2021



- Updating of the company's risk map as regards Soltec Power Holdings, including all subsidiaries. ✓
- Maintaining of centralised insurance management in line with the market and the corresponding records. ✓
- Implementation of the company's risk management system based on the three principles defined in the Risk Management Policy. ✓
- Creation of a format for Project Risk Management in the bid phase. ✓
- Assessment of the effectiveness and functioning of the ICFR. ✓
- Formalisation of the internal audit process.
- ✓ Target set for 2021

TARGETS 2022



- Incorporate alternatives for development of the digitalisation of the Risk Department and Internal Audit.
- Continue monitoring the compliance and effectiveness of the ICFR controls.
- Continue to formalise the internal audit process (standardisation of procedures, systematic process to follow up audit observations, implementation of internal audit software).
- Review and approve an update of the company's risk policy.



Solar plant in Australia, 70 MW.

Soltec's risk management approach

The aim of Soltec's risk management is to identify, define and quantify all the risks of the business to be able to subsequently apply the ideal mitigation measures that eliminate or reduce the probability and severity of the threats, as well as leverage the opportunities, enabling Soltec to carry on its activity and grow in a sustainable way, making well-founded and coherent decisions.

Soltec has developed a Global Risk Management Policy, approved by the Chief Executive Officer in 2020, in which (I) it establishes a three-line risk control model, (II) it defines the three pillars that guide the risk management system, and (III) it determines the general principles of the company's risk management.

[Access the Global Risk Management Policy through the following link](#)



SF7 Solar Tracker

Three-line model

The activities related to risk management are inherent to each and every one of the company's processes and, therefore, the company has established three lines of control:

- The **first line** is the daily monitoring and control of risks carried out by all departments with the support of policies and procedures specific to their activity.
- The **second line** involves the risk management department, created in 2019, in charge of leading implementation of mechanisms for mitigation and control, as well as supporting all the department which make up the first line in risk management and monitoring the risk management system.
- Finally, as its **third line**, an internal audit department ensures the smooth operation of that management and provides the risk management department with independent and objective advice.

Internal Audit Department

The Internal Audit Department not only takes into account the financial aspects but also defines the scope of each audit based on the risk assessment performed in the planning phase, considering both financial and operational risks (logistics, purchasing, human resources, projects, etc.).

Over 2021, Internal Audit worked on ensuring compliance with the matrix of ICFR controls in different subsidiaries, as well as other tasks such as reviewing the company's projects and internal consultancy work. In early 2022, a new internal audit plan was presented which contained, as in the previous year, audits that will include both financial and non-financial aspects.



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Risk management system

In its risk management, Soltec decided to implement a risk management system during 2021 to allow the company to have an appropriate and effective process to identify and monitor them regularly, as well as to take advantage of the opportunities identified.

The Global Risk Management Policy defines three pillars which serve as the system's guidelines:

Risk management based in three pillars



The company's risk management principles

The Global Risk Management Policy specifies a series of principles to manage Soltec's risks, which are closely linked to the competences of the company and are described below:

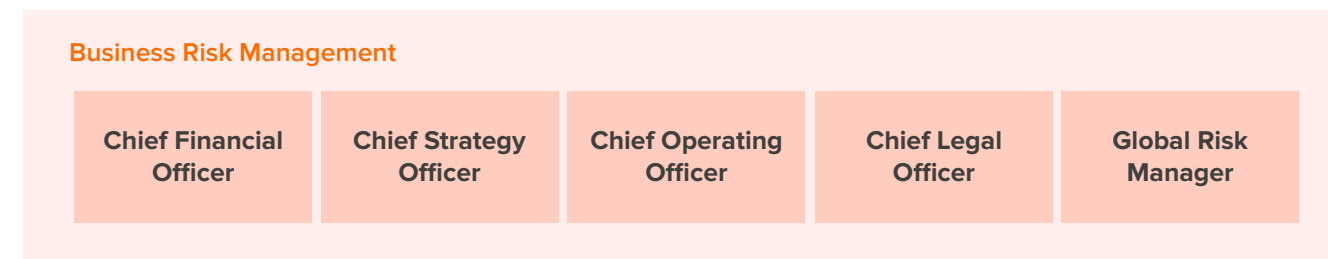
1. Risk management has to be integrated throughout Soltec and in all its processes, with teamwork and the leadership of Soltec's senior management being essential.
2. Be innovative, always looking for alternative mitigating measures.
3. It must adapt to the needs of the organisation, seeking alternatives that meet its customers' requirements, maintaining contained and responsible exposure to risk and allowing continuous improvement.
4. Be flexible, by being iterative and sensitive to change, taking into account human and cultural factors, while always maintaining a systematic and structure approach.
5. Be transparent, efficient and inclusive, so that it fosters proactive participation by all the organisation's employees.



Solar plant in Spain, 50 MW.

Risk Management Committee

The company also has a permanent Risk Management Committee which is of an informative and executive nature. Its task is to reach agreements concerning risk management and insurance at a corporate, bid and project level, and to ensure the creation of mechanisms that promote risk management in all the company's processes.



Actions performed related to risk management

During 2021, Soltec, through its different lines of control, implemented measures designed to improve and adjust internal control of the risks associated with its activity, such as:

- **Maintaining the insurance programme** through which it transfers residual risks to the insurance market, thereby mitigating their potential impact. To this end, an analysis of the insurance policies covering Soltec was carried out, and a series of improvements in conditions was implemented, including the effective management of renewals and new issues required both at corporate level and in specific projects.
- **Updating the risk map** of the company as regards Soltec, including all the subsidiaries and analysing both financial and non-financial risks (the main risks identified and management mechanisms are given in the following section).
- **Implementing the risk management system**, holding several meetings with the Risk Management Committee and creating risk appetite matrices for the company, as well as implementing an analysis system for bids and monitoring during project execution.
- **Formalising the internal audit process**, establishing a structured and formalised process, based on an initial risk analysis, audit testing during the field work and a final process for closing the audit and reporting the findings.
- **Creating a monitoring process for the remedial plans** agreed in the audits.
- **Defining a format for Project Risk Management** during the bidding phase (still being defined for the execution phase).
- **Reviewing the controls of the internal control system for financial reporting (ICFR)** to assess its effectiveness and operation.
- Beginning a **review and approval** process by the Board of Directors of the **company's risk policy**.

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Main risks identified and management mechanisms

During the year, Soltec updated the risk map, presented to the Risk Management Committee in December 2021, in which it broadened the risk catalogue.

The risk map was updated in accordance with the following procedure:

1. Identification of a catalogue of 200 risks.
2. Assessment of 446 risks, some replicated in different subsidiaries, through interviews with those responsible for each of the risks assessed.
3. Continuous improvement based mainly on the following activities:
 - Systematic process of identifying, assessing and treating risks.
 - Redefinition of risks.
 - Adaptation to the changes that may affect the organisation.
 - Reallocation of risks.
 - Review on at least a six-monthly basis.
 - Support of the Risk Management Committee and senior management.
 - Review of contracts before signing.

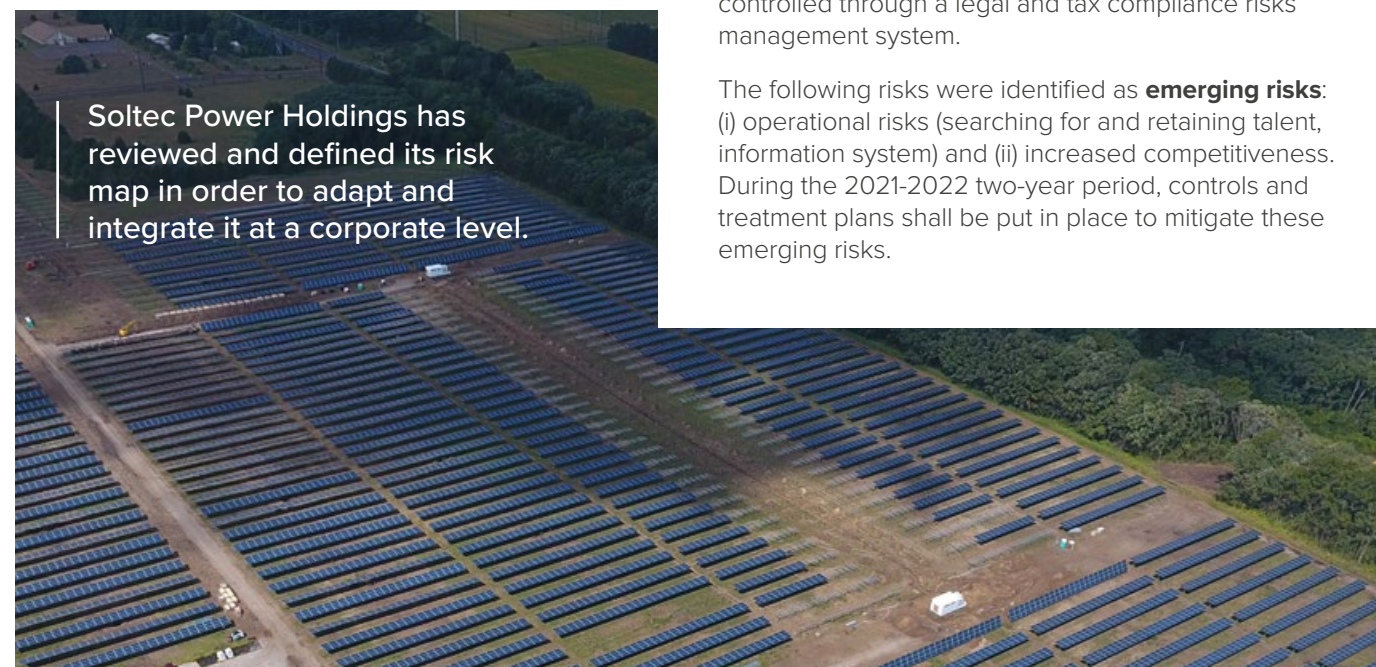
The main **operational, strategic and regulatory risks** that affect Soltec are linked to the uncertainty in demand for products and services in a changing environment, affected by the global COVID-19 pandemic and the difficulty in adapting to the different regulatory environments together with political and social instability. Additionally, the risks include potential regulatory changes, the increasing competitiveness in the photovoltaic industry and specifically in solar trackers with an impact on falls in prices for these, potential regulatory breaches at an operational level, information security linked to product R&D, and potential problems arising out of natural disasters, system failures and/or interruptions to supply.

In anticipation of 2022, and given the uncertainty in Europe due to the situation in Ukraine, at Soltec the following policy was put in place to mitigate the possible risks that may derive from this: (i) search for alternative suppliers, (ii) analysis of the situation in each geographical region in which the projects are executed, (iii) contractual transferring of possible adverse effects that may arise out of this situation.

In connection with the **financial risks**, the main risks would be linked to market risks (exchange rate and interest rate), liquidity, obtaining the necessary guarantees to be able to enter into contracts and execute projects and customer credit.

The risks arising from corruption are adequately controlled through a legal and tax compliance risks management system.

The following risks were identified as **emerging risks**: (i) operational risks (searching for and retaining talent, information system) and (ii) increased competitiveness. During the 2021-2022 two-year period, controls and treatment plans shall be put in place to mitigate these emerging risks.



Solar plant in Mexico, 375 MW.

The company has defined specific measures to manage each of its main risks:

Main risks and management tools	
Operational risk	Management mechanisms to mitigate it
Operational risks	
Uncertainty associated with demand for products and services in a changing environment affected by the pandemic	<ul style="list-style-type: none"> • Scaling of resources to deal with all delayed projects. • Sales follow-up for main customers. • Prospecting for new clients. • Follow-up on opportunities due to regulatory changes and budget allocation. • Local presence in key countries.
Potential problems arising out of natural disasters.	<ul style="list-style-type: none"> • Transfer to the insurance market. • Transfer of ownership and risk to the client. • Local presence in key countries. • Risk analysis by country.
Potential problems arising out of system failures and/or supply disruptions	<ul style="list-style-type: none"> • Diversification of suppliers at a company and at a geographical level. • Local presence in key countries. • Transfer to the insurance market. • Establishment of contractual mechanisms to be able to revise prices once the validity of the bids has passed and the customer has not given the order to proceed. • Establishment of treatment plans for analysis of market price volatility. • Establishment of treatment plan for logistical analysis.
Strategic operational risks	
Difficulties in adapting to different regulatory environments	<ul style="list-style-type: none"> • Local presence in key countries. • Local legal and tax advice. • Monitoring of local design regulation updates. • Local presence in key countries. Local legal and tax advice. Monitoring of local design regulation updates. In light of possible regulatory changes, in contracts signed with customers this risk is transferred to customers, obtaining compensation as regards cost and terms. Analysis regulatory risk by country.
Political and social instability	<ul style="list-style-type: none"> • Local presence in key countries. • Local legal and tax advice. • Transfer to the insurance market. • Travel policy with monitoring of the situation in each country. • Risk analysis by country.
Growing competitive-ness in the industry	<ul style="list-style-type: none"> • Investment in R&D&I. • New products. • Study of synergies and new lines of business. • Continuous improvement systems. • Local presence in key countries. • Agreements with key players in the industry. • Investment in R&D&I. New products. Study of synergies and new lines of business. Continuous improvement systems. Local presence in key countries. Agreements with key players in the industry. Establishment of treatment plans focusing on analysis of estimates and analysis of project costs and project execution deadlines.

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Main risks and management tools	
Operational risk	Management mechanisms to mitigate it
Reduction of solar tracker prices	<ul style="list-style-type: none"> Local presence in key countries. Optimisation of supplier prices. Design optimisation through investment in R&D&I. Establishment of framework agreements with suppliers. Monitoring of commodity price fluctuations: market trend analysis. Establishment of contractual mechanisms to be able to revise prices once the validity of the bids has passed and the customer has not given the order to proceed. Establishment of treatment plans focusing on analysis of estimates and analysis of project costs and project execution deadlines.
Security of the information linked to product R&D	<ul style="list-style-type: none"> ISO 27001 certification. Designation of a security officer. Implementation of access control at headquarters. Performance of a security audit. Non-competition covenants for key personnel.
Regulatory risks	
Adaptation to potential regulatory changes	<ul style="list-style-type: none"> Local presence in key countries. Local legal and tax advice. Monitoring of local design regulation updates. In light of possible regulatory changes, in contracts signed with customers this risk is transferred to customers, obtaining compensation as regards cost and terms. Risk analysis by country.
Potential regulatory non-compliance at operational level	<ul style="list-style-type: none"> Local presence in key countries. Local legal and tax advice. Monitoring of local design regulation updates. In light of possible regulatory changes, in contracts signed with customers this risk is transferred to customers, obtaining compensation as regards cost and terms. Requirement of precise project specifications from customers, transfer to customers of the risk of mistakes or lack of information in the specifications. Establishment of controls to analyse proper definition of the specifications by the customer.

Main risks and management tools	
Operational risk	Management mechanisms to mitigate it
Financial risks	
Liquidity	<ul style="list-style-type: none"> Framework agreements with financing entities. Review of new funding formulas. Framework agreements with suppliers/customers. Review of project cash flow before the signing of the contract, in accordance with customer and supplier payment terms. Analysis of the maximum risk of non-payment. Cash flow monitoring of ongoing projects.
Customer credit	<ul style="list-style-type: none"> Transfer to the insurance/financial market. Transfer to customers requesting the issuance of letters of credit/other collateral. Review of project cash flow before the signing of the contract, in accordance with customer and supplier payment terms. Analysis of the maximum risk of non-payment. Cash flow monitoring of ongoing projects.
Obtaining the necessary guarantees to be able to contract/implement projects	<ul style="list-style-type: none"> Framework agreements with financing/insurance entities. Active monitoring of the status of guarantees issued and overall position. Negotiating with customers. Strengthening the balance sheet.
Market (exchange rate/interest rate)	<ul style="list-style-type: none"> Contracting coverage. Monitoring of rate fluctuations. Agreements with suppliers in the same currency as the main contract. Framework agreements with financing entities.
Emerging risks	
Searching for and re-taining talent, information system	<ul style="list-style-type: none"> Adaptation of salaries to the market. Definition of objective. Global human resources policy. Recruitment and selection policy. Training and development policy. Performance management system. Training procedure. Creation of the talent committee. Talent retention procedure and policies. SAP implementation.
Increase in competitiveness	<ul style="list-style-type: none"> Establishment of market and competition analysis plans. Development strategic plan.

3.4 Sustainability management

Soltec has a sustainability management model based on the best practices in the market, meeting the growing expectations of stakeholders. The company also participates actively in sustainability-linked ratings and initiatives that reinforces its transparency efforts, demonstrated most clearly through its Sustainable Development Committee.

Main indicators in 2021

Indicator	2021	2020
Meetings held by the ESG* committee	NA ¹⁵	7

*Environmental, social and good governance aspects.

MILESTONES 2021



- Publication of a Sustainability Report on the 2020 financial year under GRI and SASB standards. ✓
- Carrying out at least one initiative for each of the SDGs that are relevant to the company's activities.
- Measurement of the degree of eligibility of Soltec Power Holdings' business with EU taxonomy. ✓
- Development of an ESG Master Plan based on five strategic lines. ✓
- Participation in sustainability ratings (MSCI ESG Rating and Sustainalytics). ✓
- ✓ Target set for 2021

TARGETS 2022



- Organisation of the ESG area with its own structure.
- Measurement of the degree of alignment of Soltec Power Holdings' business with EU taxonomy.
- Entry in sustainability indices.

¹⁵ The sustainability committee is in the process of reevaluation and therefore during 2021 the competencies are being redefined.



Solar plant in Spain, 300MW

Sustainability management approach

Soltec is committed to ensuring that its activities are carried out in accordance with a series of values, principles, criteria and attitudes aimed at achieving sustained value creation for the company's various stakeholders.

In this area, Soltec undertakes management as regards sustainability based on the recommendations of the Unified Good Governance Code of Listed Companies approved by the CNMV, such as approval of a sustainability policy, supervision of its compliance and disclosure of the information related to corporate social responsibility to the market.

Sustainability Policy

In 2021, Soltec's Board of Directors approved its Sustainability Policy, through which it commits to fostering best practices in this area, integrating sustainability in a cross-cutting manner into all its activities and its business model.

This policy also defines Soltec's sustainability principles, based on its corporate values, which are described below:

Society



Soltec is committed to the well-being of the societies in which it is present, contributing resources and carrying out activities that seek to contribute to improving local communities and ensuring their quality of life improves.

Environment and climate change



The environment is a priority for Soltec, as is the fight against climate change, and this is why it is fighting to reduce the impact of its operations, maximising its positive impacts and contributing to the overall reduction in emissions through the use of photovoltaic energy.

Innovation



This is the cornerstone of Soltec's activities to achieve efficient use of technology and optimise use of resources.

People



Soltec supports, in a non-waivable manner, the fight against child labour, respect for human rights, and the protection and care of those who work at the company, guaranteeing equality, diversity and equity at the company, with the goal of not infringing the rights of any group and of fostering pride in belonging, respect and honesty in the relations between its workers.

Good Governance



Ethics and good practice derive from the highest governance bodies of the company so as to be able to transmit that leadership to the entire organisation.

Transparency and dialogue with stakeholders



The company assumes the duty of knowing and analysing the expectations of its different stakeholders, ensuring transparent, truthful and rigorous information. The company has various communication channels, available and accessible, for reporting and engaging and maintaining continuous dialogue with its stakeholders.

[Access the Sustainability Policy through the following link](#)

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Supervision

The responsibility for supervision of sustainability management falls to **Soltec's Sustainability Policy Committee**, which was created in 2020, and whose duties include supervising compliance with the corporate governance rules and the internal codes of conduct, including the Sustainability Policy, as is explained in detail in the Board of Directors' Regulations. The Committee is made up of three members: a chairman and two ordinary members.

Soltec also has an **ESG Committee** responsible for developing the Sustainability Master Plan, as well as its integration into all the company's activities. The committee comprises the directors of the investor relations, legal, environment, marketing, strategy, talent and innovation departments, while risk and internal audit team members are invited to attend based on the matters to be discussed.

Transparency

On a recurring basis, Soltec provides information about its performance as regards sustainability, confirming its commitment to transparency with regard to its stakeholders. Its commitment to disseminating both internally and externally the company's activities is a hallmark of the company, in addition to its implementation of existing good practices in this respect.

Soltec complies with Law 11/2018 on non-financial Information, and publishes its Statement of Non-Financial Information (NFI) on an annual basis. In 2021, the company also began to publish a sustainability report, which extends the content of the NFI through operational and financial information. The aim is for the sustainability report to become an integrated report through which all stakeholders can access all the financial and non-financial information.

Sustainability Master Plan

In order to enable the Sustainability Policy to be applied in practice, in the policy it is specified that every year a Master Plan will be approved based on certain strategic lines on which the company will focus its sustainability efforts. The policy also specifies that the ESG Committee is responsible for implementing the Action Plan, reporting its progress and results to the Sustainable Development Committee at least twice a year.

