



**ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES  
*TRANSLATION FOR INFORMATION PURPOSES ONLY***

**IDENTIFICATION OF USER**

**Ending date of reference financial period ended December 31, 2020**

**CIF: A05556733**

**Registered Name: SOLTEC POWER HOLDINGS, S.A.**

**Registered office: C/ GABRIEL CAMPILLO CONTRERAS S/N, 30500 MOLINA DE SEGURA, MURCIA**

**A. CAPITAL STRUCTURE**

**A.1 Complete the following table on the company's share capital:**

Date of last change	Share capital (€)	Number of shares	Number of voting rights
27/10/2020	22,846,679.25	91,386,717	91,386,717

*Indicate whether there are different classes of shares with different rights attaching thereto:*

Yes

No

**A.2 Provide details of direct and indirect holders of significant shareholdings in the company at year end, excluding directors:**

Name or corporate name of shareholder	% shares carrying voting rights		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
JOSÉ FRANCISCO MORENO RIQUELME	0.00	42.27	0.00	0.00	42.27
SANTANDER ASSET MANAGEMENT, S.A., SGIIC	0.00	3.44	0.00	0.00	3.44
SCHROEDERS PLC	0.00	3.22	0.00	0.00	3.22

*Breakdown of indirect holding:*

Name or company name of the indirect holder	Name or company name of the direct holder	% voting rights attributed to shares	% voting rights through financial instruments	total % of voting rights
JOSÉ FRANCISCO MORENO RIQUELME	GRUPO CORPORATIVO SEFRAN S.L.	42.27	0.00	42.27
SCHROEDERS PLC	SCHROEDER INVESTMENT MANAGEMENT SWITZERLAND AG	0.01	0.00	0.01
SCHROEDERS PLC	SCHROEDER INVESTMENT MANAGEMENT NORTH AMERICA LIMITED	0.07	0.00	0.07
SCHROEDERS PLC	SCHROEDER INVESTMENT MANAGEMENT LIMITED	3.14	0.00	3.14

Most significant movements
<p>SANTANDER ASSET MANAGEMENT, S.A., SGIIC Purchase of shares above the threshold of "significant shareholding" in the company 28/10/2020.</p> <p>SCHROEDERS PLC Purchase of shares above the threshold of "significant shareholding" in the company 10/11/2020.</p> <p>José Francisco Moreno Riquelme Purchase of shares above the threshold of "significant shareholding" in the company 27/11/2020.</p>

**A.3 Complete the following tables on the members of the company's board of directors who hold voting rights over shares of the company:**

Name or corporate name of director	% of shares carrying voting rights		% voting rights through financial instruments		% of total voting rights	% voting rights that can be transmitted through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR. RAÚL MORALES TORRES	0.01	19.58	0.00	0.00	19.59	0.00	0.00
MR. JOSÉ FRANCISCO MORALES TORRES	0.01	0.00	0.00	0.00	0.01	0.00	0.00

Total percentage of voting rights held by the Board of Directors	19.60
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*Breakdown of indirect holding:*

Name or corporate name of director	Name or corporate name social of the direct holder	% voting rights attributed to shares	% voting rights through financial instruments	total % of voting rights	% of voting rights that can be transmitted through financial instruments
No data					

**A.4** Indicate, if applicable, any family, commercial, contractual or corporate relationships between significant shareholders, to the extent they are known to the company, unless they are insignificant or result from the ordinary course of business, except those that are included in Section A.6:

Related name or corporate name	Type of relationship	Brief description
No data		

**A.5** If applicable, state the commercial, contractual or corporate relationships between significant shareholders and the company and/or its group, unless they are insignificant or result from the ordinary course of business:

Related name or corporate name	Nature of relationship	Brief description
MR. RAÚL MORALES TORRES	Corporate	Raúl Morales Torres is a significant shareholder and Chief Executive Officer and Chairman of the Board of Directors.

**A.6** Describe the relationships, unless insignificant for the two parties, between significant shareholders or shareholders represented on the Board and the directors, or their representatives, in the case of proprietary directors.

*Explain, where appropriate, how the significant shareholders are represented. Specifically, state those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders, or those linked to significant shareholders and/or companies in its group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and position of directors, or their representatives, as the case may be, of the listed company, who are, in turn, members of the Board of Directors or their representatives of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders.*

Name or corporate name of the director or representative	Name or corporate name of related significant shareholder	Name of the group company of the significant shareholder	Description of relationship / position
No data			

**A.7 State whether any shareholders' agreements affecting the company pursuant to Articles 530 and 531 of the *Ley de Sociedades de Capital* (Spanish Corporate Enterprises Act) have been reported to the company. If so, briefly describe them and list the shareholders bound by the agreement:**

Yes  
 No

**State whether the company is aware of any concerted actions among its shareholders. If so, provide a brief description:**

Yes  
 No

**If any of the abovementioned agreements or concerted actions have been modified or terminated during the year, please specify expressly:**

NA

**A.8 State whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the *Ley de Mercados de Valores* ("Spanish Securities Market Act"). If so, please identify them:**

Yes  
 No

**A.9 Complete the following tables on the company's treasury shares:**

*At year end:*

Number of direct shares	Number of indirect shares (*)	Total % of share capital
		0.00

(\*) Through:

Name or corporate name of the direct owner of the shareholding	Number of direct shares
No data	

Explain any significant changes during the year:

Explain any significant changes
Nothing to highlight

**A.10 Describe the terms and conditions and the duration of the authority currently in force given by the General Shareholders' Meeting to the Board of Directors to issue, repurchase, or dispose of treasury shares.**

<p>"The General Shareholders' Meeting, in its resolution of October 6, 2020, decided to empower the Board of Directors of the Company so that, to the fullest extent required by law and with express powers of substitution in favor of the Chief Executive Officer or any other director or proxy of the Company, to develop, formalize, execute and settle, as the case may be, the Executive Incentive Plan, which was approved by the General Shareholders' Meeting in the same act; adopting such resolutions and signing such documents, public or private, as may be necessary or convenient for its full effect, with the power even to correct, rectify, amend or supplement this resolution, and in general, to adopt such resolutions and carry out such actions as may be necessary or merely convenient for the successful completion of this resolution and the implementation, execution and liquidation of the Incentive Plan, including, by way of example and without limitation, the following powers:</p> <p>[...]</p> <p>(G) Draw up, sign and present as many communications and complementary documentation as may be necessary or convenient before any authority or body for the purposes of the implementation, execution or liquidation of the Incentive Plan.</p> <p>(H) To carry out any action, declaration or management before any agency or authority to obtain any authorization or verification necessary for the implementation, execution or liquidation of the Incentive Plan.</p> <p>(I) Drafting, signing, granting and, as the case may be, certifying any type of document related to the Incentive Plan, including, but not limited to, signing and modifying any contracts with entities that provide any services necessary or convenient for the development of the Incentive Plan.</p> <p>(J) To draft and publish all necessary or convenient announcements.</p> <p>(K) And, in general, to carry out as many actions and sign as many documents as may be necessary or convenient for the validity, effectiveness, implementation, development, execution, liquidation and successful completion of the Incentive Plan and of the previously adopted agreements.</p> <p>This agreement is made with no time limitation other than that deriving from the term of the Incentive Plan.</p> <p>Since the Incentive Plan consists of compensation to executives in the form of the Company's own shares,</p> <p>(K) includes a power for the Board of Directors to implement a plan to repurchase the Company's own shares in order to execute and settle the Incentive Plan.</p>
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**A.11 Estimated free float:**

	%
Estimated free float	31.00

**A.12 State whether there are any restrictions (bylaw, legislative, or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In particular, state the existence of any type of restriction that may inhibit a takeover attempt of the company through acquisition of its shares on the market, and those systems for the prior authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.**

- Yes  
 No

**A.13 State whether the shareholders acting at a general shareholders' meeting have approved the adoption of measures to neutralise a takeover bid pursuant to the provisions of Law 6/2007.**

- Yes  
 No

*If applicable, explain the measures adopted and the terms under which these restrictions will cease to apply:*

**A.14 State whether the company has issued securities that are not traded on a regulated EU market.**

- Yes  
 No

*If applicable, list the different classes of shares, if any, and the rights and obligations attaching to each class of shares:*

**B. GENERAL SHAREHOLDERS' MEETING**

**B.1 Indicate and, as applicable, describe any differences between the quorum established by the Spanish Corporate Enterprises Act (or "LSC" according to its acronym in Spanish) for General Shareholders' Meeting and that set by the company.**

- Yes  
 No

**B.2 State whether there are any differences in the company's manner of adopting corporate resolutions and the manner for adopting corporate resolutions described by the LSC and, if so, explain:**

- Yes  
 No

**B.3 State the rules for amending the company's Bylaws. In particular, indicate the majorities required to amend the bylaws and any provisions in place to protect shareholders' rights in the event of amendments to the bylaws.**

The rules for amending the bylaws and the majorities required to do so do not differ from those established in the Spanish Corporate Enterprises Act.

**B.4 Give details of attendance at General Shareholders' Meetings held during the year of this report and the two previous years:**

Date of general meeting	Attendance data				
	% physically present	% present by proxy	Electronic voting	Other	Total
28/07/2020	100.00	0.00	0.00	0.00	100.00
Of which, free float	0.00	0.00	0.00	0.00	0.00

**B.5 Indicate whether any item on the agenda of the General Shareholders' Meetings during the year has not been approved by the shareholders for any reason:**

Yes  
 No

**B.6 Indicate whether the Bylaws contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or on distance voting:**

Yes  
 No

**B.7 Indicate whether it has been established that certain decisions other than those established by Law exists that entail an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions that must be subject to the approval of the General Shareholders' Meeting.**

Yes  
 No

**B.8 State the address and method for accessing the company's website to find information on corporate governance and other information regarding General Shareholders' Meetings that must be made available to shareholders through the company's website.**

<https://soltecpowerholdings.com/corporate-governance/board-of-directors/>

<https://soltecpowerholdings.com/shareholders-and-investors/>

**C. STRUCTURE OF THE COMPANY'S MANAGEMENT**

**C.1 Board of Directors:**

**C.1.1 Maximum and minimum number of directors established in the Bylaws and the number set by the General Shareholders Meeting:**

Maximum number of directors	15
Minimum number of directors	5
Total number of directors set by the General Shareholders' Meeting	7

**C.1.2 Complete the following identifying the members of the Board:**

Name or corporate name of director	Representative	Director category	Position on the Board	First appointment date	Last appointment date	Election procedure
MR. RAÚL MORALES TORRES		Executive	CHAIRMAN-MANAGING DIRECTOR	06/10/2020	06/10/2020	RESOLUTION AT GENERAL SHAREHOLDERS' MEETING
MR. MARCOS SÁEZ NICOLÁS		External proprietary director	DIRECTOR	06/10/2020	06/10/2020	RESOLUTION OF AT GENERAL SHAREHOLDERS' MEETING
MR. JOSÉ FRANCISCO MORALES TORRES		External proprietary director	DIRECTOR	06/10/2020	06/10/2020	RESOLUTION AT GENERAL SHAREHOLDERS' MEETING
MS. MARINA MORENO DÓLERA		External proprietary director	DIRECTOR	06/10/2020	06/10/2020	RESOLUTION AT GENERAL SHAREHOLDERS' MEETING
MS. NURIA ALIÑO PÉREZ		Independent	DIRECTOR	06/10/2020	06/10/2020	RESOLUTION AT GENERAL SHAREHOLDERS' MEETING
MR. FERNANDO CABALLERO DE LA SEN		Independent	INDEPENDENT COORDINATING DIRECTOR	06/10/2020	06/10/2020	RESOLUTION AT GENERAL SHAREHOLDERS' MEETING
MS. MARÍA SICILIA SALVADORES		Independent	DIRECTOR	06/10/2020	06/10/2020	RESOLUTION AT GENERAL SHAREHOLDERS' MEETING

Total number of directors	7
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*State if any directors, whether through resignation, dismissal, or any other reason, have left the Board during the period subject to this report:*

Name or corporate name of director	Director category at time of leaving	Date of last appointment	Date director left	Specialized committees of which he/she was a member	Indicate whether the director left before the end of term
No data					

<p>Cause of termination, if before the end of the term of office and other observations; information on whether the director has sent a letter to the other members of the board and, in the case of termination of non-executive directors, explanation or opinion of the director who has been removed by the general meeting.</p>
<p>There have been no resignations or dismissals during the period under review.</p>

**C.1.3 Complete the following tables regarding the members of the Board and their categories:**

EXECUTIVE DIRECTORS		
Name or corporate name of director	Position held in the company's organization chart	Profile
MR. RAÚL MORALES TORRES	Chief Executive Officer	Raúl Morales is the founder and CEO of Soltec. For more than a decade, he has led Soltec to be one of the largest manufacturers and suppliers of single-axis solar trackers. With vast experience in the solar photovoltaic industry, Morales combines his passion for renewable energy with a commitment to driving productivity through innovation and attracting talent.

