



soltec

TCFD

Climate Change risks and
opportunities analysis

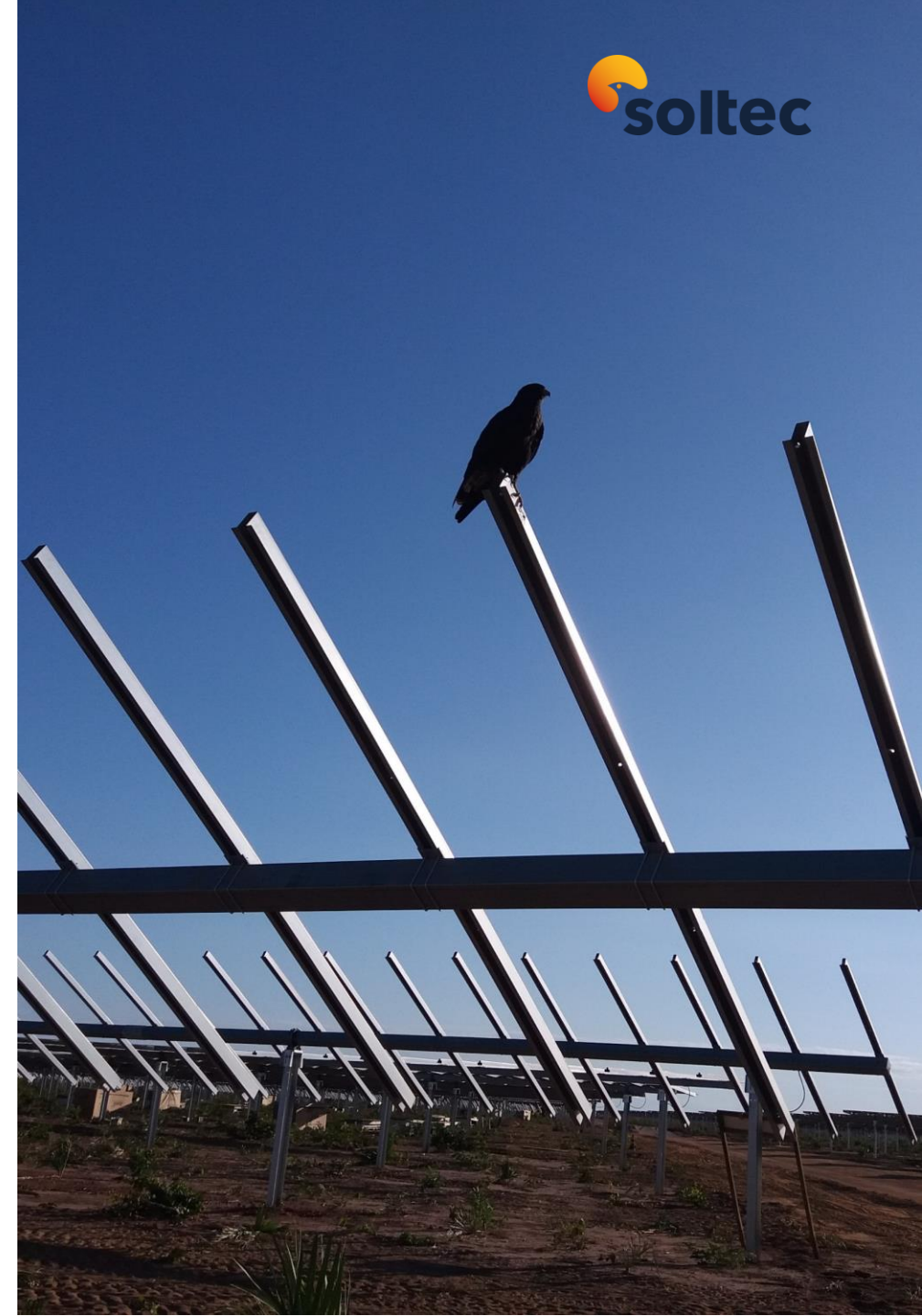
The Task Force on Climate-related Financial Disclosures (TCFD) was launched in 2015 by the Global Financial Stability Board to describe a framework for identifying, managing and reporting risks and opportunities arising from or as a consequence of climate change and, in this way, protect global financial stability, which may be affected by insufficient attention by companies and financial institutions on this issue.

TCFD is the reference guide for companies to inform their stakeholders in a transparent and timely manner about the risks and opportunities related to climate change that may affect the company and how they are managed.

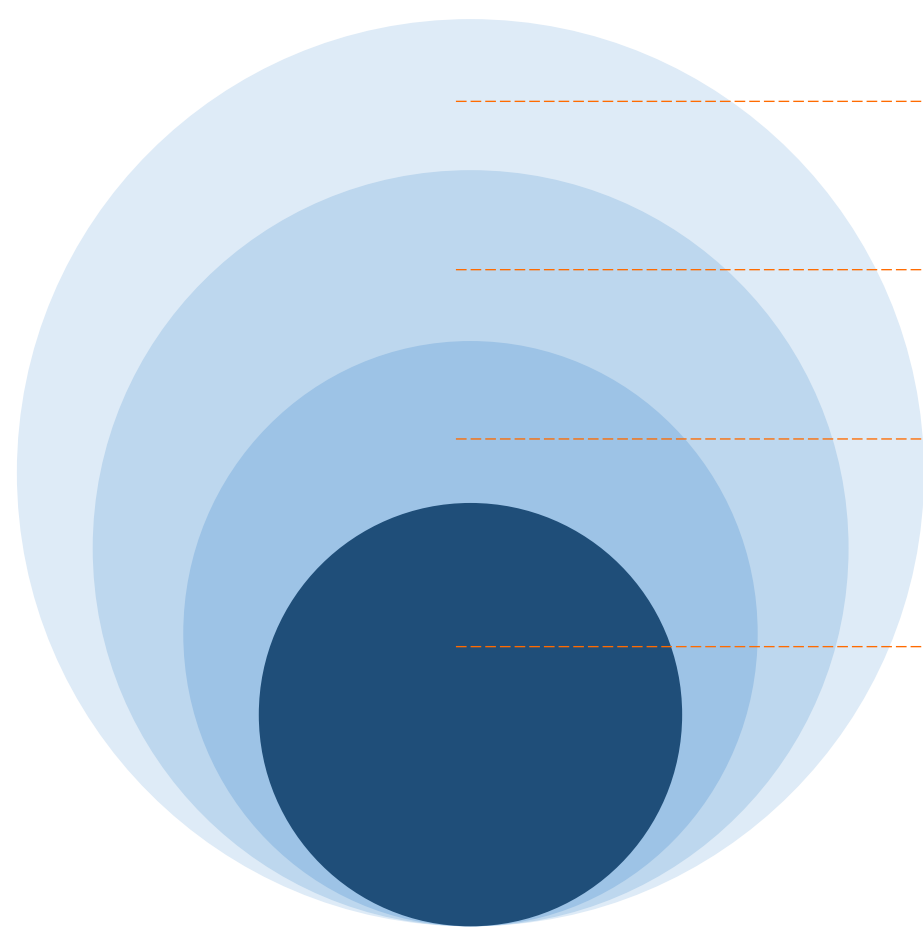
With the preparation of this document, Soltec explains how the company applies the TCFD recommendations and presents its situation with respect to the four pillars of corporate governance, strategy, climate risk management and the use of metrics and targets.

At the same time, this document reflects Soltec's intent to create a cleaner, more sustainable and fairer world through energy, and its commitment to continue to integrate these TCFD recommendations in the future, periodically reporting on its progress.

Disclaimer: The English version is a translation of the original in Spanish for information purposes only. In case of a discrepancy, the Spanish original will prevail.



