



SUSTAINABILITY REPORT

2020

A story of **growth**:
innovation, sustainability
and **vertical integration**





2.1 Million

CO₂ metric tons
avoided in 2020

Sustainability Report 2020

ESG engagement and performance

**A report moving towards
an integrated report**

Your opinion about this report or on any aspect
related to the sustainability at **Soltec** is very important to us.
Please contact us at:

info@soltec.com

To optimize the use of information in this report, we added
some content interactions:



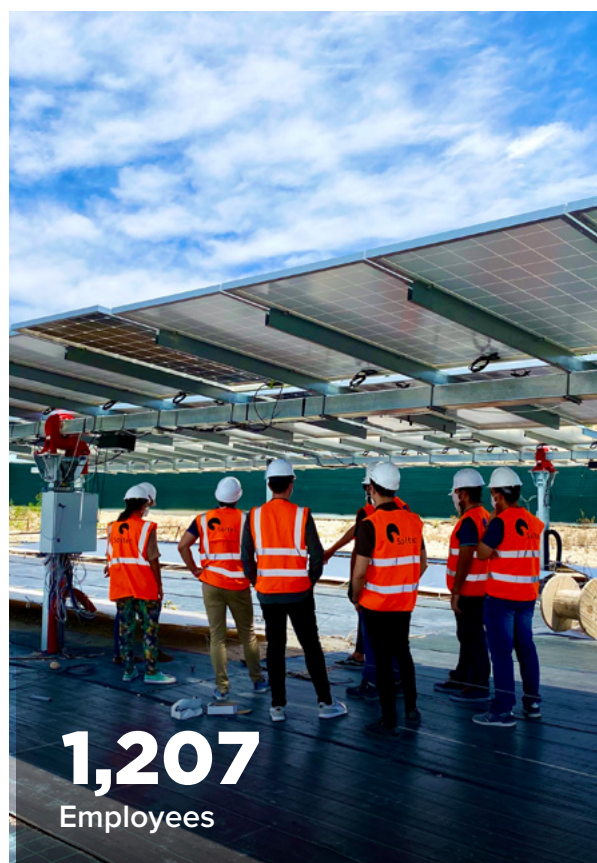
1. A look at
Soltec in 2020



More information
within the actual report



More information
clicking on an external link



1,207
Employees





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Letter from the Chief Executive Officer



Raúl Morales,
Chief Executive Officer of Soltec Power Holdings

Dear friends,

I am pleased to present Soltec Power Holdings' first Sustainability Report for the 2020 financial year.

In addition to **reflecting the importance of sustainability and ESG management for the company**, we would like to take stock of the milestones achieved in 2020 and point out the areas in which we will focus our efforts in the coming years.

2020 has been a year of great importance in the history of Soltec. **In October, we went public**, a major achievement that has allowed us to undertake our demanding and ambitious business plan. In the coming decades, the planet will experience an energy revolution, leading to an increase in electrification and participation of renewable energy sources such as solar energy and distributed generation.

Soltec, due to its portfolio of innovative integrated solutions in the development of photovoltaic projects, plays, and wants to continue doing so in the future, a prominent role in this path. The company currently holds

Soltec, a leader in the photovoltaic sector with an integrated and sustainable business model based in innovation and a key player in the energy transition.

leading positions in the solar tracker market in several Latin American countries and has a strong presence worldwide.

The solutions we provide already generate significant sustainability benefits. The company's projects avoided the emission of more than 2.1 million tCO₂eq globally during the year, a figure that will continue to increase in the coming years.

Soltec complements this **contribution to the fight against climate change** through its business model by maintaining responsible behavior in our activities. To this end, in addition to having committed to becoming CO₂ neutral in the coming years, we actively manage ESG aspects in our operation, thereby ensuring that every kWh generated in our projects is produced sustainably.

Today, the company holds leading positions in the global solar tracker market.

In 2020, we faced an extraordinary situation with the beginning of a global pandemic, which undoubtedly affected all industries to greater or lesser extent. In our case, COVID-19 slowed down the growth of the industry delayed the start of some projects, but it also **revealed how, more than ever, renewable energies play and will play a key role at a global level** in coming years.

The solar tracker market has excellent prospects, currently representing 20% of all power facilities, and expected to represent more than 40% by 2025. This will account for an expected annual market growth of over 17%.

Some of the Company's main milestones in this area in 2020 were related **to reinforcing our corporate governance model** according to the CONMV's recommendations. It is also worth highlighting the creation of a delegated Board committee on sustainability, which reflects the importance of this area at the highest level of its governance. The creation of this body has been accompanied by other actions related to sustainability management, including creating an Interdepartmental ESG Committee, development of a Master Plan in this area and approval of a specific corporate policy in where the organization has established the commitments and inspiring principles to be followed in its management. Likewise, Soltec has adhered to the United Nations Global Compact, committing to comply with its principles and to report annually on its progress through this report.