Total number of executive directors	1
% of total board	14.29

EXTERNAL PROPRIETARY DIRECTORS		
Name or corporate name of director	Name or corporate name of the significant shareholder represented, or which has proposed their appointment	Profile
MR. JOSÉ FRANCISCO MORALES TORRES	VALUETEAM S.L.	José Francisco M. Torres is the founder of Seguidores Solares Planta 50 S.L., dedicated to the production of photovoltaic energy and specialist advisor to companies in the renewable sector. He is an economist and has 42 years of experience in the tax and accounting sector. His extensive experience makes him a good candidate to be an advisor to Soltec Power Holdings.
MR. MARCOS SÁEZ NICOLÁS	SEFRAN GRUPO CORPORATIVO S.L.	Marcos Sáez is CEO of Zukán S.L.U. During his more than 20 years of experience, Sáez has worked as CFO of Soltec for 14 years, where he managed to give a great boost to the company's sales. He has also worked as a consultant or CFO for the companies of Grupo Corporativo Sefran S.L.
MS. MARINA MORENO DOLERA	SEFRAN GRUPO CORPORATIVO S.L.	Marina Moreno has more than 5 years of experience in positions of responsibility in financial departments. Moreno has worked at Soltec as a financial analysis collaborator and remains as an advisor to Zukán S.L.U. on organizational and sustainability aspects. At Zukán she has also worked in the operations, logistics, production and financial departments.

Total number of proprietary directors	3
% of the Board	42.86

EXTERNAL INDEPENDENT DIRECTORS	
Name or corporate name of director	Profile
MR. FERNANDO CABALLERO DE LA SEN	Fernando Caballero is General Manager responsible for AON's Risk Consulting Services and Solutions in Spain. He is also in charge of coordinating the AGCR initiatives in LATAM and Portugal and has more than 8 years of experience with the big four accounting and consulting firms. Caballero is also a proactive member of the Institute of Internal Auditors in Spain.
MS. MARIA SICILIA SALVADORES	Maria Sicilia is the Director of Strategy at Enagás, a world leader in gas infrastructures, which is part of the IBEX35. She has worked at Iberdrola Renovables as head of regulatory affairs and market analysis and foresight for renewable energies in 23 countries and as Deputy Director General of Energy Planning at the Ministry of Industry, Energy and Tourism of the Government of Spain.
MS. NURIA ALIÑO PÉREZ	Nuria Aliño has extensive experience in investment banking with more than 20 years working in developed and developing markets. She has worked as a Managing Director at BBVA Corporate and Investment Banking and in 2016 she joined the World Bank Group. Currently, she works as specialist in Global Digital Finance in IFC- World Bank and is focus on its digital transformation.

Total number of independent directors	3
% of the Board	42.86

State whether any independent director receives from the company or any company in the group any amount or benefit other than compensation as a director or has or has had a business relationship with the company or any company in the group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

If applicable, include a statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name or corporate name of director	Description of the relationship	Statement of the Board
No data		

OTHER EXTERNAL DIRECTORS			
State any other external advisor and the reason why they cannot be considered proprietary or independent and its relationship with either the company, the directors or its shareholders:			
Name or corporate name of director	Reasons	Company, or director with which there is a relationship	Profile
No data			

Total number of independent directors	NA
% of the Board	NA

State, if applicable, any changes in category that have occurred during the period for each director:

Name or corporate name of director	Date of change	Previous category	Current category
No data			

**C.1.4 Complete the following table with information on the number of female directors at the closing of the past four years, as well as the category of each.**

	Number of female directors				% of directors for each category			
	Year 2020	Year 2019	Year 2018	Year 2017	Year 2020	Year 2019	Year 2018	Year 2017
Executives		NA	NA	NA	0.00	NA	NA	NA
Proprietary	1	NA	NA	NA	33.33	NA	NA	NA
Independent	2	NA	NA	NA	66.67	NA	NA	NA
Other External		NA	NA	NA	0.00	NA	NA	NA
Total	3	NA	NA	NA	42.86	NA	NA	NA

**C.1.5 State whether the company has diversity policies in relation to its Board of Directors on such questions as age, gender, disability and training and professional experience. In accordance with the definition set out in the Accounts Audit Act, small and medium-sized entities, will have to report at least the policy they have implemented in relation to gender diversity.**

- Yes  
 No  
 Partial policies

*If so, describe these diversity policies, their objectives, the measures, and way in which these have been applied and the results over the year. Also, indicate the specific measures taken by the Board of Directors and the appointments and remuneration committee to diverse presence of directors.*

*If the company does not apply a diversity policy, explain the reasons why.*

Description of the policies, objectives, measures and how they have been implemented, as well as the results achieved.
The constitution of the company's governing body was carried out in full compliance with the CNMV's Good Governance Recommendations regarding the minimum percentage of female directors, a percentage that is met and exceeded with the current composition of the Board (42.86%). Although there is no policy expressly drafted by the company, the Board has set itself the objective of achieving this result during the 2021 financial year.

**C.1.6 Explain the measures taken, if any, by the appointments committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors, and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates, and which makes it possible to achieve a balance between men and women.**

Explanation of measures
Due to the public listing in the last quarter of 2020, the Committee has not had the opportunity to implement measures in this regard. However, it is important to note that the company's internal culture has imposed a high level of gender diversity on both the Board and in Senior Management. Currently, and from the time of its formation, the composition of the Board includes 42.83% of female directors and a large presence of women among the company's senior management. There is no implicit bias preventing the inclusion of women in the aforementioned positions. The Appointments and Remuneration Committee will develop the aforementioned measures during the 2021 financial year.

*In the event that there are few or no female directors in spite of any measures adopted, explain the reasons that justify such a situation:*

Explanation of reasons
There are many female directors and senior managers.

**C.1.7 Explain the conclusions of the appointments committee regarding verification of compliance addressed to the appropriate composition of the Board of Directors.**

Given the recent constitution of the ARC, on October 6, 2020, the Commission is drafting internal procedures to carry out the implementation of the CNMV (Spanish Securities and Exchange Commission)'s Guide 1/2019.

In this regard, one of the ARC's missions for the 2021 fiscal year is to approve a recruitment policy to encourage the Company to have a significant number of female senior managers, although the Company already has many women at the head of key areas of the company's businesses.

**C.1.8 Explain, when applicable, the reasons for the appointment of any proprietary directors at the request of shareholders with less than a 3% equity interest:**

Name or corporate name of shareholder name of shareholder	Reason
No data	

*State whether the Board has failed to meet any formal requests for presence on the board received from shareholders whose equity interests is equal to or higher than that of others at whose request proprietary directors have been appointed. Where applicable, explain why these requests have been ignored:*

Yes

No

**C.1.9 State the powers delegated by the Board of Directors, as the case may be, to directors or Board committees:**

Name or corporate name of director or committee	Brief description
MR RAÚL MORALES TORRES	As Chief Executive Officer, Mr. Raúl Morales has been delegated all the powers attributed to the Company's governing body that are not of a non-delegable nature, and which have not been reserved to the full Board by law, the Company's bylaws or the Board of Directors Regulations.

**C.1.10 Identify, where appropriate, any members of the Board who are also directors, representatives of directors or officers in other companies that belong to the group of the listed company:**

Name or corporate name of director	Corporate name of the group company	Position	Does the Director have executive functions?
MR RAÚL MORALES TORRES	Soltec Energías Renovables S.L.	Sole Administrator	YES
MR RAÚL MORALES TORRES	Powertis S.A.	Member of the Board of Directors	NO
MR RAÚL MORALES TORRES	Soltec Innovations S.L.	Sole Administrator	YES

**C.1.11 List, where appropriate, any legal-person directors or representatives of legal-person directors of your company, who are members or representatives of legal-person members of the Board of Directors of other companies listed on official securities markets other than group companies, who have communicated that status to the company:**

Name or corporate name of director	Name of listed company	Position
No data		

**C.1.12 Indicate and, where applicable, explain whether the company has established rules on the maximum number of boards on which its directors may hold positions, identifying, where appropriate, where this is regulated:**

Yes  
 No

Explanation of the rules and identification of the document where it is regulated.
Directors may not sit on more than four Boards in addition to the Board of Directors of the Company.

**C.1.13 State the overall remuneration of the Board of Directors:**

Board remuneration in financial year (thousand euros)	76
Amount of vested pension interests for current directors (thousand euros)	
Amount of vested pension interests for former members (thousand euros)	

**C.1.14 Identify senior management staff who are not executive directors and their total remuneration accrued during the year:**

Name or corporate name	Position(s)
MS. ADA DE PAULA LAX PUIZ	Chief Marketing Officer
MR. EDUARDO DE SAN NICOLÁS JUÁREZ	Chief Strategy Officer
MR. JOSÉ FRANCISCO NÚÑEZ JIMÉNEZ	Chief Financial Officer
MS. MERITXELL PÉREZ DE CASTRO ACUÑA	Investor Relations Director
MR. PABLO OTÍN PINTADO	Business Unit General Manager Powertis
MR. SERGIO LÓPEZ OÑA	Business Unit General Manager Soltec Industrial
MS. SILVIA AMATERATSU DÍAZ DE LASPRA MORALES	Chief Legal Officer

Number of women in Senior Management	3
Percentage over the total members of Senior Management	42.85

Total senior management remuneration (thousand euros)	652
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**C.1.15 State whether the regulations of the Board of Directors have been amended during the financial year:**

Yes  
 No

**C.1.16 Specify the procedures for selection, appointment, re-election, and removal of directors. List the competent bodies, steps to follow and criteria applied in each procedure.**

The Board Members shall be appointed by the General Shareholders' Meeting or by the Board of Directors by co-optation, following a report from the Appointments and Remuneration Committee or, in the case of independent Board Members, at the proposal of the latter, in accordance with the provisions contained in the applicable regulations, the Company Bylaws and the Board of Directors Regulations. The Board of Directors shall endeavour to ensure that the selection of candidates is made by persons of recognized solvency, competence and experience, and shall be extremely rigorous in relation to those persons called

upon to fill the positions of independent Board Members. Before proposing the re-election of directors to the general meeting of shareholders, the board of directors shall evaluate, with the abstention of the parties concerned, the quality of the work and dedication to the position of the directors proposed during the previous term of office.

Directors shall leave their commitments when the term for which they were appointed has elapsed and when so decided by the general meeting of shareholders in exercise of the powers conferred upon it by law or the bylaws.

It is expected that during the 2021 fiscal year the Company will develop the director selection policy in accordance with the Governance Plan approved in 2021.

**C.1.17 Explain the extent to which the annual assessment of the Board has given rise to significant changes in its internal organization and to procedures applicable to its activities:**

Description of changes
Not applicable due to the short time the Board has been operating.