TCFD PILLARS



GOVERNANCE



STRATEGY



**RISKS &
OPPORTUNITIES**



**METRICS &
TARGETS**



GOVERNANCE



Soltec's Board of Directors and management have a strong commitment to risk management. To this end, the company carries out comprehensive risk management that is closely linked to the responsible development and growth of the company, with the goal of maintaining its relevant position and leadership in the global photovoltaic energy market.

Soltec's Board of Directors is entrusted, according to the [risk control and management policy](#), to identify the main risks and to implement and supervise the internal information and control systems, in order to ensure the future viability and competitiveness of the entity.

Through this policy it is possible to anticipate the effects of climate change on the development of the group's activity. The risks and opportunities associated with climate change that may affect Soltec's activity are identified, analyzing their potential impact, as well as the mitigating measures against the appearance of these risks and opportunities.

Soltec's Integrated Risk Management (IRM) is based on the COSO (*Committee of Sponsoring Organizations of the Tradeway Commission's*) model and ISO 31000, improving Soltec's ability to manage uncertainty scenarios, which is summarized in a continuous cycle consisting of the following phases:



The IRM has, at least, the following elements and tools aimed at covering the company's significant risks:

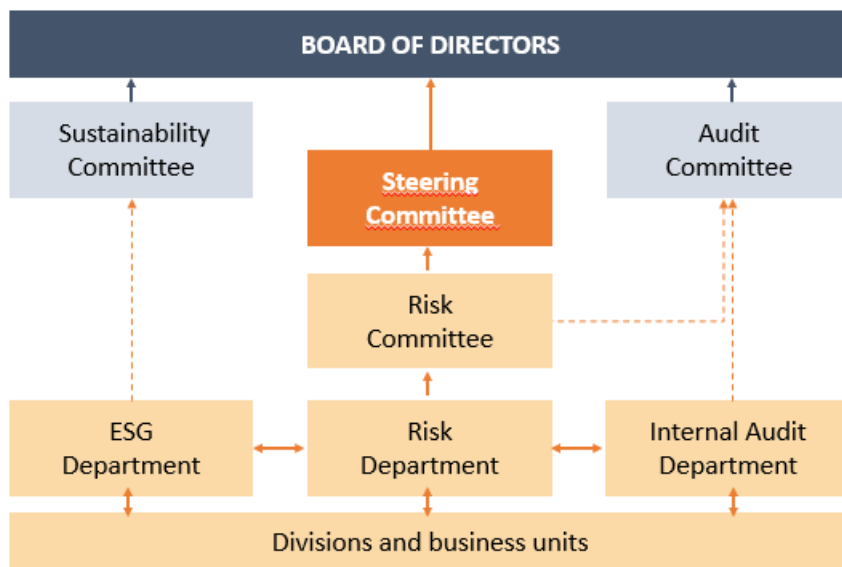
- **Organization:** the Model is supervised by the Risk Department, which will report periodically, at least once a year, to the Board of Directors on its effectiveness.
- **Identification of the risk universe (Risk Map):** the risk control and management model is based on the continuous review and update of the company's risk map, which has been designed in line with its corporate strategy.
- **Classification:** Once the risks have been identified, they are classified according to their impact and probability of occurrence. Quantitative variables (e.g. economic impact, impact on valuations, etc.); semi-quantitative variables (e.g. impact on strategic objectives); qualitative variables (e.g. impact on the company's internal operations, reputational impact, etc.) as well as Soltec's external and internal contexts are used to weight the risks.

GOVERNANCE



Organization

Within the risk management model explained on the previous slide, Soltec has an organization and specific functions for Climate Change risk management, articulated through the following bodies, with their respective responsibilities:



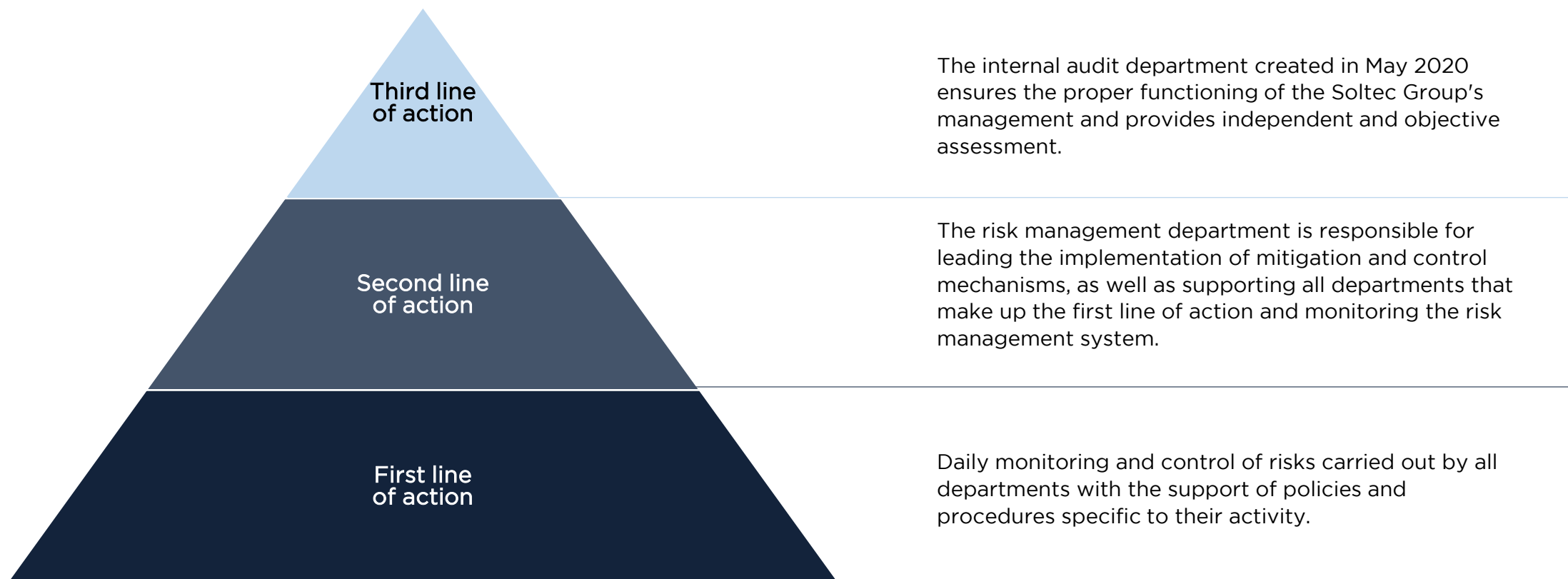
- Board of Directors:** Responsible for promoting and supervising the Risk Management System so that risks and opportunities related to climate change are identified, analyzed, treated, mitigated and controlled.
- Sustainability Committee:** Created in 2020, this committee's main functions are to monitor Soltec's sustainability strategy and supervise the adequacy of the system for assessing and responding to relevant climate risks identified, at least once a year, and to report to the Board of Directors.
- Audit Committee:** It supervises the internal control and risk management systems. The internal audit department created in May 2020 ensures the proper functioning of the Soltec Group's management and provides independent and objective advice. Its functions include overseeing the risk management systems related to climate change.
- Steering Committee and Risk Management Committee:** The involvement of the top management in risk management is a constant and this support is reflected in the constitution of the Risk Committee, made up of the directors of each of the group's companies, as well as the members of the Soltec Steering Committee. The Risk Management Committee is informative and executive.
- Internal Audit department:** The internal audit department plays a key role in the day-to-day management and control of the group's activities. The department defines the scope of the different audits by means of risk-based planning in which all aspects that may have an impact on Soltec, including climate change, are considered.
- Risk department:** The risk management department, reporting directly to the CEO, is in charge of leading the implementation of mitigation and control mechanisms, as well as supporting all the departments that make up the first line of action and monitoring the risk management system.
- ESG department:** The ESG (Environmental, Social and Governance) department participates in the process of identifying climate change risks and opportunities, as well as in assessing the impact, probability of occurrence, severity and time horizon of these risks, which feed the corporate map in the annual risk review process. At the same time, it reports directly to the Sustainability Committee.
- Divisions and business units:** The different corporate departments provide the necessary information to identify and assess the risks affecting the company and implement measures to mitigate the risks.

