



## **ANNUAL REPORT 2021 OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF SOLTEC POWER HOLDINGS, S.A.**

### **1. Introduction**

In accordance with what is established in Recommendation No. 6 of the Spanish Code of Good Governance for Listed Companies, Section 79 of Technical Guide 3/2017 of the Spanish Securities and Exchange Commission on Audit Committees of Public Interest Entities, and in Article 14 of the Board of Directors Regulations of Soltec Power Holding S.A. (Hereinafter, the Company), this Committee Performance Report corresponding to the 2021 financial year is drafted.

This report is also broadly aligned to the Spanish Stock Exchange Commission Technical Guide 3/2017, on Audit Committees of Public Interest Bodies to enable shareholders and other interested parties to understand the activities carried out by the Committee during the 2021 financial year.

The Company intends to publish it on its website sufficiently in advance of the Ordinary General Shareholders' meeting, thus allowing shareholders and other interested parties to understand the activities carried out by this Committee in each financial year, as well as establishing the report content to be published.

### **2. Regulation**

Article 529 *terdecies* of the Capital Companies Act stipulates that listed companies must set up at least one Audit Committee. Article 529 *quaterdecies* regulates its composition, operation and powers.

The Audit Committee was established on 6 October 2020 by resolution of the Company's Board of Directors. Article 23 of the Article of Association regulates Audit Committee rules of composition, operation and powers, which were implemented through article 14 of the Board of Directors Regulations.

After establishment, Committee roles, competences and activities have developed largely, in accordance with legal requirements and corporate governance recommendations (with special reference to legal reforms introduced in the Capital Companies Act by Law 5/2021, dated April 12, and Law 31/2014, dated December 3, amending the Capital Company Act; to the Code of Good Governance published by the Spanish Securities and Exchange Commission in February 2015 and revised in June 26, 2020);

Although Technical Guide 3/2017 on Audit Committees of Public Interest Bodies, points out that audit committees must have their own regulations approved by the Board of Directors, and that the Company is indeed interested in complying with all Code of Good Governance recommendations, it is true that the development contained in the Regulations of the Company's Board of Directors itself is sufficiently detailed. However, at this time, the Company's Board of Directors plans to approve said specific regulations at a later date, to detail, among others, the following matters: composition, requirements for the appointment of its members, rules of order, responsibilities and functions assigned, means it must have, rules on the interaction of the Audit Committee with the Board of Directors and the shareholders, rules on communication with the auditor and the internal auditor, evaluations of the Committee and reports to be issued.

### **3.- Members**

Under the provisions of Soltec's Articles of Association and the Regulations of the Board of Directors, the Audit Committee shall be composed exclusively of non-executive directors, a majority of whom are independent, more specifically three members, a president and two spokespersons. The president is also the coordinating commissioner of the Board of Directors.

Audit Committee Members ought to have experience and knowledge in management, economics, finances and business. All Commissioners need to be proficient in these areas. Similarly, the Board of Directors shall

ensure that Committee Members have, as a whole, the necessary knowledge, which should go beyond accounting aspects.

The Audit Committee members have been appointed by the Board of Directors, considering the knowledge, skills and experience in accounting and/or auditing of the directors and the Committee's duties. The members of the Committee as a whole have the relevant expertise concerning the energy sector.

The President is an independent director who the Board has assessed as having knowledge, skills and experience in accounting, auditing and risk management.

Following good corporate governance practice, a member of the Committee shall be deemed to have knowledge and experience in accounting and/or auditing when he/she has the following qualifications:

- Knowledge of accounting and/or auditing regulations.
- Ability to assess and interpret the application of accounting standards.
- Experience in preparing, auditing, analyzing or evaluating financial statements of a certain level of complexity, similar to that of the Company, or experience in supervising one or more persons involved in such tasks.
- Understanding of internal control mechanisms related to the financial reporting process.

In the Company's Audit Commission, all members meet this qualification.

On October 6, 2020, the Board of Directors appointed the following Audit Commission members: Mr. Fernando Caballero de la Sen, as President, and Mr. José Francisco Morales Torres and Mrs. Nuria Aliño Pérez, as commissioners<sup>1</sup>.

The date of reappointment is October 6, 2024. The composition of the Sustainability Committee and the CV of each Committee member is published on the Company's website.

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<sup>1</sup> The biography and professional profile of Audit Committee members can be checked on the Company's website: [www.soltec.com](http://www.soltec.com)

No Committee members changed in 2021.

No commissioner member of the Audit Committee performs executive functions in the Company. Two of its three members are independent commissioners. Hence, it amply complies with legal regulations and the recommendations of good governance, which establish that it should be composed of a majority of independent commissioners.