Other noteworthy actions during the year were implementing a corporate compliance program and its certification concerning the main existing standards.

This effort for constant improvement has also been extended to human resources, where the Company has taken important steps such as developing a new equality plan and achieving a prestigious certification that accredits us as a healthy company.

As could not be otherwise, **environmental protection in our operations is another essential aspect**. In this area, thanks to consuming 100% renewable energy in our offices, and in addition to other efficiency measures, Soltec has continued to reduce CO₂ emissions associated with its activities. This reduction has been accredited with the "Reduzco" seal awarded by the Ministry for Ecological Transition.

These achievements are just a few of what Soltec's professionals have been able to accomplish in such an important year for the Company, a year in which, like all other companies and society in general, we have also faced the impacts caused by COVID-19.

In 2020, COVID-19 clearly impacted the company, mainly Soltec Industrial. Consolidated revenues reached €235.6 Mn, whereas adjusted EBITDA was -€9.4 Mn and net profit -€4.9 Mn.

The exceptional situation caused by COVID-19 has revealed the importance of renewable energies at a global level.

The impact of the pandemic along with an increase in solar panel prices contributed to some negotiation delays and execution of signed contracts. Consequently, this delayed our supply of solar trackers in 2020. However, no important project was cancelled and we are proud to say we reached a record backlog and pipeline.

Preventing contagion among our employees has been a priority from day one, and, to this end, we have multiplied our efforts. We have also focused on this area when it comes to supporting the local communities in which we operate and will continue to do so in 2021, knowing that we are part of society and that our success depends, to a large extent, on theirs.

We, therefore, continue to maintain our commitment to society by developing initiatives with a direct impact on the community, many of which aimed at mitigating the COVID-19 health crisis. These include collaboration with soup kitchens (in which the entire management team participated) and other associations as well as donations to NGOs.

We continue to be at the forefront of innovation, having launched the SF7 tandem tracker and the SF8 tracker in 2020. We are also aware of the critical role of green hydrogen in the transition to a sustainable energy world and are taking steps to enter this market. Besides, in early 2021 we launched a state-of-the-art product that allows Soltec to enter the distributed generation market.

Lastly, I would like to thank you for your trust and invite you to join us in exploring with us the details of these actions and our commitment to continue improving. We look to the future with enthusiasm and continue building a sustainable company that contributes with effort and passion to the challenge represented by the energy transition and society's progress and well-being.

Raúl Morales Torres
Chief Executive Officer
Soltec Power Holdings

An overview of Soltec in 2020

Soltec, a global company, photovoltaic industry sector with an integrated, sustainable business model.

Soltec has a global workforce of more than 1,200 individuals and over 14 years of experience in the manufacture of solar tracking equipment, which is supplied worldwide together with associated services.

Based on the data published for FY 2019, we are the third manufacturer of photovoltaic trackers in the international arena, with 8.4 GW supplied all over the world. With this activity, Soltec makes a significant contribution to the fight against climate change, preventing the emission of 2.1 million metric tons of CO₂ in 2020.

Main parameters in 2020

235,6 Revenue (€ Million)	Adjusted EBITDA (€ Million)	Net profit (€ Million)
Soltec Energías Renovables, S.L.U.	-11.3	-16.2
Powertis, S.A.U.	2.6	11.9

Soltec is comprised of two business areas, each with a solid portfolio to ensure further growth in the future



Soltec

Soltec Energías Renovables, S.L.U.

Specializing in solar tracker manufacture and installation, as well as in added-value services associated to solar trackers.

190 (+33% vs 2019)

Project Backlog (€Mn)

2,665 (+128% vs 2019)

Project Pipeline (€Mn)

Powertis

Powertis, S.A.U.

Specializing in the development of photovoltaic projects.

1,3 (8% + vs. 2019)

Project Backlog (GW)

5

Project Pipeline (GW)

Milestones of Soltec's Activities in 2020



IPO in Spain's Stock Market



3rd solar tracker supplier worldwide (1st if USA is excluded, 1st in LATAM and 2nd in Spain)



Sale of relevant projects in Chile, United States and Brazil



Publication of the first Sustainability Report

Soltec, committed to having a sustainable business model, intends to become a carbon-neutral company in the next few years. Additionally, its active management of social, environmental and good governance aspects allows to company to ensure that every KWh generated in its projects is produced under high standards of accountability and efficiency.