GOVERNANCE



Action lines:

In summary, in risk management at Soltec, regardless of the nature of the risk, the following lines of action are established:



STRATEGY



Sustainability is a strategic priority for Soltec. Soltec's corporate purpose is to "create a cleaner, more sustainable and fairer world through energy" and, under this premise, the company's products and services provide its customers with efficient and innovative solutions that also have a positive impact on the communities where Soltec is present and on the rest of society.

For this reason, in 2023 Soltec defined an ESG Master Plan*, approved by the Sustainability Committee of the Board of Directors, with a three-year time horizon and with specific and measurable objectives through five areas of action (environment, innovation, talent, society and good governance) that are articulated around 5 lines of action:

- **Net Zero:** search for a positive environment.
- **Sustainable innovation:** promotion of innovative and differentiating projects in energy transformation.
- **Our Energy, Our People:** people as a key element of the company.
- **Local economies:** commitment to a positive impact on the environment.
- **Good governance and transparency:** commitment to the implementation of best practices in this area.

NET ZERO: climate strategy.

Soltec's climate change mitigation and adaptation strategy focuses on reducing the negative impact of its operations and maximizing its contribution to a positive environment through three lines of action:

- Establish a plan to decarbonize its activities.
- It is committed to the responsible use of its resources and a circular economy approach.
- Protecting biodiversity and ensuring responsible and sustainable land use.

Main milestones achieved in 2023:

- External verification of the 2023 Carbon Footprint, scopes 1, 2 and 3.
- Life Cycle Assessment (LCA) of our main products: SF7 and SFOne.
- Promoting initiatives in projects under construction aimed at reducing emissions (scopes 1 and 2), waste recovery and biodiversity protection, among others.

2024: Decarbonization Plan

The main target set by Soltec for 2024 was to establish a Decarbonization Plan for the group, with a time horizon to 2030, ensuring alignment with the Paris Agreement and setting science-based targets (SBT). In this document, in the metrics and targets block, we break down the results of this plan.

Incentives to achieve goals

In order to promote the objectives established in the ESG Master Plan and, specifically, in its climate strategy, the following economic incentives have been established for the following categories:

- **Steering Committee:** Within the Long-Term Incentive Plan (LTIP) for Management, the "ESG Indicator" was established as one of the annual performance criteria. This indicator, composed of a set of several objectives, in 2023 applied to 25 people within the organization (100% of managers) and had the target of establishing a Decarbonization Plan by 2024.
- **Area managers:** by 2023, individual objectives aligned with the preparation of the Decarbonization Plan were established as part of the variable compensation of the managers of the main areas (44 people in total).

RISKS & OPPORTUNITIES



Risk and opportunity management related to climate change

During FY 2022, Soltec included for the first time in its risk identification process an analysis of risks linked to climate change, focusing mainly on scenarios of increased rainfall and temperature variation (cold/ heat waves) and on how they could affect the development of your activity. As a result of this exercise, a series of mitigating actions were developed against the identified risks.

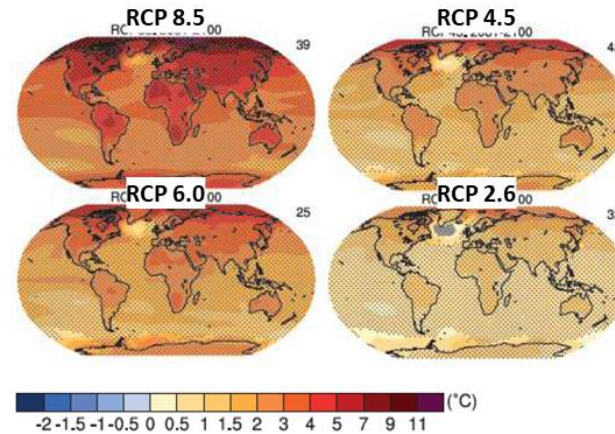
In 2023, the company has decided to go one step further by incorporating the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) in its process of identifying, analysing and managing risks and opportunities related to climate change.

Soltec is committed to carrying out an annual assessment and quantification of risks and opportunities in operations and geographies, considering different time horizons (short, medium and long term) and where both physical and transition scenarios are contemplated.

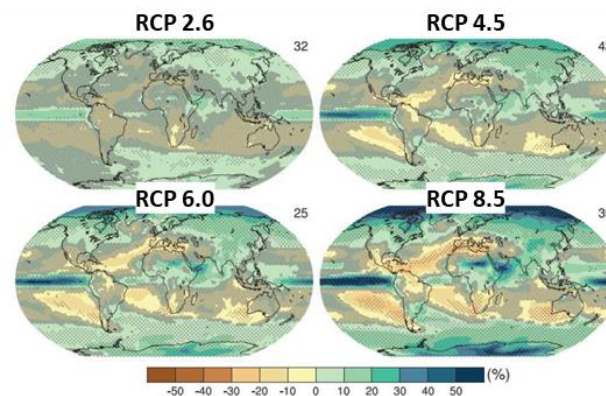
Climate Scenarios Analyzed

For the analysis of physical risks and opportunities related to Climate Change, Soltec has considered four possible scenarios: **RCP 2.6, RCP 4.5, RCP 6.0 and RCP 8.5.**

Projected temperature increase scenarios for 2081-2100

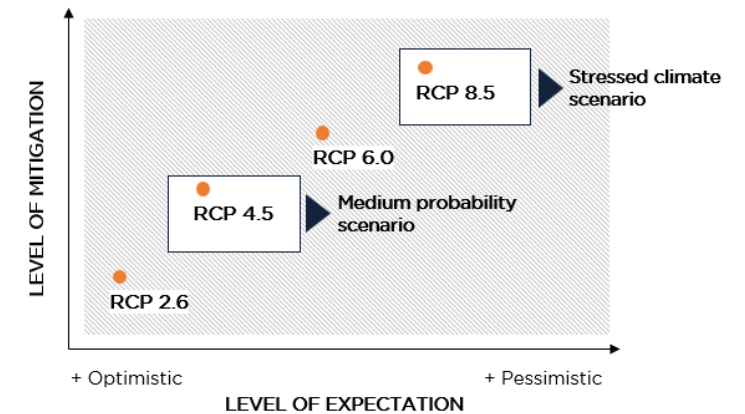


Projected rainfall variation scenarios for 2081-2100



After the analysis, we have decided to focus on the following two:

- **RCP 8.5 Scenario:** This is the most negative scenario so all climate change risk analysis must be based on worst-case expectations.
- **RCP 4.5 Scenario:** Medium probability scenario, so the spectrum of RCP 6.0 would also be covered by analyzing a more negative scenario and we eliminate the RCP 2.6 scenario as it is an optimistic scenario.



In the case of **transition risks**, we have chosen to analyze them based on two variables: **current policies** (moderate scenario) and the target of keeping global warming below **1.5°C** (negative scenario). For the 2025 report, our goal is to work on applying scenarios based on the NGFS Climate Scenarios.

RISKS & OPPORTUNITIES



Fundamental pillars of IRM to which Soltec is subject and the risk mitigation mission it fulfills:

In general, a risk is considered to be any internal or external uncertainty that, if it materializes, could affect the company's business:

1. Prevent Soltec from achieving its goals and successfully carrying out its strategy and business plans, adversely affecting the results, reputation, and financial condition of the Soltec companies or
2. Have direct or indirect positive impacts on the company's goals.

Therefore, the risks and opportunities related to Climate Change are aligned with Soltec's IRM, which is composed of six fundamental pillars, all of which are characterized by a comprehensive and dynamic approach that allows us to control and identify risks and have the capacity to act and adapt.