*Describe the assessment process and the areas assessed by the Board of Directors with the help, if any, of external advisors, regarding the operation and composition of the Board and its committees and any other area or aspect that has been assessed.*

Description of the assessment process and the assessed areas
NA

**C.1.18 Describe, in those years in which the external advisor has participated in the assessment, the business relationships that the external advisor or any group company maintains with the company or any other company in its group.**

N/A. The company plans to carry out this assessment at the end of the 2021 fiscal year.

**C.1.19 Indicate the circumstances under which directors are required to resign.**

- (i) When they cease to hold the executive positions with which their appointment as Board Member was associated.
- (ii) When they are involved in any of the cases of incompatibility or prohibition provided by law or by the bylaws.
- (iii) When they are seriously reprimanded by the board of directors for having breached their obligations as directors.
- (iv) When their continuance on the Board of Directors may jeopardize or damage the interests, credit or reputation of the Company or when the reasons for which they were appointed cease to exist, including, without limitation, when there are significant changes in their professional situation or in the conditions under which they were appointed to the Board.
- (v) When they are indicted or prosecuted in criminal proceedings or are the subject of disciplinary proceedings for serious or very serious misconduct conducted by the supervisory authorities.
- (vi) In the case of proprietary directors (i) when the shareholder they represent sells its entire shareholding interest or reduces it significantly and, (ii) in the corresponding number, when such

shareholder reduces its shareholding interest to a level that requires a reduction in the number of proprietary directors.

(vii) When, due to acts attributable to the director, his continuance on the Board of Directors causes serious damage to the Company's assets or reputation, in the opinion of the Board of Directors.

(viii) When they sit on more than four boards of directors of other companies (other than the Company).

**C.1.20 Are qualified majorities, other than those established by law, required for any specific decision?**

Yes

No

*If so, describe the differences.*

**C.1.21 Explain whether there are any specific requirements, other than those relating to directors, to be appointed as chairman of the Board of Directors:**

Yes

No

**C.1.22 State whether the Bylaws or the Regulations of the Board establish any limit as to the age of directors:**

Yes

No

**C.1.23 State whether the Bylaws or the Regulations of the Board establish any term limits for independent directors other than those required by law:**

Yes

No

**C.1.24 Indicate whether the Bylaws or the Regulations of the Board establish specific proxy rules for votes at Board meetings, how they are to be delegated and, in particular, the maximum number of proxies that a director may hold, as well as whether any restriction has been established regarding the categories of directors to whom proxies may be granted beyond the restrictions imposed by law. If so, briefly describe such rules.**

In accordance with the Board Regulations, the directors shall make every effort to attend the meetings of the Board of Directors and, when they are unable to do so in person, they shall grant their proxy in writing and on a special basis for each meeting to another member of the Board of Directors, including the appropriate instructions and informing the Chairman of the Board of Directors thereof. In the case of non-executive directors, they may only be represented by another member of the board of directors in the same capacity. Non-attendance of board members at meetings of the board of directors shall be quantified in the annual corporate governance report.

**C.1.25 Indicate the number of meetings held by the Board of Directors during the year, and if applicable, the number of times the Board met without the chairman present. Proxies granted with specific instructions shall be counted as attendance.**

Number of Board meetings	3
Number of board meetings without the chairman	0

Indicate the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings	0
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Indicate the number of meetings held during the year by the different Board Committees:

Number of meetings held by the Audit Committee	1
Number of meetings held by the Sustainable Development Committee	0
Number of meetings held by the Appointments and Remuneration Committee	0

**C.1.26 Indicate the number of meetings held by the Board of Directors during the year and the data on attendance by its members.**

Number of meetings with on-site attendance of at least 80% of directors.	3
% of on-site attendance over total votes during the year	100.00
Number of meetings with on-site attendance or representations by proxy made with specific instructions of all directors	3
% of votes cast with on-site attendance and representations by proxy made with specific instructions of all directors	100.00

**C.1.27 State whether the individual and consolidated financial statements submitted to the Board for approval are previously certified:**

- Yes  
 No

Identify, where applicable, the person(s) who certified the individual and consolidated financial statements of the company for their preparation by the Board:

**C.1.28 Explain any measures, if any, established by the Board of Directors to prevent the individual and consolidated financial statements prepared by the Board from being submitted to the General Shareholders' Meeting without being in accordance with accounting standards.**

The Board of Directors has delegated the supervision of the Company's financial and non-financial information to the Audit Committee and internal control mechanisms have been established, given that all financial and non-financial information proposed for approval by the Board is favorably reported and in advance by the Audit Committee. Likewise, the company's internal audit function, as part of its action plan, reviews the periodic financial and accounting information prior to its consolidation.

**C.1.29 Is the secretary of the Board also a director?**

- Yes  
 No

If the secretary is not a director, fill in the following table:

Name or company name of the secretary	Representative
MS. SILVIA AMATERATSU DÍAZ DE LASPRA MORALES	

**C.1.30 State, if any, the specific measures established by the company to ensure the independence of its external auditors, as well as, where appropriate, the measures established to ensure the independence of financial analysts, investment banks, and rating agencies, including how legal provisions have been implemented in practice.**

Independence of the external auditors

Points 14v and 14 vi of the Regulations of the Board of Directors establish the relations with the auditors to receive information on those matters that may jeopardize their independence, for examination by the Audit Committee, and any other matters related to the process of auditing the accounts and, where appropriate, the authorization of services other than those prohibited in the terms contemplated in the applicable regulations, as well as those other communications contemplated in the legislation on the auditing of accounts and in the remaining auditing standards. In any case, the audit committee shall receive annually from the auditors written confirmation of their independence from the Company and entities related to it, directly or indirectly, as well as detailed and individualized information on the additional services of any kind rendered and the corresponding fees received from these entities by the external auditor or by the persons or entities related to it, in accordance with the provisions of the legislation on auditing of accounts.

In this regard, a report shall be issued annually, prior to the audit report, expressing an opinion as to whether the independence of the auditors or audit firms is compromised. This report shall, in any case, express an opinion on the provision of the additional services referred to in the preceding paragraph, individually considered and as a whole, other than the statutory audit and in relation to the independence regime or to the regulatory audit regulations.

The Audit Committee's activity report includes an assessment of the independence of the external auditor, verifying that there are no grounds for incompatibility or abstention, as well as prohibitions, and that any threat to its independence has been correctly identified and assessed.

Independence of financial analysts, investment banks and rating agencies

The principles underlying the company's relationship with financial analysts and investment banks are based on transparency, simultaneity and non-discrimination, and always in strict compliance with the regulations governing the securities markets. Likewise, the company pays special attention not to compromise or interfere with the independence of financial analysts with respect to the services provided by investment banks, in accordance with the internal codes of conduct established by them and aimed at separating their analysis and advisory services.

**C.1.31 Indicate whether the Company changed its external auditor during the year. If so, identify the incoming auditor and outgoing auditor:**

- Yes  
 No

*If there has been any disagreement with the outgoing auditor, provide an explanation thereof:*

- Yes  
 No

**C.1.32 State whether the audit firm provides any non-audit services to the company and/or its group and, if so, the fees paid, and the corresponding percentage of total fees invoiced to the company and/or its group:**

Yes

No

	Company	Group companies	Total
Amount invoiced for non-audit services (thousand euros)	345	13	358
Amount of non-audit services / total amount invoiced by the audit firm (in %)	59.79	2.07	29.71

**C.1.33 State whether the auditor's report on the annual accounts for the preceding year contains a qualified opinion or reservations. If so, indicate the reasons given to shareholders by the chairman of the Audit Committee to explain the content and scope of such qualified opinion or reservations.**

Yes

No

**C.1.34 State the number of consecutive years the current audit firm has been auditing the individual and/or consolidated annual accounts of the company. Likewise, state the number of years audited by the current audit firm as a percentage of the total number of years that the annual accounts have been audited:**

	Individual	Consolidated
Number of consecutive years	1	6

	Individual	Consolidated
Number of years audited by current audit firm/Number of years the company or its group have been audited (%)	100.00	43.00

**C.1.35 Indicate and, if applicable, give details of any procedure whereby directors have the information necessary to prepare the meetings of the governing bodies with enough time:**

Yes

No

Description of the procedure
<p>The company sends the notices to the Board of Directors as far in advance as possible and in any case exceeding the minimum limit of three days established in the Board Regulations. Once the notices have been sent to the board or the committees, the company or the chairmen organize working meetings to identify all those aspects that require a higher level of information than that sent, or so that the directors can ask clarifying questions or request additional information to that provided. At all times, the company promotes contact between the board members and the company's senior management, so that the board members have a direct contrast between the information to be approved and the internal management. The board regulations provide the option for all board members to request specific advice for the performance of their duties. In addition, the Board of Directors ensures fluid advice and information through the Secretary and the legal counsel.</p>

**C.1.36 State whether the company has established rules whereby directors must provide information and, if applicable, resign, in circumstances that may damage the company's standing and reputation. If so, provide details:**

- Yes  
 No

Explain the rules
<p>The directors must place their position at the disposal of the board of directors and formalize, if the board deems it appropriate, the corresponding resignation in the following cases:</p> <p>(i) When they cease to hold the executive positions with which their appointment as Board Member was associated.</p> <p>(ii) When they are involved in any of the cases of incompatibility or prohibition provided by law or by the bylaws.</p> <p>(iii) When they are seriously reprimanded by the board of directors for having breached their obligations as directors.</p> <p>(iv) When their continuance on the Board of Directors may jeopardize or damage the interests, credit or reputation of the Company or when the reasons for which they were appointed cease to exist, including, without limitation, when there are significant changes in their professional situation or in the conditions under which they were appointed to the Board.</p> <p>(v) When they are indicted or prosecuted in criminal proceedings or are the subject of disciplinary proceedings for serious or very serious misconduct conducted by the supervisory authorities.</p> <p>(vi) In the case of proprietary directors (i) when the shareholder they represent sells its entire shareholding interest or reduces it significantly and, (ii) in the corresponding number, when such shareholder reduces its shareholding interest to a level that requires a reduction in the number of proprietary directors.</p>

**C.1.37 State whether any member of the Board of Directors has notified the company that he or she has been tried or notified that legal proceedings have been filed against him or her, for any offences described in Article 213 of the Corporate Enterprises Act:**

- Yes  
 No

**C.1.38 List the significant agreements entered into by the company that come into force, are amended or are terminated in the event of a change of control of the company following a takeover bid, and their effects.**

NA

**C.1.39 Identify individually for directors, and generally in other cases, and provide detail of any agreements made between the company and its directors, executives or employees containing compensation or golden parachute clauses in the event of resignation or dismissal or termination of employment without cause following a takeover bid or any other type of transaction.**

Number of beneficiaries	1
Beneficiary	Description of the agreement
Chief Executive Officer	In the event of a restructuring of the company or change of ownership that implies a change of control, whatever its form, the Chief Executive Officer, if he/she chooses to leave his/her position, shall be entitled to receive an indemnity equal to twice the amount of the last total annual compensation received, which shall include fixed compensation, variable compensation, long-term incentive plans and all rights and benefits that may have been established.

*State if these contracts have been communicated to and/or approved by the management bodies of the company or its group. If so, specify the procedures, expected events and nature of the bodies responsible for their approval or for communicating this:*

	Board of Directors	General Shareholders' Meeting
Body authorizing the clauses	√	

	Yes	No
Are these clauses notified to the General Shareholders' Meeting?	√	

## C.2 Committees of the Board of Directors

**C.2.1. Give details of all committees of the Board of Directors, their members and the proportion of executive, proprietary, independent and other external directors that comprise them:**

Audit Committee		
Name	Position	Category
MR. FERNANDO CABALLERO DE LA SEN	CHAIRMAN	Independent
MR. JOSÉ FRANCISCO MORALES TORRES	MEMBER	Proprietary
MS. NURIA ALIÑO PÉREZ	MEMBER	Independent

% of executive directors	0.00
% of proprietary directors	33.33
% of independent directors	66.67
% of other external	0.00

*Explain the functions, including, where appropriate, functions other than those provided for by law, exercised by this committee, and describe the rules and procedures it follows for its organization and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions attributed thereto by law, in the bylaws or other corporate resolutions.*

- Report to the general meeting of shareholders on matters within its competence and, in particular, on the outcome of the audit.
- To supervise the effectiveness of the internal control of the Company and its group, the internal audit and the financial and non-financial risk management systems, as well as to discuss with the auditor the significant weaknesses of the internal control system detected in the course of the audit, all of this without infringing its independence.
- Supervise the process of preparation and presentation of regulated and non-financial information and submit recommendations or proposals to the Board of Directors.
- Propose to the Board of Directors, for submission to the General Shareholders' Meeting, the selection, appointment, re-election or replacement of the auditors, in accordance with the applicable regulations, as well as the terms and conditions of their engagement, and to obtain regularly from him information on the audit plan and its execution, in addition to preserving his independence in the exercise of his functions.