Solar trackers supplied worldwide in 2020 (MWp)



Launching of new SF8
tracker and SF7 tandem



Preparation for entry into green
hydrogen and distributed
generation markets



140 industrial and
intellectual property
registries



Establishment of the Sustainability
Commission, which reports to the
Board of Administration

ENVIRONMENTAL



2.13 Millions of Mt CO₂ eq. not
emitted thanks to our projects.

1,324 CO₂ emissions (Mt CO₂ eq.)
of scopes 1 & 2

66% Power consumption from
renewable sources

100% Waste percentage dispatched
to recycling plants

SOCIAL



34.3 Training hours per
employee

7.8 Frequency index

0.3 Accident severity index

114 Employees participating in
corporate voluntary work

1,120 Individuals hired within the
project framework

54.6 Amount allocated to social
projects (€ thousands)

GOVERNANCE



43% Of women in the Board of
Administration

43% Independent Members in the
Board of Administration

0 Complaints received through
our designated channel

0 Identified corruption cases

2

Our business

Soltec Power Holdings is comprised of two companies: Soltec Energías Renovables and Powertis. The first specialized in the design, installation and commercialization of photovoltaic solar trackers while the second develops photovoltaic energy projects.

The operating indicators, at the end of the year, reflect record figures, highlighting the growth potential of the company and excellent market health, as well as the leadership position of Soltec.

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A sustainable and vertically integrated business model	14
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Business areas	16
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OUR FIGURES

Soltec Industrial



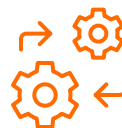
Blacklog

€190 Mn

Pipeline

€2,665 Mn

Powertis



Pipeline

5 GW

Assets rotated in 2020

1.2 GW

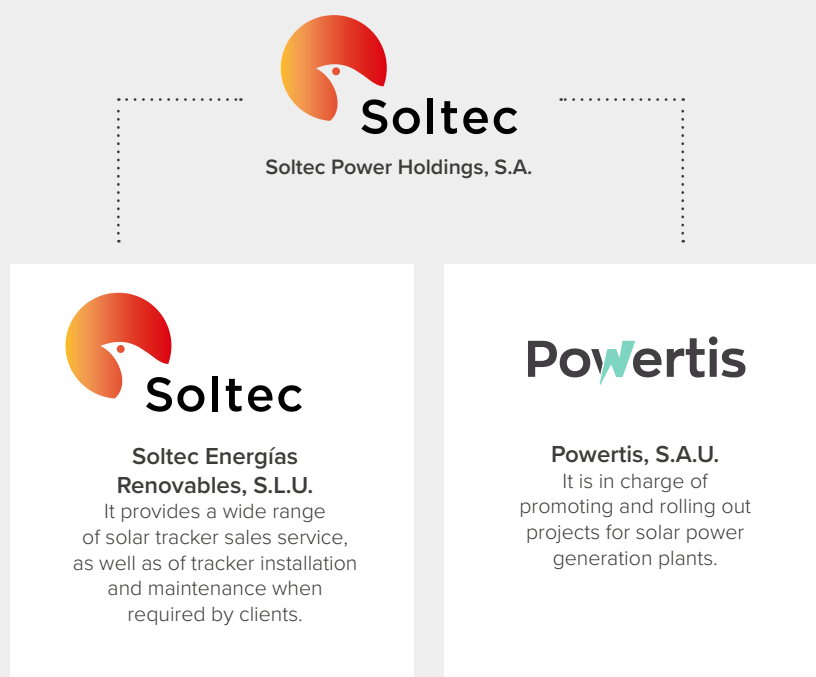
2.1 Soltec, a leading company in the photovoltaic sector

Soltec Power Holdings, a public limited company, registered in Murcia (Spain), is led by a consolidated group of companies specializing in integrated photovoltaic solar energy solutions focused on solar tracking systems with a solid commitment to innovation

The portfolio of services offered by the Company ranges from the design and manufacture of solar trackers to the development of photovoltaic solar parks.

The Company is formed by two parent companies, Soltec Energías Renovables, S.L.U and Powertis, S.A.U, on which various subsidiaries that make up the perimeter of Soltec Power Holdings.

Organization Chart of the Soltec Group



Ownership structure

The share capital of Soltec Power Holdings, S.A. amounts to €22,846,679.25 and is divided into 91,386,717 shares, each of which carries one vote at the general shareholders' meeting of the Company. The shares have been listed on the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges since 28 October 2020, when the Company was floated on the Primary Market.

The shareholder structure at year-end 2020 is as follows:

Title	% of voting rights*
Raúl Morales Torres	19.58
José Francisco Moreno Riquelme	42.28
Santander Asset Management, S.A. SGIIC	3.44
Schroders PLC	3.39

* Attributed to shares (significant shareholders)

Source: Comisión Nacional del Mercado de Valores - CNMV (Spanish Securities and Exchange Commission)