Pillar	Mission
Risk management of business prospects, proposals & developments	Identification and analysis of the risks affecting any business opportunity prior to its inception, as well as definition of the mitigation measures to be implemented.
Project risk management	Monitoring the defined mitigating measures and identified risks affecting any business opportunity prior to its execution and analyzing emerging risks during the execution of the projects.
Business risk management	Define a risk matrix with different indicators of the Group's areas to understand, assess and mitigate risks; including, among others, (i) a regulatory compliance program with its own criminal risk management policy (i) a tax compliance program with its own tax risk management policy.
Risk management of the internal control over Financial Information System (SCIIF)	Ensure internal control over the reliability of the financial information generated by the Group, identifying and controlling the critical risks associated with the authorization, restriction, completeness and accuracy of such information, and implement the necessary corrective measures in accordance with the law and the values of the Code of Conduct.
Climate Change Risk Management	Define a common climate change risk analysis system, following the environmental taxonomy of the Delegated Regulation (EU), to anticipate the effects of climate change on Soltec's activity.
Risk appetite management	Define the risk appetite, understood as the level of risk that the company wants to accept, as well as the level of tolerance, understood as the deviation from this level. The capacity is the maximum risk that an organization can bear in the pursuit of its goals. This risk-bearing capacity is based on the principles of ISO 31000: (i) consideration of Soltec's external and internal contexts (ii) carrying out a risk treatment with the application of the following options: : (a) avoid the risk by deciding not to initiate or continue the activity that generates the risk; (b) accept or increase the risk in search of an opportunity (c) eliminate the source of risk; (d) modify the probability (e) modify the consequences; (f) share the risk with third parties (g) assume the risk based on an informed decision.

RISKS & OPPORTUNITIES



Risk and opportunity identification

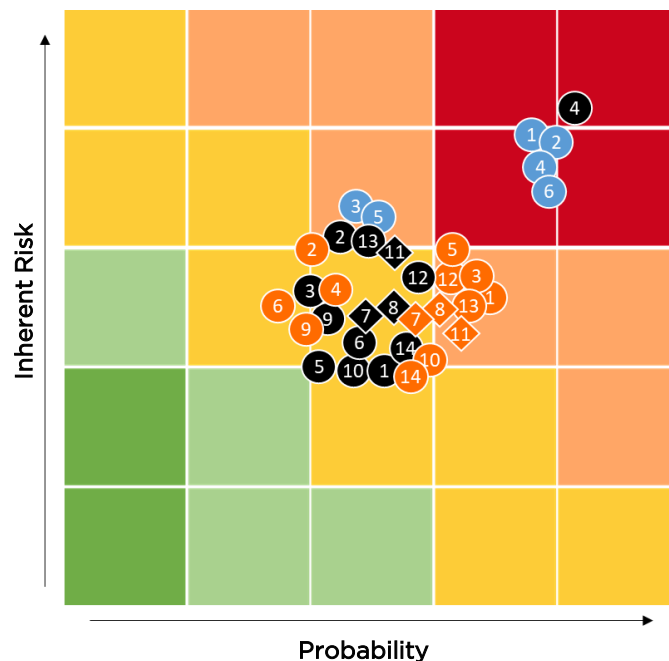
The monitoring and updating of risk maps carried out transversally, as well as the regulatory analysis, provides Soltec with the necessary tools to control and manage the evolution of risks and opportunities derived from climate change, facilitating the definition of metrics and objectives necessary for their monitoring.

Focusing on the climate scenarios described above, and establishing a time horizon up to 2030, we have identified a series of risks represented in the following graphs, distinguishing both the type of risk (physical or transitional) and the taxonomic activity it affects. To facilitate the graphs, we have made a weighting between the two climate scenarios considered (RCP 4.5 and RCP 8.5).

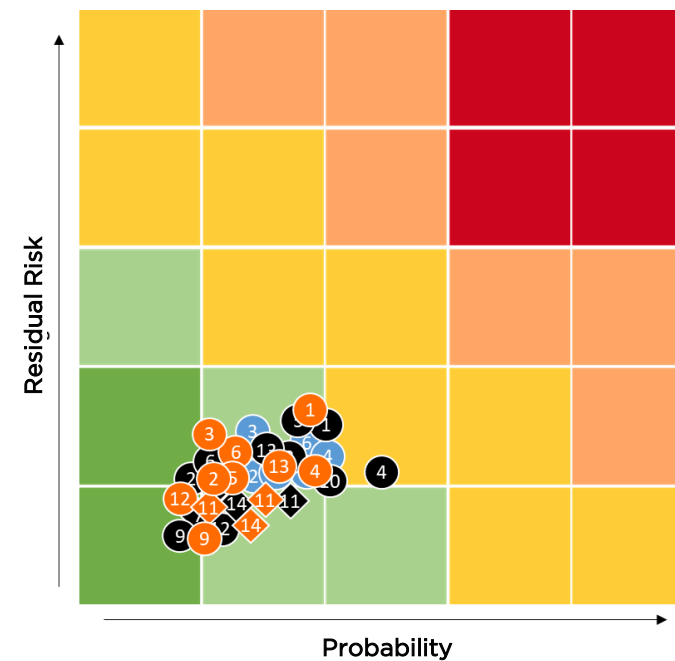
When we talk about Inherent Risk, we make an assessment of the impact that can be caused from a financial, reputational and operational point of view. When we refer to Residual Risk, it is the result of applying our risk management and control mechanisms to inherent risks.

Regarding opportunities, the effects of climate change are producing an increase in the awareness of society and governments regarding climate change, as well as the rise of policies aimed at promoting the production of clean energy, thus generating an increase in the demand for solar energy. Therefore, we believe that in the short, medium and long term, there is a great opportunity in our business to generate revenues and meet the group's financial projections.

Inherent Risk Mapping



Residual Risk Mapping



Economic activities aligned with EU taxonomy

- Activity 3.1 “Manufacturing of renewable energy technologies”
- Activity 4.1 “Generation of electricity through solar photovoltaic technology”
- Activity 7.6: “Installation , maintenance and repair of renewable energy technologies”

Risk typology:

- Physical
- ◇ Transition

Identified risks:

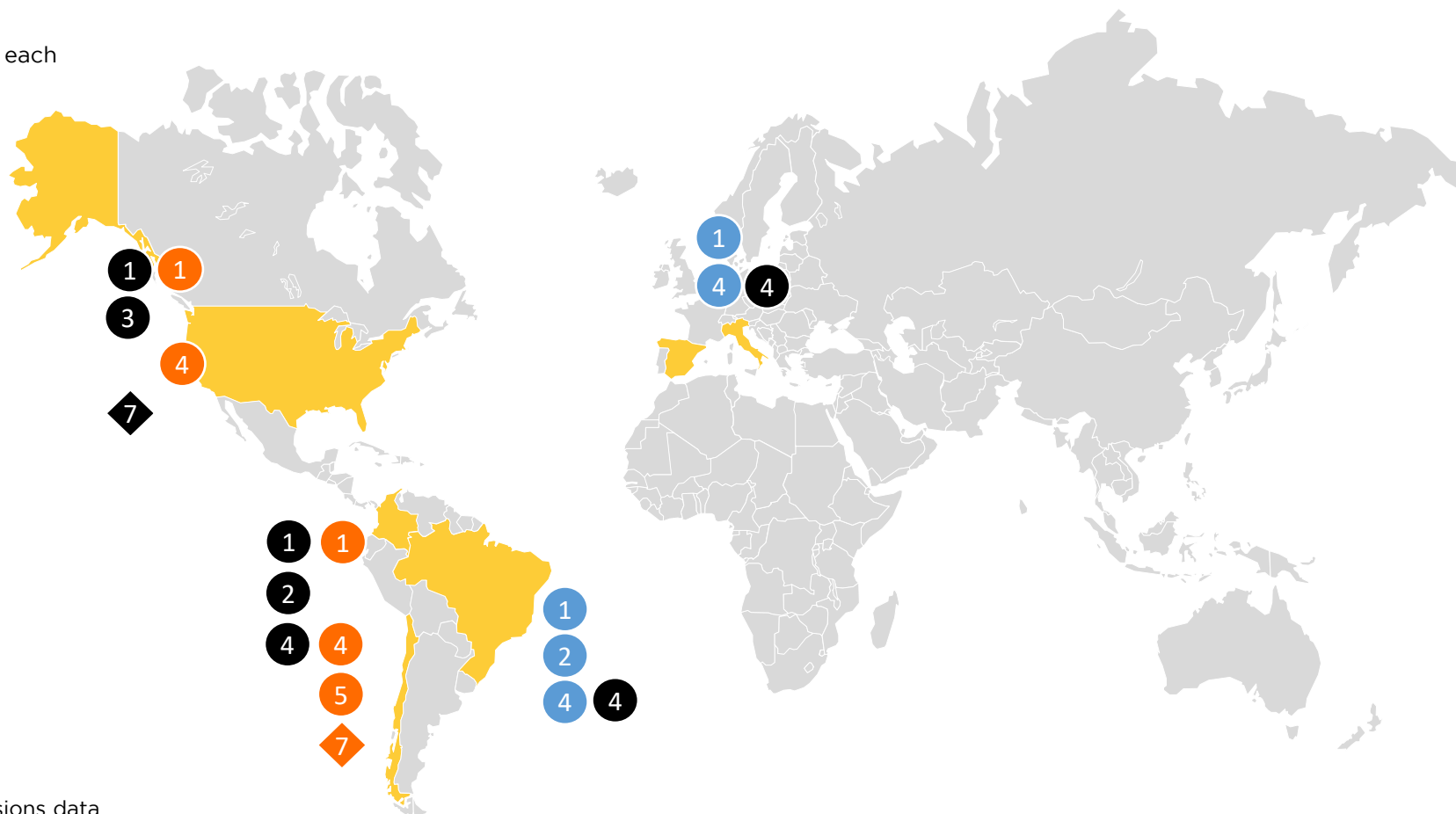
- 1. Increased storm strength
- 2. Increase in fires due to lack of rainfall
- 3. Increase of the isoceraunic level
- 4. Floods
- 5. Thermal stress on people
- 6. Sea level rise
- ◇ 7. Regulatory changes
- ◇ 8. Dependence on critical supplies without emissions data
- 9. Increase in suspended particulate matter
- 10. Impacts on endangered species
- ◇ 11. Restrictions on the use of fossil fuels
- 12. Increased cloudiness
- 13. Expansion of mechanical elements due to increased maximum temperatures
- ◇ 14. Restrictions on means of transport to plants

RISKS & OPPORTUNITIES



Identification of risks by geography:

In this chart, we include an additional view to our climate risk analysis, expressing the main risks for each geography in which Soltec is present:



Risk typology:

- Physical
- ◇ Transition

Riesgos Identificados:

- 1. Increased storm strength
- 2. Increase in fires due to lack of rainfall
- 3. Increase of the isoceraunic level
- 4. Floods
- 5. Thermal stress on people
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- 13. Expansion of mechanical elements due to increased maximum temperatures
- ◇ 14. Restrictions on means of transport to plants

Actividades económicas de Soltec:

- Activity 3.1 “Manufacturing of renewable energy technologies”
- Activity 4.1 “Generation of electricity through solar photovoltaic technology”
- Activity 7.6: “Installation , maintenance and repair of renewable energy technologies”

RISKS & OPPORTUNITIES



Impact identification and risk management

Type	Risk	Risk Description	Residual risk by economic activity			Impact	Risk Management
			3.1	4.1	7.6		
Physical	Increased storm strength	Increased storm strength can cause damage to solar plants.	●	●	●	Operational: direct damage to structures and other elements. Production losses. Economic losses due to drop in demand caused by catastrophes in neighboring areas. Impediments to export production. Financial: decrease in revenues in case of serious damage.	Preventive: Avoid locations at low latitudes above sea level. Corrective: Contracting insurance
Physical	Increase in fires due to lack of rainfall	Lack of rainfall and high temperatures can create conditions conducive to the spread of fires.	●	●	●	Operational: direct damage to facilities. Production losses. Financial: decrease in revenues in case of severe damage.	Preventive: selection of locations. Preventive measures such as firebreaks or elimination of weeds. Corrective: contracting insurance.
Physical	Increase of the isoceraunic level	The increase in the isoceraunic level increases the amount of atmospheric electrical activity in a region and is therefore a climatic risk to be taken into account.	●	●	●	Operational: direct damage to installations due to lightning strikes. Production stoppages and losses. Injury and/or death of personnel. Financial: decrease in revenues in case of severe damage.	Preventive: Design of grounding and shock protection systems for the most unfavorable conditions during the life of the project. Establishment of emergency/incident plan. Corrective: Fire extinguishing systems (sensors, BIE, truck, etc). Insurance contracting.
Physical	Floods	Fluvial and pluvial flooding can cause soil degradation, soil erosion, landslides and land subsidence.	●	●	●	Operational: direct damage to facilities. Production shutdowns and losses. Financial: decrease in revenues in case of severe damage.	Preventive: Estimation of water evacuation needs in more unfavorable weather conditions. Corrective: Contracting insurance.
Physical	Thermal stress on people	High ambient temperatures in combination with physical activity can have an impact on people working in solar plants.	●	●	●	Operational: difficulty in performing work at certain times of the day. Increased absenteeism. Financial: increased costs in the event of prolonged periods of time.	Preventive: hygienic and heat stress prevention measures. Corrective: insurance contracting.
Physical	Sea level rise	The increase in the earth's average temperature can have effects such as melting glaciers and rising sea levels.	●	●	●	Operational: direct damage to facilities. Production shutdowns and losses. Financial: decrease in revenues in case of severe damage.	Preventive: Avoid locations at low latitudes above sea level. Corrective: Contracting insurance.
Transition	Regulatory changes	Regulatory changes associated with climate change, particularly those related to the carbon footprint, may add new requirements for the construction and operation of solar plants.	●	●	●	Operational: increase in carbon footprint management measures. Financial: extra costs associated with such measures.	Preventive: carbon footprint reduction plans. Corrective: insurance contracting.
Transition	Dependence on critical supplies without emissions data	Solar trackers are composed of elements that traditionally have high emissions (e.g. steel) and the trend in the new regulations is to counter the supply of materials that generate high emissions.	●	●	●	Operational: inaccurate carbon footprint calculations. Not being able to certify purchased products. Financial: extra costs associated with finding new suppliers.	Preventive: homologation of suppliers and wide network of alternative suppliers. Corrective: technological change.
Physical	Increase in suspended particulate matter	Rainfall has a cleansing effect on many pollutants. Decreased precipitation can increase suspended particulate matter.	●	●	●	Operational: radiation loss. Increased frequency of module cleaning. Financial: decrease in revenues and increase in maintenance costs if prolonged for a long period of time.	Preventive: design conditions in more unfavorable situations. Use of degradation coefficients. Corrective: insurance contracting.
Physical	Impacts on endangered species	Global biodiversity may decrease due to climate change, increasing the number of endangered species and, consequently, increasing the number of areas under special protection.	●	●	●	Operational: limitations to the operation or construction of the plant. Financial: increased costs.	Preventive: consideration of biodiversity in the environmental impact study to be carried out prior to plant construction. Corrective: insurance contracting.
Transition	Restrictions on the use of fossil fuels	Potential regulatory changes to restrict/limit the use of fossil fuels, which may have an impact on the maintenance vehicles currently used in solar plants.	●	●	●	Operational: substitution of vehicles for other technological alternatives with less environmental impact. Financial: increased costs due to substitution.	Preventive: analysis and control of current emissions. Development of a sustainable mobility plan for each project. Corrective: insurance contracting.
Physical	Increased cloudiness	Cloud cover reduces direct irradiation on solar plants.	●	●	●	Operational: loss of solar radiation and consequent loss of production. Financial: decrease in revenues in case of a long period of time.	Preventive: design conditions in more unfavorable situations. Diffuse Boster algorithm. Corrective: insurance contracting.
Physical	Expansion of mechanical elements due to increased maximum temperatures	Rising temperatures can increase the surface area or volume of plant component materials.	●	●	●	Operational: malfunction of equipment and facilities. Financial: increased costs in case of major damages.	Preventive: design conditions in more unfavorable situations. Corrective: insurance contracting.
Transition	Restrictions on means of transport to plants	There may be limitations on the type of vehicles that are allowed to be used in certain areas (e.g. diesel vehicles), so there may be limitations on the machinery used on site.	●	●	●	Operational: impact on the carbon footprint of the energy produced. Financial: increased costs due to substitution.	Preventive: analysis and control of current emissions. Development of a sustainable mobility plan for each project. Corrective: insurance contracting.