- Establish the appropriate relationships with the auditors to receive information on those issues that may jeopardize their independence, for examination by the audit committee, and any other issues related to the process of auditing the accounts.
- Issue annually, prior to the statutory audit report, a report expressing an opinion as to whether the independence of the auditors or audit firms is compromised. This report shall, in any case, express an opinion on the rendering of the additional services referred to in the preceding paragraph, individually considered and as a whole, other than the statutory audit and in relation to the independence regime or to the regulatory audit regulations.
- Report, in advance, to the Board of Directors on all matters provided for in the Law, in the Company's bylaws and in the Regulations of the Board of Directors and, in particular, on: (i) the financial information that the Company must periodically make public; (ii) the creation or acquisition of interests in special purpose entities or entities domiciled in countries or territories that are considered tax havens and (iii) transactions with related parties.
- Supervise the Company's internal audit activity, supervising the internal audit plan and verifying that the main financial and non-financial risk areas of the business have been considered in said plan.
- In relation to the information and internal control systems: (a) supervise the preparation process and the integrity of the financial information relating to the Company and, where appropriate, the group; (b) ensure the independence of the unit that assumes the internal audit function, propose the selection, appointment, reappointment and removal of the head of the internal audit service, ; receive periodic information on the execution of the annual work plan, and (c) establish and supervise a mechanism that allows employees or other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report, confidentially or anonymously, any potentially significant irregularities, including financial, accounting or any other type of irregularities related to the company that they may notice within the Company or its group. This mechanism must guarantee confidentiality and, in any case, provide for cases in which communications may be made anonymously, respecting the rights of the whistle-blower and the reported party.
- In relation to the external auditor: (a) in the event of resignation, to examine the circumstances that may have caused it; (b) to ensure that its compensation does not compromise its quality or independence; (c) to supervise that the Company communicates through the CNMV the change of auditor and accompanies it, if applicable, with a statement on the possible existence of disagreements with the outgoing auditor and their content; (d) to ensure that the external auditor is not removed from the Board of Directors; (e) to ensure that the external auditor's remuneration does not compromise its quality or independence; (f) to ensure that the external auditor's independence is not compromised; (g) to ensure that the Company and the external auditor comply with current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, other regulations on auditor independence. Ensure that the annual accounts that the Board of Directors submits to the General Shareholders' Meeting are prepared in accordance with accounting regulations and that in those cases in which the auditor has included a qualification in its audit report, the Chairman of the Audit Committee clearly explains to the General Shareholders' Meeting the Audit Committee's opinion on the content and scope of such qualification.

To summon any employee or officer of the Company, and even order them to appear without the presence of any other officer.

- Review that the financial and non-financial information published on the Company's corporate website is permanently updated.
- Periodically evaluate the need for an independent area for risk control and management.

- Define the procedure for the selection of the auditor.

For additional information, please refer to the annual report of the audit committee, which will be published on the company's website.

*Identify the directors who are members of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date that the chairman of this committee was appointed.*

Name of director with experience	MR. JOSÉ FRANCISCO MORALES TORRES / MS. NURIA ALIÑO PÉREZ
Date of appointment of the chairman in office	06/10/2021

Sustainable Development Commission		
Name	Position	Category
MS. NURIA ALIÑO PÉREZ	CHAIRMAN	Independent
MS. MARIA SICILIA SALVADORES	MEMBER	Independent
MS. MARINA MORENO DÓLERA	MEMBER	Proprietary

% of executive directors	0.00
% of proprietary directors	33.33
% of independent directors	66.67
% of other external directors	0.00

*Explain the functions, including, where appropriate, functions other than those provided for by law, exercised by this committee, and describe the rules and procedures it follows for its organization and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions attributed thereto by law, in the bylaws or other corporate resolutions.*

- Supervision of compliance with the Company's corporate governance rules and internal codes of conduct, as well as ensuring that the corporate culture is aligned with its purpose and values.
- Supervision of the application of the general policy regarding the communication of economic-financial, non-financial and corporate information as well as communication with shareholders and investors, proxy advisors and other stakeholders. Likewise, the way in which the Company communicates and relates with small and medium-sized shareholders shall be monitored.
- Evaluation and periodic review of the corporate governance system and the company's environmental and social policy, so that they fulfill their mission of promoting the social interest and take into account, as appropriate, the legitimate interests of other stakeholders.
- Monitoring that the company's environmental and social practices are in line with the strategy and policy.
- Monitoring and evaluation of the relationship processes with the different stakeholders.
- To monitor the Company's performance in the area of corporate reputation and report thereon to the Board of Directors when appropriate.

- Report, prior to its approval, the annual corporate governance report and the Company's statement of non-financial information. To this end, obtaining the necessary reports, as the case may be, from the audit committee and the appointments and remuneration committee in relation to the sections of said report that fall within its competencies.
- Reporting on proposed amendments to the Board of Directors Regulations and the Code of Ethics.
- Issue the reports and develop the actions that, in its area of competence, correspond to it, additionally, in accordance with the corporate governance system or as requested by the board of directors or its chairman.
- Assume the functions attributed to him/her in the code of ethics.

Appointments and Remuneration Committee		
Name	Position	Category
MS. MARIA SICILIA SALVADORES	CHAIRMAN	Independent
MR. FERNANDO CABALLERO DE LA SEN	MEMBER	Independent
MS. NURIA ALIÑO PÉREZ	MEMBER	Independent

% of executive directors	0.00
% of proprietary directors	0.00
% of independent directors	100.00
% of other external directors	0.00

*Explain the functions, including, where appropriate, functions other than those provided for by law, exercised by this committee, and describe the rules and procedures it follows for its organization and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions attributed thereto by law, in the bylaws or other corporate resolutions.*

- Evaluate the skills, knowledge and experience required on the board of directors. To this end, it shall define the functions and skills required of the candidates to fill each vacancy and evaluate the time and dedication necessary for them to effectively perform their duties, taking into account a previously prepared competency matrix defining the most appropriate functions, skills, knowledge and experience for the same.
- Analyze the other occupations of each director of the Company, ensuring that the directors devote sufficient time in practice and, if this is not the case, propose appropriate measures.
- Establish a representation target for the underrepresented gender on the board of directors and develop guidance on how to achieve this target.
- To submit to the Board of Directors proposals for the appointment of independent directors for appointment by cooptation or for submission to the decision of the General Shareholders' Meeting, as well as proposals for the re-election or removal of such directors by the General Shareholders' Meeting.
- Report the proposals for appointment of the remaining directors for their appointment by cooptation or for their submission to the decision of the general meeting of shareholders, as well as the proposals for their re-election or removal by the general meeting of shareholders.
- To report on proposals for the appointment, reappointment and removal of management personnel and the basic conditions of their contracts.

- Examine and organize the succession of the chairman of the board of directors and the chief executive of the Company and, if appropriate, make proposals to the board of directors so that such succession occurs in an orderly and planned manner, consulting with the presiding director of the Company, and involving the coordinating director, if any, and provided that he is not a member of the appointments and compensation committee.
- Propose to the Board of Directors the remuneration policy for directors and general managers or those who perform their duties as executive personnel reporting directly to the Board of Directors, Executive Committees or Chief Executive Officers, as well as the individual remuneration and other contractual conditions of the executive directors, verifying and ensuring their observance.
- Ensuring compliance with the Company's compensation policy.
- Periodically review the remuneration policy applied to directors and senior managers, including share-based compensation systems and their application, and ensure that their individual remuneration is proportionate to that paid to other directors and senior managers.
- Propose to the board of directors a policy for the selection of directors and, where appropriate, senior management, which should include the following measures that encourage the company to have a significant number of senior managers.
- Ensure that possible conflicts of interest do not impair the independence of the external advice provided to the Commission.
- Verify the information on remuneration of directors and senior management contained in the various corporate documents, including the annual compensation report.

For additional information, please refer to the annual report of the Appointments and Remuneration Committee, which will be published on the company's website.

**C.2.2. Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:**

	Number of female directors							
	Year 2020		Year 2019		Year 2018		Year 2017	
	Number	%	Number	%	Number	%	Number	%
Audit Committee	1	33.33	NA	NA	NA	NA	NA	NA
Sustainable Development Committee	3	100.00	NA	NA	NA	NA	NA	NA
Appointments and Remuneration Committee	2	66.67	NA	NA	NA	NA	NA	NA

**C.2.3. Indicate, where appropriate, the existence of regulation of the committees of the board, the place where they are available for consultation, and the modifications that have been made during the year. In turn, it will be indicated if an annual report on the activities of each committee has been voluntarily prepared.**

The committees, their composition, functions and organization are regulated in the Regulations of the Board of Directors. The three committees have prepared annual activity reports for the year 2020.

**D. LINKED OPERATIONS AND INTRAGROUP OPERATIONS**

**D.1 Explain, where appropriate, the procedure and competent bodies for the approval of transactions with related parties and intercompany.**

The approval of transactions with related parties and intra-group transactions requires a prior favorable report from the Audit Committee and subsequent approval by the full Board of Directors, which is a non-delegable power.

The Audit Committee shall issue an annual report, attached to the Financial Statements, on the related-party and intragroup transactions submitted for analysis by the Committee itself. For the 2021 financial year, the company plans to develop an internal procedure that complements the regulations for the management by the audit committee of related-party transactions.

**D.2 Detail those significant transactions, by their amount or relevance because of their subject matter, carried out between the company or entities of their group, and the significant shareholders of the company.**

Name or corporate name of significant shareholder	Name or corporate name of the company or its group company	Nature of the relationship	Type of transaction	Amount (thousand euros)
GRUPO CORPORATIVO SEFRAN, S.L.	Soltec Power Holdings S.A.	Contractual	Financing agreements: loans	2,650
GRUPO CORPORATIVO SEFRAN S.L.	Soltec Power Holdings S.A.	Contractual	Interest paid	1,201

Nothing to highlight

**D.3 State any transactions that are significant because of their amount or relevant because of their subject matter, carried out between the company or its group companies, and the directors or managers of the company:**

Name or corporate name of directors or officers	Name or company name of the company or group entity	Link	Nature of the operation	Amount (thousands of euros)
No data				NA

Nothing to highlight

**D.4 Report any material transactions carried out by the company with other entities belonging to the same group, provided that these are not eliminated in the preparation of the consolidated financial statements and do not form part of the company's ordinary business activities in terms of their purpose and conditions.**

**In any case, list any intragroup transaction conducted with entities in countries or territories which are considered tax havens:**

Corporate name of the entity in your group	Brief description of the operation	Amount (thousands of euros)
No data		NA

There were no unusual transactions or transactions outside the normal course of business with relevant related companies during 2020 other than those disclosed in point D3 above.

**D.5 List any material transactions between the company or its group companies and other related parties, not recorded under the previous items.**

Name of related party	Brief description of transaction	Amount (thousand euros)
No data		NA

**D.6 List the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management or significant shareholders.**

The Regulations of the Board of Directors expressly establish a mechanism for identifying and resolving conflicts, which is detailed in Article 29. However, the company plans to develop a more detailed procedure on this matter in its 2021 governance plan.