The 2021 Sustainability Master Plan describes the main lines of action and measures established to foster a sustainable business model. Its major strategic lines are:

1  Net Zero	2  Local economies	3  Our Energy is our people	4  Good governance and transparency	5  We innovate and drive energy transformation
We seek a positive environment	People, our main commitment	Our people are the key	Good practices as an example	Boosting innovative and distinctive projects in the energy transition
Corporate reporting				

Taxonomy

In July 2020 Regulation (EU) 2020/852, also known as the European Taxonomy Regulation, entered into force. By virtue of this regulation, specifically of Article 8, Soltec has begun the process to report on the way and extent in which the company's activities are associated with economic activities that qualify as environmentally sustainable in accordance with the system established by the aforementioned Regulation in its delegated acts.

In this respect, it must be stressed that all Soltec's activities identified as qualifying are included in both Annex I (corresponding to the objective of mitigating climate change) and in Annex II (corresponding to the objective of climate change adaptation) of Delegated Regulation (EU) 2021/2139. Therefore, the economic indicators expressed below indicate the proportion of qualifying economic activities in investments in fixed assets and operating expenditure of the company refer to activities that can potentially contribute to both objective a) mitigation of climate change and b) climate change adaptation, of Article 9 of Regulation 2020/852.

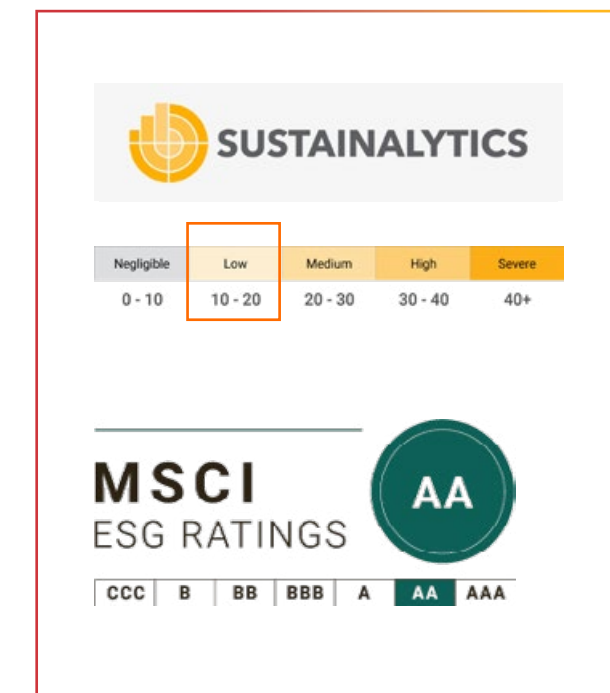
Quantitative summary of the economic indicators for 2022 taxonomy reporting (based on 2021 data):

	Thousands of euros	Qualifying	Non-qualifying
Business volume	346,514	100%	-
CapEx	97,264	100%	-
OpEx	11,526	55%	45%

Sustainability ratings

As part of Soltec's efforts to improve its transparency in the area of sustainability, it is subjected to various sustainability ratings through which it receives an independent assessment of its ESG performance.

In 2021, Soltec participated in the MSCI ESG Rating, where it received the second highest rating (AA), as well as the Sustainalytics rating, which classified the company's ESG risk as 'low'.



The image shows two rating matrices. The Sustainalytics matrix has a 'Low' risk rating highlighted in orange. The MSCI ESG Ratings matrix shows an 'AA' rating highlighted in green.



Solar plant in Spain, 85 MW.

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Soltec's main stakeholders

Soltec pays special attention to its relationship with its stakeholders, considered as a key tool to understand their concerns, improve the company's reputation and trust, and identify new risks and opportunities.

In this respect, the company has implemented specific channels through which it ensures constant dialogue with them, identifying their expectations and defining the most appropriate mechanisms to respond.

To this end, it has undertaken an analysis of the significance of each of them with regard to the company's activities and the impact the latter have on them. This is one of the main pillars in Soltec's sustainability management, as stakeholders' expectations in this sphere are increasing and they are capable of influencing, through their decisions, the company's long-term results and sustainability.

General stakeholder categories	Customers 	Employees 	Financial market 	Regulator 	Suppliers 	Society 
Main aspects of interest that this stakeholder group has with regard to the company	<ul style="list-style-type: none"> • Development of sustainable products • Quality control • Value for money • Global position and market share • Corporate Social Responsibility and ethical and legal conduct • Security of installations • Terms and conditions 	<ul style="list-style-type: none"> • Clear and transparent language • Work-life balance • Job stability and training • Payroll and personal income tax withholdings • Availability of resources needed to achieve projects • Equality and diversity • Health and safety 	<ul style="list-style-type: none"> • Transparent and truthful information • Financial stability and robustness • Proper management of resources • Inclusion of sustainability within the company's processes • Ethical conduct and respect for legality/prevailing regulations • Sustainability and environment 	<ul style="list-style-type: none"> • Compliance with policies and procedures • Ethical and responsible conduct • Transparent information 	<ul style="list-style-type: none"> • Development of sustainable products • Quality control • Value for money • Global position and market share • Corporate Social Responsibility and ethical and legal conduct • Security of installations Terms and conditions • Supply of complete electronics 	<ul style="list-style-type: none"> • Job creation and contribution to social development • Ethical and responsible conduct • Creating environmentally responsible products • Supply of clean energy • Voluntary actions and community impact • Clear and transparent language • Efficient resource management
Communication channels with stakeholders	<ul style="list-style-type: none"> • Fairs and conferences • Instant messaging • Social media • Videoconferencing • 'Jira' system 	<ul style="list-style-type: none"> • Formal and informal meetings • Solnews • SolBit • Sol Announcement • Solpeople • Yammer and Jira • Instant messaging • Social media 	<ul style="list-style-type: none"> • Shareholders' Meeting • Shareholder/investor relations • One-on-one meetings • Corporate Access • Shareholders' website • Webinars • Corporate communications • CNMV Financial publications 	<ul style="list-style-type: none"> • Corporate website • Corporate communications and publications 	<ul style="list-style-type: none"> • Fairs and conferences • Instant messaging Social media • Videoconferencing • GoSupply • SERES Platform 	<ul style="list-style-type: none"> • Conferences • Social dialogues • Media • Social media

Commitment to external sustainability initiatives

Over the years, Soltec has joined the most important global external initiatives, thereby deepening its commitment to sustainability.

The initiatives it has joined include the United Nations Global Compact. In 2020 the company undertook to comply with its ten principles and demonstrate the progress it makes in this area on an annual basis.

In addition, in line with another of the leading initiatives in the corporate world, Soltec has reaffirmed its commitment to contributing to achieving the 17 Sustainable Development Goals (SDGs). To this end, Soltec rolls out at least one initiative per year linked to each of the SDGs.

Due to its business model and sector (renewable energies), Soltec contributes most directly to the SDGs listed in the table below. However, it must be highlighted that the company seeks to contribute to achieving the other SDGs by undertaking volunteering and social action initiatives (described in section '4.5 Commitment to local communities').



Solar plant in Spain, 85 MW.

Soltec's outstanding contributions to the Sustainable Development Goals		
SDG	Contribution	Indicator
	Soltec contributes to clean energy generation through the development of solar photovoltaic energy projects.	<ul style="list-style-type: none"> Supply of 11.8 GW of solar trackers worldwide since the start of operations. Development of solar photovoltaic projects with a cumulative capacity of 10.3 GW.
	The projects carried out by Soltec have a direct impact on the communities in which it operates through the hiring and training of local people. The company also promotes human and labour rights in all its operations and value chain.	<ul style="list-style-type: none"> Creation of almost 2,500 jobs at year-end 2021. Spending €393 million on procurement and contracting, stimulating the generation of employment at its suppliers. Contribution to the local economies of the countries in which the company is present through payment of €50 million in salaries to its employees. Incorporation of clauses relating to compliance with Human Rights in the Corporate Policy and signed purchase contracts. Assessment of the most important suppliers as regards Human Rights through the GoSupply tool.
	Innovation at Soltec is reflected in the launch of new, more economically and operationally efficient products, thanks to which Soltec is positioned as a pioneering company in the market.	<ul style="list-style-type: none"> Creation of the subsidiary Soltec Innovations to centralise all R&D efforts. Implementation of Aurora, accelerator of technological projects to fight climate change. Launch of solar trackers and complementary algorithms that enhance the economic and operational efficiency of existing technology.
	Soltec has a Sustainability and Good Governance Plan, which includes measures such as promoting use of sustainable transport for employee commuting and guaranteeing the renewable origin of the energy consumed by the company.	<ul style="list-style-type: none"> Preventing the emission of 3,580,197 metric tonnes of CO₂ in 2021 through the projects it executed. Use of 100% renewable energy in the company's facilities.
	Soltec promotes external collaboration as a fundamental tool to multiply the positive impact of its activity.	<ul style="list-style-type: none"> Joining global sustainability initiatives such as the United Nations Global Compact and the Sustainable Development Goals.

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Contributed to the reduction of
3,580,197
tCO₂
 to the atmosphere thanks to the projects implemented

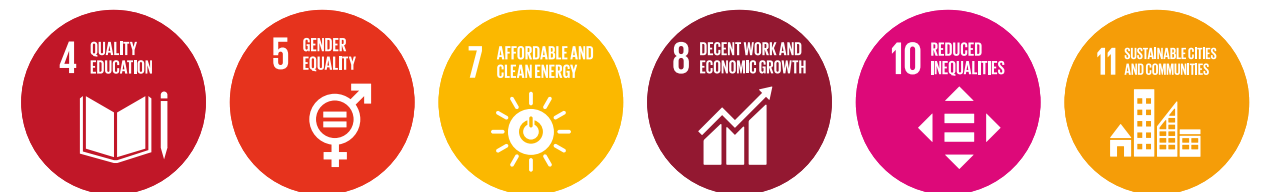
2,495
employees
 by the end of 2021



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- 4.5 Engagement with local communities / 60

Soltec worked throughout 2021 in different areas that influence proper operation of the company, such as the supply chain and the quality and excellence of its products. The company also maintained its commitment to the development of an activity that is responsible towards the environment and people.

In 2021, owing to the market environment in which the company finds itself, supply chain management has become particularly relevant.



Images::
 Top: Solar plant in Spain, 300 MW.
 Bottom: Solar plant in Mexico, 375 MW.

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4.1 Responsible supply chain management

Aware of the importance of having a diversified supply chain that guarantees quality supplies and services to its customers, Soltec has been building a network of agile, flexible, sustainable and local suppliers that allows it to be prepared to face the disruptions of the global logistics market.

Main indicators in 2021

Indicator	2021	2020
Total number of registered suppliers	1,828	1,414
Volume of purchase orders (€ Mn)	564.23	190.13
Volume of local purchase orders (€ Mn) ¹⁶	7.7	10.56
% of approved suppliers ¹⁷	17%	7%

MILESTONES 2021



- Flexibilisation of its supply chain through analysis of potential risks in order to establish mitigating measures.
- Certification for the UNE 15986 standard for Value-Added Purchasing Management and ISO 20400 standard for Sustainable Procurement. ✓
- Implementation of an approval platform ('GoSupply') for relevant suppliers. ✓
- Implementation of an electronic invoicing management platform ('SERES') to optimise registration and payment processes. ✓
- Centralisation of indirect purchases¹⁸ through the implementation of an internal management platform ('JIRA'). ✓
- ✓ Target set for 2021

TARGETS 2022



- Development of a supply network with more suppliers and greater geographical diversification.
- Identification of strategic suppliers and negotiation of framework agreements/partnerships with them.
- Compliance with the action plan provided in the ISO 20400 Sustainable Procurement certification, established as part of the continuous improvement process to achieve excellence in sustainable procurement.
- Resolution of the observations received during the UNE 15896 Standard certification audit.
- Internal interdepartmental training programme, with specific training on relevant aspects of the procurement function, such as risk management, financial instruments, sustainable procurement, contract management, compliance, etc.
- Global implementation of Navision to give the implementation of the different digital tools, policies and procedures greater permeability in subsidiaries.
- Realisation of the Leansis Project for the 'Improvement of the Supply Chain in type-H projects in the Procurement, Engineering, Logistics and support areas'.
- Development of an ad-hoc tool to complement the indirect procurement management platform (Jira Indirect).

¹⁶ The volume of local purchases is limited to purchase orders for installation projects in each country.

¹⁷ Suppliers that are subject to approval are those that either supply solar tracker components or raw materials or perform solar tracker installation services.

¹⁸ All those not linked to the manufacturing process or installation of the tracker designed by Soltec.

Soltec's supply chain management model has evolved over the last few years, adapting to the growth of the company's new business areas (support services for photovoltaic plants) with the aim of mitigating the impacts on the supply of materials and products derived from the different global disruptions.

The management of the supply chain is coordinated by the Procurement Department, considered a transversal and strategic department in the management of Soltec's projects. This department has four highly differentiated functional areas aligned with the company's strategy:

PROCUREMENT

Forecasts of procurement needs for future projects. It enables the planning of the negotiation according to the capacity and location of the required production.

MANUFACTURING

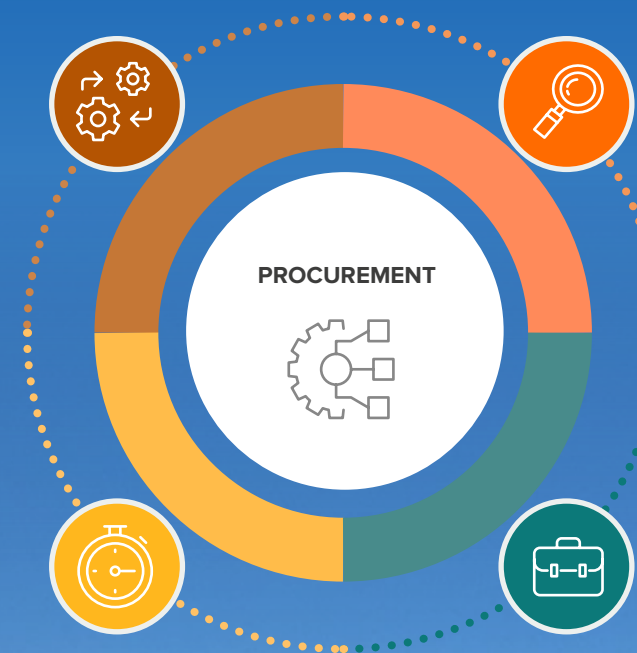
Control of the production of issued purchase orders to ensure on-time deliveries.

SOURCING

Search for suppliers to expand production capacity, reduce prices or find new markets.

PURCHASING

Negotiation of price and term conditions with suppliers, in order to issue purchase orders that meet the Project milestones.



The functions performed by the Procurement Department, from the sourcing phase to approval and selection of suppliers for a purchase, are carried out in accordance with fundamental principles and sustainability criteria that have been defined in the Procurement Policy, approved in 2020. These principles are based on the quality certifications held by the company and the principles of the United Nations Global Compact.



[Access the Procurement Policy through the following link](#)



Solar plant in Spain, 5 MW.

Sustainability criteria incorporated into Soltec's purchases:

- Soltec makes protection of the fundamental human rights involved in its sphere of influence a prerequisite for the signing of a framework supply contract with suppliers. It does so through the express commitment of suppliers to comply with the provisions of the charter of the United Nations Universal Declaration of Human Rights.
- Soltec is committed to compliance with international labour standards in relation to both its workers and its suppliers, in compliance with the ILO Declaration on Fundamental Principles and Rights at Work. Similarly, Soltec promotes equal opportunities and non-discrimination in managing its team.
- Innovation as a differentiating and developmental element that favours the fight for the environment through prevention. Through global actions, Soltec promotes greater environmental responsibility in both its own internal processes and those of its suppliers.
- Through its Corporate Compliance programme, Soltec promotes a working culture that values integrity and the ethical conduct of all its employees towards suppliers; therefore, it has established a code of conduct paying particular attention to anti-bribery measures and avoiding potential conflicts of interest.

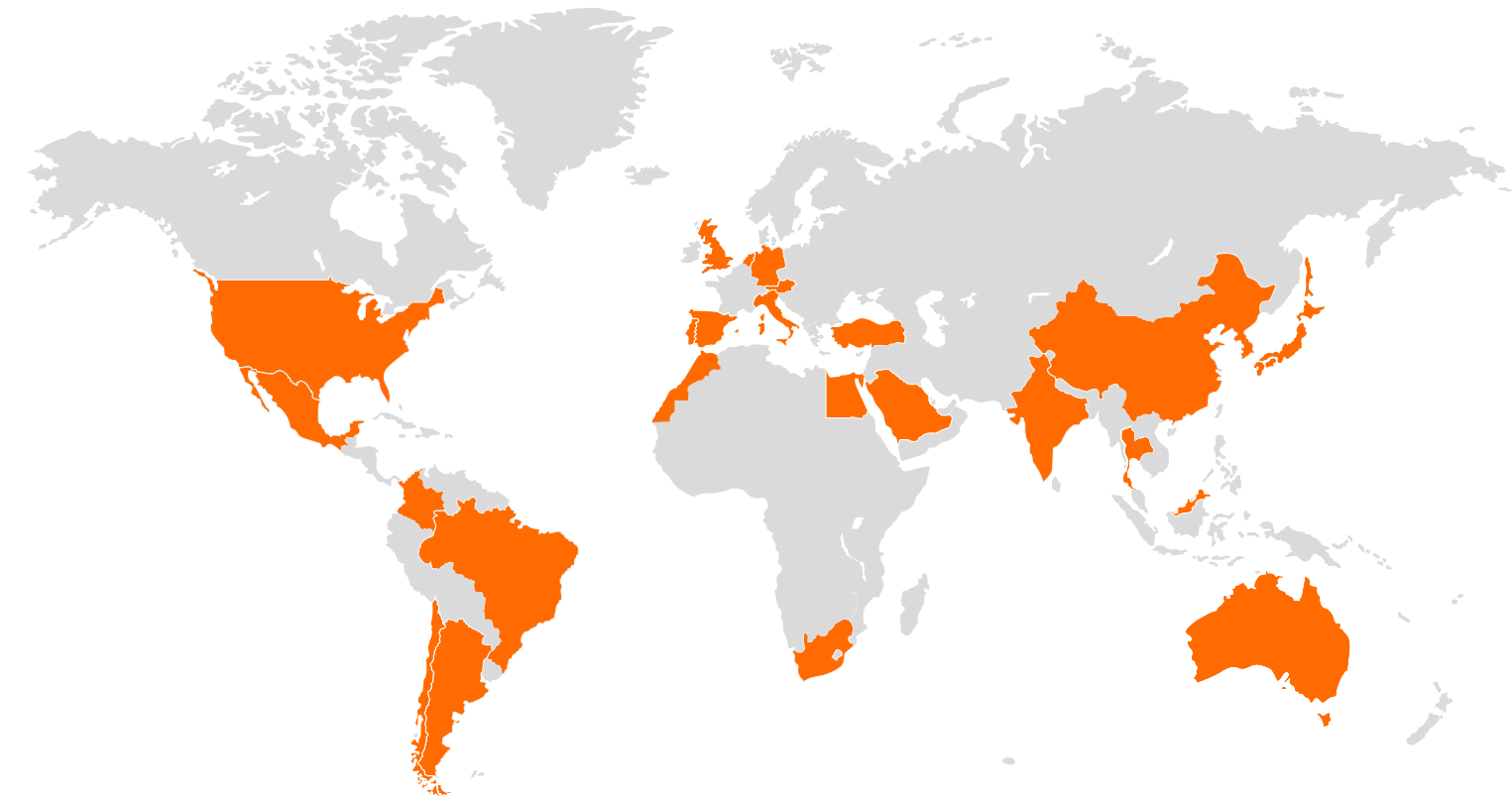
Soltec also requires its suppliers to commit to the same principles in their activities and in managing their relationships with third parties, as well as to demonstrate their commitment to the following points:

- The United Nations Universal Declaration of Human Rights,
- The seven core subjects of ISO 26000,
- The 17 Sustainable Development Goals,
- The Guiding Principles on Business and Human Rights, issued by the UN High Commissioner for Human Rights.

An agile, flexible and local supply chain

Over the last few years, Soltec has built up a supply chain management model that has allowed it, on the one hand, to guarantee the supply of solar trackers, mitigating the effects of market disruptions (higher logistics costs, shortage of materials, etc.) and, on the other, to offer new support services to photovoltaic plants by achieving an extensive network of local subcontractors with better capacity to adapt and respond in light of the mobility restrictions caused by COVID-19.

This management model has required Soltec to expand and diversify as much as possible the number of suppliers of products, materials and services, so it is able to offer its customers a variety of fast supply alternatives, regardless of their geographical location. To this end, Soltec has made the supplier approval process more flexible and streamlined, building a large global supplier network with which it can place orders quickly and efficiently.



1. Manufacture and supply of solar trackers

Soltec works with a large number of finished-product manufacturers and steel mills worldwide in order to supply any customer regardless of the market situation or location (avoiding costs and intermediate logistics times), and reinforce its commitment to sustainable and local development.