● Low or very low residual risk ● Medium residual risk ● High or very high residual risk ● Unidentified risk

RISKS & OPPORTUNITIES



Opportunity identification

Type	Opportunity	Opportunity Description	Residual risk by economic activity			Impact	Opportunity Management
			3.1	4.1	7.6		
Physical	Regulatory & social context	The increase in social awareness, together with regulatory development, are creating great opportunities in the short, medium and long term for the renewable energy sector.	●	●	●	Increase in revenues	As of March 2024, Soltec shows solid operating indicators, with a backlog (including signed contracts pending execution) of 619 million euros and a pipeline (potential contracts identified by the Group with a certain probability of success) that has amounted to 16.8 billion euros.
Transition	Increase in solar PV demand	Increased demand for technology, components and services related to the design, construction and management of PV plants.	●	●	●	Increase in revenues	Annual growth perspectives for solar trackers globally are estimated at around 15% between 2023 and 2025 and, between now and 2030, more than 900 GW of solar trackers are expected to be installed worldwide. Soltec has highly valued products in the market and extensive experience in different markets that will help capitalize on this opportunity.
Transition	Access to financing	The European Union's push to direct financing towards activities aligned with the European Taxonomy opens up a good opportunity for the renewable sector to obtain new funds and investors	●	●	●	Improve access to financing	At the end of 2023, Soltec has 99.4% of its eligible income aligned with the European Taxonomy of sustainable environmental activities, 91.1% of its CAPEX and 76.6% of its OPEX, making it an attractive company for this type of investment.
Transition	New markets	The boom in PV energy is spreading throughout the world, so we believe that Soltec's current positioning can help it enter and consolidate itself in new markets.	●	●	●	Increase in revenues	Soltec has a strategy focused on the US market. Soltec currently has a backlog of signed contracts pending execution amounting to €72 million, as well as a pipeline valued at €5,458 million in the country. The company expects revenues in the United States to increase progressively, moving from 34% (AS OF q1 2024) to 50% in the coming years.
Physical	New products and services	The increase in the number of solar plants means that we sometimes have to adapt to terrain and soil characteristics that are different from those traditionally considered optimal. Soltec, thanks to its commitment to innovation, has the opportunity to offer new products and services that adapt to these new needs of its customers.	●	●	●	Increase in revenues	The commitment to innovation has allowed Soltec's value proposition to be one of the most complete and distinctive on the market. The launch of new products in the last year such as SFOneX, 4X4, Flotus, or solutions such as Agrovoltatics and the algorithms of our trackers, make Soltec ready for the new needs that its clients may have.

● Very high opportunity ● High opportunity ● Medium opportunity ● Low opportunity

Activity 3.1 "Manufacturing of renewable energy technologies"
 Activity 4.1 "Generation of electricity through solar photovoltaic technology"
 Activity 7.6: "Installation, maintenance and repair of renewable energy technologies"

METRICS & TARGETS



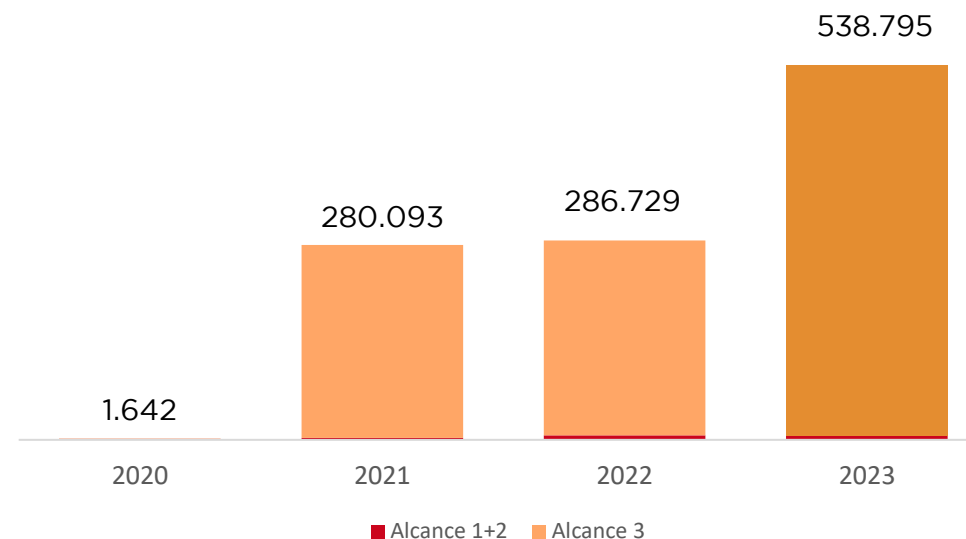
Greenhouse Gas Emissions (GHG)

Every year, Soltec calculates and publishes its carbon footprint data in its Annual Integrated Report and its website, endorsed by the ISO 14064 standard and the GHG Protocol framework.

Over the years, the company has established a continuous improvement process through which it evolves and deepens through which each year it evolves and deepens its carbon footprint calculation:

- 2016 was the first year that Soltec calculated its Carbon footprint, but only for its HQ located in Molina de Segura and for scopes 1 and 2.
- 2020 was the first year in which Soltec began its Scope 3 calculation, although it was only able to include information related to business travel.
- For the 2021 calculation, the first calculation was made with the complete Carbon Footprint of the organization (scopes 1, 2 and 3), although without including information from subsidiaries outside Spain.
- With the 2022 calculation, Soltec took the opportunity to move to reporting according to the ISO 14064 measurement system and the GHG Protocol.
- With the 2023 closing data, we have managed to calculate the carbon footprint of the entire organization (including subsidiaries), finalizing the calculations and verification in June 2024.
- By 2024, the goal Soltec had set for itself was to establish a Decarbonization Plan with science-based targets (SBT) and an action plan through 2030.

Historical performance *expressed in tCO2 equivalents*



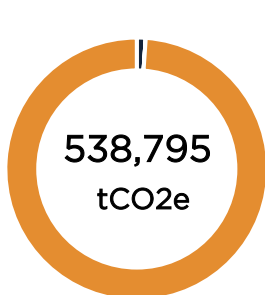
The increase compared to 2022 is mainly due to a steel procurement made in 2023 (increase of stock) to serve the projects to be executed in 2024.