**D.7 Indicate whether the company is controlled by another entity within the meaning of Article 42 of the Code of Commerce, whether listed or not, and has, directly or through its subsidiary companies, business relationships with such entity or any of its subsidiaries (other than those of the listed company) or carries out activities related to those of any of them.**

- Yes  
 No

**E. RISK CONTROL AND MANAGEMENT SYSTEMS**

**E.1 Explain the scope of the Company's Risk Control and Management System, including the system for managing tax risks.**

Soltec Group's risk management is linked to the responsible development and growth of the Group's companies with the objective of maintaining its relevant position and leadership in the global photovoltaic energy market.

The main objective of risk management is to identify, define and quantify all business risks in order to apply optimal mitigating measures to eliminate or reduce the probability and/or severity of identified threats, as well as to take advantage of opportunities, allowing the Soltec Group to develop its business and grow in a sustainable manner, making informed and consistent decisions.

Risk management is an inherent activity in each and every process of the Soltec Group, where all departments of the Group's companies collaborate in the daily control of risks. Additionally, in a second line of control, there is a risk management department, with periodic committees, which effectively monitors and systematizes the activity. As a third line of control, there is an internal audit department to ensure the correct operation of the Group's companies.

In the tax area, in 2020 the company obtained certification from Aenor for compliance with the UNE 19602 standard, so that risk control in tax matters is optimal.

In addition, the company has been certified in 2020 for compliance with the UNE 19601 standard on the prevention of criminal risks.

The company plans, through the committees and with the prior approval of the board, to implement internal procedures that provide transparency in risk management in the company, this being an essential matter for the company.

**E.2 Identify the company's bodies responsible for creating and executing the Risk Control and Management System, including the system for managing tax risks:**

Board of Directors: In accordance with the provisions of the LSC, risk management is a non-delegable matter attributed to the full Board of Directors.

Audit Committee: As established in the Board Regulations, risk management is a matter of responsibility of the Audit Committee, in accordance with Article 14.4 (ii) of the aforementioned text.

Risk Management Committee The Risk Management Committee consists of a permanent internal body of an informative and executive nature that will discuss and reach agreements in relation to risk management and insurance at corporate level, in offers and in projects, as well as other issues of a strategic nature in relation to risk management with the objective of guaranteeing the sustainability of Soltec. In addition, it will ensure the creation of mechanisms that promote risk management in all company processes with the aim of guaranteeing Soltec's sustainability and solvency.

Investment Committee: The Investment Committee is a permanent internal body of an informative and executive nature that will discuss and reach agreements regarding investment initiatives at the corporate level, with the objective of seeking the profitable growth of the company. It will also oversee the creation of mechanisms to ensure that the decision-making processes, as far as investments are concerned, have policies and procedures that contribute to the achievement of Soltec's strategic objectives.

Safety Committee: Among others, risk management related to safety issues.

Business Development Committee: Among others, risk management related to business development issues.

Operations Committee: Among others, risk management related to ongoing project issues.

Talent Committee: Among others, risk management related to human resources matters.

Tax compliance body: Created within the framework of the tax compliance program, it is composed of three members from the tax and financial area of the company, and its purpose is to ensure and supervise compliance with the company's tax obligations.

**E.3 State the primary risks, including tax compliance risks, and those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant, which may affect the achievement of business objectives.**

The main operational, strategic and regulatory risks affecting the Group are related to the uncertainty in the demand for products and services in a changing environment, affected by the global pandemic Covid-19, the difficulties in adapting to the different regulatory environments together with political and social instabilities, as well as potential regulatory changes, the growing competitiveness in the photovoltaic industry and specifically in the solar tracker industry, with impacts on the reduction of solar tracker prices, potential regulatory non-compliance at the operational level, information security related to product R&D, as well as potential problems arising from natural disasters, system failures and/or supply interruptions.

In relation to financial risks, the main risks are related to market risks (exchange rate and interest rate), liquidity, obtaining the necessary guarantees to be able to contract and execute projects and customer credit.

Corruption risks are adequately controlled through a legal and tax compliance risk management system.

**E.4 Identify whether the entity has a risk tolerance level, including tolerance for tax compliance risk.**

Yes, risk management quantifies all business risks by defining tolerance levels, including tax risk. The company is currently in the process of updating the risk map, in which this point will be more precisely defined.

**E.5 Identify which risks, including tax compliance risks, have materialized during the year.**

1. Uncertainty associated with the demand for products and services in a changing environment affected by a pandemic.
2. Potential problems resulting from system failures and/or supply interruptions.
3. Growing competitiveness of the industry.
4. Reduction of solar tracker prices.
5. Security of product R&D-related information.
6. Potential operational non-compliance and/or increased costs.
7. Liquidity.
8. Customer credit.
9. Obtaining the necessary guarantees to be able to contract/execute projects.
10. Market (exchange rate/interest rate).

**E.6 Explain the response and monitoring plans for all major risks, including tax compliance risks, of the company, as well as the procedures followed by the company in order to ensure that the Board of Directors responds to any new challenges that arise.**

Operation of the control systems corresponding to each of the risks listed in the previous section:

1. Adequate. Among others, the following control systems are included: commercial follow-up with major clients; prospecting for new clients; follow-up on opportunities due to regulatory changes and budget allocation; and local presence in key countries.
2. Adequate. These include, among others, the following control systems: diversification of suppliers both in terms of companies and geographically; local presence in key countries.
3. Adequate. Among others, the following control systems are included: investment in R&D&I; diversification with new products; study of synergies and new business lines; continuous improvement systems; local presence in key countries; agreements with key players within the industry.
4. Adequate. Among others, the following control systems are included: local presence in key countries; supplier price optimization; design optimization through investment in R&D&I; establishment of framework agreements with suppliers; monitoring of raw material price fluctuations.
5. Adequate. These include, among others, the following control systems: ISO 27001 certification; designation of a security manager; implementation of access control at headquarters; performance of a security audit; non-competition covenants for key personnel.
6. Adequate. These include, among others, the following control systems: local presence in key countries; local legal and tax advice; monitoring of local design regulation updates; transfer to the client with regulation of change of law clauses and variations; requirement of clear project specifications to clients.
7. Adequate. Among others, the following control systems are included: framework agreements with financing entities; review of new financing formulas; framework agreements with suppliers/clients; review of project cash flow prior to signing the contract, in accordance with the payment conditions of the client and suppliers; analysis of the maximum risk of non-payment; monitoring of the cash flow of projects under execution.
8. Adequate. Among others, the following control systems are included: transfer to the insurance/financial market; transfer to clients requesting the issuance of letters of credit/other types of guarantees; review of project cash flow prior to signing the contract, in accordance with the client's payment conditions and to suppliers; analysis of the maximum risk of non-payment; monitoring of the cash flow of projects under execution.

9. Adequate. Among others, the following control systems are included: framework agreements with entities; financing/insurance companies; active monitoring of the status of guarantees issued and of the overall position; negotiation with clients; strengthening of the balance sheet.
10. Adequate. Among others, the following control systems are included: hedging contracts; monitoring of rate fluctuations; agreements with suppliers in the same currency as the main contract; framework agreements with financing entities.

## F. INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN CONNECTION WITH THE PROCESS OF PUBLISHING FINANCIAL INFORMATION (ICFR)

*Describe the mechanisms comprising the system of Internal Control over Financial Reporting (ICFR) of your company.*

### F.1 Company's control environment.

*Specify at least the following components with a description of their principal features:*

#### C.1.1 The bodies and/or departments that are responsible for (i) the existence and maintenance of an adequate and effective ICFR; (ii) their implementation; and (iii) their supervision.

The Internal Control over Financial Reporting system, hereafter ICFR or SCIIF, is part of the internal control system of Soltec Power Holdings and is configured as a system designed to provide reasonable assurance on the reliability of financial reporting. The Group's ICFR was designed during the second half of 2020 and finalized in November 2020. The accounting closing of December 2020 was the first one carried out under the quality standards required by the design of Soltec's ICFR, so that during the 2021 financial year the relevant reviews will be carried out to ensure the correct development and optimal operation of the designed system.

Soltec Power Holding's model of ICFR responsibilities is articulated through the following bodies and/or functions that develop, maintain, and supervise the process of preparing the Group's financial information:

- The Board of Directors is responsible for determining the risk control and management policy, including tax risks, and the supervision of internal information and control systems, as set forth in Article 5.4 (xii) of the Board of Directors Regulations. Being ultimately responsible for ensuring an internal control environment that favours the generation of reliable, complete and timely financial information. These functions have been delegated to the Audit Committee in accordance with Article 14.5(ii) of the Board of Directors Regulations.
- The Audit Committee's responsibilities include supervising the effectiveness of the internal control of the Company and its group, the internal audit and the financial and non-financial risk management systems (including operational, technological, legal, social, environmental, political, reputational and corruption-related risks), ensuring that the policies and systems established for internal control are effectively applied in practice, and discussing with the auditor any significant weaknesses in the internal control system detected in the course of the audit, all this without infringing the auditor's independence.

Likewise, to supervise the preparation process and the integrity of the financial information relating to the Company and, if applicable, to the group, reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria as established in Article 14.5(ix) of the Board of Directors' Regulations.

For the development of these functions, the Audit Committee has an Internal Audit Department.

- The Finance Department is responsible for the design, implementation, execution and monitoring of the ICFR.
- Internal Audit, which reports to the Audit Committee, is responsible for evaluating and improving the efficiency of processes and monitoring internal control within the organization. One of the main functions of Internal Audit is to ensure the proper functioning of the ICFR. For this function, Internal Audit perform the following tasks:
  - Perform periodic reviews to ensure that documentation is updated in accordance with the Annual Audit Plan.
  - Design and execute, based on the scope of review agreed in the audit planning phase, tests on general controls, technological controls and process controls.
  - It shall issue reports on the reviews carried out on the ICFR, and in accordance with the Annual Audit Plan.
  - Verify the correct implementation of the corrective actions identified on the ICFR according to the Annual Audit Plan.

The objectives, management, review and other particularities of the ICFR are regulated in three internal policies:

- ICFR Policy Soltec Group.
- ICFR monitoring procedure.
- ICFR risk management procedure.

**C.1.2 Whether the following components exist, especially in connection with the financial reporting process:**

*The departments and/or mechanisms in charge of: (i) the design and review of the organizational structure; (ii) clearly defining the lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) assurance that adequate procedures exist for proper communication throughout the company.*

The design and review of the organizational structure, as well as the definition of the lines of responsibility, is the responsibility of the Human Resources Department, under the Group's Strategy Department, which defines the lines of distribution of tasks and organizational functions of the Group.

Likewise, it is the responsibility of the Board of Directors, through the Appointments and Remuneration Committee, as established in the various sections of article 15 of the Board of Directors' Regulations, to evaluate the skills, knowledge, availability and experience required on the Board of Directors, To submit to the board of directors proposals for the appointment of independent directors and to propose to the board of directors the remuneration policy for directors and general managers or those who perform their duties as executive personnel reporting directly to the board of directors, executive committees or managing directors, as well as the individual remuneration and other contractual conditions of the executive directors, verifying and ensuring their observance.

*Code of conduct, the body approving it, degree of dissemination and instruction, principles and values covered (stating whether it makes specific reference to record keeping and financial reporting), body in charge of reviewing breaches and proposing corrective actions and sanctions.*

The purpose of SOLTEC POWER HOLDINGS S.A.'s Code of Conduct is to establish the guidelines and action guidelines for all its administrators, managers and workers in their daily performance, with regard to the relations it maintains with all its stakeholders, with a transparent, effective and efficient management of resources, being honest with customers, suppliers, institutions, and being socially and environmentally responsible.

This Code of Conduct forms part of and is the basis for the Corporate Compliance Program implemented in the Group to prevent, avoid and detect the commission of criminal offenses in the business environment in compliance with the provisions of the Criminal Code and the Tax Compliance program. The Group's Code of Conduct is based on the definition of the Group's Mission, Vision, Values and Principles, and stands as a guide for action to ensure proper performance in the professional performance of its employees, adapting and accommodating to the legislation in force in the country where the Group carries out its activities, as well as with the Internal Policies and Protocols. During 2020 Soltec obtained the UNE 19601 certifications for the Criminal Compliance Management System, which includes Soltec's code of conduct.