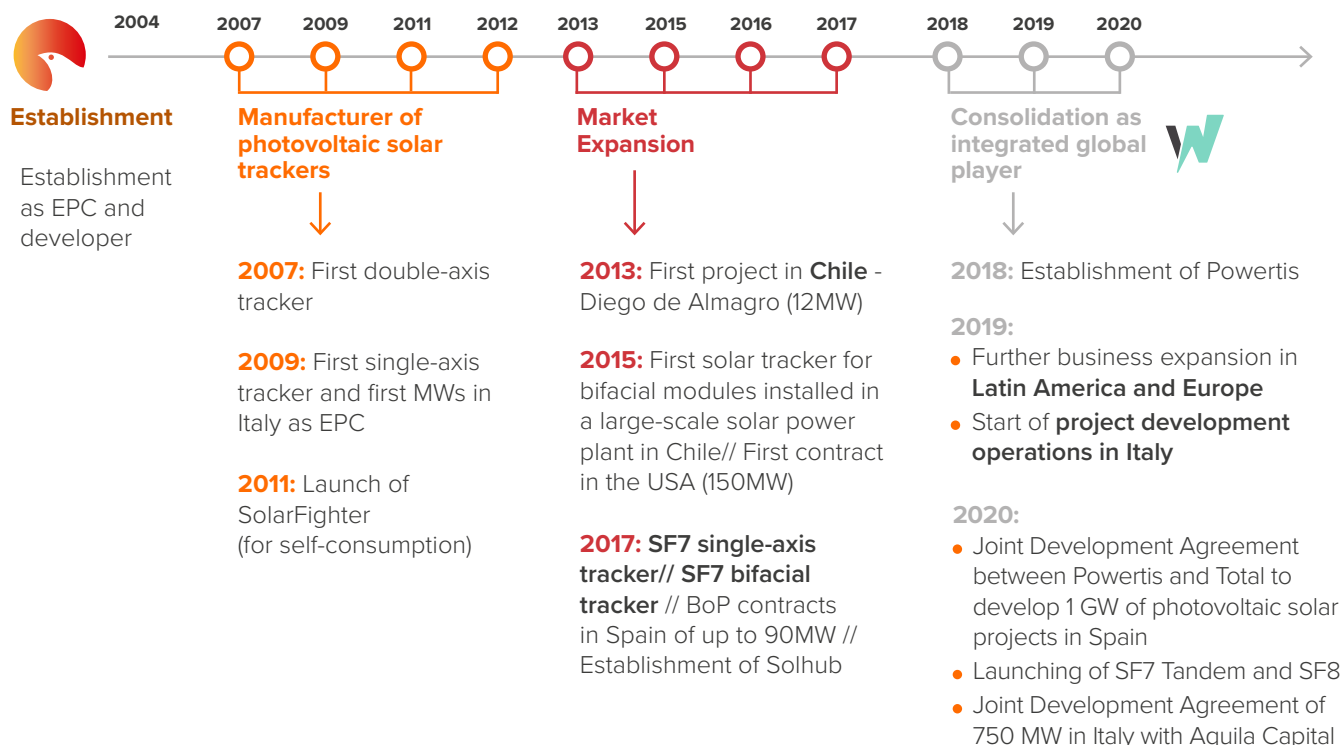
 [see section 5.1](#)
"Financial performance"

A company with a past, a present and, above all, a bright future

Soltec was founded in 2004 due to its founders' restlessness and ambition, one of whom is Raúl Morales, current CEO of Soltec Power Holdings. From the beginning, the Company wanted to anticipate the needs of the photovoltaic market, develop innovative projects, and improve the existing technology in solar trackers, which was still very immature, creating unique and innovative designs. In 2004, Soltec began operations in EPC (Engineering, Procurement and Construction) services. In 2007, Soltec launched its technology and established itself as a manufacturer of solar trackers, marking the beginning of a successful business model whose product portfolio continues to grow to this day. In 2009, it developed and

launched one of the first single-axis photovoltaic trackers on the market. Subsequently, in 2011 and 2012, Soltec launched products on the market to obtain a highly competitive tracker and expand internationally. In 2015 it opened new offices in Brazil and the United States, continuing internationalization and seeking new market opportunities. In 2014 it entered Chile, first country in the Latin-American market. A year later, it began operations in Brazil, Mexico and the United States and undertook work in Peru, continuing with the process of internationalization and seeking new market opportunities. Throughout 2017 Soltec consolidates its position as one of the leading tracker manufacturers in the market by executing large-scale projects.

In 2018, the Company created the Company Powertis to begin its vertical consolidation process to expand the services offered throughout the value chain and consolidate its position in the global market for the supply and installation of trackers. In 2019, Soltec continued its expansion in Latin America and Europe and supplied bifacial modules with an installed capacity of 2 GW. Powertis continued to carry out projects in Brazil and entered the Portuguese, Spanish and Italian markets.



[Learn more about the history of Soltec by clicking on this link](#)

Today, the Company has a leading market position and specializes in developing integrated global solutions for photovoltaic energy projects.

Soltec has a globally recognized brand, based on the experience of working with the leading players in the sector (track record of 8.4 GW at the end of 2020) and an integrated, innovative business model that is firmly committed to sustainability.