The company's goal is to have at least several viable alternatives that can deliver the final product or material quickly. The following map shows the diversification in terms of the location of Soltec's suppliers (approved, in the process of being approved or under negotiation).

2. Services provided for the support of photovoltaic plants

In 2021, Soltec strengthened its presence in the market by offering a variety of services that take the scope of its projects beyond the mere supply of the tracker. These projects, known as BOP¹⁹ and EPC²⁰, accounted for up to 42% of the projects undertaken during the year. Owing to the characteristics of this type of project, procurement management is often carried out with small subcontractors offering services at national level.

In this regard, Soltec is working on increasing its market share and improving its positioning, with the aim of reaching framework agreements with certain suppliers that can be recurrent in its projects. To this end, Soltec provides its various subsidiaries with sufficient resources to develop an extensive network of local subcontractors.

This diversification as regards local suppliers seeks not only to guarantee project support services, but also to meet the needs of countries that are increasing project requirements regarding the percentage of locally sourced products.

¹⁹ Balance of plant
²⁰ Engineering, Procurement and Construction



Solar plant in Spain, 5 MW.

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Approval of suppliers

In order to ensure quality as well as the alignment of the supply chain with Soltec's procurement policy, in 2018 the company established for the first time an approval procedure to which all suppliers must be submitted. This vetting procedure, as well as the management model, has evolved to adapt to the changes in Soltec's environment and business model.

In order to mitigate the impacts of global logistics and mobility constraints caused by COVID 19, and to create a more streamlined process for BOP and EPC service contractors, Soltec has defined a more flexible approval procedure to meet the current strategy of expanding and diversifying the supplier network.

In order to approve suppliers with a higher strategic value (known internally as 360° Suppliers), corresponding to those with a more direct link to the recurring supply of tracker components, raw materials or

wiring, in 2021 Soltec implemented a new risk assessment system ('GoSupply') that replaced the previous approval process.

Through GoSupply, 360° Suppliers are categorised based on their risk level, which can be low, medium, medium-high or high. This risk level is obtained both from the assessment obtained after analysing five different variables (financial, operational, compliance, sustainability and cybersecurity variables), and from the possible alerts identified in the aforementioned assessment process.

In order to manage these assessments and potential alerts, suppliers are evaluated separately in two areas, one technical and one business. The purpose of this procedure is to identify in which particular area the supplier poses a risk to Soltec and thus enable the decision to mitigate, transfer, avoid or simply accept the identified risk to be taken more efficiently.

In addition, in order to approve suppliers that are more complementary to the core business (180° Suppliers), which are mainly subcontractors related to the installation of photovoltaic projects (tracker installation and assembly subcontractors, distributors of the main electrical material, transporters or quality certifiers), Soltec has sought to simplify the approval process.

The approval process for 180° Suppliers aims to be agile and flexible, while still assessing a minimum amount of relevant financial, operational and compliance aspects. To this end, the assessment focuses on the validation of samples to ensure minimum quality. Thanks to this 180°-Supplier approval process, Soltec has managed to maximise the number of suppliers close to its customers' photovoltaic plants.



Solar plant in Brazil, 475 MW.

Efficient and digital management

Soltec has a supply chain management model that aims to develop more efficient purchasing processes through digitalisation and automation, generating improvements, both internally and externally, with the company's customers and suppliers.

Since the end of the 2020 financial year, the management process for indirect purchases (whether of goods or services) has been digitalised through the implementation of the JIRA platform, which can be accessed via the Soltec intranet. In addition to being digitised, this process has also been centralised in the

procurement area in order to facilitate the traceability of the expenditure relating to these items for the treasury area.

In addition, and in line with the digital transformation that Soltec carried out over the last year with regard to its processes, it decided to digitalise the invoicing of its suppliers through the SERES platform. This is a shift to an electronic invoicing system, which is more sustainable and efficient than the previous system.

It is important to highlight that, during the 2021 financial year, Soltec met the target set in the previous financial year of becoming certified in **ISO 20400** for sustainable procurement and **UNE 15986** for value-added purchasing. These certifications identify the procurement function as a strategic area for the Group in fulfilling not only the company's sustainability targets, but also in developing Soltec's business.

Internal process improvement through Lean methodology

Since November 2021, an initiative using Lean methodology has been implemented by SGS to improve the management of tracker supply projects, known as 'type-H' projects.

Through the definition of responsibilities, Soltec seeks to optimise its Supply Chain Management processes and eliminate all tasks that do not add value, in order to promote a cultural change focused on improving the management of these projects.

The initiative was driven by the Procurement Department, although it is a cross-cutting initiative affecting all operational departments involved in these projects. It is scheduled for completion in May 2022 and is expected to lead to considerable improvement in internal project management processes.

Some of the objectives of the initiative are:

- Improve the definition of responsibilities and tasks in supply chain management.
- Obtain greater involvement by the teams, enhancing coordination, reducing inefficiencies and avoiding duplication of tasks.
- Establish the communication and control model for each project and for all ongoing projects, being able to establish priorities, anticipate problems and take advantage of opportunities.
- Improve the results of type-H projects and the objectives set (Quality, Cost and Time).

In this way, through defining the responsibilities, Soltec aims to optimise the supply chain management processes and eliminate all tasks that do not add value, promoting a cultural change focused on improving how these projects are managed. This initiative aims to obtain a competitive improvement and better service for Soltec's customers.

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4.2 Quality and excellence in our products and services

Soltec is constantly seeking to improve the performance of its products and guarantee the quality standards its customers demand. The company also seeks to offer the best service to its customers, by supporting, advising and training, as appropriate, in order to guarantee effective technical assistance.

Main indicators in 2021

Indicator	2021	2020
Number of cases of non-compliance with regulations or voluntary codes relating to product or service quality	263	217
Number of quality audits of suppliers	18	18
Number of internal audits	47	23
Results of surveys to measure customer satisfaction	4.0 out of 5	3.8 out of 5
Number of complaints received	58	218
Percentage of complaints resolved	84%	100%

MILESTONES 2021



- Approval of a new Quality, Environment and Occupational Health and Safety at Work Policy.
- Implementation of an evaluation system ('GoSupply') for the most relevant suppliers, including quality criteria.
- Extension of ISO 9001:2015 to the company's subsidiaries in Chile and Mexico. ✓
- Implementation of a traceability system for electronic components. ✓
- Expansion and tightening of the internal audit process in all departments according to ISO 19011:2018. ✓
- Migration to a centralised system for identification and management of non-conformities. ✓
- ✓ Target set for 2021

TARGETS 2022



- Extension of the scope of solar tracker certification to photovoltaic plants.
- Acquisition of equipment (camera and source for ELs, IR camera, I-V Curves, Meger, drones, etc.) for better control in EPC and BoP projects.
- Expansion of ISO 9001 certification sites, with the subsidiary in Colombia.
- Greater control over projects in the USA.
- Implementation of QR codes in projects for access to procedures, work instructions, PPIs, etc.
- Creation of a lessons-learned platform.
- UL 3703 and IEC62817 certification of SFOne as well as Full Wireless.

Quality management approach at Soltec

Soltec works to meet the high quality standards demanded by its customers, as well as to comply with current legislation and other applicable specifications and standards.

In this regard, the company approved a new Quality, Environment and Health and Safety at Work Policy in 2021 that details the principles by which the company is governed to ensure the best performance of its products.

As a complementary measure to the Policy, in the main regions where it operates Soltec has deployed a Quality Management System, certified in accordance with ISO 9001. This system is constantly being expanded and, in 2021, the company's subsidiaries in Chile and Mexico were certified in order to provide the customers of both subsidiaries with efficient and quality service.

The company also has a department dedicated exclusively to ensuring and improving the quality of its products and processes, with the aim of guaranteeing compliance with

the principles set out in the Policy and other quality requirements. This department's functions include ensuring the proper functioning of the Quality Management System and carrying out internal quality audits on the different areas of the company.

For its internal audit work, the department has a team of inspectors. In 2021, the team expanded and tightened the audit process in all departments and factories, complying with the requirements of ISO 19011:2018.

The company also includes its supply chain in its quality management processes. In this regard, during the year Soltec contracted a new supplier approval platform ('GoSupply') that includes different quality criteria in the evaluation system. In the scoring methodology, quality aspects contribute up to 40% of the 'operational' score given to each supplier vetted through the tool. Finally, specific quality audits are carried out on the most relevant approved suppliers.

The number of complaints received from customers and admitted for processing during the financial year 2021 amounted to 58, the majority of which were resolved (84%), mainly through the replacement of materials and/or repairs. In addition, Soltec received no fines or sanctions for non-compliance with regulations related to consumer health and safety issues.



[Access the Quality, Environment and Health and Safety at Work Policy through the following link](#)



Improvements to the Quality System in 2021:

Traceability system for electronic components:

During the 2021 financial year, Soltec worked with SGS on the implementation of a lean system to determine and record the history of the components included in the electronic boards of the trackers, obtaining traceability through a QR code included on the boards, which helps to determine the origin and quality of the materials used.

Non-conformity management procedure:

As part of the Quality System, in 2021 Soltec implemented a procedure for the identification and management of non-conformities, documented by each project/subsidiary and reported to the central Quality Department with a maximum frequency of once a month, as well as periodic satisfaction surveys. Once the necessary actions have been implemented, the causes (origin) of the non-conformities are analysed and the necessary corrective actions to avoid their repetition are determined.

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Product certifications

In addition to having a Quality Management System certified according to ISO 9001:2015, Soltec promotes the certification of its products in accordance with the main schemes and relevant technical standards in its market, of which the following stand out:

- UL 3703 certification:** This certifies the reliability of the tracker by ensuring its mechanical and electrical safety in accordance with solar tracking system standards.
- EN 1090 certified:** Certificate of conformity of factory production control for manufacturers of metallic structures
- Dy-WIND system certification:** Certification of analysis of dynamic wind effects applied to the design of solar trackers for accurate structural dimensioning and to provide greater stability to the structure.
- Stamp of the Brazilian Telecommunications Agency (Anatel):** Certification of the electronic system that controls Soltec's single-axis solar trackers, guaranteeing customers in Brazil that the installation and use of its solar trackers complies with current regulations in terms of safety and regulated technical functionalities.
- IEC 62817 certification:** Specific certification for solar tracking systems to evaluate and characterise the parameters and specifications of solar trackers.



First project with bifacial trackers.

Commitment to service quality and customer satisfaction

Soltec offers its customers Solmate, a customer service comprising three branches (Solmate Warranty, Solmate O&M and Solmate Care), which guarantees customers a rapid response to any operating incident.

Solmate has a local infrastructure in countries such as Mexico, USA, Brazil, Spain, Chile and Australia, as well as Solhub warehouses in a number of countries, giving the company the capacity to initiate rapid spare parts management worldwide.

In addition, in 2021 Soltec launched the Solmate online platform, where customers can report any incidents quickly 24 hours a day and track their requests at any time.

The three branches of Solmate:



Soltec is committed to providing its customers with products that ensure the proper operation of photovoltaic plants and, therefore, all products are guaranteed through Solmate Warranty. Soltec records all inspections, tests and quality tests carried out and issues a FAT (Factory Acceptance Test) certificate prior to shipment to the customer.



Through Solmate O&M, Soltec has an operation and maintenance plan, with regional coverage, which includes services such as on-site and online coordination, routine and urgent plant visits, periodic reports, dedicated personnel, monitoring and online administration.

To this end, the company has operating procedures that establish the necessary requirements for carrying out maintenance activities on the tracker, with the aim of standardising activities during the work and thus managing to control, reduce and/or eliminate the risks of accidents with injuries to people, damage to equipment, installations and the environment.



With Solmate Care, customers can enjoy ongoing technical assistance, online or on-site, and additional support options. Its aim is to accompany them throughout the entire process, with dedicated experts who enable an immediate response, as well as diagnosis of the problem and the fastest management of the solution.

Through Solmate Care, customers can access complementary benefits such as its Tracking Monitoring System, which enables more precise knowledge to be obtained about the operation of the solar trackers, as well as warranty extensions.

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4.3 Environmental commitment

Respect for the environment is part of the essence of Soltec, which offers products and services that help to decarbonise the energy system. The company also has an environmental management framework in place to identify and minimise the impact of its own operations.

Main indicators in 2021

Indicator	2021	2020
Greenhouse gas emissions - Scopes 1 and 2 (tCO ₂)	2,742	1,439
Greenhouse gas emissions - Scope 3 (tCO ₂) ²¹	NA	203.08
Energy consumption (kWh)	526,125	398,972
Steel consumption (t)	167,338	73,079
Hazardous waste production (t)	7	13
Production of non-hazardous waste (t)	1,359	1,400
Waste reused (%)*	90	80

* Estimated data



Solar plant in the United States, 38 MW.

MILESTONES 2021



Environmental management:

- Renewal of the ISO 14001 certification of our environmental management system. ✓

Energy sustainability and the fight against climate change:

- An energy audit was carried out, initiating the implementation of an energy management system in accordance with ISO 50001. ✓
- Reduction of electricity consumption per worker by 3% compared to 2020. ✓
- Installation of charging points for electric vehicles in offices. ✓
- Maintenance of the 'Reduzco' label for the reduction of greenhouse gas emissions. ✓
- Verification of the carbon footprint in scopes 1 and 2 (certified according to ISO 14064-1). ✓
- Verification of the carbon footprint in scope 3 (business travel) for the first time (certified according to ISO 14064-1).

Resource use:

- Reduction of paper-cardboard consumption per employee by 3% compared to 2020. ✓
- Reduction of water consumption per employee by 3% compared to 2020. ✓

✓ Target set for 2021

TARGETS 2022



- Obtaining ISO 50001 SG for energy efficiency.
- Calculation of greenhouse emissions of the entire value chain (scope 3).
- Calculation of the carbon footprint of our product.
- Product life-cycle analysis.
- Reduction of paper consumption per employee in the company by 3% compared to the previous year.
- Reduction of water consumption by 3% per employee in the company compared to the previous year, 2021.
- 3% reduction in electricity consumption per employee in the company compared to the previous year.
- 3% reduction in fuel consumption per hour worked in the company compared to the previous year.
- 3% reduction in waste generated per hours worked, compared to the previous year.

²¹ Scope 3 emissions in 2020 include emissions from business travel, while those in 2021 are still being measured and the categories considered are expected to be broadened.

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Soltec's approach to environmental management

Soltec is committed to respecting and caring for the environment, working constantly and repeatedly to minimise the impact of its activities. In this area, the company has an environmental management framework for the proper management of impacts and risks, as well as compliance with all applicable environmental requirements. This framework comprises a number of internal mechanisms, which are described below:

 <p>The company has adopted a specific management approach governed by a Quality, Environment and Health and Safety Policy that establishes a series of principles for action in this area.</p>	 <p>In addition to the organisation's own internal environmental management processes, there are also environmental management plans designed for implementation in solar tracker installation projects, adapted to the specific environmental legislation in the different countries where the projects are carried out.</p>	 <p>As a consequence of the environmental management plans and risk analyses, Soltec draws up project monitoring plans with the aim of establishing a mechanism to ensure compliance with legal requirements and current environmental regulations.</p>	 <p>The policy is developed through an environmental management system integrated with the quality and health and safety management system, which serves to manage and coordinate all environmental actions linked to the design, manufacture and assembly of solar trackers. This system is certified in accordance with the highest international standards (ISO 14001:2015) and implemented at the company's sites in Spain, Mexico, Brazil and Chile.</p>
 <p>Soltec also carries out risk analyses to identify the main environmental impacts and risks. The analyses take into consideration the different stages of the life cycle of the products and services offered by the company. The main environmental risks to be taken into account are the use of raw materials, waste generation, noise pollution and atmospheric emissions from energy consumption.</p>	 <p>Another responsibility of the EHS department is the performance of internal audits to ensure, on a regular basis, the correct functioning of the management system, which covers the headquarters and subsidiaries as well as the design, manufacturing and installation projects of the photovoltaic plants in progress.</p>	 <p>To implement the environmental management system, Soltec has an Environment, Health and Safety (EHS) Department, dedicated entirely to the management of the environmental impact generated by the company through its operations, as well as the management of the impacts deriving from the solar tracker installation processes.</p>	 <p>Finally, the company carries out awareness-raising and training activities for employees, the aim of which is to make them aware of the importance of saving resources in their work environment and reducing the environmental impact of their daily activities in order to contribute to reducing their ecological footprint. As a complement to these training actions, Soltec has also developed a manual that incorporates a set of good practices in this area.</p>



Solar plant in Namibia, 48MW

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Energy sustainability and the fight against climate change

Thanks to the company's development of innovative projects and solutions in the field of solar photovoltaic energy, the company's main contribution to decarbonising the energy system and contributing to climate change mitigation comes from its own products and services. In 2021, Soltec contributed to the reduction of 3,580,197 tCO₂ into the atmosphere thanks to the projects it implemented.

In addition, Soltec is committed to progressively reducing direct greenhouse gas (GHG) emissions from its own operations, with the aim of becoming an emission-neutral company in the long term. To this end, the company has measures in place that extend to the entire life cycle of the activity, from the use of renewable energy in facilities and projects to the use of sustainable management technologies and methods in other processes such as mobility or storage and logistics activities. It is worth mentioning that the carbon footprint generated by Soltec is very small, considering the size of the organisation, but even so, the company strives for excellence, with an even lower level of emissions.

Soltec seeks to gradually improve its energy indicators and to this end has developed and implemented a series of measures throughout its activities:

Reduction of energy consumption and promotion of renewable sources:

- 100% renewable energy consumption at Soltec's corporate offices.
- Implementation of an energy consumption management system according to ISO 50001.
- Adoption of efficiency measures such as thermostat control, thus improving air-conditioning and heating consumption.

Sustainable mobility:

- Promotion of collective transport at the projects and among employees.
- Installation of charging points for electric vehicles at offices and projects.
- Drafting a 'traveller's guide' to reduce emissions in corporate travel.

Machinery:

- Renewal of the fleet of vehicles and machinery for non-polluting alternatives.
- Substitution of propane-consuming production processes with other methods that do not use propane.
- Reduction of Stargon-consuming production processes.



Soltec has renewed the 'Reduzco' seal for 2021

The company has obtained the 'Reduzco' seal, awarded by the Ministry for Ecological Transition and the Demographic Challenge, in recognition of its commitment to the fight against climate change.

This quality seal highlights the important role of companies in protecting the environment, thus recognising Soltec's action plan to reduce its carbon footprint in the generation of green, clean and renewable energy.

Greenhouse gas emissions

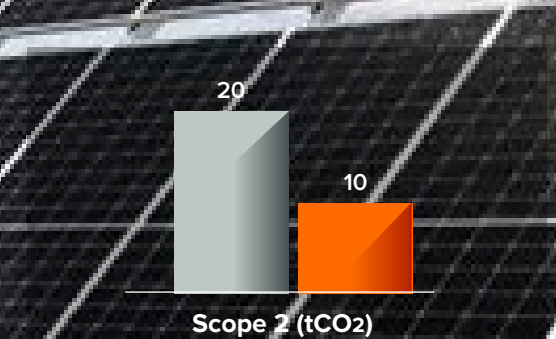
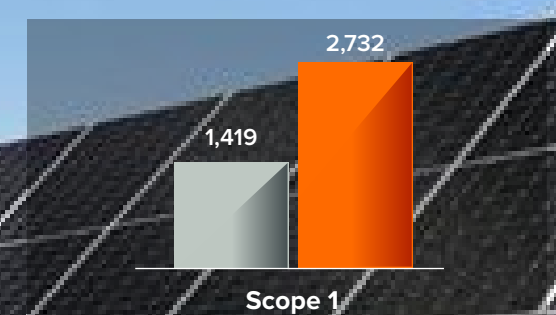
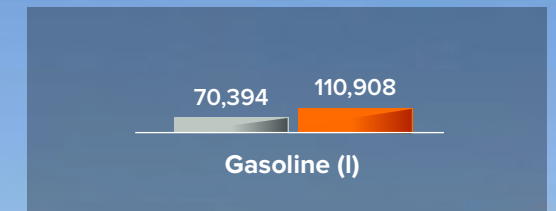
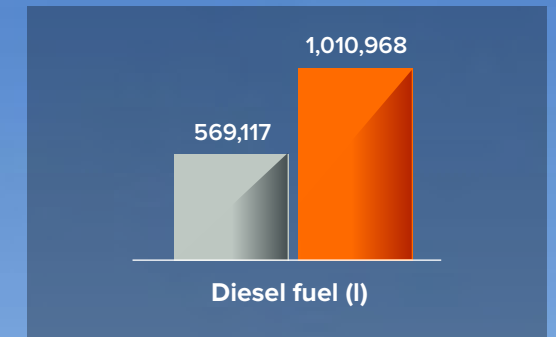
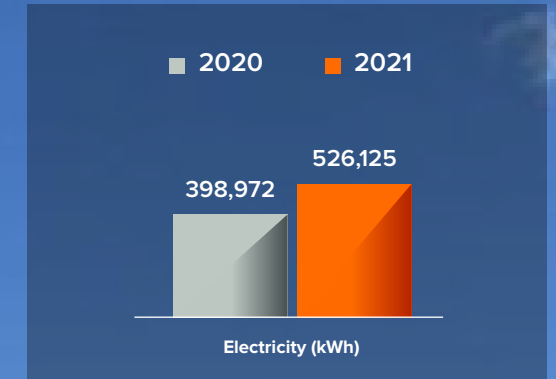
During 2021, there was an increase in the company's electricity consumption, mainly owing to the reduction in teleworking. However, as the energy consumed in Spain (approximately 85% of the company's total) was of 100% renewable origin, the increase in electricity consumption did not lead to an increase in emissions from electricity (Scope 2). Similarly, an important milestone for the year was that the intensity of electricity consumption per employee was reduced, achieving the 3% reduction target set the previous year.