*Whistleblowing channel, which makes it allows reporting any irregularities of a financial or accounting nature to the audit committee, as well as possible breaches of the code of conduct and irregular activities at the organization, stating whether reports made through this channel are confidential.*

There is a whistleblower channel open to all employees, or anyone who has dealings with the company, which allows them to confidentially report any irregularity or breach of the code of conduct to the Compliance Body. The means of communication is via e-mail. In the event that the irregularity is of an accounting or financial nature, the compliance body would bring this circumstance to the attention of the audit committee.

*Training and refresher programs for personnel involved in the preparation and review of financial information, as well as in the evaluation of ICFR, which address, at least, accounting rules, auditing, internal control and risk management.*

The Human Resources Department, which reports to the Strategy Department, oversees managing and planning all matters related to training programs and other support elements to meet the training needs of employees. In coordination with the departments reporting to the Finance Department, Human Resources identifies and analyzes the specific training needs of the personnel involved in the preparation and review of financial information, considering as main subjects those related to accounting, internal control and risk management aspects. The Financial Management has a budget to allocate to training depending on the needs, regulatory changes and accounting updates that occur.

## **F.2 Risk assessment in financial reporting.**

**Please report at least:**

### **F.2.1 Indicate what are the key features of the risk identification process, including error and fraud risk, with regard to:**

*If the process exists and is documented.*

The risk identification process is documented in the Global Risk Management Policy whose main function is to identify, define and quantify all business risks to apply the optimal mitigating measures to eliminate or reduce the probability and/or severity of identified threats, as well as to take advantage of opportunities, allowing the Soltec Group to develop its business and grow in a sustainable manner, making informed and consistent decisions.

There is also a Risk Committee, which is a permanent internal body of an informative and executive nature that will discuss and reach agreements in relation to risk management and insurance at the corporate level, in offers and projects, as well as other strategic issues related to risk management to ensure the sustainability of Soltec. In addition, it will ensure the creation of mechanisms that promote risk management in all the company's processes with the aim of guaranteeing Soltec's sustainability and solvency. This committee is made up of members of the company's senior management.

Soltec has implemented a risk procedure in the analysis of bids where it is mandatory to perform a risk analysis of potential contracts of Soltec Power Holdings S.A. and its subsidiaries in the bidding and/or negotiation phase.

Soltec is in the process of obtaining a standardized and functional risk map that will be updated periodically and will include all financial and operational risks.

The management of ICFR risks is documented in the ICFR Risk Management Procedure.

Internal Audit works closely with the risk management area incorporating a continuous exchange of information and accommodating the requirements of this area to the annual audit plan.

*If the process covers all financial reporting objectives (existence and occurrence, completeness, valuation, presentation, disclosure and comparability, and rights and obligations), and if it is updated and how often.*

The risk management process is reviewed annually while the bid risk management process identifies, monitors and finally mitigates the risks identified in each of the bids presented by Soltec to its customers.

All risks related to the financial reporting processes have controls in place to ensure that the financial information adequately meets the existence, occurrence, completeness, valuation, presentation, disclosure and comparability requirements for which the ICFR was designed.

*A specific process is in place to define the scope of consolidation, with reference to the possible existence of complex corporate structures, special purpose vehicles, holding companies, etc.*

The consolidation perimeter of the Soltec Group is reviewed at each monthly closing. The Administration Department is responsible for analyzing the companies that are incorporated and those that cease to form part of this perimeter. Both the incorporation and acquisition of companies, as well as their sale or dissolution, are subject to internal authorization processes that clearly identify all entries and exits from the scope of consolidation.

*Whether the process addresses other types of risk (operational, technological, financial, legal, reputational, environmental, etc.) insofar as they may affect the financial statements.*

The objective is to obtain a comprehensive view of them, designing an efficient response system aligned with the company's business objectives, which is accomplished by reviewing the risks on offer that involve the most significant risks for the company. The risk map to be implemented in 2021 will increase the control, scope, monitoring and visibility of corporate risks at group level.

*What governing body of the company is responsible for overseeing the process.*

The financial reporting process is the ultimate responsibility of the Board of Directors. Risk management also reports directly to the Audit Committee.

### F.3 Control of activities.

*Please inform, indicating its main characteristics, if the Company has at least:*

#### F.3.1 Procedures for reviewing and authorizing the financial information and description of ICFR to be disclosed to the securities markets, stating who is responsible in each case and the documentation describing the flow of activities and controls (including those addressing the risk of fraud) for each type of transaction that may materially affect the financial statements, including procedures for the closing of accounts and for the separate review of critical judgements, estimates, evaluations and projections.

In accordance with the Regulations of the Board of Directors, the Audit Committee is responsible, among others, for reviewing the annual financial statements and the periodic information that the Board of Directors must provide to the markets and their supervisory bodies, always overseeing compliance with legal requirements and the correct application of generally accepted accounting principles in their preparation.

The Regulations also state that the Audit Committee shall meet quarterly to review the periodic financial information to be submitted to the stock exchange authorities as well as the information that the Board of Directors must approve and include in its public documentation.

The Group also maintains different accounting policies and procedures to ensure the reliability of financial information. Some of these policies are:

- Accounts Payable Procedures.
- Accounts Receivable Procedure.
- Accounting Manual Fixed Assets.
- Accounting Manual Fixed Assets.
- Leasing Manual.
- Asset Impairment Manual.
- On Site Administrative Control Procedure.
- Closing of accounting periods.
- Treasury Policy.
- Guarantor Management Policy.
- Project Cash Flow Policy.
- Supplier Financial Management Procedure.
- Exchange Rate Risk Management Procedure.

Everything related to ICFR is regulated by different policies and procedures:

- ICFR Policy Soltec Group
- ICFR monitoring procedure
- ICFR risk management procedure

**F.3.2 Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity, and segregation of duties) giving support to key processes of the company regarding the preparation and publication of financial information.**

Information systems play a relevant role and are an element that supports the processes of preparing the financial information to be reported externally, which is why they are included within the scope of action and configuration of the ICFR, thus defining a matrix of specific controls for IT processes.

The Group has an IT area whose objective is to ensure security in all IT processes through daily support to users, systems maintenance, development of improvements, independent testing of systems. Soltec also has an Information Security Policy applicable to the entire group.

In 2020, Soltec's IT area obtained the ISO 27001:2013 Information Security Standard certification.

The Group has contingency mechanisms and procedures, both technical and operational, to guarantee the recovery of information systems in the event of failure or unavailability both at the central offices and at any of the Group's regional offices.

**F.3.3 Internal control policies and procedures for overseeing the management of outsourced activities, and of the appraisal, calculation or valuation services commissioned from independent experts, when these may materially affect the financial statements.**

Concern is maintained for activities subcontracted to third parties that could have a significant impact on the financial statements with the purpose of ensuring that, in key processes that may be outsourced, there is maximum assurance control, in relation to the security standards and the preparation of financial information required at Group level.

For this reason, there are different policies and procedures that regulate and ensure the contracting process and the quality control of suppliers.

- Soltec's general purchasing terms
- Supplier approval procedure

- Sourcing procedure
- On-site purchasing procedure
- Product validation procedure

Likewise, the Purchasing Department maintains a series of model documents that it agrees with its suppliers, such as the NDAs that define the confidentiality relationship in the treatment of sensitive technical information by our suppliers. When the services of independent experts are engaged for work that supports valuations, judgments or accounting calculations, it is assured that they are firms of recognized prestige in the aspects consulted.

#### F.4 Information and Communication

*Please inform, indicating its main characteristics, if the Company has at least*

##### F.4.1 A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining fluid communications with those responsible for operations at the organization, as well as an up-to-date accounting policy manual distributed to the business units through which the company operates.

The Finance Department, with its Administration, FP&A and Tax Departments, is responsible for keeping the accounting policies up to date and transmitting them to the personnel involved in the preparation of financial information.

For this purpose, there is a set of accounting policies, procedures and manuals (see point F.3.1) available on the Group's intranet and on the Group's website available to all employees, which act as a reference to set the guidelines for accounting records, financial statements and annual accounts.

##### F.4.2 Mechanisms for capturing and preparing financial information with consistent formats for application and use by all of the units of the company or the group, and which contain the main financial statements and notes, as well as detailed information regarding ICFR.

All the entities that make up the Soltec Power Holding group use the same financial information reporting tools and applications, regardless of the information systems used for the maintenance of accounting records. These tools are continuously reviewed by the IT department.

#### F.5 Supervision of system performance

*Please inform, indicating its main characteristics, if the Company has at least*

##### F.5.1 The activities of the audit committee in overseeing ICFR, as well as whether the entity has an internal audit function whose duties include providing support to the committee in its work of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible prepares the assessment reports on its results, whether the company has an action plan describing possible corrective measures, and whether its impact on financial reporting is considered.

Soltec Group maintains a proactive attitude in order to guarantee an updated model aligned with the reality of the business and the best regulatory practices. This analysis and constant monitoring of the ICFR, detecting possible improvements and making the corresponding changes, is carried out through the following actions:

- Periodic evaluation of the design and effectiveness of controls.
- Performing verifications and audits, according to the Audit Plan agreed for 2021, where one of the significant points of the scope is the review of the implementation of ICFR controls.
- Supervision by the Audit Committee, in relation to the ultimate control over the ICFR model, delegated from the Board of Directors, and instrumented through the Internal Audit functions.
- Report on the deficiencies identified, creating action plans to solve them, establishing the mechanisms for their follow-up and assigning the necessary resources for their fulfillment.

In order to guarantee an appropriate coverage of the ICFR review, an Annual Internal Audit Plan is established, which is approved and supervised by the Audit Committee and includes, from the establishment of the ICFR to its review.

**F.5.2 Whether there is a procedure by which the external auditor (as provided in the Technical Auditing Standards), the internal auditor and other experts may inform senior management and the audit committee or senior managers of the company of the significant internal control weaknesses detected during the review of the financial statements or any such other reviews as may have been entrusted to them. Information shall also be provided on whether an action plan is available for correcting or mitigating the weaknesses found.**

The Internal Audit function periodically communicates to senior management and the Audit Committee the internal control weaknesses identified in the process reviews carried out by means of reports issued at the end of each audit. These reports include action plans established for the mitigation of each of the weaknesses identified.

The Group's auditor has direct access to the Board of Directors through the Group's Audit Committee, holding regular meetings to communicate the control weaknesses detected in the course of its work. Annually, the external auditors present a report to management and the Audit Committee detailing the internal control weaknesses revealed in the course of their work.

#### **F.6 Other relevant information**

The design of the ICFR was carried out during the second part of 2020, being finalized at the end of November, being completed and implemented throughout the group at the end of 2020, so that 2021 will be the first year of applicability and therefore of review by the external auditors.

#### **F.7 External auditor's report**

*Report on:*

**F.7.1 Whether the ICFR information submitted to the markets has been subject to review by the external auditor, in which case the entity shall include its report as an attachment. If not, reasons why should be given.**

The design of the ICFR was carried out during the second part of 2020, being finalized at the end of November, being completed and implemented throughout the group at the end of 2020, so that 2021 will be the first year of applicability and therefore of review by the external auditors.

#### **G. EXTENT OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS**

*Indicate the degree of the company's compliance with the recommendations of the Good Governance Code of Listed Companies.*

*In the event that any recommendation is not followed or is partially followed, a detailed explanation of the reasons for this should be included so that shareholders, investors and the market in general have sufficient information to evaluate the company's actions. General explanations will not be acceptable.*

**1. That the bylaws of listed companies do not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of shares on the market.**

Complies [X] Explanation [ ]

**2. That when the parent company and a subsidiary are listed on the stock market, both should publicly and specifically define:**

- a) The respective areas of activity and possible business relationships between them, as well as those of the listed subsidiary with other group companies.
- b) The mechanisms in place to resolve possible conflicts of interest.