Soltec, leading company in the development of integrated solutions for photovoltaic projects



Leadership

Soltec leads multiple Latin American markets (No. 1 in Argentina and Mexico, and No. 2 in Brazil). The company has a strong position in other world regions such as Europe, being the third solar tracker manufacturer worldwide.



Diversification

The company operates in many world regions. Year-after-year expansion, entering new markets with growth opportunities.



Recognized brand

Soltec, a well-known brand within the industry, has increased its visibility over the last few years by securing large contracts with key companies.



Key Sector Stakeholders

The company has signed agreements with the main sector players. It recently signed an agreement with the French Oil Company Total for co-development of 1,000 MW of photovoltaic energy in Spain. Soltec also has a long-term collaboration with Enel Green Power for the supply of solar trackers to a large number of project sites.



Innovative Value Proposal

Soltec's growth has always been supported by an innovative value proposal. Its business strategy and model is based on originality and the development of new technologies.



Potential for Growth

Over the last few years, Soltec's has an upward trend in terms of project portfolio and identification of new opportunities. Due to its innovative approach, the company has the potential to further expand into other world regions and participate in distributed generation projects with different characteristics to existing ones.



Managerial Experience

Soltec's management team has ample experience and expertise on the marketplace. Our managers are experts within their fields. Most of them have worked for over a decade in different departments within the company, including sales, engineering, marketing and finances.



Integrated, Sustainable Business Model

Soltec has an integrated business model favoring growth, capturing margins and firmly committing to ESG aspects (Environmental, Social and Good Governance) managed by the company through its Sustainability and Good Governance Plan.



Driving Energy Transition

Soltec's activities are a driver of energy transition, promotion of distributed generation and prevention of large amounts of CO₂ emissions.



Socioeconomic footprint

Soltec's projects have a significant impact on their environment (creation of over 1,600 jobs, contribution to the growth of local communities through employment, training in, awareness of and attention to basic needs through social action and corporate voluntary activities).

Sectoral presence

To contribute with its experience, increase its visibility and get its message across to other entities, Soltec has gradually strengthened its presence in national and international forums and associations.

In line with its leadership position, the Company seeks to position itself as a spearhead within the sector, leading the energy transition and developing policies and new technologies that may represent new growth opportunities.

 [Learn more about Soltec's presence](#)

Soltec's presence in sector associations and forums



Photo: Raúl Morales, CEO of Soltec Power Holdings, in his speech at COP 2019 in Madrid.

2.2 A sustainable and vertically integrated business model

Soltec has a sustainable and vertically integrated business model in which the synergies between its different activities, its innovative approach and its commitment to sustainability and transparency are differentiating elements.

The **MISSION** of Soltec Power Holdings is to contribute to a cleaner, more sustainable and fairer world based on efficient photovoltaic power generation through transparent leadership and social balance.

The development of Soltec's mission is made possible through the use of multiple resources or capital...

... which the company allocates to carry out the activities comprising its business value chain...



FINANCIAL CAPITAL

- Capital structure reinforcement after flotation.

[For further information: chapter 5.1](#)



HUMAN CAPITAL

- Existence of a multicultural, diverse team.
- Presence of local workers in each project site.
- Continuous training in all company departments.
- Client-oriented.

[For further information: chapter 5.2](#)



INTELLECTUAL CAPITAL

- Experience in an industry in which Soltec is a pioneer.
- Mechanisms fostering in-house and external innovation.
- Collaboration with technology partners.

[For further information: chapters 3.3 & 5.4](#)



NATURAL CAPITAL

- Sustainable management of materials used for business operations.
- Circular economy integration into activities carried out by the company.

[For further information: chapter 5.3](#)



SOCIAL CAPITAL

- Integration of social and environmental clauses in the supply chain.
- Presence in national and international forums and associations.

[For further information: chapters 2.1 & 5.6.](#)



Soltec

In charge of solar tracker design, manufacture and supply services, as well as of installation and maintenance services.

SUPPLY AND INSTALLATION

- Management of solar tracker engineering
- Grid connection
- Management of installation equipment

COMMISSIONING

- Management of solar tracker engineering
- Grid connection
- Management of installation equipment

CONSTRUCTION

- Plant optimization and design
- Contractor and vendor management
- Construction management
- Information to interested parties

O&M

- Risk management
- Supervision role
- Reduction of operational costs

CUSTOMER SERVICE

- Management of spare parts
- Problem resolution

SOLTEC'S DIFFERENTIAL VALUES:

Commitment to sustainability

To carry out a sustainable development(reflected in the SDGs) is essential to establish strategic partnerships that allow facing the social remains, economic and environmental.

Transparency

The commitment to disseminate company activities both in-house and externally, as well as the implementation of good practices in this domain, is a sign of Soltec's identity.

The **VISION** of Soltec Power Holdings is to lead the global photovoltaic power market by offering reliable state-of-the-art technology within a framework of solid corporate governance and social responsibility.