#### **4.- Meetings held**

Following the provisions of Article 14 of the Board of Directors Regulations, the Audit Committee meets at least once per quarter, convened by its President. To this end, the Board Secretariat prepares an agenda for approval by the Committee's President, which is sent to all participants well in advance of the meeting, together with the relevant documentation for each of the items on the agenda.

The truth is that in 2021, the Committee carried out many activities and sessions, more than originally scheduled, thanks to the invaluable support of the Board of Directors.

In 2021, The Committee held sessions on January 20, February 23, March 24, May 11, June 23, September 6, September 27, October 5, November 2 and December 16.

The President of the Audit Commission, if appropriate, could call a preparatory working session attended by all Committee Members, as well as by individuals to be convened so that work can be prepared beforehand. In 2021, a preliminary work session was held by each Commission, thoroughly reviewing the information provided to the Commission, as well as assessing the inclusion of agenda items with the aim of making Committee efforts more effective. The Internal Audit Director always attends these work sessions.

In addition to the members of the Committee, the Secretary of the Board and the Legal Adviser, meetings were also attended, upon invitation by the President, by directors in those areas and required agenda items, such as the Chief Financial Officer and the Audit Director, as well as all Group managers and employees deemed necessary by the President, such as external auditors, represented by the partners in charge of auditing the Company's accounts and called in by the

President to present the audit of half-yearly and annual accounts.

Irrespective of the regular communications between the President of the Audit Committee with the internal auditor and the external auditor that may take place during the year, no ad-hoc meetings were held with none of them outside of the above-mentioned sessions.

Minutes of the conclusions reached at each meeting are drawn up by the Committee Secretary and included as an item on the next Board of directors meeting, the President of the Board of Directors reports to the entire Board on the most relevant points discussed and recommendations if any.

## **5.- Subjects Addressed by the Audit Committee**

Topics addressed by the Committee include three recurrent sessions: supervision of External Audit (for yearly and half-yearly accounts), Internal Audit and Risk Management. Furthermore, other one-off and non-recurrent topics of special interest for the Committee are discussed.

The main topics addressed in 2021 are presented below:

### **a) External Audit**

In this section, the Company account auditors inform the Audit Committee about key aspects of ongoing audit works and periodic half-yearly information, as well as of other relevant accounting aspects, including the application of accounting standards, and pointing out, if applicable, discrepancies between Company Management and auditors.

### **b) In-house Audit**

Under this section, the Audit Committee:

- Approves statutes of the Internal Audit function.
- Evaluates and annually adopts internal audit area functions, action plans based on risks and resources (human, financial and technological) to ensure that they are adequate for the Company's actual needs.
- Monitors the evolution of the internal audit action plan, ensuring that the main business risk areas are adequately covered, with appropriate coordination with other assurance functions such as risk management and control or

regulatory compliance and the external auditor.

- Takes the necessary actions for direct and effective access of the head of the internal audit to the Audit Committee.
- Ensures that significant changes to the internal audit action plan are adequately communicated to the Audit Committee.
- Ensures that action plans are implemented as committed and on schedule, reporting to the Committee on their progress.

### c) Other subjects discussed

- Review of the SCIFF implementation process
- Review of the company's budget
- Review of annual reports needed for Annual Accounts approval
- Procedure of related transactions. Policy of operations conforming to the new Spanish Corporate Companies Act.
- External auditor performance assessment.
- Half-yearly report of the Fiscal Department
- Novelties of the new Spanish Companies Act in the area of Audit Commissions
- Company risk map.
- Report issued by the Tax Compliance Committee.
- Appointment of in-house Data Protection Officer
- Report about the Corporate Compliance Program and approval of documentation on criminal risk assessment.
- Monitoring the evolution of ten top projects.
- Report on the appointment of auditors for Powertis S.A.U. and Soltec Energías Renovables S.L.U., as well as information on the process to find external auditors for the financial years 2022, 2023 and 2024.
- Supervision of parent company guarantees issued by the Company in the course of regular business activities, as well as setting target limits for ratification of parent company guarantees.
- Favorable report of the Committee to the "*Fundación para el Desarrollo de las Nuevas Tecnologías del Hidrógeno en Aragón*" (Aragon's Foundation for Development of New Hydrogen Technologies)
- Policy supervision: Policy to recruit commissioners.
- Policy for financial information; Policy to contact and communicate with shareholders.

## **6. Evaluation of the Audit Committee**

According to Articles 529h, section 1 of the RLD and of the Board of Directors, the annual 2020 evaluation of the Committee was carried out during its 2021 session.

### **Conclusion**

No events or circumstances have occurred in the Audit Committee's competence areas throughout the 2021 financial year requiring intervention and notification to the Board of Directors.

This annual report will be presented to the Board of Directors of the Company at the meeting scheduled for March 22, 2022.

Madrid, March 17, 2022

Mr. Fernando Caballero de la Sen  
President of the Audit Committee