METRICS & TARGETS



2023, base year for our Decarbonisation Plan:

As 2023 is the first year in which Soltec has managed to calculate its emissions for 100% of its operations, we have decided to use this year as the basis for the group's Decarbonisation Plan:



- **Scope 1** (Direct GHG emissions)

5,808.96 t CO₂ equivalent
 1.08% of total GHG inventory
- **Scope 2** (Indirect GHG emissions from electricity)

80.48 t CO₂ equivalent
 0.01% of total GHG inventory
- **Scope 3** (Other indirect GHG emissions)

532,905.63 t CO₂ equivalent
 98.91% of total GHG Inventory

- In 2023, Soltec generated direct **Scope 1** emissions of 5,808.96 t of CO₂ equivalent which represent 1.08% of the total Inventory. The largest sources of emissions come from combustion (both diesel and fuel in machinery).
- As for **Scope 2** emissions, they reach 80.48 t of CO₂ equivalent and represent 0.01% of the total Inventory. The emissions come from the energy consumption of our centres at the company's different headquarters.
- The sources of **Scope 3** emissions have been categorised according to the different categories indicated by the GHG Protocol methodology, reaching 532,905.63 t of CO₂ equivalent and representing 98.91% of the total GHG Inventory. Soltec acts on those sources whose contribution exceeds 1% of total emissions. The "purchased goods and services" category is the most relevant category, with the acquisition of primary and secondary steel being the most relevant source.

% contribution from each GHG Protocol category:

Scope	Category	Contribution
Scope 1	Fuel consumption	1,08%
	Acquired electricity	0,01%
Scope 2	Purchased goods and services	87,14%
	Capital goods	0,01%
	Fuel and energy	0,24%
	Transportation and distribution	10,46%
	Waste generated	0,08%
	Business travel	0,21%
	Employee commuting	0,03%
	Leased assets	0,00%
	Scope 3 Upstream	Transportation and distribution
Processing of sold products		0,00%
Use of sold products		0,00%
End-of-life treatment		0,09%
Leased assets to third parties		0,00%
Franchises		0,00%
Investments		0,00%
Scope 3 Downstream	Transportation and distribution	0,00%
	Processing of sold products	0,00%
	Use of sold products	0,00%
	End-of-life treatment	0,09%
	Leased assets to third parties	0,00%
	Franchises	0,00%
	Investments	0,00%

METRICS & TARGETS

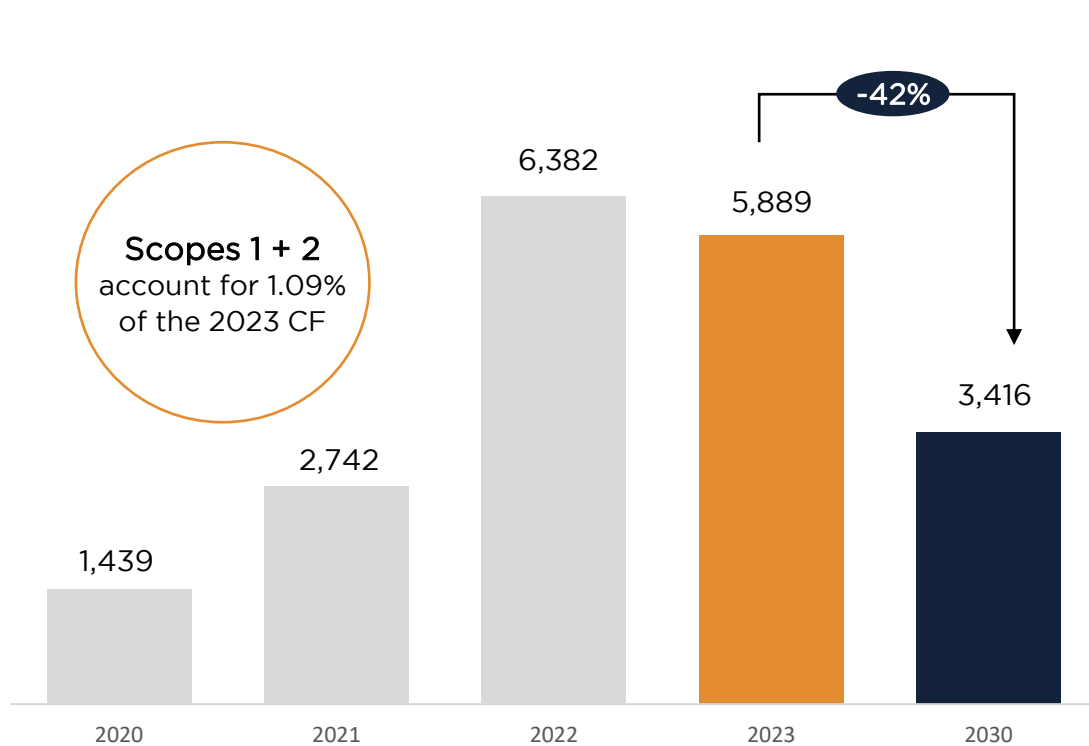


Reduction targets until 2023:

Taking into account the 2023 Carbon Footprint as the basis for calculation, and applying science-based criteria (SBT), our decarbonization targets are:

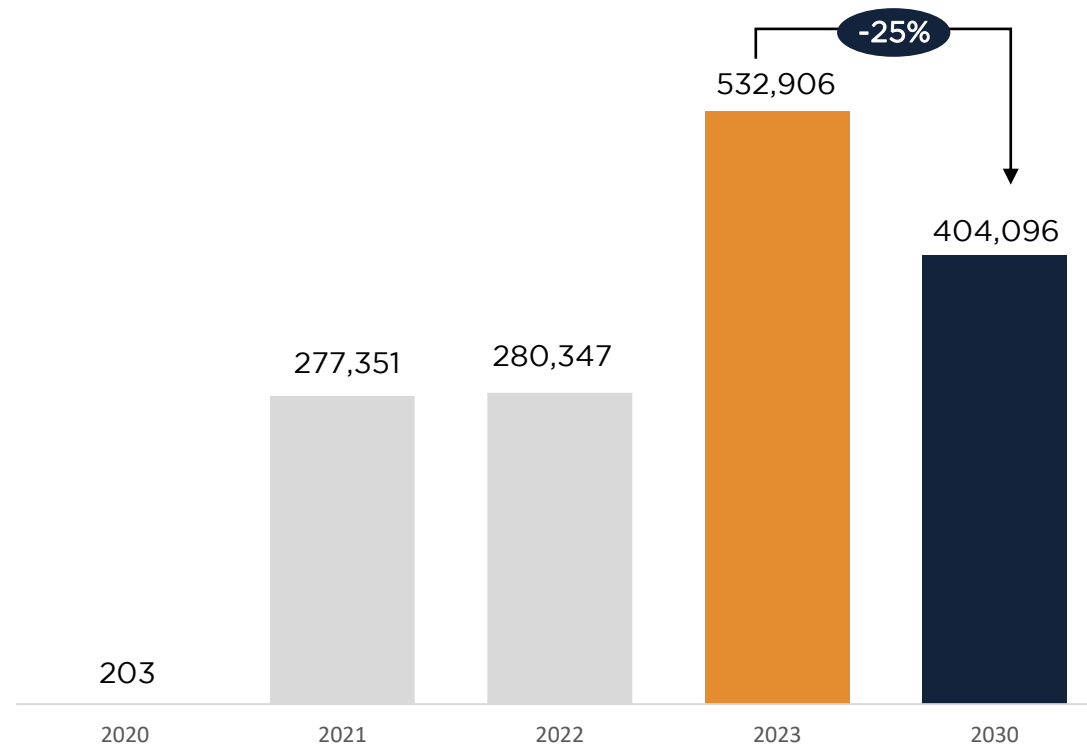
Scopes 1 & 2

In relation to the company's Scopes 1 and 2, and recording the data obtained in our 2023 Carbon Footprint, we obtained, following the SBTi criteria of staying below 1.5°C, an ABSOLUTE reduction target of 42% for both scopes in 2030.



Scope 3

Considering the absolute emissions in the 2023 base year of 538,795 tonnes of CO₂e, the objective of reducing the ABSOLUTE of 25% by 2030 implies reducing these emissions to 404,096 tonnes of CO₂e, complying with a scenario of limiting global warming to below 2°C.