... thus generating significant value for Stakeholders and complying with the company's vision.

Powertis

In charge of promoting and developing projects for solar power generation plants.

INITIAL DEVELOPMENT

- Land rights and selection
- Evaluation and land layout
- Grid connection analysis

FINANCIAL CLOSURE

- Raise of capital
- Financial model development
- Debt structure
- Selection of investors and banking institutions
- Calculation of financial project closure

CONTRACT MANAGEMENT

- Payment control guarantees
- PPA administration and permits
- Efficient asset management

O&M

- Management of risks associated to plant service life
- Plant supervision to ensure safety and efficiency
- Reduction of operational costs
- Optimization of productive plant capacity



FINANCIAL MARKET

- Creation of value for all stakeholders, transparency and accessibility.

[For further information: chapter 5.1.](#)



CLIENTS

- Orientation towards excellence, both in terms of product portfolio and customer service.

[For further information: chapter 5.4.](#)



EMPLOYEES

- Committed company which creates quality employment.

[For further information: chapter 5.2.](#)



LOCAL COMMUNITIES

- Positive impact through job creation, training, environmental awareness and volunteer actions.

[For further information: chapter 5.6.](#)



SUPPLIERS

- Development of joint solutions and adoption of terms driving business sustainability.

[For further information: chapter 5.5.](#)



REGULATOR

- Transparency to translate the main messages of the company.

[For further information: chapter 5.4.](#)

Innovation

Innovation is the key pillar of the business model, being imbued in the culture of the company at all levels.

Vertical Integration

Collaboration with technological partners allows us to generate business and create value throughout the chain.

Talent management

Our business growth is driven by our team members, which is why Soltec fosters talent training and attraction of the best talent, enhancing diversity and inclusion.

2.3 Business areas

Soltec Industrial

The Company's operating indicators reflect record figures, with an operating backlog of 1,891 MW and €190 million at year-end 2020. At the end of December, the Company's pipeline stood at €2,665m, corresponding to 24.34 GW.

Furthermore, the Company has completed the launch of two new trackers during 2020 due to its commitment to innovation and continuous

technological improvement: the SF8 and the SF7 tandem with which it hopes to expand its offer of competitive solutions to a growing market.

In 2019, Soltec regained the third position in the world ranking of solar tracker manufacturers in annual supply and, since 2018, Soltec has been the third-largest manufacturer by cumulative track record.



Milestones in 2020		Key indicators in 2020-2019		
		Indicator	2020	2019
Markets:				
<ul style="list-style-type: none"> EMEA: Spain consolidated its position as the leading country in the region during the period, marked by the pandemic's impact. Latin America: Leader in the region, with differences between countries and Brazil as one of the key markets. North America: Very significant growth mainly due to ITCs (tax incentives). Asia Pacific: Residual presence, mainly in Australia. 		Sales (€Mn)	236.2	356.7
Innovation:		Adjusted EBITDA (€Mn)	-11.3	22.2
<ul style="list-style-type: none"> Certification by TÜV Rheinland of how the TeamTrack® algorithm (developed by Soltec) can increase a solar photovoltaic plant's gains by up to 6.2%. 		Net profit (€Mn)	-16.2	1.8%
Launch of new products:		Project backlog ¹ (In GW & €Mn)	1.89 (GW) €190 Mn	1.28 (GW) €143Mn
<ul style="list-style-type: none"> Entering the Distributed Generation market through the launch of a new product: SolarFighter Launch of the SF8 tracker. This includes the development of the Full Wireless system. Launch of the SF7 Tandem tracker. 		Project pipeline ² (In GW & €Mn)	24.34 (GW) €2,665 Mn	9.67 (GW) €1,171 Mn
		Employees (no.)	1,195	1,629

2021 Objectives


- MARKETS:**
- EMEA:** The Spanish market remains one of the most competitive in the region due to the great number of suppliers active in the market. The rest of Europe sees attractive markets, especially in utility-scale, with particularly interesting regions for solar trackers such as Portugal, Italy, France and Greece. The UAE (United Arab Emirates) is expected to be the second-largest market in EMEA.
 - Latin America:** Demand for trackers will continue to be strong in the region, led by Brazil, Chile and Colombia.
 - North America:** It is the world's largest market for solar trackers and is expected to continue to grow in the coming years. It will be a key market for Soltec Power Holdings.
 - Asia Pacific:** China, India and Australia will lead the region's growth.

Positioning of Soltec Power Holding: Increasing its presence in other geographical areas, strengthening its presence in North America and the Middle East.

1. Signed projects.

2. Opportunities identified by the company but not yet signed.

Soltec Industrial specializes in designing, manufacturing, and supplying solar trackers and additional services to its customers. The company offers a dynamic portfolio of solar trackers. The main characteristics of Soltec's trackers are as follows:

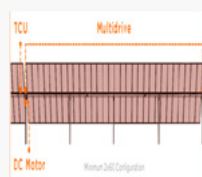
 [For further information about our products, refer to section 3.3. "Innovation as a cornerstone of Soltec's growth"](#)

Single-axis trackers

A solar tracker is an integrated system on which solar panels are assembled and which orientates panels to the sun. Under adequate albedo and plant design conditions, trackers increase power generation in up to 25% compared to fixed inclination facilities.