Furthermore, the increase in consumption of fossil fuels (mainly petrol and diesel), which was mainly owing to the increased use of machinery as a result of the increase in activity, led to an increase in Scope 1 emissions compared to 2020.

With regard to its Scope 3 emissions, Soltec initiated a process to measure and reduce them in 2021. For this purpose, the emissions associated with business travel and air travel by

company staff in 2020 were calculated, totalling 203.08 tCO₂e. Complementary activities, such as the adoption of a policy to reduce business travel and the development of a 'traveller's guide' to raise employee awareness, were also carried out. During 2022, a process has been initiated to make further progress in this area and aims to measure emissions of new Scope 3 categories.

Finally, in addition to the measures outlined above, Soltec will promote various projects linked to the absorption and offsetting of its CO₂ emissions. The company is currently analysing several projects in this area. The company has also joined business initiatives related to climate change through which it seeks to position itself as an active and committed agent in the fight to find a solution to this global challenge, such as joining the "Por el Clima" community, which brings together various public and private agents to contribute to the fulfilment of the Paris agreements, one of the most outstanding examples.



Soltec's SF7 solar tracker

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Responsible water management

Responsible water management is one of the company's environmental priorities and, therefore, the EHS department at Soltec carries out various measures to improve efficiency in water use and avoid the degradation of the resource.

By monitoring the volume of water consumed and reporting on a monthly basis, Soltec identifies reduction opportunities and sets intensity targets. For example, in 2021, a decalogue of good environmental practices was created for its employees emphasising water saving, and the company set a target of reducing consumption intensity per employee by 3% compared to the previous year.

In 2021, Soltec's operations were responsible for the consumption of approximately 2,500 m³ of water; in terms of intensity per employee, this consumption amounted to almost half, thus achieving the 3% reduction target set the previous year.

Soltec will promote the circular economy in the areas where it develops its Ecovoltaica plants, rewarding intelligent management of raw materials to minimise and control waste, and thus avoid water pollution.

Indicator	2021	2020
Water consumption (m ³)	2,502	2,502
Water consumption per employee (m ³ /worker)	1.00	2.07



Solar plant in Spain, 85 MW.

Efficient use of materials and promotion of the circular economy

Responsible consumption

As part of its commitment to respect and care for the environment, Soltec designs its activity and processes while taking into account the principles of a circular economy model, maximising the use of recycled material resources and extending their useful life.

To this end, the company prioritises the use of certain raw materials of recycled origin in its manufacturing of solar trackers and substitutes materials for others that have a lower environmental impact during their life cycle.

For example, in 2021, 21% of the steel used to manufacture the trackers was of recycled origin (mainly used for piles, tubes and omegas). In addition, the plastic used for the trackers' electronics box was replaced with aluminium, obtained partly from recycled sources.

In recent years, there has also been a drive to replace lead batteries with lithium batteries, which have a lower impact on the environment because they favour the use of fewer batteries (the power supply to the tracker provided by a lithium battery is equivalent to that of two lead batteries) and a longer life cycle (the life cycle of a lithium battery is 10 years compared to 5 years for a lead battery). All of its new projects incorporate lithium batteries.



In addition, the company has been upgrading the machinery used to package the products to more efficient models, thus reducing the amount of plastic used for packaging.

Focusing on Soltec's corporate activities, the company carries out various measures to raise awareness of the responsible use of materials, and has drawn up a decalogue of good practices to encourage employees to reduce the use of consumables such as paper. In addition, Soltec has developed digital alternatives such as an intranet, which allows for electronic communications, and use of other digital media for marketing purposes, thus eliminating other consumption.

In 2021, the increase in raw material consumption was mainly due to the increase in the overall installed capacity of the projects.

Main indicators		
Indicator	2021	2020
Steel consumption (t)	167,338	73,079
Percentage of steel of recycled origin in total (%)	21	21
Paper and cardboard waste generated (t)	216	213

Responsible waste management

In addition to the responsible consumption of raw materials, the company is constantly looking for solutions to promote the reuse of various materials that would otherwise become waste.

For example, in Brazil, the reuse of wood generated during construction was encouraged through utilising pallets to manufacture furniture that was then donated to local communities. This action therefore enabled a more sustainable use of materials, contributing to another of Soltec's priorities, which is to support meeting the needs of local communities.

As regards materials that cannot be reused, Soltec generates different types (non-hazardous and hazardous) which result from the various activities carried out at its work centres, including offices, factories, facilities, etc. Hazardous waste is mainly oil and non-hazardous waste is plastic, paper, cardboard and wood. In 2021, waste generation amounted to 1,366 tonnes, of which 0.51% was hazardous waste.

At all work centres, Soltec has contracted external companies to be the authorised managers for the collection and management of hazardous and non-hazardous waste, in accordance with current legislation. Thanks to this, Soltec made it possible for 100% of the steel, paper-cardboard and plastic generated to be sent to recycling plants.

Main indicators		
Indicator	2021	2020
Hazardous waste production (t)	7	13
Production of non-hazardous waste (t)	1,359	1,400
Volume of steel going to recycling plants (%)	100	100
Volume of paper-cardboard going to recycling plants (%)	100	100
Volume of plastic going to recycling plants (%)	100	100
Waste reused (%)	90	80

To facilitate waste management, Soltec provides waste storage areas of an appropriate size and nature for the volume of waste generated at the site. In addition, Soltec's HSE Department carries out regular audits to detect anomalies and possible improvements to the waste storage facilities, as well as to check that internal waste management is carried out correctly.

Furthermore, in Spain, Soltec registers all its producer sites on the small waste-producer registers of the regional General Departments for the Environment, keeping each register updated in accordance with the rules published by the relevant regional authorities. With regard to the above-mentioned issue, each country takes into consideration the pertinent local legislation.

Finally, the company carries out regular training sessions, both for employees and subcontractors, in which good practices are shared and emphasis is placed on the importance of correct waste segregation so that it can be recycled.

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Biodiversity protection

Soltec is committed to preserving and protecting biodiversity in the locations where its photovoltaic plants are located; to this end, the environmental management plan includes mechanisms for biodiversity protection during the construction and operation process.

The company has a specific team tasked with implementing biodiversity mechanisms, whose main function is to

develop environmental management plans and conduct environmental impact assessments prior to the execution of projects, where control of possible effects on fauna and flora, among other aspects, is anticipated.

The main measures taken by the company to minimise this type of impact include the following:

Fauna:



- Installation of wildlife fences on which rectangular plates are placed to prevent birds from colliding.
- Performance of the verifications required to detect the presence of nests or species refuges, fulfilling the rescue protocol for the correct management of all those that could be affected by the works.
- Information to involved site personnel about important or protected species and communities.

Flora:



- Limited area of action including access roads and auxiliary facilities.
- Watering of vegetation in case of significant accumulation of dust on the vegetation.
- No material stockpiling, even temporarily, in areas occupied by natural vegetation.
- Prohibiting the application of herbicides and pesticides, and no vegetation cleared outside the project area.
- Operational areas provided with the required firefighting equipment to protect the area and surroundings from potential fires.
- Maximum speed at the project limited to 20 km/h.
- Rehabilitation of ecological corridors, where these exist.

Ecological heritage:



- Special monitoring of soil movement in sensitive areas.
- Collection of information and plans from the competent bodies, identifying and marking the most sensitive areas, and prohibiting the passage of heavy machinery.

REAL-LIFE CASE: Native species of tortoise in Araxá

At the photovoltaic plant in Araxá (Brazil), a native species of turtle was discovered. The team proceeded to call the environmental technician, who made a study of the animal and proceeded to relocate it correctly, within the boundaries established for the solar plant.

This case demonstrates the commitment to preserving and protecting biodiversity and shows that the mechanisms in place are effective and help to make the solar plant a safe place for workers, animals and plants.



4.4 Commitment to our people

One of the essential pillars for Soltec's evolution is people, and for this reason Soltec promotes the development of its stakeholders through training and attracting talent, while promoting diversity, inclusion and safety.

Main indicators of 2021		
Indicator	2021	2020
Number of employees	2,495	1,207
Percentage of women in the workforce (%)	19.79 %	19.39 %
Percentage of women in senior management (%)	37.5 %	21.43 %
Total hours of training	55,661	41,403
Hours of training per employee	22.31	34.30
Occupational accident frequency rate	2.36	7.8
Severity rate of accidents at work	0.03	0.3
Number of occupational diseases	0	0
Turnover rate	28 %	19 %

MILESTONES 2021



- Drawing up the equality action plan. ✓
 - Job remuneration assessment at global level. ✓
 - Renewal of the training plan.
 - Development of a digital platform for health, well-being and corporate wellness. ✓
 - Improving the performance appraisal system. ✓
 - Renewal of employee planning and communication channels.
 - Transition from OHSAS 18001 on occupational health and safety to ISO 45001. ✓
 - Establishment of a new health and safety action plan.
- ✓ Target set for 2021

TARGETS 2022



Equal opportunities:

- Implementation of the measures defined in the equality plan.

Training:

- Follow-up to the Leadership School.
- Start of Lean Office training.
- Extending Equality training globally.
- Launch of a transversal training programme to improve the company's technological know-how.

Employee well-being and satisfaction:

- Expansion of the services offered on the Solcare platform.
- Completion of a work climate survey.

Performance assessment:

- Linking employee objectives to variable remuneration.
- Extension of the EVA human resources platform to all subsidiaries.

Career plan:

- Increasing the transparency of salary bands.

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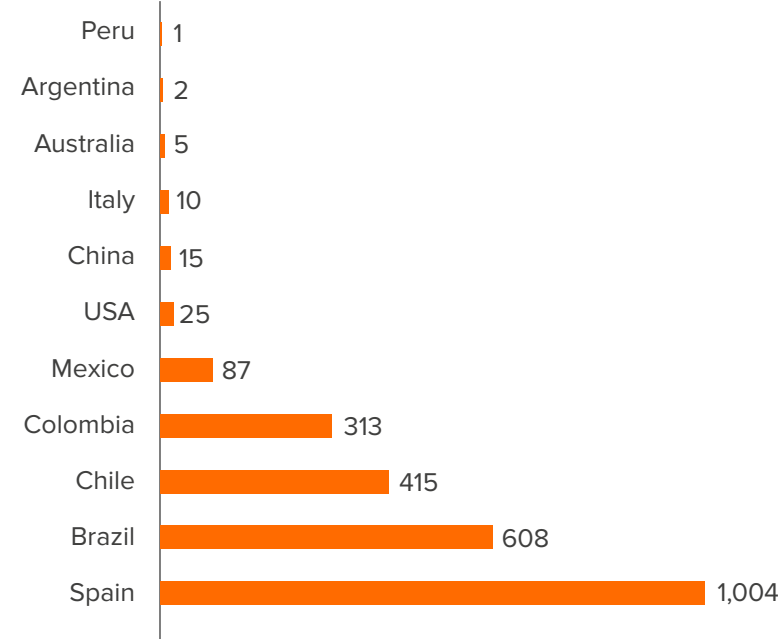
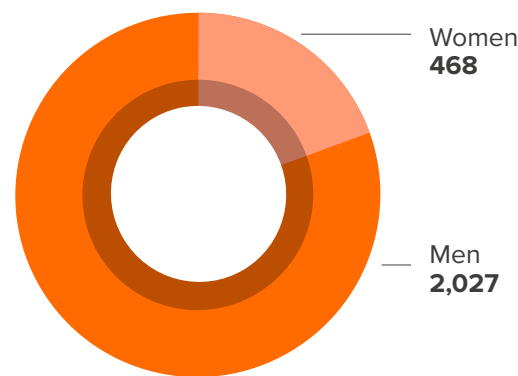
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Our staff

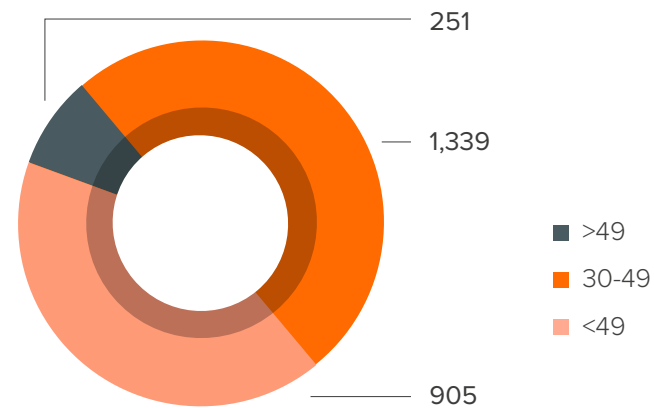
By the end of 2021, Soltec had a workforce of 2,495 employees in 11 countries, which represents 107% growth compared to the end of the last financial year. This growth in headcount is owing to a significant decline in the previous year as a result of the impact of the pandemic on the company's operations.

The workforce is divided into five professional categories and operates, for the most part, on a full-time, permanent contract basis. The distribution of employees by country, gender, professional category and age as at 31 December 2021 is as follows:

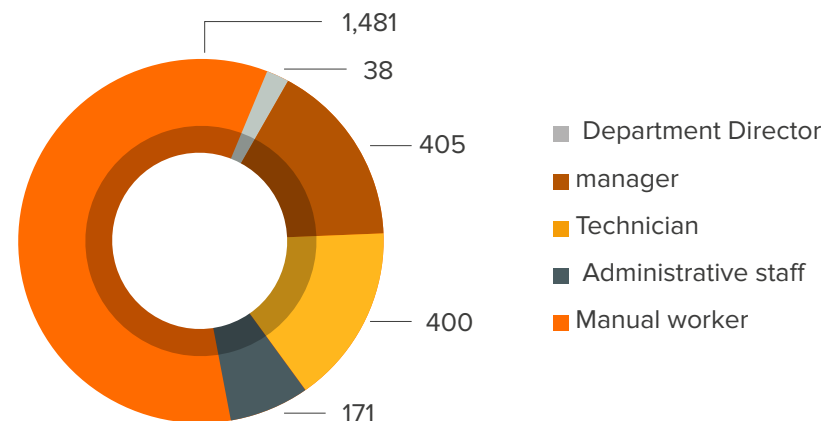
Distribution of employees by gender



Distribution of employees by age



Distribution of employees by professional category



PROFILE OF OUR PEOPLE

30-49
years old on average

53%
with a permanent contract

99%
with a full-time contract

20
nationalities

Collective agreements

The working conditions and rights of Soltec's employees, such as freedom of association and trade union representation, are laid down in regulations, agreements and, where applicable, agreements with the relevant employee representatives.

The most relevant coverage percentages are in Spain, Mexico and Brazil, where the differences between 2021 and 2020 correspond to situations arising from relations with trade unions in ongoing projects in Mexico and Brazil. In countries where there are no collective bargaining agreements, employees are covered by the labour laws in force in those countries.

Percentage of employees covered by collective bargaining agreements

	Spain	Brazil	Mexico
2021	100%	9%	97%
2020	100%	62%	100%

Equal opportunities and non-discrimination

Soltec is committed to the principle of equal opportunities for women and men in all areas of its activities, from recruitment to promotion, including wage policy, training, working and employment conditions, occupational health, working hours and work-life balance.

To this end, Soltec has an equal opportunities management framework in place to ensure equal treatment and opportunities for its workforce, as well as non-discrimination of any of its employees. This framework is composed of a policy; a body and an officer with specific functions to ensure compliance with the policy and related activities, as well as an action plan which was drafted over the last year.

During 2021, the company drew up an action plan on equality that addresses, among other issues, access to employment, promotion and training, remuneration, organisation of working hours to favour, in terms of equality between women and men, work-life balance and prevention of both sexual and gender-based harassment. The actions defined in the plan will be implemented as of 2022, and the corresponding monitoring systems will be defined in order to make progress in achieving real equality between women and men in the company and, by extension, in society as a whole.

In addition, during the year the Standing Committee for Equality was set up and its members are being trained to obtain the best criteria to continue growing in terms of equal opportunities.

Equal opportunities management framework

Equality Policy

Signed in 2019, the Equality Policy aims to guarantee equal treatment and opportunities for all employees and to promote and encourage measures to achieve real equality within the organisation.

Standing Committee for Equality and Equality Officer

The Standing Committee for Equality is a body responsible for ensuring equality and eliminating any possible discrimination that may occur in the company. The Equality Officer assumes various functions, such as coordinating and supervising all phases of the process for the elaboration of the Equality Plan. He/she is also responsible for supporting, advising and training the Standing Committee for Equality.

Equality Plan

Soltec's Equality Plan consists of a series of specific measures aimed at improving the company's situation in this area. These measures will start to be implemented from 2022.

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Equal pay

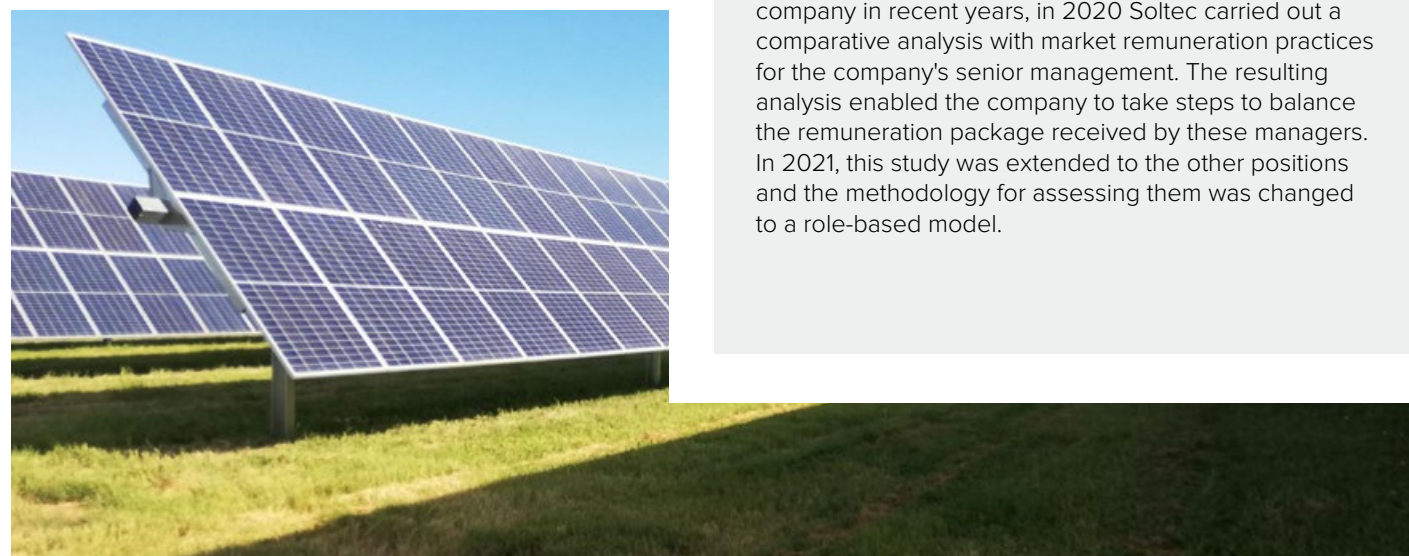
Soltec has always aimed to ensure fair remuneration for its people and has therefore implemented a remuneration system based on their individual performance.

As far as possible, the system seeks to recognise the value that each employee generates for the organisation through his/her performance, behaviour and adherence to the set of core values by which the company is governed. The system also recognises extraordinary contributions they may make, thus promoting a positive impact on employee motivation.

In the same way, the pay policy promotes equal treatment of men and women that does not establish or encourage wage differentiation.

The Soltec remuneration scheme consists of the following elements:

- **Fixed Remuneration:** Dependent on the responsibility level of the post and its hierarchical level.
- **Variable Remuneration:** Based on the employee fulfilling the targets set for him/her.
- **Flexible Remuneration:** This makes it easier to adapt the remuneration package for employees according to their needs. It allows for the contracting of various products and services (transport, medical insurance, catering, etc.).
- **Other benefits:** Soltec has a Solpass programme that gives employees discounts and offers in many areas such as transport, leisure and shopping.



Solar plant in Chile, 78 MW.

The 2021 training plan focused on technical training for certain departments, specific courses for key people in the organisation and various cross-cutting programmes.

