

REPORT OF THE APPOINTMENTS AND REMUNERATION COMMITTEE OF SOLTEC POWER HOLDINGS, S.A. IN RELATION TO THE PROPOSAL TO AMEND THE REMUNERATION POLICY FOR DIRECTORS

1. INTRODUCTION AND PURPOSE OF THE REPORT

This report has been prepared by the Appointments and Remuneration Committee of the Board of Directors of Soltec Power Holdings, S.A. ("**Soltec**" or the "**Company**"), at its meeting held on 4 May 2023, to justify and explain the proposed amendment to the Company's Directors' remuneration policy submitted to the Board of Directors, the full text of which is attached, in accordance with the provisions of Article 529 *novodecies* of the consolidated text of the Corporate Enterprises Act approved by Royal Legislative Decree 1/2010, of 2 July (hereinafter, the "**Corporate Enterprises Act**") and Article 15.5(viii) of Soltec's Board Regulations.

It is expressly noted for the record that the proposed amendment to the Directors' remuneration policy (the "**Remuneration Policy**") must be submitted for approval at the Company's next General Shareholders' Meeting. For this purpose, and in accordance with the provisions of Articles 518 and 529 *novodecies* of the Corporate Enterprises Act, this report will be made available to the shareholders on the Company's corporate website and will be published on the website without interruption from the date of publication of the notice convening the meeting until the holding of the aforementioned General Shareholders' Meeting. Shareholders may also request free delivery or dispatch.

2. RATIONALE FOR THE PROPOSAL

The Appointments and Remuneration Committee has carried out a review of the current Remuneration Policy, which was approved by the General Shareholders' Meeting on 23 June 2022, with particular emphasis on four areas:

- (i) the update of the maximum annual fixed remuneration of all directors in their capacity as such and the forecast update of their individual annual fixed allowance for 2024 in accordance with the Consumer Price Index ("**CPI**");
- (ii) the alignment of the Executive Director's annual fixed remuneration with market standards;
- (iii) the introduction of a new annual variable cash remuneration scheme applicable to the Executive Director and other management and key employees of Soltec and its group ("**Annual Bonus Plan**"); and
- (iv) consistent with the previous point, the reversal of the amendments to the system of multi-year variable remuneration in shares applicable to the Executive Director and the rest of the management and other key employees of Soltec and its group (the "**Incentive Plan**") contained in the current Remuneration Policy.

3. REASONS FOR THE MAIN CHANGES IN THE NEW REMUNERATION POLICY

3.1 UPDATE OF THE FIXED ANNUAL ALLOWANCE OF THE DIRECTORS IN THEIR CAPACITY AS SUCH

It is proposed that the fixed individual annual allowance of each director, based on the positions held within the Board of Directors and its committees, be revised for 2024 in accordance with the variation experienced by the CPI or the index that replaces it for the twelve months prior to January 2024, an amount that will remain unchanged for 2025. In any case, the combined amount of the fixed individual allowance resulting from such revision may not exceed the maximum amount of 370,000 euros per year for 2024 and 2025.

3.2 UPDATE OF THE EXECUTIVE DIRECTOR'S ANNUAL FIXED REMUNERATION

Based on the advice of AON, an independent consultant specialised in the remuneration of directors and senior executives, and taking into account companies comparable to the Company, the Appointments and Remuneration Committee proposes to update the fixed annual remuneration of the Executive Director as set out in the Remuneration Policy, to 310,000 euros per year, which will place his fixed remuneration at the 50th percentile compared to the 10th percentile, which is the amount that the Executive Director is currently entitled to receive.

Similarly, the Appointments and Remuneration Committee proposes to take into account the inflationary environment and to introduce a clause for the annual update of the fixed annual remuneration of the Executive Director, as from January 2024, in accordance with the changes of the CPI or the index that replaces it during the twelve months preceding the date of each update.

3.3 INCLUSION OF AN ANNUAL VARIABLE REMUNERATION (“ANNUAL BONUS PLAN”)

The Appointments and Remuneration Committee proposes to include in the Remuneration Policy an annual variable component in the remuneration of the Executive Director, consisting of the payment of a cash amount, the target amount of which will be 108,500 per year, based on professional performance and the achievement of previously pre-established targets in order to evaluate the creation of value for the Company, explaining the methods to be applied to determine the extent to which the individual targets have been achieved. Payment of the annual variable remuneration will be subject to a 120-day Vesting Period. This annual variable remuneration system will apply not only to the Executive Director, but also to all senior executives and other key employees designated for this purpose or whose contracts provide for the right to receive annual variable remuneration.

The annual variable allowance is based on the principles of the Remuneration Policy and will therefore have specific, predetermined, quantifiable and measurable targets, linked to variables that are related to performance and to financial and non-financial factors, consistent with the Company's strategy and promoting its long-term sustainability and profitability. Specifically, we propose that these targets be the same individual targets, the achievement of at least 75% of which is a condition for the Executive Director to receive Soltec shares under the multi-year incentive plan.

The Appointments and Remuneration Committee also proposes that, from January 2024, the target reference amount for the Executive Director's annual variable remuneration be revalued each year in line with the changes in the Consumer Price Index or its successor over the twelve months preceding each update date.

3.4 REVIEW OF THE INCENTIVE PLAN

In line with the proposal set out in the previous section, the Appointments and Remuneration Committee proposes to undo the changes to the Incentive Plan applicable to the Executive Director, as reflected in the current Remuneration Policy approved by the General Shareholders' Meeting on 23 June 2022, by restoring it to its initial configuration prior to this amendment, and making other minor changes, which are as follows:

- (i) Consolidate the multi-year variable remuneration in the amount originally provided for in the Incentive Plan in force until June 2022, regrouping the part of the Incentive to be paid to the beneficiaries of the plan in cash as annual variable remuneration (for an amount not exceeding 30% of the maximum annual reference amount) together with the remaining amount of the Incentive to be received in shares at the end of each cycle of the Incentive Plan;
- (ii) Update the minimum score in the Executive Director's Performance Assessment, which will be 70 out of 100;
- (iii) Establish that the Executive Director's Performance Assessment score will be determined based on the simple arithmetic mean of the scores assigned to the Executive Director by (i) the Board of Directors (following a report from the Appointments and Remuneration Committee) and (ii) the Steering Committee.
- (iv) Provide that the Board of Directors, acting on a report from the Appointments and Remuneration Committee, will be responsible for monitoring the achievement of individual targets under the Target-based Assessment.

4. PERIOD OF VALIDITY

In accordance with the provisions of Article 529 *novodecies* of the Corporate Enterprises Act, the Company will apply this amendment to the Remuneration Policy from the date of its approval by the General Shareholders' Meeting and during 2023 and the following two years (i.e. 2024 and 2025), unless the General Shareholders' Meeting of the Company resolves to amend or replace it during this period in accordance with the provisions of prevailing legislation.

5. CONCLUSION

In view of the foregoing, the Appointments and Remuneration Committee of Soltec submits this proposal to the Board of Directors of the Company, in accordance with the provisions of Article 529 *novodecies* of the Corporate Enterprises Act, so that the latter, in turn, may submit it to the General Shareholders' Meeting for approval.

In Molina de Segura, 4 May 2023



ANNEX

Remuneration Policy of the Company

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