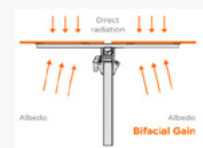
Single-facial trackers:

A mono facial single-axis solar tracker is a solar tracker that uses single-facial panels, i.e., capturing the sunlight from the sun's surface, upper side surface, while the lower side is opaque.



Bifacial trackers:

A bifacial single-axis solar tracker is a tracker that has been optimized to maximize the output from both sides of the PV module and mechanically optimized to avoid as many shadows as possible on the back of the module.



North America

USA
Mexico

Europe and middle East

Spain
Scandinavia
Italy
Israel
Egypt

South America

Brazil
Chile
Argentina
Perú

Asia and Pacific

Australia
China
India



Since its establishment, Soltec has supplied trackers for projects with an installed capacity of 8.4 GW (by the end of 2020), ranking third globally.

Services provided by Soltec Industrial

- **Project engineering:** Design optimized by the manufacturer to maximize maximum product performance for each project.
- **On-site services:** Including plant installation guidance, logistics, training, commissioning, installation and Operation & Maintenance.
- **Solhub:** The service includes the Solhub warehousing and logistics system, which delivers the tracker components to the project location and within the agreed deadlines without intermediary companies.
- **Soltech Pro:** Complete design training and installation program of photovoltaic plants equipped with Soltec solar trackers. This professional program is aimed at solar industry companies and workers specializing in the design and installation of solar trackers in projects large-scale photovoltaics.
- **Commissioning:** The company offers plant commissioning, including commissioning and proper control of the project's solar trackers by specialized engineers.
- **Installation:** Installation and assembly of industrial equipment in compliance with the established deadlines.
- **Solmate, (after-sales service):** Solmate is Soltec's customer service through a new platform for comprehensive management of warranty, care, operation and maintenance of the plants.
- **BOP/EPC:** complete plant installation services with possible management of the purchase of the main equipment.
- **Solteach:** Scholarship awarded by Soltec in solar energy training for recently graduated engineers. This program is done together with the ENAE business school. Theoretical training is provided by external and Soltec instructors followed by a practical training period at Soltec.

Powertis

The company's operating indicators reflect record figures, with a project portfolio ascending to 5 GW at year-end 2020. Within this portfolio, the backlog represents 717 MW while the pipeline amounts to 4.2 GW. During the year, the company was able to strengthen its position in the Brazilian market thanks to closing a financing agreement for two plants with a capacity of 225 MW and the sale of a 618 MW project. Also, Powertis was able to close co-promotion agreements with Total Solar Ibérica to develop up to 1 GW of projects in Spain and 750 MW in Italy with Aquila capital.

Powertis

Milestones in 2020		Key indicators in 2020-2019		
		Indicator	2020	2019
Brazil:				
<ul style="list-style-type: none"> Development of a solar PV portfolio of 956 MW of capacity in the Minas Gerais and Sao Paulo states. 		Sales (€Mn)	0.6	0.1
<ul style="list-style-type: none"> Agreement for the financing of two 225 MW projects with the Banco Nacional de Desenvolvimento Econômico e Social. 		Adjusted EBITDA (€Mn)	2.6	-1.8
<ul style="list-style-type: none"> Signing of power supply agreements (PPAs) with Agencia Nacional de Energia Elétrica (ANEEL) and Companhia Paranaense de Energia (COPEL), for a 374 MW project in Piauí. 		Net profit (€Mn)	11.9	-0.4
<ul style="list-style-type: none"> Agreement to sell the LEO SILVEIRA project (618 MW) to Atlas. 		Project backlog (GW) ¹	1.34	1.24
Spain:		Project pipeline ² (GW)	5	N/A
<ul style="list-style-type: none"> Agreement with the French Group Total for the joint development of 1 GW of photovoltaic projects in Spain. 		Employees (no.)	12	7
<ul style="list-style-type: none"> Obtaining all the authorizations required to start work on the LA ASOMADA project (4.5 MW). 				
<ul style="list-style-type: none"> Development to Advance Stage of a 225 MW portfolio. 				
Italy:				
<ul style="list-style-type: none"> Agreement with Aquila Capital for the joint development of 750 MW in Italy. 				
<ul style="list-style-type: none"> Development of a c. 1.2 GW portfolio. 				
<ul style="list-style-type: none"> Request for administrative approval for a portfolio of 8 projects totaling c. 200 MW. 				
<ul style="list-style-type: none"> Rotation of 249 MW in December of 2020 (partial sale of 51%) 				

2021 Objectives

- Rotation of 1GW of projects (Totally or partially)
- New Market Entry: the United States and Colombia

Powertis is the photovoltaic project development business line. It is a cornerstone of the company's strategy. It offers integrated solutions to investors, including the development, structuring and procurement of power purchase agreements (PPAs), financing, construction and operation of PV parks in Europe (Spain and Italy) and Latin America (Brazil). Powertis has focused on developing projects from the outset on its own (or greenfield), although opportunistically and occasionally, it also buys

projects developed by third parties. Besides, these projects are developed considering Soltec's solar trackers and, once they reach the point of implementation, are built by Soltec.