Average remuneration of employees by professional category (€)

	2021	2020
Director	95,028	85,030
Manager	31,175	37,551
Technician	21,263	24,980
Administrative staff	11,879	18,384
Manual worker	12,979	15,757

Average employee remuneration by gender (€)

	2021	2020
Men	20,439	23,633
Woman	20,057	26,859

Update of the remuneration policy: In order to design remuneration in line with the growth experienced by the company in recent years, in 2020 Soltec carried out a comparative analysis with market remuneration practices for the company's senior management. The resulting analysis enabled the company to take steps to balance the remuneration package received by these managers. In 2021, this study was extended to the other positions and the methodology for assessing them was changed to a role-based model.

Training and promoting employability

One of Soltec's priorities is to offer its professionals training and continuous improvement opportunities so that they acquire the knowledge and skills necessary to effectively manage the challenges each position entails.

The objectives of the Soltec training system are as follows:

- Implement Soltec's strategic plans.
- Provide the knowledge and skills necessary for the professional performance of each position at all levels and branches.
- Meet new demands arising from our strong commitment to innovation in our products and services.
- Support the integration of new recruits and existing teams.
- Encourage professional development, thus facilitating internal growth, promotion and participation in other projects.

During 2021, the total training hours increased by almost 35%, however, the training per employee decreased by 12 hours.

Looking ahead to 2022, Soltec aims to open its corporate university as part of the new foundation. The company has made significant progress in this regard, as Soltec was working with the Monterrey Institute of Technology during the 2021 financial year to launch an MBA programme in Renewable Energy. This will be taught online and will be focused on employees in the offices located in Latin America, where it expects the region to experience the highest business growth in the coming years.

The 2021 training plan focused on technical training for certain departments, specific courses for key people in the organisation and various cross-cutting programmes:

Implementation of the **'Speexs' tool**, a language-learning platform used by more than 300 employees during the year. The platform has exercises focused on grammar, videos on current affairs, virtual classes with native teachers and pronunciation exercises.

School of Leadership, a training programme for company managers aimed at providing consistent tools to improve team management and decision-making.

Equality training: Following the drafting of the equality plan and the setting-up of the Equality Committee, training in this area was organised for the entire Equality Committee and members of the human resources department.

The start of **Lean Office training** for the departments involved in the Lean Organisation project.

Ambassadors: A cross-cutting training programme which in 2021 focused on increasing commitment and sense of belonging to the group. Three day sessions were held, alternating between talks by experts in change management and company executives.



Solar plant in Colombia, 85 MW.

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Professional development

Soltec has implemented different mechanisms to measure and evaluate the performance of its professionals and promote their individual development within the company. This activity is overseen by the Talent Committee, which is composed of the company's senior management.

One of the mechanisms updated during 2021 was the employee performance appraisal process, as follows:

- Inclusion of CORE competences with their respective behaviours.
- Assessment of the specific skills of each area.
- Detection of training needs for proper performance of the post.
- Detection of 'High Potential' employees thanks to the talent matrix developed, as well as an action plan for said employees.
- Change in the evaluation scale, reducing the levels to 4, for greater standardisation.

Another mechanism introduced during the year was the drafting of the Skills Dictionary, which includes the specific behaviours expected for each skill.

Talent attraction

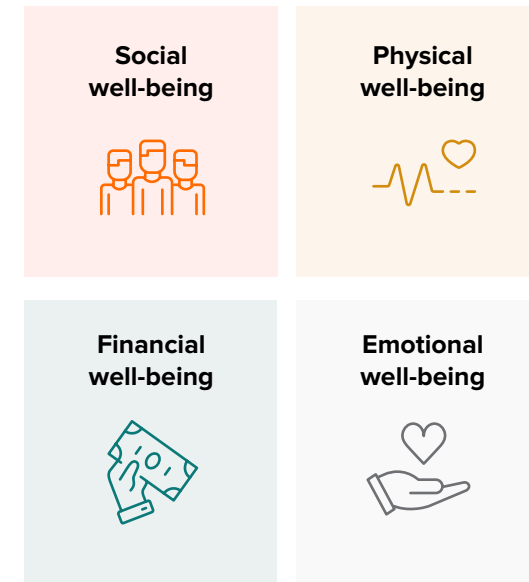
Soltec seeks to attract the best talent in the market, looking for professionals who can provide a differential value to the team in order to boost the company's growth. One of the main ways of attracting talent has been achieved by developing training programmes that promote knowledge in the field of renewable energies and boost the employability and professional capacity of university and vocational training students.

In particular, this area covers the company's efforts to attract young talent to find professionals who can contribute to the company's long-term growth. To this end, Soltec launched the Solteach Scholarships, aimed at new solar energy engineering graduates, as well as a Solteach On-Site training course focusing on training electronics and electrical professionals in the field work required for the proper operation and installation of photovoltaic plants. These courses consist of different sections which intend to introduce the student to the fundamental aspects of the international photovoltaic market and the processes its products follow.

Well-being of our employees

Soltec has implemented several actions to contribute to the well-being and health of its employees. In 2021, given the constraints of the pandemic and with the aim of implementing a global well-being policy and promoting actions related to employee well-being, it was decided to implement Solcare.

Solcare is a digital platform accessible to all Soltec employees in the world with an email address. Solcare has several pillars:



Among the various services, Solcare offers employees discounts on different services, mental and physical healthcare advice, volunteering organised by the Soltec Foundation, CSR activities and access to flexible remuneration services (health insurance, childcare, training, etc.).

From 2022 onwards, the platform will implement seven healthy challenges linked to the SDGs, a global 'Gympass' and company-run counselling for all employees in need of professional support.

Reconciliation of personal, family and working life

During the year 2021, Soltec has continued its commitment to the work-life balance of those who form part of the company. Therefore, all benefits are offered to employees regardless of the type of contract they have.

Flexible working arrangements and benefits offered to Soltec employees:

- **Time flexibility:** Soltec offers its employees flexible working hours, from flexible start times to compressed working hours or timetable adaptations.
- **Leave:** The company offers a wide range of leave to its employees to deal with personal matters, from moving house to personal leave, including reduced working hours for childcare.
- **Family-life coordination:** Specifically with regard to employees who are parents, Soltec has implemented various preventive measures, such as reduced working hours and teleworking.
- **GoStudent:** In 2021, it introduced GoStudent, an EdTech specialised in offering a personalised tutoring service for all subjects, languages, levels and ages, in a flexible and digital way, with the aim of enabling students to make the most of and reach their full potential. Employees are offered free classes, free content and blogging for parents, family plans and enjoyment for several users, with a 20% discount.
- **Other benefits:** Soltec gives its employees the opportunity to benefit from other initiatives within the company, such as flexible remuneration, the wellness programme, the referral programme and the IDEA programme.

During financial year 2021, a total of 33 men and 5 women were able to take parental leave (27 men and 3 women during financial year 2020). It should be noted that Soltec has established a set of preventive measures aimed at protecting mother and child during pregnancy and breastfeeding.

Internal communication

Soltec has implemented several internal communication channels to find out the opinions of its people, increase transparency in the company's activities, encourage their suggestions and maximise their satisfaction.

During 2021, the planning and communication channels with employees were improved by splitting the communication channels for information about the company into three different channels:

- **SolNews:** Global monthly newsletter with different content
- **Sol Announcement:** Announcements about organisational changes
- **SolBit:** Mono-thematic notices.

In addition, the use of the online application Yammer was promoted as Soltec's internal social media app, and different communities were created to be able to interact in a more direct and segmented way with certain employees. In addition, this social media app has other functions that enable two-way communication and teamwork.

Finally, the 'Soltec Ambassador' project was launched, with the aim of appointing certain employees as internal spokespersons for the company, providing indispensable help in conveying corporate messages.

All these channels are complemented by a biennial satisfaction survey, which could not be conducted in 2021 owing to the pandemic. Soltec will roll out a new edition in 2022 to identify the areas in which employees are most and least satisfied, so as to define specific measures for the latter areas.

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Occupational Health and Safety

Soltec assumes the integral protection of its employees as one of its fundamental commitments and, to make this a reality, has developed a management model in accordance with the highest existing standards.

In September 2021, Soltec approved a new Quality, Environment and Health and Safety at Work Policy, which details the principles by which the company is governed in this area, adopting the objective of creating an accident-free working environment in which the workforce can carry out their activities without risk.

An important milestone for the year in this area was Soltec's implementation of a Health Management System certified in accordance with ISO 45001 and ISO 14001:2015, in which the design, manufacture and assembly of solar trackers at the locations in Spain, Mexico, Brazil and Chile are certified, replacing the previous system, which was compliant with OHSAS 18001.

The maintenance of this Management System is the responsibility of the EHS (Environment, Health and Safety) Department, whose other functions include, among others, providing training to employees in this area, carrying out audits and inspections to ensure its proper functioning and holding awareness campaigns.

The EHS Department also established a new health and safety action plan during the year, owing to the high accident rate in 2020. Some of the measures included in the plan are:

- Increase in the number of conversations in this area: on-site communications, weekly information, first aid training for employers, awareness campaigns, etc.
- Implementation of a 'dead man' device that sets off an alert providing the location of people if they have a health problem while working alone.
- Approval of exoskeletons in Spain with the aim of automating certain activities.
- Installation of access control to the premises, ensuring that all persons entering the premises are part of the company and are identified.
- Update of the emergency plan.

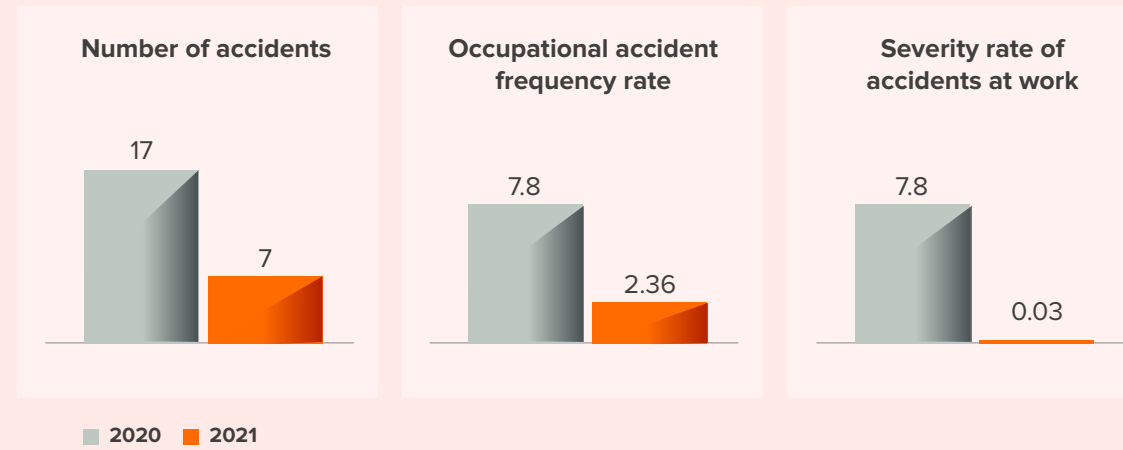
All these measures are in addition to the progress made in previous years. For example, in 2020, the company invested in a digitalisation programme for more efficient management of occupational health and safety. To this end, it conducted an

innovative project, consisting of the implementation of a comprehensive system in the cloud; the system permitted more efficient management of resources and time through the control and administration of tasks and documents arising from the company's contracting and subcontracting relationships.

In order to ensure that the measures are implemented consistently across the company, Soltec has EHS teams in each country and office where projects are developed under the direct coordination of the EHS Manager, who is located at the company's headquarters. In addition, there is a Health and Safety Committee, made up of three Prevention Delegates and three company representatives, responsible for managing issues related to the prevention policy.

SUCCESS STORY: Implantation of the exoskeleton

During 2021, Soltec worked on musculoskeletal injuries, as they were the cause of 70 % of the accidents suffered during 2020. The company introduced a passive exoskeleton that provides workers with support during virtually any overhead installation task. It reduces overexertion injuries, and it undoubtedly contributed to the successful result of more than two million accident-free hours.



Health and safety indicators		
Indicator	2021	2020
Number of accidents with sick leave (minor)	7	17
Number of accidents without sick leave	40	46
Number of fatalities	0	0
Accumulated accident-free hours	2,250,723	1,452,503
Hours of training given in health and safety matters	44,162	21,716
Absence hours	65,392	68,521

During the 2021 financial year, the health and safety of employees, customers and suppliers became particularly important owing to the Coronavirus pandemic. From the outset, Soltec implemented a series of preventive measures in order to guarantee continuity of its operations.

The frequency²² and severity²³ of occupational accidents categorised as minor were 2.36 and 0.03, respectively, for the year ended 31 December 2021; the frequency of accidents was 2.36 and 0.03, respectively, with seven accidents involving men and none involving women (fifteen accidents involving men and two accidents involving women in 2020). No cases of

occupational diseases were reported in 2021 and 2020. In this context, no high-risk jobs have been identified.

Soltec is committed not only to continue to reduce accident rates, which are generally below the national or industry average, but also to continue to rigorously comply with the environmental requirements of ISO 14001:2015. Soltec is also adhering to the Luxembourg declaration for healthy companies, with the aim of not only maintaining, but also improving the health of all the company's staff.

22. Frequency Rate = number of occupational accidents / hours worked *1,000,000

23. Severity Rate= days lost owing to accidents at work or occupational diseases / hours worked *1,000

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4.5 Engagement with local communities

Soltec understands that it has a responsibility as an economic player and therefore seeks to maximise the wealth and well-being of the local communities in which it operates by creating jobs and supporting social and environmental causes. In order to better manage these activities, in 2021 Soltec set up its own Foundation, through which it will channel all the initiatives in which it participates.

Main indicators of 2021

Indicator	2021	2020
Creation of value in the local community	2,620	1,120
Economic value distributed to Stakeholders (€ Mn)	453.5	277.6
Amount earmarked for social partnerships (€)	45,334	54,592
No. of organisations and associations with which the company collaborates	16	17
No. of employees who have participated in volunteer actions.	162	114
Community training and awareness-raising about renewable energy (hours)	6/8 hours per action	6/8 hours per action
Community training and awareness-raising about renewable energy (hours)	9,000	0

MILESTONES 2021



- Development of an annual action related to a Sustainable Development Goal. ✓
- Constitution of the Soltec Foundation. ✓

✓ Target set for 2021

TARGETS 2022



- Creation of a Sponsorship and Donations Policy, establishing a specific procedure for these activities.
- Progressive completion and implementation of the CSR actions integrated in the Ecovoltaica system.
- Compliance with the programme of action and the budget designated for the Soltec Foundation, which incorporates activities to disseminate, educate and promote the benefits of sustainable solar energy, as well as to promote innovation in this area.

Creation of value in the local community

Soltec has defined its main objective in terms of sustainability as being creating value and contributing to the well-being of local communities. Therefore, it carries out various activities linked to creating employment opportunities, as well as training local workers, carrying out training activities and promoting collaboration to contribute to meeting other needs in the environment.

In one way or another, these actions reinforce the company's commitment to contribute to the fulfilment of the 17 Sustainable Development Goals.

Soltec Foundation

In order to achieve more efficient management in the field of corporate social responsibility, as well as to amplify the impact of the action it carries out, Soltec's General Shareholders Meeting has set up its own foundation ('The Soltec Foundation') in 2021.

Through the Foundation, Soltec will channel the various social, cultural, educational and environmental activities it undertakes to contribute to the development and to addressing the needs of the local community.

The Foundation's activities will be organised around two pillars:

(i) **Its social commitment**, fundamentally through social, technological and environmental initiatives, guaranteeing accessibility to renewable energies and reduction of the carbon footprint, contributing to the development of solar power; and,

(ii) **Its cultural and educational commitment**, especially dedicated to promoting knowledge about renewable energies, as an educating and dignifying element for people.

In order to achieve these aims, the Foundation will carry out various activities, including the following:

- Channelling social action efforts.
- Promoting awareness and accessibility to energy from renewable sources among local communities.
- Contributing to improving the living conditions of the most disadvantaged social groups through initiatives to support social action.
- Promoting and supporting the conservation and enhancement of carbon sinks and other sustainable development initiatives aimed at reducing emissions.

- Promoting participation by Soltec employees in volunteering activities, favouring the creation of a transformative social impact.
- Organising, developing, participating in and contributing to training programmes and educational and dissemination activities in the field of renewable energies.
- Participation in activities carried out by other entities that coincide or complement those carried out by the Foundation itself.
- All those additional activities that serve to fulfil the aims of the Foundation.



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Recruitment and training in disadvantaged communities

Soltec has a strong commitment to hiring local labour, especially when operations are located in rural or unemployment-depressed areas. In the last year, the projects being developed by the company have led to the creation of more than 2,620 jobs filled by personnel from the community.

Education is another key pillar of its commitment to communities, improving the skills and knowledge of locally recruited employees. In this sense, Soltec provides training courses in the communities where it is located, not only in renewable energies, but also in other trades that can benefit the target group. These courses are free of charge for local staff, who generally come from areas severely depressed by unemployment with no access to the labour market owing to a lack of specific training.

Finally, once the projects are completed, the company offers long-term contracting opportunities to employees who have shown the best performance.

Distribution of economic value to stakeholders

Soltec's activity causes a positive impact on society associated with the distribution of economic value among its stakeholders. A significant part of the company's revenues were distributed to the main stakeholders with whom the company interacts, which include employees, suppliers, public administrations, financial institutions and local communities.

Distribution of economic value to stakeholders (€k)	
Economic value generated	346,514
Company revenues	346,514
Employees: Payment of salaries	50,129
Suppliers: Spending on procurement and contracting	393,036
Financial institutions: Interest payments	3,382
Local community: Amounts spent on donations and sponsorships	7,000

Soltec's Global Volunteer Service

Soltec makes an important effort to organise corporate volunteering initiatives and support projects that meet the needs of each location, provided they are aimed at generating a positive environmental and social impact on the local community.

To this end, Soltec has a global volunteer service that arranged a number of solidarity initiatives over the year. The activities in this field at national and international level included the following:



Waste collection on Cala Reona beach

Together with ANSE and La Mar de Músicas, Soltec volunteers collected various types of waste in Cala Reona (Spain) to raise awareness of the need to keep our coasts clean. This was a Soltec initiative and part of the sustainability activities linked to the La Mar de Músicas festival, and was supported by the City Council of Cartagena. With this action, the company continues to show its commitment to the environment and social awareness.



Bird ringing

Soltec's Global Volunteering Service, along with ANSE, carried out the Solbirds activity, a scientific ringing programme in the La Contraparada area near the Segura river (Murcia), for specimens of *Iduna opaca* (the Western Olivaceous Warbler), a small native bird, exclusive to the Murcia region.



Decoration of a climbing wall at the CEIP Bolivia

Soltec's Global Volunteering Service and COCEMFE (Spanish Confederation of People with Physical and Organic Disabilities) jointly contributed to decorating a climbing wall for the students of an infants and primary school, the CEIP Bolivia de Madrid, which includes children with disabilities. Soltec rolled out this initiative in conjunction with COCEMFE to reinforce the importance for the school of its playgrounds and facilities, as healthy, friendly and pleasant environments for free and diverse play for its students and especially for the children with disabilities.



Donations and sponsorships

Soltec also makes various donations and conducts sponsorships of entities in order to support their activities and show its commitment to different social causes.

Among its endeavours, it is worth highlighting the company's initiative to focus on sport during 2021 by increasing its support for sporting activities, such as sponsorship of the Soltec cycling team, the Ciudad Molina Basket team and the Alcayna-Altoreal cycling club, among other sponsorship activities.

Additionally, during the same year, Soltec donated to a significant number of cultural and social activities, for a total amount of €7,000. These donations included the following:

- Energy snacks: An initiative promoted by Soltec in conjunction with the Red Cross of the Murcia region, through which a daily nutritious snack is provided to 75 children at risk of social exclusion in the region. Through this activity, Soltec contributed to SDGs 1, 2, 3, 4, 10, 12 and 17.
- 'Your Rights At Stake' campaign: For the past two years, Soltec has been committed to collecting new toys after the festive season in order to donate them to the Red Cross children's programme. Through this activity, Soltec contributed to SDGs 1, 3, 4, 5, 10 and 17.
- 'Energy for All' campaign: Soltec collaborated with the Segura Food Bank through donating groceries and basic necessities to deal with the precarious situation in which many families find themselves. Through this action, Soltec contributed to SDGs 1, 2, 3, 10 and 17.
- 2nd Edition 'Employeeah Soltec': On the occasion of Workers' Day, Soltec and the MEMPLEO Association (an organisation from Molina del Segura working towards the integration of people with mental health problems) surprised the team at the Murcia offices with a food truck filled with sweets made by the association. Through this action, Soltec contributed to SDGs 8, 12, 16 and 17.
- Others: The UN Women programme, the Ronald McDonald Foundation and the Moms in Action programme promoted by ENAE.

5. PERFORMANCE AND METRICS

5.1 Operational indicators / 63

5.2 Financial indicators / 64

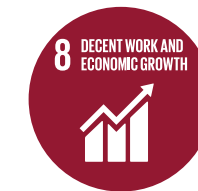
5.3 Soltec's share / 66

5.4 Financial structure / 67

5.5 Outlook 2022 / 67

Despite the impact of market disruptions, business operational indicators (backlog and pipeline) remained solid and returned record figures throughout 2021.