METRICS & TARGETS



Drivers to reach targets:

Scope 1



- Substitution of fossil fuels for renewable fuels.
- Replacement of existing machinery with electric or hybrid equipment.
- Preventive maintenance of firefighting equipment.

Scope 2



Shifting from conventional energy to renewable energy in the following subsidiaries:

- Colombia
- United States
- Mexico
- Brazil
- Chile

Scope 3



- Improve the primary vs. secondary steel mix:
 - Determine the actual emission factors of the steel we buy. Currently, we rely on the following global data:
 - FE primary steel: 2,235 kg CO₂/kg
 - FE secondary steel Spain: 0.551 kg CO₂/kg
 - FE secondary steel rest of the world: 1,406 kg CO₂/kg
 - Identification of suppliers with secondary steel and/or lower FE
 - Economic quantification of primary-to-secondary change
 - Progressive transition plan to secondary steel
- Reduction of product transport emissions. Currently, emissions from transport (10.46% of the 2023 CH) are due to:
 - Air transportation: 6.94% (FE = 0.831 kg CO₂/kg transported)
 - Ground transportation: 2.33% (FE=0.149 kg CO₂/kg transported)
 - Sea transportation: 1.19% (FE=0.010 kg CO₂/kg transported)
- To reduce these emissions, we must:
 - Review the FE of our transportation providers, prioritizing those with the lowest FE
 - Optimize routes and loads
 - Always prioritise sea freight

CLOSING REMARKS

The solar photovoltaic sector is and will be a key player in the transition to a low-emission economy and the sustainable future of the planet, both in environmental and social terms. For this reason, at Soltec we have the firm intention of continuing to work to create an increasingly clean, sustainable and fair world through solar energy.

In terms of governance, Soltec continues to be committed to a model in which the participation of different areas is ensured, so that the monitoring and management of the risks and opportunities identified (regardless of their nature) is carried out in a transversal manner.

Managing risks associated with climate change involves identifying, assessing and addressing the potential financial, operational and reputational impacts of climate change. This includes risk mitigation measures to reduce Soltec's vulnerability to extreme climate change effects.

As described in this report, Comprehensive Risk Management is a fundamental principle in Soltec's activity, with climate change risk management being a fundamental pillar in this management.

Climate Change Risk Management is not seen within the organization as a simple risk to be mitigated, but as an opportunity within Soltec's strategy.

To carry out a correct management of climate change risks, Soltec adopts the COSO methodology and ISO 31000 and ultimately identifies, quantifies and mitigates the risks that it may face in the course of its activity.

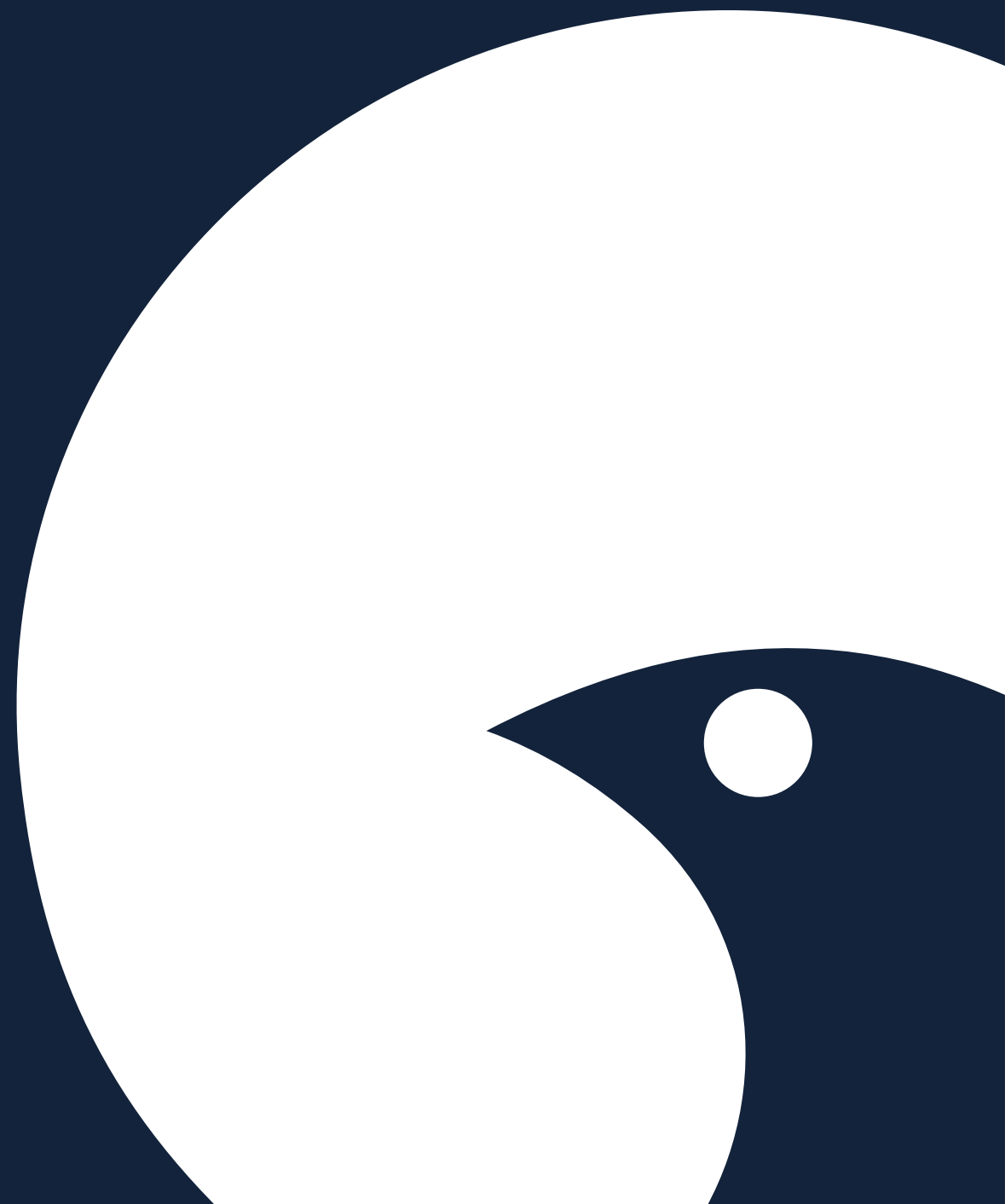
In addition, from 2024 we already have a roadmap that will allow us to advance in the decarbonisation of our activities, while continuing to capitalise on the opportunities that the context of Climate Change makes available to us.

Soltec can therefore manage your exposure to risk and the potential impact you may suffer as a result of your exposure to climate change.

However, Soltec is aware that climate change may affect its activity in the not too distant future and therefore places special emphasis and dedication on analysing the evolution of climate change risks, as well as anticipating possible emerging risks.



ANNEXES



ANEXX I

Table of contents according to the recommendations of the Task force on Climate-related Financial Disclosures (TCFD)

Governance:	Pages
a) Describe management's role in assessing and managing climate-related risks and opportunities.	5-6
b) Describe the board's oversight of climate-related risks and opportunities.	6
Strategy:	Pages
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	10-13
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	12-13
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	7-13
Risk management:	Pages
a) Describe the organisation's processes for identifying and assessing climate-related risks.	4-9
b) Describe the organisation's processes for managing climate-related risks.	8-9
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	4-5
Metrics and targets:	Pages
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	14-16
b) Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks.	14-15
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	16-17

The image features a large-scale solar farm with rows of photovoltaic panels tilted towards the sky. The panels are dark blue with a grid of silver lines. The foreground is filled with lush green grass, and a field of yellow wildflowers is visible in the mid-ground. The sky is bright blue with scattered white clouds. The Soltec logo, a white stylized 'S' shape, is positioned to the left of the company name 'soltec', which is written in a bold, lowercase, white sans-serif font. The logo and text are overlaid on the solar panels.

soltec