Complies  Partially complies  Explain  Not applicable

3. That, during the course of the ordinary General Shareholders' Meeting, complementary to the distribution of a written Annual Corporate Governance Report, the chairman of the Board of Directors verbally informs shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, and in particular:

- a) Changes taking place since the last General Shareholders' Meeting.
- b) Specific reasons why the company did not follow one or more of the recommendations of the Code of Corporate Governance and, if so, the alternative rules that were followed instead.

Complies  Partially complies  Explanation

The Chairman is expected to report to the General Shareholders' Meeting on all details related to corporate governance.

4. That the company has defined and promoted a policy of communication and contact with shareholders, institutional investors and proxy advisors that complies in all aspects with rules preventing market abuse and gives equal treatment to similarly situated shareholders.

And that the company has made such a policy public through its web page, including information related to the manner in which said policy has been implemented and the identity of contact persons or those responsible for implementing it.

And that, without detriment to the legal obligations regarding the dissemination of privileged information and other types of regulated information, the company also has a general policy regarding the communication of economic-financial, non-financial and corporate information through the channels it deems appropriate (media, social networks or other channels) that contributes to maximizing the dissemination and quality of the information available to the market, investors and other stakeholders.

Complies  Partially complies  Explanation

It is provided for within the Corporate Governance Plan that a specific policy will be developed for all these issues within the 2021 fiscal year.

5. That the Board of Directors should not propose to the General Shareholders' Meeting any proposal for delegation of powers allowing the issuance of shares or convertible securities without pre-emptive rights in an amount exceeding 20% of equity at the time of delegation.

And that whenever the Board of Directors approves any issuance of shares or convertible securities without pre-emptive rights the company immediately publishes reports on its website regarding said exclusions as referenced in applicable company law.

Complies  Partially complies  Explanation

6. That listed companies which draft any reports listed below, whether under a legal obligation or voluntarily, publish them on their website with sufficient time before the General Shareholders' Meeting, even when their publication is not mandatory:

- a) Report on the auditor's independence.
- b) Reports on the operation of the audit committee and the appointments and remuneration committee.
- c) Report by the audit committee regarding related-party transactions.

Complies  Partially complies  Explanation

7. The company reports in real time, through its website, the proceedings of the General Shareholders' Meetings.

And that the company has mechanisms that allow the delegation and exercise of votes by telematic means and even, in the case of large cap companies and to the extent proportionate, attendance and active participation in the General Shareholders' Meeting.

Complies  Partially complies  Explanation

8. That the audit committee ensures that the Board of Directors presents the financial statements to the General Shareholders' Meetings without qualifications or reservations and that, in the exceptional circumstances in which qualifications may appear, that the chairman of the audit committee and the auditors clearly explain to the shareholders the content and scope the said qualifications or reservations.

Complies  Partially complies  Explanation

9. That the company permanently maintains on its web page the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.

And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory manner.

Complies  Partially complies  Explanation

This requirement is expected to be met at the first meeting as a listed company.

10. That when a verified shareholder has exercised his right to make additions to the agenda or to make new proposals to it with sufficient time in advance of the General Shareholders' Meeting, the company:
- Immediately distributes the additions and new proposals.
  - Publishes the attendance card credential or proxy form or form for distance voting with the changes such that the new agenda items and alternative proposals may be voted upon under the same terms and conditions as those proposals made by the Board of Directors.
  - Submits all of these items on the agenda or alternative proposals to a vote and applies the same voting rules to them as are applied to those drafted by the Board of Directors including, particularly, assumptions or default positions regarding votes for or against.
  - Communicates a breakdown of the results of said additions or alternative proposals after the General Shareholders' Meeting.

Complies  Partially complies  Explanation  Not applicable

11. That, in the event the company intends to pay for attendance at the General Shareholders' Meeting, it establishes in advance a general policy of long-term effect regarding such payments.

Complies  Partially complies  Explanation  Not applicable

12. That the Board of Directors completes its duties with a unity of purpose and independence, treating all similarly situated shareholders equally and that it is guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, and the promotion of continuity and maximisation of the economic value of the business.

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and in engaging in conduct based on good faith, ethics and a respect for commonly accepted best practices, it seeks to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders, as well as the impact of its corporate activities on the communities in which it operates and the environment.

Complies  Partially complies  Explanation  Explanation

13. That the Board of Directors is of an adequate size to perform its duties effectively and in a participatory manner, and that its optimum size is between five and fifteen members.

Complies  Explanation

14. That the Board of Directors approves a selection policy for directors that:

- a) It is concrete and verifiable.
- b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the needs of the Board of Directors.
- c) Favours diversity in knowledge, experience and gender. For this purpose, measures that encourage the company to have a significant number of female senior managers are considered to favour gender diversity.

That the resulting prior analysis of the needs of the Board of Directors is contained in the supporting report from the appointments committee published upon a call from the General Shareholders' Meeting submitted for ratification, appointment, or re-election of each director.

The appointments committee will annually verify compliance with the selection policy of directors and explain its findings in the Annual Corporate Governance Report.

Complies  Partially complies  Explanation

Since the creation of the Board, these requirements have been met. However, the 2021 governance plan includes the development of a specific policy on these issues.

15. That proprietary and independent directors constitute a substantial majority of the Board of Directors and that the number of executive directors is kept at the required minimum, considering the complexity of the corporate group and the percentage of equity participation of executive directors.

And that the number of female directors should account for at least 40% of the members of the board of directors before the end of 2022 and thereafter, and not be less than 30% prior to that date.

Complies  Partially complies  Explanation

16. That the percentage of proprietary directors divided by the number of non-executive directors is no greater than the proportion of the equity interest in the company represented by said proprietary directors and the remaining share capital.

This criterion may be relaxed:

- a) In large cap companies in which interests that are legally considered significant are minimal.
- b) In companies where a diversity of shareholders is represented on the Board of Directors without ties among them.

Complies  Explanation

17. That the number of independent directors represents at least half of the total number of directors.

Nonetheless, when the company does not have a high level of market capitalization or if it is a large cap company with one shareholder or a group acting in a coordinated manner who together control more than 30% of the company's capital, the number of independent directors represents at least one third of the total number of directors.

Complies  Explanation

18. That companies publish and update the following information regarding directors on the company website:

- a) Professional profile and biography.
- b) Any other Boards to which the director belongs, regardless of whether the companies are listed, as well as any other remunerated activities engaged in, regardless of type.
- c) Category of directorship, indicating, in the case of proprietary directors, the shareholder that they represent or to which they are connected.
- d) The date of their first appointment as a director of the company's Board of Directors, and any subsequent re-election.

e) The shares and options they own.

Complies  Partially complies  Explanation

19. That the Annual Corporate Governance Report, after verification by the appointments committee, explains the reasons for the appointment of proprietary directors at the proposal of the shareholders whose equity interest is less than 3%. It should also explain, where applicable, why formal requests from shareholders for membership on the Board meeting were not honoured, when their equity interest is equal to or exceeds that of other shareholders whose proposal for proprietary directors was honoured.

Complies  Partially complies  Explanation  Not applicable

20. That proprietary directors must resign from the Board if the shareholder they represent disposes of its entire equity interest. They should also resign, in a proportional manner, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors representing this shareholder.

Complies  Partially complies  Explanation  Not applicable

21. That the Board of Directors may not propose the dismissal of any independent director before the completion of the director's term provided for in the Bylaws, unless the Board of Directors finds just cause and a prior report has been prepared by the appointments committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties attendant to his post as a director, fails to complete the tasks inherent to his or her post, or enters into any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public takeover bid, merger or similar transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of the proportionate representation criteria provided for in Recommendation 16.

Complies  Explanation

22. That companies establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which may damage the company's standing and reputation. Specifically, directors must be required to report any criminal acts with which they are charged, as well as the consequent legal proceedings.

And that should a director be indicted or tried for any of the offences set out in company law legislation, the Board of Directors must investigate the case as soon as possible and, based on the particular situation, decide whether the director should continue in his or her post. And that the Board of Directors must provide a reasoned written account of all these events in its Annual Corporate Governance Report.

Complies  Partially complies  Explanation

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies in the case of the secretary of the Board of Directors, despite not being a director.

Complies  Partially complies  Explanation  Not applicable

24. That whenever, due to resignation or any other reason, a director leaves before the completion of his or her term, the director should explain the reasons for this decision in a letter addressed to all the directors of the Board of Directors. Irrespective of whether the resignation has been reported as a relevant fact, it must be included in the Annual Corporate Governance Report.

And that, without prejudice to the disclosure of all of the above in the annual corporate governance report, to the extent that it is relevant for investors, the company should publish the resignation as soon as possible, including sufficient reference to the reasons or circumstances provided by the director.

Complies  Partially complies  Explanation  Not applicable

25. That the appointments committee ensures that non-executive directors have sufficient time in order to properly perform their duties.

And that the Regulations of the Board establish the maximum number of company Boards on which directors may sit.

Complies  Partially complies  Explanation

26. That the Board of Directors meet frequently enough so that it may effectively perform its duties, at least eight times per year, following a schedule of dates and agenda established at the beginning of the year and allowing each director individually to propose items do not originally appear on the agenda.

Complies  Partially complies  Explanation

27. That director absences only occur when absolutely necessary and are quantified in the Annual Corporate Governance Report. And when absences occur, that the director appoints a proxy with instructions.

Complies  Partially complies  Explanation

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes, upon a request from the protesting party.

Complies  Partially complies  Explanation  Not applicable

29. That the company establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

Complies  Partially complies  Explanation

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances require.

Complies  Explanation  Not applicable

31. That the agenda for meetings clearly states those matters about which the Board of Directors are to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

When, under exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall be duly recorded in the minutes.

Complies  Partially complies  Explanation

32. That directors shall be periodically informed of changes in equity ownership and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies  Partially complies  Explanation

33. That the chairman, as the person responsible for the efficient operation of the Board of Directors, in addition to carrying out his duties required by law and the Bylaws, should prepare and submit to the

Board of Directors a schedule of dates and matters to be considered; should organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its operation; should ensure that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances so dictate.

Complies  Partially complies  Explanation

These functions are scheduled to be developed in 2021

34. That when there is a coordinating director, the Bylaws or the Regulations of the Board should confer upon him the following competencies in addition to those conferred by law: chairman of the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; reflect the concerns of non-executive directors; liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and coordinate a succession plan for the chairman.

Complies  Partially complies  Explanation  Not applicable

The company has appointed a coordinating director and is expected to carry out these functions throughout 2021.

35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account the recommendations regarding good governance contained in this Good Governance Code and which are applicable to the company.

Complies  Explanation

36. The Board of Directors in full session should conduct an annual evaluation, adopting, when necessary, an action plan to correct weaknesses detected in:

- a) The quality and efficiency of the Board of Director's operation.
- b) The performance and composition of its committees.
- c) Diversity of membership and competence of the Board of Directors.
- d) Performance of the chairman of the Board of Directors and the chief executive officer of the company.
- e) Performance and input of each director, paying particular attention to those in charge of the various Board committees.

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the appointments committee.

Every three years, the Board of Directors will rely upon the assistance of an external advisor for its evaluation, whose independence shall be verified by the appointments committee.

Any business relationships between the external advisor or any member of the advisor's group and the company or any company within its group shall be specified in the Annual Corporate Governance Report.

The process and the areas evaluated shall be described in the Annual Corporate Governance Report.

Complies  Partially complies  Explanation

37. That if there is an executive committee, the proportion of each different director category must be similar to that of the Board itself, and its secretary must be the secretary of the Board.

Complies  Partially complies  Explanation  Not applicable

38. That the Board of Directors must always be aware of the matters discussed and decisions adopted by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.

Complies  Partially complies  Explanation  Not applicable

39. That the members of the audit committee, particularly its Chairman, are appointed in consideration of their knowledge and experience in accountancy, audit and risk management matters, and that a majority of its members be independent directors.