During 2021, Soltec Power Holdings' turnover reached €347 million, 47% higher than in the previous year. The net result for 2021 amounted to -€1.2 million, an improvement of €3.8 million compared to 2020.



Images::

Top: Solar plant in Spain, 85 MW.

Bottom: Solar plant in Brazil, 113 MW.

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Soltec Industrial Track record for tracker supply of

11.8 GW

of which

3.4 GW

in 2021

Powertis Pipeline in

10.3 GW

various stages of development



5.1 Operational indicators

Soltec Industrial Performance

Soltec Industrial achieved a track record for tracker supply of 11.8 GW, of which 3.4 GW was supplied in 2021, the highest figure in the company's history. This reflects the strong value proposition of the solar tracker, together with Soltec's presence in major solar PV markets and its ability to continue to enter into supply contracts with its international tier-1 customers in a disruptive environment.

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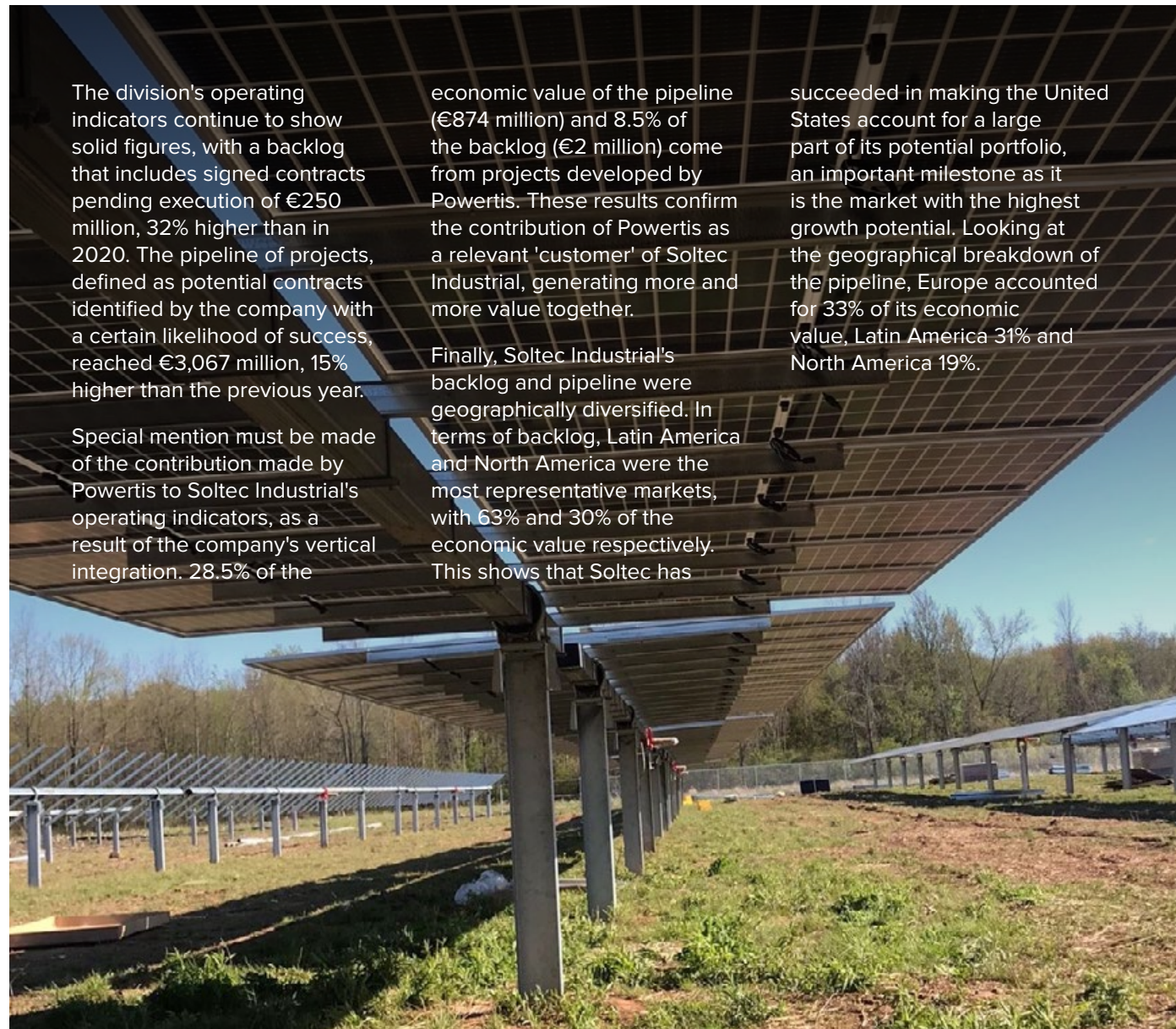
OUR MANAGEMENT IN 2021

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OUR MANAGEMENT IN 2021

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The division's operating indicators continue to show solid figures, with a backlog that includes signed contracts pending execution of €250 million, 32% higher than in 2020. The pipeline of projects, defined as potential contracts identified by the company with a certain likelihood of success, reached €3,067 million, 15% higher than the previous year.

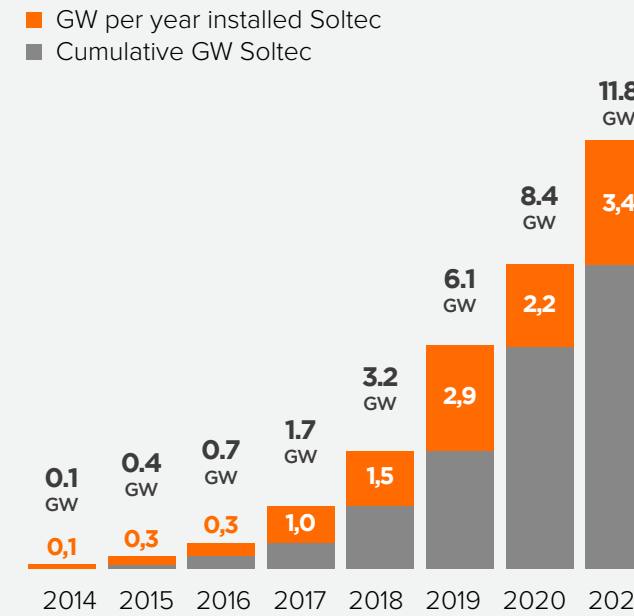
Special mention must be made of the contribution made by Powertis to Soltec Industrial's operating indicators, as a result of the company's vertical integration. 28.5% of the

economic value of the pipeline (€874 million) and 8.5% of the backlog (€2 million) come from projects developed by Powertis. These results confirm the contribution of Powertis as a relevant 'customer' of Soltec Industrial, generating more and more value together.

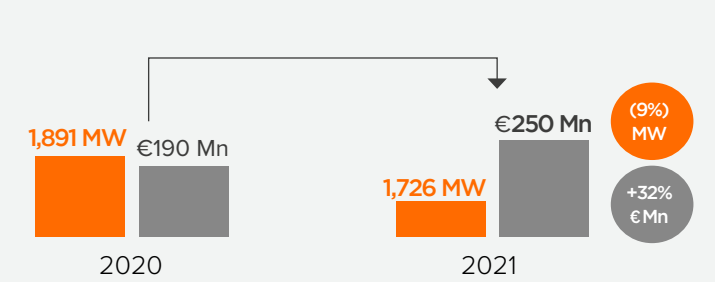
Finally, Soltec Industrial's backlog and pipeline were geographically diversified. In terms of backlog, Latin America and North America were the most representative markets, with 63% and 30% of the economic value respectively. This shows that Soltec has

succeeded in making the United States account for a large part of its potential portfolio, an important milestone as it is the market with the highest growth potential. Looking at the geographical breakdown of the pipeline, Europe accounted for 33% of its economic value, Latin America 31% and North America 19%.

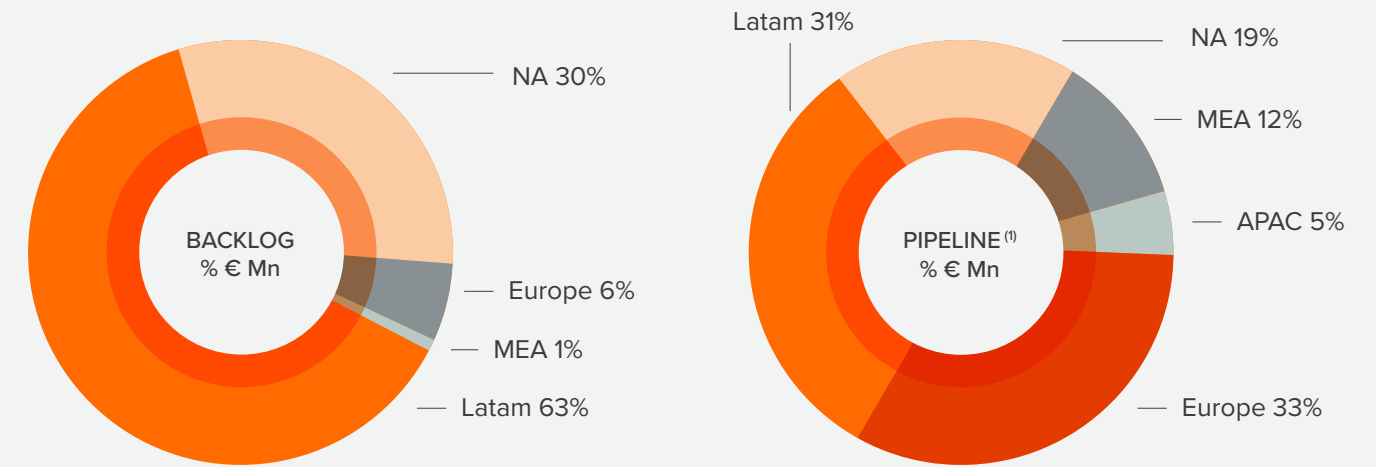
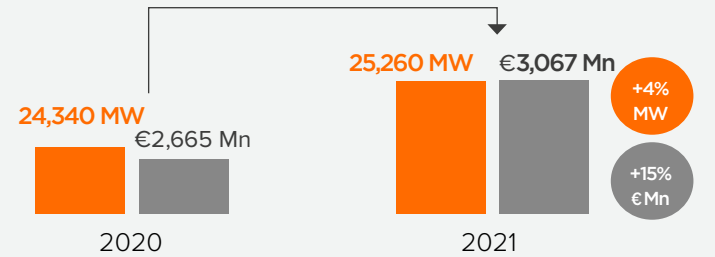
Supply of solar trackers by Soltec



Backlog



Pipeline



(1) Total installed capacity value of all potential projects in the pipeline without assigning probability. NA: North America, MEA: Middle East and Africa, APAC: Asia Pacific

During 2021, important supply contracts were entered into, such as the three-year framework agreement with Acciona Energía to supply solar trackers for various projects of the company, starting with an initial contract for a photovoltaic park in the province of Cuenca (Spain). In addition, the company also signed a contract with Moss

& Associates, LLC, to supply trackers for two photovoltaic plants in Colorado (USA), with a total installed capacity of 700 MW.

Solar plant in the United States, 340 MW.

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Performance of Powertis

The company's photovoltaic project development division ended the year with a pipeline of 10.3 GW in various stages of development. In this way, it continued to boost its business in six of the most important markets for the photovoltaic sector: Spain, Italy, Brazil, Colombia, Denmark and the United States.

The Powertis project pipeline grew by 106% over the year. Backlog projects (the portfolio of projects with an expected probability of completion of more than 80%) stood at 722 MW; advanced stage projects (50-80% probability) rose to 3,044 MW in 2021, representing annual growth of 284%; early stage projects (30-50% probability) reached 2,571 MW,

representing an annual increase of 88%; and, finally, there were 3,964 MW of identified opportunities.

The good performance of the business reflects the projection and strength of the division, which managed to enter three new countries during the year (Colombia, USA and Denmark), as well as the award of 100 MW in Colombia within the framework of the renewable energy auction organised by the Colombian Ministry of Mines and Energy.

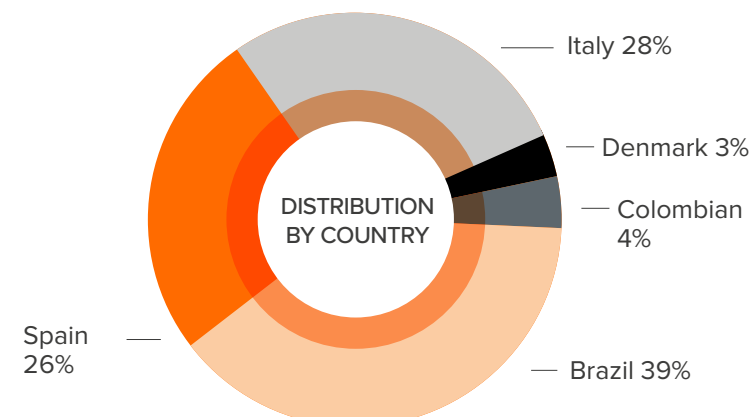
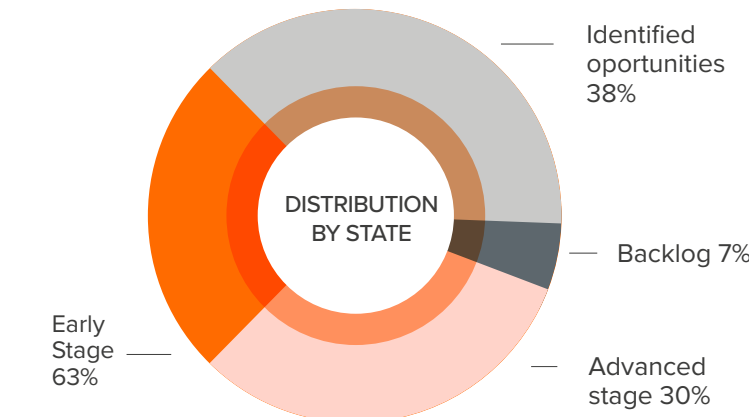
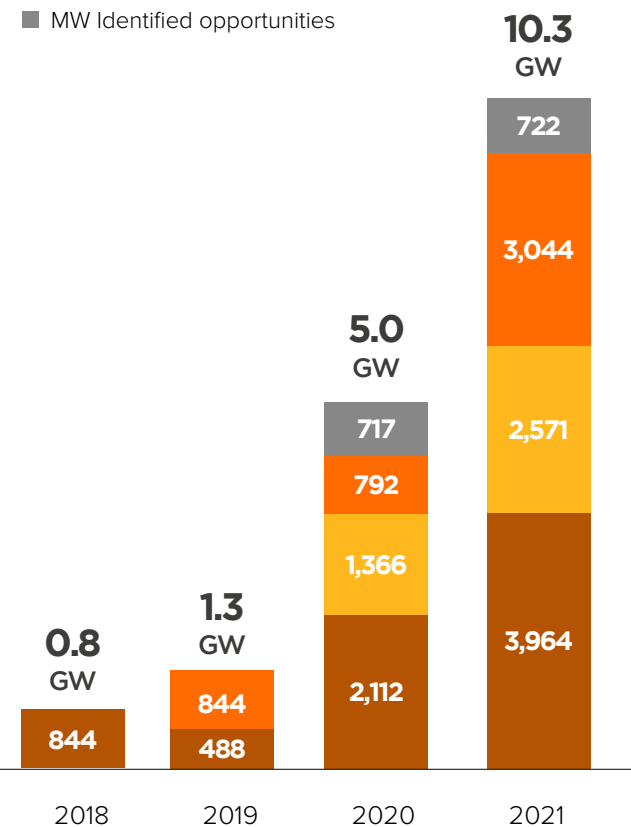
Geographically, the Powertis pipeline was distributed as follows: 57% of the megawatts were located in Europe and 43% in Latin America. In addition, by the end of 2021, Powertis had 225 MW

under construction in Brazil and 5 MW in Spain.

Powertis was also able to rotate more than 1,288 MW from its portfolio of assets in Italy and Spain. These rotations were based on three blocks of agreements: an initial agreement for the rotation of 95 MW in Spain to Total, a second agreement to rotate 772 MW to Aquila Capital in Italy, followed by a third agreement for the partial rotation of an additional 421 MW in Italy to Aquila Capital.

Project development pipeline

- MW Backlog
- MW Advanced stage
- MW Early stage
- MW Identified opportunities



5.2 Financial indicators

It is essential for Soltec to have good economic and financial performance that supports the development of the company's operations. Soltec applies a number of principles in its management to ensure this occurs in an efficient and responsible manner.

Transparency <p>Provide transparent and truthful information on the financial and non-financial situation of the company and its business.</p>	Ethics <p>Always behave ethically and with absolute respect for prevailing law/regulations.</p>	Coherence <p>Ensure the coherence and reasonableness of the financial commitments and covenants undertaken and follow up on them.</p>
Optimisation <p>Focus financial management on optimising performance and efficiency in the use of financial resources.</p>	Management <p>Manage in a unified manner the issuance of guarantees, sureties and surety insurance.</p>	Compliance <p>Identify and manage financial risks within established limits, in accordance with internal regulations and best market practices.</p>
Planning <p>Plan financial needs in order to anticipate access to markets on the best possible terms and ensure the availability of the necessary funds.</p>	Follow-up <p>Monitor the performance -and in particular the liquidity- of the securities issued by Soltec on the stock market.</p>	Contacts <p>Manage the dialogue with the economic and financial entities that interact with the company.</p>

The company also carries out various activities to minimise existing economic and financial risks (liquidity, credit, market, obtaining the necessary guarantees to contract and execute projects, among other risks) and to optimise costs in order to capture the maximum possible growth.

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Results of Soltec Power Holdings ²⁴

€ Mn	2021	2020	YoY
Revenues	346.5	235.6	110.9
Adj. EBITDA	(6.9)	(9.4)	2.5
Net Profit	(1.2)	(4.9)	3.8

(47%)
MW

€ Mn	Q1 21	Q2 21	Q3 21	Q4 21	YoY
Revenues	28.4	58.6	100.0	159.6	124.5
Adj. EBITDA	(7.1)	(12.0)	(3.4)	15.7	23.8
Net Profit	(4.5)	(15.3)	(0.1)	18.8	30.7

355%

The company's revenue volume reached €346.5 million in 2021, an increase of 47% compared to 2020. Net profit in 2021 amounted to -€1.2 million, an improvement of €3.8 million compared to 2020.

It should be noted that the fourth quarter of the year performed particularly well, with revenues of €159.6 million, adjusted EBITDA of €15.7 million and net profit of €18.8 million.

²⁴ The sum of the results of Soltec Industrial and Powertis may differ from the figures for Soltec Power Holdings owing to consolidation adjustments and the impact of corporate expenses.

Find in the Annex II the summarized Profit and Loss (P&L), Balance sheet and Cash Flow statements.



Solar plant in Brazil, 292 MW.

Results of Soltec Industrial

€ Mn	2021	2020	YoY
Revenues	411.8	236.2	175.6
Adj. EBITDA	(13.6)	(11.3)	(2.3)

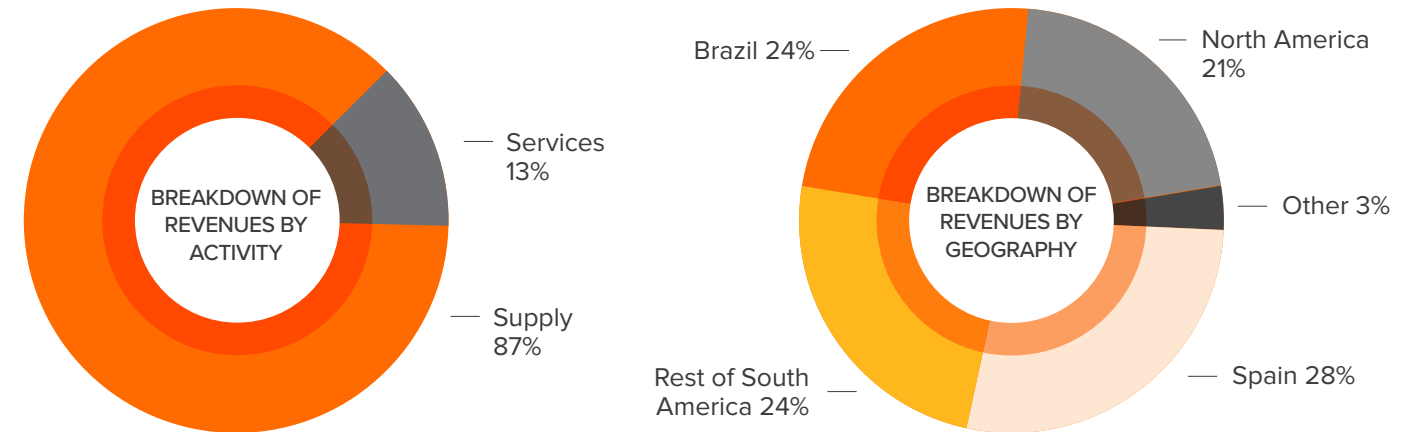
74%

€ Mn	Q1 21	Q2 21	Q3 21	Q4 21	YoY
Revenues	28.4	59.6	100.7	223.2	187.7
Adj. EBITDA	(8.6)	(9.3)	(2.0)	6.3	13.3

529%

In 2021, Soltec Industrial recorded record revenues of €411.8 million. Compared to the previous year, revenues represented an increase of 74%. In this respect, it can be seen that the fourth quarter of the year played a significant role in reaching the figure, accounting for 54% of the total (€223.2 million), an increase of 529% compared to the same quarter the previous year.

Soltec Industrial's main source of revenue continued to be the supply of solar trackers, which accounted for 87% of revenues compared to 13% for construction services. If we look at the breakdown of revenues by market, Spain and Latin America accounted for 76% of Soltec Industrial's revenues, reinforcing the company's consolidated position in these two geographical regions.

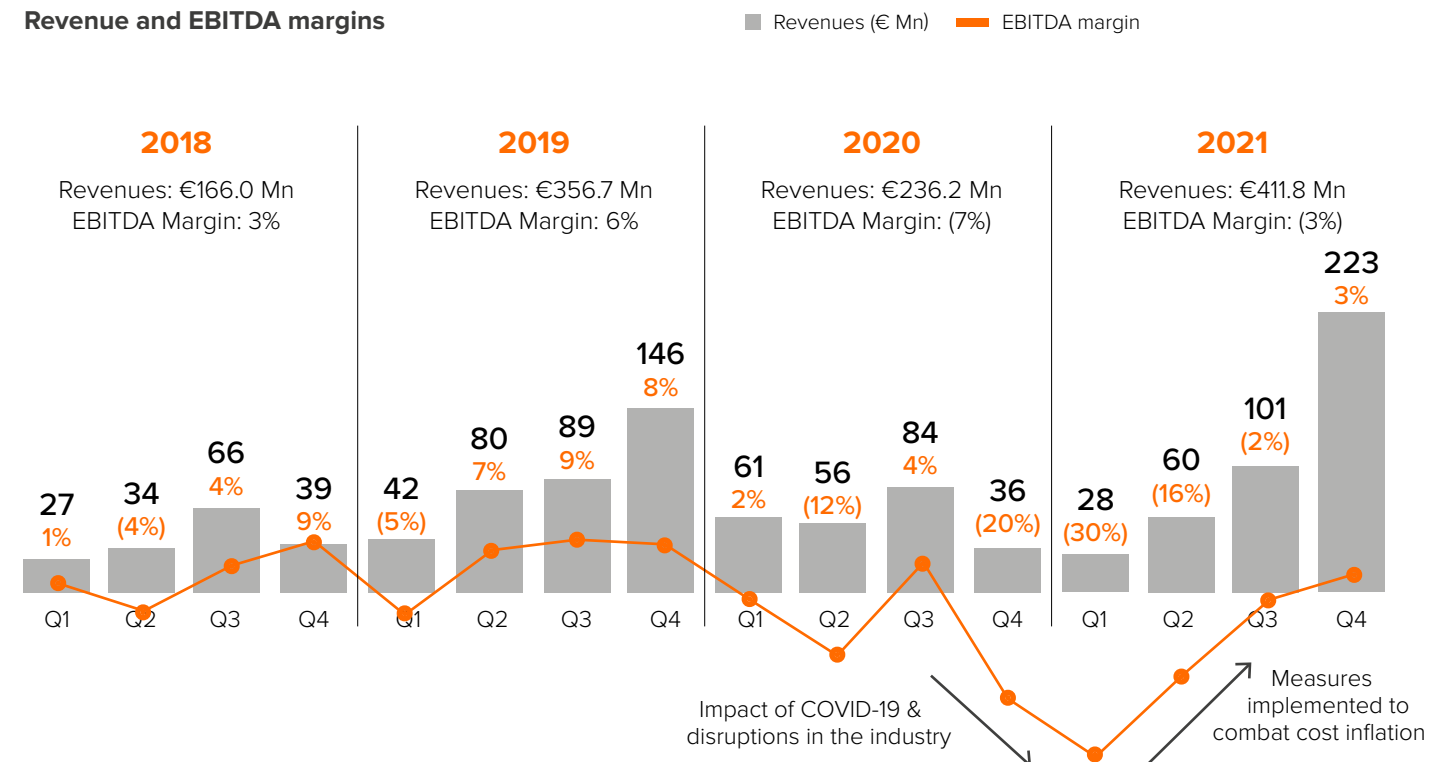


Operating income (adjusted EBITDA) for the year was -€13.6 million, impacted by global market disruptions mainly related to international logistics, as well as the shortage of personnel resources in certain countries.

Adjusted EBITDA showed a steady improvement throughout the year, as a result of the growth of the company's activity (turnover), as well as the measures taken by Soltec to mitigate the impact of disruptions. The following figure shows the

evolution of Soltec Industrial's revenues and EBITDA margins by quarter for the last 4 years and shows that the EBITDA margin grew during the year to 3% after reaching its lowest point of (30%) at the beginning of 2021.

Revenue and EBITDA margins



Impact of COVID-19 & disruptions in the industry

Measures implemented to combat cost inflation

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Powertis results

€ Mn	2021	2020	YoY	€ Mn	Q1 21	Q2 21	Q3 21	Q4 21	YoY
Revenues	-	0.6	-	Revenues	-	-	-	-	-
Adj. EBITDA.	10.0	2.6	7.4	Adj. EBITDA.	2.1	(1.7)	(1.6)	11.2	12.0

279 %

During 2021, the project development division was able to rotate (fully or partially) more than 1,288 MW of its asset portfolio in Italy and Spain and recorded an operating profit (adjusted EBITDA) of €10 million.

These rotations were based on three blocks of agreements: (i) an initial agreement for the rotation of 95 MW to Total which generated an impact of €1.9 million in Adjusted EBITDA and €1 million in financial income; (ii) a second agreement to rotate 772 MW to Aquila Capital, which generated an impact of €5.1 million in Adjusted

EBITDA and €4.9 million in financial income; (iii) a third agreement for the partial rotation of an additional 421 MW to Aquila Capital, generating another positive impact of €9.6 million in Adjusted EBITDA and €9.2 million in financial income.

Impact of assets rotated



Agreement with Total to develop up to 1 GW of PV projects in Spain

2021 Rotation (65%): 95 MW

IMPACT in 2021: P/L €2.9 Mn



New agreement with Aquila Capital to develop 421 MW of PV projects in Italy

Rotation 2021 (51%): 421 MW

IMPACT in 2021: P/L €18.8Mn



Agreement with Aquila Capital to develop up to 750 MW of PV projects in Italy

Rotation 2021 (51%): 772 MW

IMPACT IN 2021: P/L €10.0 Mn

	Q1 2021	Q4 2021	Q1	Q2	Q3	Q4	FY21
MW	95	421	249	335	95	93	772
P&L	€ Mn	€ Mn					€ Mn
EBITDA	1.9	9.6	3.1	1.3	0.4	0.3	5.1
Fin. income	1.0	9.2	3.0	1.3	0.3	0.3	4.9



Solar plant in Spain, 300 MW.

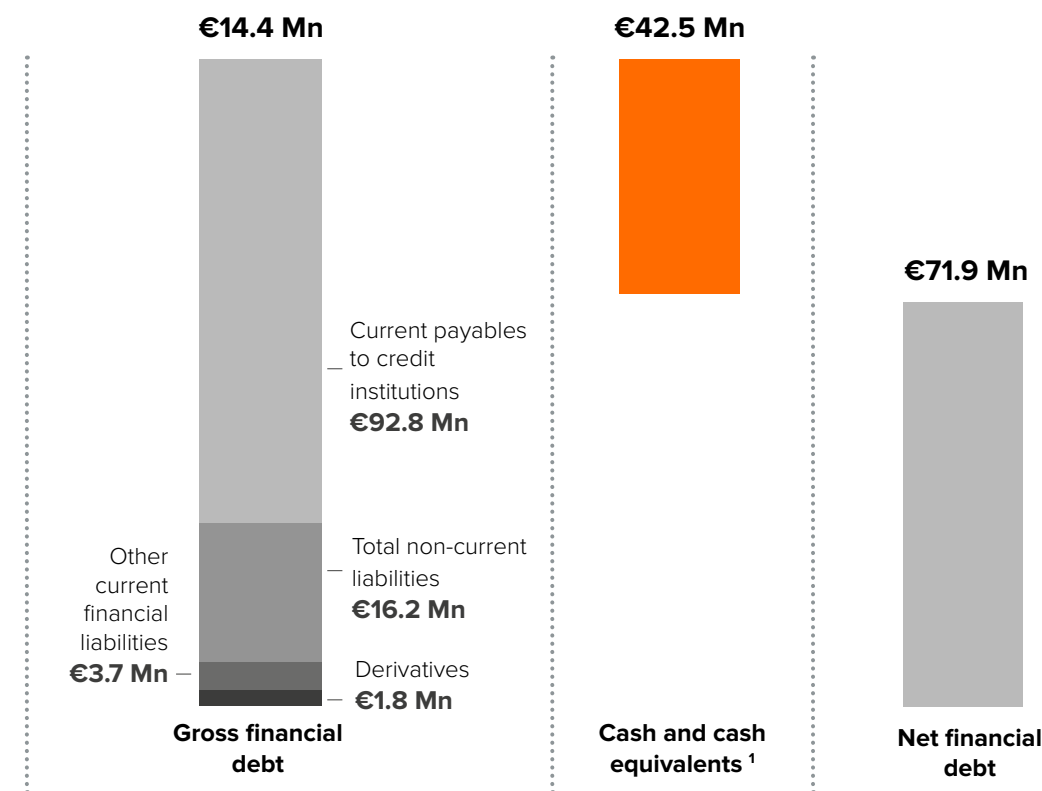
5.3 Financial structure

Gross financial debt during 2021 decreased by 2% compared to 2020, mainly in the form of debts with credit institutions.

Cash and cash equivalents decreased from €127.9 million at year-end 2020 to €42.5 million at year-end 2021, mainly owing to the investment in the PV parks under construction in Brazil.

As a result, net financial debt reached €71.9 million as of 31 December 2021.

Net financial debt as of December 31, 2021



(1) Includes €36.2 Mn of cash and cash equivalents + €6.3 Mn of current financial assets.



Solar plant in Chile, 12 MW.



5.4 Soltec's share

Soltec Power Holdings shares have been listed on the Spanish Stock Exchanges (Barcelona, Bilbao, Madrid and Valencia) since 28 October 2020, when the company was floated on the Primary Market. Since then, Soltec has strengthened its corporate governance, diversified its sources of financing and reinforced its relationship with its stakeholders.

As at 31 December 2021, the capitalisation amounted to €565.7 million, represented by 91,387 thousand shares with a nominal value of €0.25 each, fully subscribed.

The share price at the end of 2021 was €6.19 per share and the average share price for the year was €7.98 per share. With regard to the year-end share price, the share price has decreased by €7.01 compared to the 31 December 2020 share price of €13.20.

The shareholders owning significant direct and indirect shareholdings of more than 3% of the share capital are, according to public information, as follows:

Price evolution of Soltec Power Holdings (Jan.-Dec. 2021)



Significant holdings Soltec Power Holdings (31/12/2021)

Name	% of voting rights*
José Francisco Moreno Riquelme	42.275%
Raúl Morales Torres	19.578%
Santander Asset Management, S.A. SGIC	3.443%
Schroders PLC	3.383%
Sweedbank Robur Fonder AB	2.004%



Investor relations:

The company is committed to increasing transparency with the financial market, conveying confidence to the market and enabling it to maintain long term relationships. As of 31 December 2021, Soltec Power Holdings was covered by four analysts, whose average target price was €8.25.

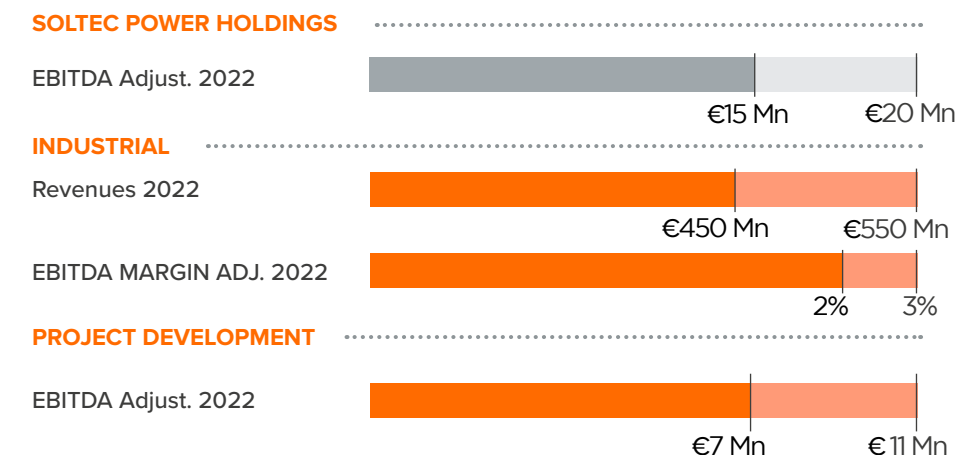
Analyst	Target price	Recommendation
Caixabank BPI	€7.90	Neutral
Berenberg	€10.40	Buy
Santander	€7.20	Neutral
JB Capital	€7.50	Neutral
Consensus	€8.25	

5.5 Outlook 2022

Soltec continues to drive its growth and business strategy, and to this end has published its guidance for 2022, which contemplates a consolidated adjusted EBITDA for Soltec Power Holdings of between €15 million and €20 million.

By division, the industrial division will contribute revenues from the sale of solar trackers and other additional services in the range of €450 million to €550 million and an EBITDA of between 2% and 3%, while the PV project development division will contribute an EBITDA of €7 million to €11 million to the consolidated EBITDA.

This objective is driven by the vertical integration of the company's business, both of the industrial division and of the PV project development division, and the adoption of measures to tackle market disruptions.



Value creation through increased vertical integration

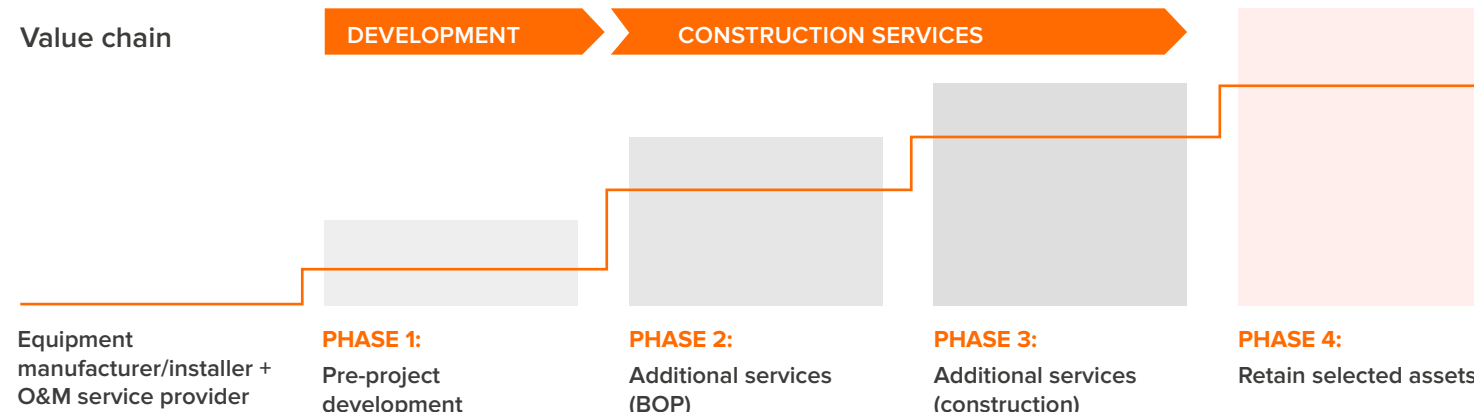
An important objective for Soltec is to continue strengthening its commitment to creating a vertically integrated business model.

Thanks to the strong development pipeline achieved by the company, Soltec Power Holdings is evolving in its vertically integrated status, holding assets in a very selective manner, with the ultimate goal of generating value for its shareholders and increasing synergies between the two business divisions.

Further integration will enable the company:

- To balance its results, through future recurrent energy generation.
- To gain flexibility to rotate assets under development in order to optimise their valuation.
- To achieve additional synergies between the two divisions, optimising the company's cost structure and contributing to improved margins.

Soltec's approach to vertical integration



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Images::

Top: Solar plant in Chile, 200 MW.

Bottom: Operators installing SF7 trackers.

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A.I Sectoral presence

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UNEFA represents more than 550 companies, approximately 90% of the sector's activity in Spain, and is the spokesperson for practically the entire industry: producers, installers, engineering companies, manufacturers, distributors and in general any company related to the sector.



The Clean Energy Council is a non-profit, membership-based organisation. They represent and work with Australia's leading renewable energy and energy storage companies, as well as rooftop solar installers, to drive the development of clean energy in Australia.



AREMUR is the business association for Renewable Energies and Energy Saving in Murcia and is a member of the FREMM, the Regional Federation of Metal Entrepreneurs of Murcia, a regional business organisation that integrates more than 37 associations and various groups of activity in the metal sector: production, repair, installation and maintenance.



Secartys is a non-profit business association that has been working to promote the competitiveness of its members and to position Spanish industry abroad since 1968.



Electricita Futura is the main association of companies operating in the Italian electricity sector, with 518 member companies representing 70% of the electricity market.



MESIA is a non-profit, non-governmental organisation that aims to promote solar energy in the Middle East and North Africa, as well as to organise networking for professionals in the sector.



The Solar Energy Industries Association® (SEIA) is leading the transformation to a clean energy economy, setting the stage for solar energy to reach 30% of US electricity generation by 2030.



The goal of the SolarPower Europe partnership is to ensure that more energy is generated with solar power than with any other energy source by 2030 and to encourage its members to make solar power the core of a smart, sustainable, secure and inclusive energy system.



The Foundation for the Development of New Hydrogen Technologies in Aragon is a private non-profit organisation dedicated to promoting the use of hydrogen as an energy vector.



RES4Africa (Renewable Energy Solutions for Africa) is a foundation working to support Africa's just energy transition to achieve SDG7 (Affordable and Clean Energy) by ensuring access to affordable, reliable, sustainable and modern energy for all.



ENTRA is the Association of Electricity and Energy Services Companies and Agents and aims to influence the development of legislation and the decarbonisation of energy models so that they favour the integration of flexibility.



The Association of Renewable Energy Companies (APPA) brings together companies and entities whose purpose is the use of renewable energy sources in all their forms. The scope of APPA's representation is with both national and international bodies.



The Green Hydrogen Round Table of the Region of Murcia aims to hold open days for the dissemination and knowledge of hydrogen-based technology and its use in industry and transport; to organise sectoral round tables on the implementation of green hydrogen; and to launch the search for synergies between companies for the generation and use of green hydrogen.



AHMUR, the Green Hydrogen Sector Association in the Region of Murcia, is a private non-profit association whose aim is to promote the transition of the Murcia region towards a decarbonised economy thanks to renewable energies and green hydrogen. AHMUR collaborates with the Centro Tecnológico de la Energía y del Medio Ambiente de la Región de Murcia as its Technical Secretariat



The Isaac Peral Foundation is an alliance of industrial and technological companies that seeks to promote technological cooperation between large companies and SMEs in the Region of Murcia.



EU PVSEC is an international conference on photovoltaic research, technologies and applications, and at the same time one of the leading international exhibitions of the photovoltaic industry. It brings together the global PV community to do business, network, present and discuss the latest developments and innovations in photovoltaics.



The European Business and Innovation Centre of Murcia (CEEIM) is a non-profit organisation whose mission is to promote entrepreneurship and business innovation in society, fostering an entrepreneurial culture at an early age; encourage the creation and consolidation of innovative and technology-based companies; and boost capture of smart capital and the professionalisation of private investors.



The bifiPV Workshop is an event on cutting-edge research and the latest trends in bifacial photovoltaic technologies. It brings together industry experts from all continents for a selection of talks on bifacial PV technology and project implementation.



The Spanish Association for Investor Relations-AERI is a non-profit association whose objective is to serve its members in the promotion and improvement of investor relations with Spanish listed companies.