Complies  Partially complies  Explanation

40. That under the supervision of the audit committee, there must be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.

Complies  Partially complies  Explanation

41. That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, reporting directly on any issues that may arise during the implementation of this plan, and present an activity report at the end of each year.

Complies  Partially complies  Explanation  Not applicable

42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:

1. With respect to information systems and internal control:

- a) Supervise and evaluate the preparation process and the integrity of financial and nonfinancial information, as well as the control and management systems of financial and nonfinancial risks related to the company and, if applicable, to the group the company and, where appropriate, the group -including operational, technological, legal, social, environmental, political and reputational or corruption-related risks-reviewing compliance with regulatory requirements, the proper delimitation of the scope of consolidation and the correct application of accounting criteria.
- b) Ensure the independence and effectiveness of the unit charged with the internal audit function; propose the selection, appointment, re-election and dismissal of the head of internal audit; draft a budget for this department; approve its goals and work plans, making sure that its activity is focused primarily on material risks to the company; receive periodic information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.
- c) Establish and supervise a mechanism that allows employees to report confidentially and, if appropriate, anonymously, any irregularities with important consequences, especially those of a financial or accounting nature, that they observe in the company.
- d) To ensure in general that the policies and systems established in the area of internal control are effectively applied in accounting practices.

2. In relation to the external auditor:

- a) In the event that the external auditor resigns, examine the circumstances which caused said resignation.
- b) Ensure that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.
- c) Ensure that the company files a relevant fact with the CNMV when there is a change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.

- d) Ensure that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks accomplished and regarding the development of its accounting and risks faced by the company.
- e) Ensure that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, the limits on concentration of the auditor's business, and all other rules regarding the auditor's independence.

Complies  Partially complies  Explanation

43. That the audit committee may require the presence of any employee or manager of the company, even without the presence of any other member of management.

Complies  Partially complies  Explanation

44. That the audit committee be kept abreast of any corporate and structural changes planned by the company to perform an analysis and draft a report beforehand to the Board of Directors regarding economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies  Partially complies  Explanation  Not applicable

45. That the risk control and management policy identify at least:

- a) The different types of financial and non-financial risks (among those operational, technological, legal, social, environmental, political and reputational) which the company faces, including financial or economic risks, contingent liabilities and other off-balance sheet risks.
- b) A risk control and management model based on different levels, of which a specialized risk committee shall form part when the industry standards so provide or when the company deems it appropriate.
- c) Fixing of the level of risk the company considers acceptable.
- d) Measures identified to minimize identified risks in the event they occur.
- e) Internal control and information systems to be used to control and manage identified risks, including contingent liabilities and other off-balance sheet risks.

Complies  Partially complies  Explanation

The company is expected to carry out a review of its risk management policy in 2021.

46. That under the direct supervision of the audit committee or, if applicable, of a specialized committee of the Board of Directors, an internal control and management function should exist delegated to an internal unit or department of the company which is expressly charged with the following responsibilities:

- a) Ensure the proper operation of risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks that may affect the company.
- b) Actively participate in the creation of the risk strategy and in important decisions regarding risk management.
- c) Ensure that the risk management and control systems adequately mitigate risks as defined by policy issued by the Board of Directors.

Complies  Partially complies  Explanation

47. That members of the appointment and remuneration committee – or of the appointments committee and the remuneration committee if they are separate – are chosen taking into account the knowledge, ability and experience necessary to perform the duties they are called upon to carry out and that the majority of said members are independent directors.

Complies  Partially complies  Explanation

48. That large cap companies have formed separate appointments and remuneration committees.

Complies  Explanation  Not applicable

49. That the appointments committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director may ask the appointments committee to consider potential candidates he or she considers appropriate to fill a vacancy on the Board of Directors.

Complies  Partially complies  Explanation

A specific regulation for the internal operation of the Appointments and Remunerations Committee is expected to be implemented in 2021.

50. That the remuneration committee exercises its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

- a) Propose basic conditions of employment for senior management.
- b) Verify compliance with company remuneration policy.
- c) Periodically review the remuneration policy applied to directors and senior managers, including remuneration involving the delivery of shares, and guarantee that individual remuneration be proportional to that received by other directors and senior managers.
- d) Ensure that potential conflicts of interest do not undermine the independence of external advice rendered to the Board.
- e) Verify information regarding remuneration paid to directors and senior managers contained in the various corporate documents, including the Annual Report on Director Remuneration.

Complies  Partially complies  Explanation

51. That the remuneration committee consults with the chairman and the chief executive of the company, especially in matters relating to executive directors and senior management.

Complies  Partially complies  Explanation

52. That the rules regarding composition and operation of supervision and control committees appear in the Regulations of the Board of Directors and that they are consistent with those that apply to mandatory committees in accordance with the recommendations above, including:

- a) That they are comprised exclusively of non-executive directors, with a majority of them independent.
- b) That their chairmen be independent directors.
- c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and detail their activities and accomplishments during the first plenary session of the Board of Directors held after the committee's last meeting.
- d) That the committees be allowed to avail themselves of external advice when they consider it necessary to perform their duties.
- e) That their meetings be recorded, and the minutes be made available to all directors.

Complies  Partially complies  Explanation  Not applicable

53. Supervision of compliance with the company's environmental, social and corporate governance policies and rules, as well as internal codes of conduct, should be entrusted to one or more committees of the board of directors, which may be the audit committee, the nomination committee, a committee specializing in sustainability or corporate social responsibility, or any other specialized committee that The Board of Directors, in the exercise of its faculties of self-organization, has decided to create such specialized committee. Such committee shall be composed solely of non-executive directors, the majority of whom shall be independent the majority of them independent and be specifically attributed the minimum functions indicated in the following recommendation.

Complies  Partially complies  Explanation

54. The minimum functions referred to in the above recommendation are as follows:

- a) The supervision of compliance with the company's corporate governance rules and internal codes of conduct, also ensuring that the corporate culture is aligned with its purpose and values.
- b) The supervision of the application of the general policy regarding the communication of economic-financial, non-financial and corporate information as well as communication with shareholders and investors, proxy advisors and other stakeholders. Likewise, the way in which the entity communicates and relates to small and medium-sized shareholders shall also be monitored.
- c) The evaluation and periodic review of the corporate governance system and the company's environmental and social policy, to ensure that they fulfil their mission of promoting the social interest and take into account, as appropriate, the legitimate interests of other stakeholders.
- d) The supervision that the company's practices in environmental and social matters are in line with the chosen strategy and policy.
- e) The supervision and evaluation of the relationship processes with the different stakeholders.

Complies  Partially complies  Explanation

55. That sustainability policies on environmental and social matters identify and include at least:

- a) The principles, commitments, objectives and strategy regarding shareholders, employees, customers, suppliers, social issues, environment, diversity, fiscal responsibility, respect for human rights and prevention of corruption and other illegal conduct.
- b) The methods or systems for monitoring compliance with policies, associated risks and their management.
- c) The mechanisms for monitoring non-financial risk, including those related to ethical aspects and business conduct.
- d) The channels of communication, participation and dialogue with stakeholders.
- e) Responsible communication practices that avoid manipulation of information and protect integrity and honour.

Complies  Partially complies  Explanation

A more detailed sustainability policy is expected to be approved in accordance with the corporate governance plan in 2021.

56. That director remuneration be sufficient to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgment of non-executive directors.

Complies  Explanation

57. That only executive directors receive remuneration linked to corporate results or personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments whose value is indexed to share value, or long-term savings plans such as pension plans, retirement accounts or any other retirement plan.

Shares may be given to non-executive directors under the condition that they maintain ownership of the shares until they leave their posts as directors. The forgoing shall not apply to shares that the director may be obliged to sell to meet the costs related to their acquisition.

Complies  Partially complies  Explanation

58. That as regards variable remuneration, the policies incorporate limits and administrative safeguards to ensure that said remuneration is in line with the work performance of the beneficiaries and is not based solely upon general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

- a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk undertaken to achieve a given result.
- b) Promote sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with rules and internal operating procedures and risk management and control policies.
- c) Are based upon balancing short-, medium- and long-term objectives, permitting the reward of continuous achievement over a period of time long enough to judge creation of sustainable value such that the benchmarks used for evaluation are not comprised of one-off, seldom occurring or extraordinary events.

Complies  Partially complies  Explanation  Not applicable

59. That the payment of the variable components of the remuneration is subject to sufficient verification that the previously established performance or other conditions have been effectively fulfilled. Entities shall include in the annual directors' remuneration report the criteria regarding the time required and methods for such verification depending on the nature and characteristics of each variable component.

That, additionally, the entities shall consider the establishment of a reduction clause ('malus') based on the deferral for a sufficient period of time of the payment of a part of the variable components that implies their total or partial loss in the event that prior to the moment of payment, some event occurs that makes it advisable.

Complies  Partially complies  Explanation  Not applicable

No malus is foreseen.

60. That remuneration related to company results takes into account any reservations which may appear in the external auditor's report which would diminish said results.

Complies  Partially complies  Explanation  Not applicable

Specific clauses covering this scenario are expected to be developed during fiscal year 2021.

61. That a material portion of variable remuneration for executive directors depends upon the delivery of shares or instruments indexed to share value.

Complies  Partially complies  Explanation  Not applicable

62. That once shares or options or rights to shares arising from remuneration schemes have been delivered, directors are prohibited from transferring ownership of a number of shares equivalent to two times their annual fixed remuneration, and the director may not exercise options or rights until a term of at least three years has elapsed since they received said shares.

An exception is made in the case in which the director maintains, at the time of the transfer or exercise, a net economic exposure to the variation in the price of the shares for a market value equivalent to an amount of at least twice his annual fixed remuneration through the ownership of shares, options or other financial instruments.

The foregoing shall not apply to shares that the director needs to dispose of to satisfy the costs related to their acquisition or, subject to the favourable appraisal of the Appointments and Remuneration Committee, to meet extraordinary situations that require it.

Complies  Partially complies  Explanation  Not applicable

63. That contractual arrangements include a clause which permits the company to seek reimbursement of variable remuneration components in the event that payment does not coincide with performance criteria or when delivery was made based upon data later deemed to be inaccurate.

Complies  Partially complies  Explanation  Not applicable

It is expected that clauses will be implemented during the 2021 fiscal year to cover these events.

64. That payments made for contract termination shall not exceed an amount equivalent to two years of total annual remuneration and that it shall not be paid until the company has verified that the director has fulfilled all previously established criteria for payment.

For the purposes of this recommendation, termination or contractual termination payments shall include any payments whose accrual or payment obligation arises as a consequence of or in connection with any payments whose accrual or payment obligation arises as a result of or in connection with the termination of the contractual relationship linking the director with the company, including amounts not previously vested in long-term savings schemes and amounts paid under post-contractual non-competition agreements.

Complies  Partially complies  Explanation  Not applicable  Not applicable

#### H. FURTHER INFORMATION OF INTEREST

1. If there is any aspect regarding corporate governance in the company or other companies in the group that has not been included in other sections of this report, but which is necessary in order to obtain a complete and more comprehensible picture of the structure and governance practices in the company or group, describe it briefly below.
2. This section may also include any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not redundant.

Specifically, state whether the company is subject to any corporate governance legislation other than that prevailing in Spain and, if so, include any information required under this legislation that differs from the data requested in this report.

3. The company may also state whether it voluntarily complies with other ethical or best practice codes, whether international, sector-based, or other. In such a case, name the code in question and the date the company began following it. It should be specifically mentioned that the company adheres to the Code of Good Tax Practices of 20 July 2010:

The company is interested in raising its level of internal voluntary compliance through best practices and adherence to different international organizations, although given the short time it has been listed on the continuous market, it is still in the implementation phase of its corporate governance strategy.

This annual corporate governance report has been approved by the Board of Directors of the Company, at its meeting held on:

24/03/2021

Indicate whether there have been directors who voted against or abstained in relation to the approval of this report.

Yes

No