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A.II List of Ecovoltaica actions

Parts of the project on which it has an impact	Concrete Measures
Circular Economy	
General waste management	Controls and manages waste to avoid soil and water contamination
Management of waste electrical equipment	Extended Producer Responsibility System for the recycling of panels and components
Construction	Environmental monitoring plan for waste management
	Recycling of materials used in construction and O&M
	Management through an authorised company
Transport	Prioritisation of sustainable vehicles for the transport of people or goods, and car sharing
Biodiversity	
Location	Exclusion of areas affected by Endangered Species Conservation Plans and Strategies, Special Protection Regime and Natura 2000 Network
	Fulfilment of zoning guidelines at national and regional level
	Acquisition of land without compulsory purchase orders. On the power line, only extraordinary expropriation (blocking or uncertainty of identity)
Impact assessment	Analysis of the cumulative environmental impact with other projects. No artificial splitting of the plant
Plant design	Minimisation of the area of occupancy (<2 ha/MW of unrestricted net area)
	Use of game fencing for wildlife movement
	Use of visual barriers with native and melliferous (flowering) species
	Prioritisation of non-concreted foundations (direct pile driving into structures and fencing)
	Promotion of biodiversity with bird nests, insect hotels and wildlife sanctuaries
Connection lines	Minimisation of visual and ground impact. Camouflaging with the environment
	10% of the plant area for afforestation, green areas, and visual screens. Priority of local volunteers for this task.
	Possible complementary use of the plant with compatible agricultural and livestock activities
Connection lines	Power lines avoid protected environmental areas and archaeological sites. They run along planning corridors. They share infrastructure with other developers. Prioritisation of parallelism with existing lines
	Optimisation of the location of supports, avoiding new roads and respecting vegetation. Prioritisation of pruning over tree felling. Increase of driver headroom to avoid trees
	Marking of the ground wire with reflective bird-saving devices

Parts of the project on which it has an impact	Concrete Measures
Construction	Support bases as nests for small birds and bats. Shelters for wildlife and insects. Dissuasive nest sites for storks more than 500 meters from supports
	Respect for natural water courses. Accumulation areas for wetlands and green filters
	Respect for the natural state of the land. Maintenance of natural vegetation
Construction	Planning of construction according to the breeding season of the protected species. Transplanting individual trees and shrubs or planting new trees if this is not possible
	Reforestation of disturbed areas with native vegetation that prioritises melliferous (flowering) species. Prioritisation of volunteering in this task.
	Prioritisation of dry cleaning of panels. Low water consumption
Socio-Economic Excellence	
Local Employment	Creation of local job offers. Prioritisation of relocation of those who worked in the area
	Offer of training to job-seekers
	Preference to groups with labour insertion difficulties
Local Employment	Signing of collaboration agreements with the town council to create employment
	Offer of the land of the plant for compatible agricultural activities (livestock grazing, beekeeping, agriculture, etc.)
Compatibility of existing economic activity	Offer of the land of the plant for compatible agricultural activities (livestock grazing, beekeeping, agriculture, etc.)
Local stakeholder dialogue	Signing of collaboration agreements with local associations representing civil society and environmental associations
	Guarantee of compliance with transparent governance and anti-corruption policies
Mobilisation effect in the economy	Prioritisation of procurement of goods and services close to the plant
	Use of equipment, components and/or services according to physical proximity criteria for at least 50% of the total project cost (at market prices)
Benefit for the local community	Issuance of covered bonds or facility for individuals to participate in financing
	Registration of the SPVs in the municipalities where the project is located. Local payment of taxes.
	Compensation of up to 1% of the energy produced by the plant to residents living within a radius of 2 km of the project, through self-consumption or a rebate
	Reinvestment of the full ICIO rebate + €1000 per MW for neighbourhood associations
National Carbon Footprint Offsets and Donations	
Carbon Footprint	Achievement of the 'Emission Neutral Project' seal
Reforestation	Reforestation with native species. Prioritisation of local volunteering
Social donation	Donation of 1 g of food for every 1 kW/h fed into the grid over the lifetime of the plant

A.III Financial statements of Soltec Power Holdings

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Profit and loss statement		
(€, 000)	2021	2020
Revenue	346,514	235,646
Changes in inventories of finished goods and work in progress	7,118	559
Other operating income	3,398	2,598
Works carried out by the Group for its assets	72,173	3,445
Supplies	(298,747)	(180,973)
Personnel expenses	(50,129)	(36,429)
Other operating expenses	(105,827)	(45,883)
Amortization and depreciation	(3,724)	(3,712)
Income from the sale of fixed assets and others	(52)	(644)
Other profit/loss	15,854	7,818
EBIT	(13,422)	(17,575)
Adjusted EBITDA	(6,873)	(9,408)
Financial income	246	6,550
Finance costs	(5,132)	(6,412)
Changes in the fair value of financial instruments	17,076	10,288
Net exchange rate differences	(4,770)	(3,272)
Loss of net monetary position	454	(310)
Other net finance revenue / expenses	-	-
Net financial profit	7,874	6,844
Share of profit/(loss) investments valued using equity method	42	(39)
Profit/(Loss) Before Tax	(5,506)	(10,770)
Income tax	4,339	5,842
Consolidated Net Profit/(Loss)	(1,167)	(4,928)

Balance			SHAREHOLDERS' EQUITY AND LIABILITIES	
ASSETS (€, 000)	2021	2020	2021	2020
NON-CURRENT ASSETS			SHAREHOLDERS' EQUITY	
Intangible assets	19,448	13,393	Capital and reserves	
Property, plant and equipment	92,176	8,486	Share capital	
Right-of-use	16,740	16,464	Reserves	
Long-term investments in Group and associated companies	26,030	5,308	Treasury stock	
Non-current financial assets	7,707	5,128	Exchange rate differences	
Deferred tax assets	21,959	13,788	Profit/loss attributed to the Parent Company	
Total non-current assets	184,058	62,567	Shareholders' equity attributed to the Parent Comp. 147,032 142,469	
CURRENT ASSETS			Non-controlling interest (52) (8)	
Non-current assets held for sale		18,583	Total shareholders' equity 146,980 142,461	
Inventories	70,853	22,883	NON-CURRENT LIABILITIES	
Debtors and other current assets	155,380	65,139	Non-current financial liabilities	
Credits with public administrations	17,081	12,255	Non-current provisions	
Short-term investments in group companies & associates	1,034	143	Deferred tax liabilities	
Current financial assets	6,337	2,155	Total non-current liabilities 20,311 23,376	
Other current assets	6,026	1,963	CURRENT LIABILITIES	
Cash and cash equivalents	36,180	125,748	Liabilities linked to non-current assets held for sale	
Total current assets	292,893	248,869	Current financial liabilities	
TOTAL ASSETS	476,951	311,436	Trade and other accounts payable	
			Debts with public administrations	
			Current provisions	
			Total current liabilities 309,661 145,599	
			TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES 476,951 311,436	

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Cash flow		
(€, 000)	2021	2020
Profit/(loss) before tax	(5,506)	(10,770)
Adjustments to the profit	(14,171)	(6,353)
Change in net working capital	39,140	(10,969)
Other operating cash flow	(2,339)	(6,017)
Cash flows from operating activities	17,124	(34,109)
Cash flows from investment activities	(101,197)	(6,884)
Free cash flows from financing activities	(5,891)	141,051
Effect of exchange rate variations	396	(245)
Net increase/(decrease) of cash and cash equivalents	(89,568)	99,813
Cash and cash equivalents at the start of the Period	125,748	25,935
Cash and cash equivalents at the end of the Period	36,180	125,748



Solar plant in Spain, 50 MW.

A.IV Methodology followed in the preparation of this report

Framework

This report has been prepared in accordance with the Core option of the GRI Standards. Likewise, through its contents, it has responded to the indicators proposed by the Solar Technology & Project Developers sectoral standard of the SASB initiative. Finally, the report has also taken into account the main guidelines established by the International Integrated Reporting Framework.

Reporting principles followed in the Annual Report

The following principles have been taken into account in order to ensure the correct collection, quality and processing of information.

Principles for the collection of content:

- **Stakeholder engagement:** This report has been drawn up in response to stakeholder expectations in relation to the development of the company's activity and its main strategic lines. The chapter of the report on corporate social responsibility management provides information on who the stakeholders are, the relationship with them and how these expectations are identified and taken into account
- **Context of sustainability:** An assessment has been made of how the activities and services provided by Soltec Power Holdings interact with the economic, environmental and social context in which the company operates. This analysis has been taken into account in the design of the content of the report.
- **Materiality:** In order to define the most relevant aspects of sustainability for the company, a materiality study has been carried out. The methodology used for the identification of material aspects is detailed below.
- **Comprehensiveness:** Once the material aspects have been identified, sufficient information about them has been communicated, thus providing a complete picture of Soltec Power Holdings in the reporting period, so that stakeholders can understand the development, results and current situation of the company.

Principles for information processing and quality:

- **Balance.** This report reflects both the positive and negative aspects of the company's performance and provides an objective and comprehensive view of its overall development.
- **Comparability.** To make it easier for its stakeholders to analyse the evolution of the company's performance in recent years and to compare it with that of other organisations, information has been compiled for the period 2021 and included in the contents of this report.
- **Accuracy.** The information included is presented in a precise and detailed manner to meet the expectations expressed by stakeholders.
- **Timeliness.** Soltec Power Holdings will publish an annual update of the contents of this report in order to provide its stakeholders with regular access to information about the company's performance.
- **Clarity.** In order to avoid misleading through inaccuracies or the omission of material information, the company presents information on its situation in a way that is accessible and clear to all its stakeholders.
- **Reliability.** Throughout this report, Soltec Power Holdings has detailed the process followed for its preparation, laying the foundations so that in the future the content included may be subject to an external review and evaluation to assess the quality and degree of materiality of the information.

LETTER FROM
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A.V GRI Table

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GRI Standard	Content	Section title or direct response	
GRI 101: Fundamentals 2016 (Explanatory note: no disclosure of information required)			
GRI 102: General Disclosures			
Organizational profile			
	102-1 Name of the organisation	Soltec Power Holdings, S.A.	
	102-2 Activities, brands, goods and services	1. Our business	
	102-3 Location of headquarters	Calle Gabriel Campillo s/n Pol. Ind. La Serreta Calle Gabriel Campillo s/n Pol. Ind. La Serreta 30500. Molina de Segura, Murcia	
	102-4 Location of operations	1.3. Business areas 5.1 Operational indicators	
	102-5 Ownership and legal form	1.1 Soltec, a vertically integrated, sustainable and innovative company since its inception (section 'Corporate structure').	
GRI 102: General Disclosures	102-6 Markets served	1.3.1 Soltec Industrial 1.3.2 Powertis 5.1 Operational indicators	
	102-7 Scale of the organization	1.3. Business areas	
	102-8 Information on employees and other workers	4.4 Commitment to our people	
	102-9 Supply chain	4.1 Responsible supply chain management	
	102-10 Significant changes to the organization and its supply chain	1.2. Business areas 2.2 Market environment 4.1 Responsible supply chain management	
	102-11 Precautionary principle or approach	Soltec Power Holdings applies the precautionary principle for the protection of the environment.	
	102-12 External initiatives	Annex I. Sectoral presence	
	102-13 Membership of associations	Annex I. Sectoral presence	
	Strategy		
	GRI 102: General Disclosures	102-14 Statement from senior decision-makers	Letter from the Chief Executive Officer

GRI Standard	Content	Section title or direct response
Ethics and integrity		
GRI 102: General Disclosures	102-16 Values, principles, standards and norms of behaviour	1.2 The mission, vision and values of a sustainable, vertically integrated business
	102-17 Mechanisms for advice and concerns about ethics	3.2 Ethics and integrity
Governance		
GRI 102: General Disclosures	102-18 Governance structure	3.1 Corporate governance
	102-22 Composition of the highest governance body and its committees	3.1 Corporate governance
	102-23 Chair of the highest governance body	3.1 Corporate governance
	102-24 Nominating and selecting the highest governance body	3.1 Corporate governance
Stakeholder engagement		
GRI 102: General Disclosures	102-40 List of stakeholders	3.4 Sustainability management
	102-41 Collective bargaining agreements	4.4 Commitment to our people
	102-42 Identifying and selecting stakeholders	3.4 Sustainability management
	102-43 Approach to stakeholder engagement	3.4 Sustainability management
	102-44 Key topics and concerns raised	3.4 Sustainability management
Reporting practice		
GRI 102: General Disclosures	102-45 Entities included in the consolidated financial statements	1.1 Soltec, a vertically integrated, sustainable and innovative company since its inception (section 'Corporate structure').
	102-46 Defining report content and topic boundaries	Annex I. Methodology followed in the preparation of this report
	102-47 List of material topics	2.1 Material aspects
	102-48 Restatements of information	There is no restatement of information reported in the previous report.
	102-49 Changes in reporting	No change in the preparation of the report
	102-50 Reporting period	2021
	102-51 Date of most recent report	21 May 2021
	102-52 Reporting period	Annual
	102-53 Contact point for questions regarding the report	info@soltec.com
	102-54 Claims of reporting in accordance with the GRI Standards	Annex IV. Methodology followed in the preparation of this report
	102-55 GRI content index	Annex V. GRI Table
	102-56 External assurance	This Report is not externally verified

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GRI Standard	Content	Page number or direct response
Good governance and transparency		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	3.1 Corporate governance
Regulatory environment and new regulations		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	2.2 Market environment
Differential business model		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	1. Our business
Ethics and integrity in our operations (corresponds to GRI 406: Non-discrimination and GRI 205: Anti-corruption)		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	3.2 Ethics and integrity
GRI 406: Non-discrimination	406-1 Cases of discrimination and corrective actions taken	4.4 Commitment to our people
GRI 205: Anti-corruption	205-3 Confirmed incidents of corruption and actions taken	3.2 Ethics and integrity
Continuous commitment to innovation in the products and solutions provided to our customers		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	2.3 Innovation, a key element in making our company stand out
Increasing market visibility and communicating the business plan to investors		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	5. Performance and metrics
Attraction, development and retention of human capital (corresponds to GRI 401: Employment and GRI 404: Training and education)		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	4.4 Commitment to our people
GRI 401: Employment	401-1: New employee recruitment and staff turnover	4.4 Commitment to our people
	401-2: Benefits provided to full-time employees that are not provided to part-time or temporary employees	4.4 Commitment to our people
	401-3: Parental leave	4.4 Commitment to our people
GRI 404: Training and education	404-1: Average hours of training per year per employee	4.4 Commitment to our people
Diversity and equal opportunities (corresponds with GRI 405: Diversity and equal opportunities)		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	4.4 Commitment to our people

GRI Standard	Content	Page number or direct response
GRI 405: Diversity and equal opportunities	405-1 Diversity of governance bodies and employees	3.1 Corporate governance 4.4 Commitment to our people
	405-2 Ratio of basic salary and remuneration of women to men	4.4 Commitment to our people
Collaboration with new customers that add value to the business		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	4.2 Quality and excellence in our products and services
Employee health and safety (corresponds to GRI 403: Occupational health and safety 2018)		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	4.4 Commitment to our people
GRI 403: Occupational health and safety	403-5 Training of workers in occupational health and safety	4.4 Commitment to our people
	403-9 Work-related injuries	4.4 Commitment to our people
	403-10 Work-related ill health	4.4 Commitment to our people
Contribution to the development of local communities (corresponds to GRI 413: Local communities)		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	1.3.2.1 Ecovoltaica as a differential element for sustainable development of photovoltaic plants 4.5 Engagement with local communities
GRI 413: Local communities	413-1 Operations with local community engagement, impact assessments and development programs	1.3.2.1 Ecovoltaica as a differential element for sustainable development of photovoltaic plants 4.5 Engagement with local communities
Strategic alliances to support business development and company growth		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	1.1 Soltec, a vertically integrated, sustainable and innovative company since its inception. 5.5 Outlook 2022
Responsible supply chain management (corresponds to GRI 204: Procurement practices, GRI 308: Supplier Environmental Assessment and GRI 414: Supplier Social Assessment)		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	4.1 Responsible supply chain management
GRI 204: Procurement practices	204-1 Proportion of expenditure on local suppliers	4.1 Responsible supply chain management
Excellence in our products and services (corresponds to GRI 417: Marketing and labelling)		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	4.2 Quality and excellence in our products and services

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GRI Standard	Content	Page number or direct response
GRI 417: Marketing and labelling	417-2 Incidents of non-compliance concerning product and service information and labelling	Soltec has not identified any non-compliance in this area.
Promotion of the circular economy and efficient resource management (corresponds to GRI 301: Materials, GRI 302:Energy, GRI 303: Water and GRI 306: Waste)		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	4.3 Environmental commitment
GRI 301-1:Materials	301-1 Materials used by weight or volume	4.3 Environmental commitment
GRI 302: Energy	302-1 Energy consumption within the organisation	4.3 Environmental commitment
GRI 303: Water	303-3:Water withdrawal	4.3 Environmental commitment
GRI 306: Waste	306-3 Waste generated	4.3 Environmental commitment
Contribution to the energy transition and the deployment of renewable energies		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	1. Our business
Reduction of the carbon footprint of our operations (corresponds to GRI 305:Emissions)		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	4.3 Environmental commitment
GRI 305:Emissions	305-1 Direct GHG emissions (Scope 1)	4.3 Environmental commitment
	305-2 Indirect GHG emissions from energy generation (Scope 2)	4.3 Environmental commitment
Minimization of impacts on land and biodiversity (corresponds to GRI 304:Biodiversity)		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	4.3 Environmental commitment
GRI 304: Biodiversity	304-2 Significant impacts of activities, products and services on biodiversity	4.3 Environmental commitment

A.VI SASB table

Material issue	SASB Code	Metric	Response from Soltec
Energy management in manufacturing	RR-ST-130a.1	Total energy consumed (GJ) (electricity + fuels)	4.3 Environmental commitment ('Energy sustainability and the fight against climate change' section)
		Percentage share of grid electricity in total energy consumption	4.3 Environmental commitment ('Energy sustainability and the fight against climate change' section)
		Share of renewable energy in Share of renewable energy intotal energy consumption	4.3 Environmental commitment ('Energy sustainability and the fight against climate change' section)
Water management in manufacturing	RR-ST-140a.1	Total water withdrawn and total water consumed, percentage of each in regions under water stress	Total volume of water consumed 4.3 Environmental commitment ('Responsible water management' section) Total volume of water withdrawn and % in water-stressed regions The company does not currently have this indicator. However, water consumption is, among all environmental aspects, the least level of materiality for Soltec.
		RR-ST-140a.2	Description of water management and the strategy and practices in place to mitigate potential water risks to the company
Hazardous waste management	RR-ST-150a.1	Amount of hazardous waste generated and percentage recycled	4.3 Environmental commitment ('Efficient use of materials and promotion of the circular economy' section)
	RR-ST-150a.2	Number and aggregate quantity of spills and quantity recovered	4.3 Environmental commitment ('Efficient use of materials and promotion of the circular economy' section)
Ecological impacts of project development	RR-ST-160a.1	Number and duration of delays due to ecological impacts	During 2021, there were no delays owing to ecological impacts.
	RR-ST-160a.2	Description of efforts made to minimize ecological and community impacts during the development of solar energy system projects.	4.3 Environmental commitment ('Biodiversity protection' section)

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KEY MILESTONES FOR SOLTEC IN 2021

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Material issue	SASB Code	Metric	Response from Soltec
Management of energy infrastructure integration and related regulations	RR-ST-410a.1	Description of the risks associated with integrating solar energy into the existing energy infrastructure and measures developed to mitigate these risks.	Solar energy, like all renewable energy, is intermittent. The electricity system takes these intermittences into account and foresees in its models the generation that will occur during the following hours and days. In addition, it expects other plants that can regulate their output to compensate for drops in production in renewable energy plants. In recent years, batteries have been integrated into the system to compensate for hours with lower renewable energy production. Their costs have fallen significantly in recent years and they are becoming increasingly competitive. In addition, other renewable management systems such as hydro pumping or green hydrogen (produced with renewable energy) have the potential to regulate the intermittency of solar energy. In the future, in combination with distributed generation, these systems will form a very robust electricity system capable of meeting the challenges of the system.
	RR-ST-410a.2	Description of the risks and opportunities associated with energy policy and its impact on the integration of solar energy into the energy infrastructure.	Energy policy has a major impact on the electricity system and specifically on the implementation of renewable energies. States set grid connection conditions, environmental requirements, and organise auctions that stabilise investments in this type of energy. A long-term and stable energy policy is best. Subsidies are not required and auctions are less and less necessary, as long as regulatory stability is guaranteed. Fortunately, the climate crisis and the Paris agreements, coupled with the global economic and pandemic crisis, make it clear that renewables are part of the solution to the problem.

Material issue	SASB Code	Metric	Response from Soltec
End-of-life management	RR-ST-410b.1	Percentage of products sold that are recyclable or reusable	4.3 Environmental commitment ('Efficient use of materials and promotion of the circular economy' section)
	RR-ST-410b.2	Weight of recovered end-of-life material and percentage recycled	4.3 Environmental commitment ('Efficient use of materials and promotion of the circular economy' section)
	RR-ST-410b.3	Percentage of products by revenue containing reportable substances according to IEC 62474, arsenic compounds, antimony compounds or beryllium compounds	0%
	RR-ST-410b.4	Description of approach and strategy used to design products with high recycling value	4.3 Environmental commitment ('Efficient use of materials and promotion of the circular economy' section)
Supply of materials	RR-ST-440a.1	Description of the management of risks associated with the use of critical materials	4.3 Environmental commitment ('Efficient use of materials and promotion of the circular economy' section)