The company's mission is to deliver reliable and sustainable projects using advanced technology while maximizing returns to owners and investors. In fulfilling this mission, Powertis prioritizes solar development objectives

¹ Projects ready for the construction phase. This does not imply that a contract has been signed.

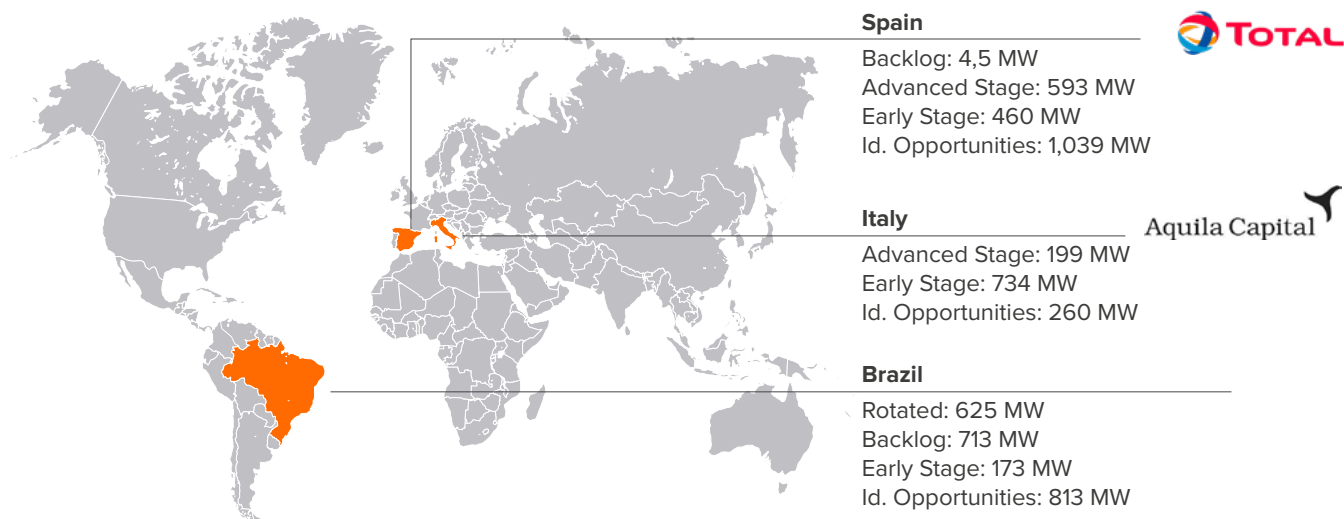
² Identified opportunities.

under the values of efficiency, excellence, respect for the environment, integration of local communities, and job creation in plants' production.

Powertis focuses on medium and large-scale plants that allow for the lowest possible cost of solar infrastructure and use of the latest technology, as well as sophisticated contracting modalities, with the ultimate goal of providing a guaranteed and sustainable return on investment over time.

Since its founding in 2018, Powertis has initiated more than 5.6 GW in company projects spread across several countries.

Main projects under development by Powertis in 2020



Powertis, a clear, results-oriented strategy.

Powertis combines a clear result-oriented strategy with collaboration with trusted partners to increase value for all stakeholders:

- Large-Scale Developer:** Wide knowledge based on a unique, well-defined approach for large-scale photovoltaic projects in excellent locations in the countries where Powertis operates.
- Trusted Partner:** Integrated approach to create associations which maximize value for land owners and investors, reducing electricity prices for companies.
- Sustainable Development:** Integration of measures minimizing negative environmental impacts and maximizing positive impact for local communities in project areas.
- Superior Engineering:** Solid engineering capabilities and unmatched local teams to offer low-cost solar energy in Latin America and Spain.
- Result-Oriented Implementation:** Implementation of developments through the use of advanced technology in order to offer reliable, sustainable projects with a significant return on investment for investors.
- Vertical Integration:** Photovoltaic projects carried out by Powertis use solar trackers developed by Soltec Industrial and create synergies with the EPC division.

3

Soltec, a future-oriented company

The business environment in which Soltec operates evolves constantly. Therefore, it has to adapt its strategy to new situations and trends in this global context.

Likewise, the company is in a sector with ample growth potential. Therefore, it must constantly innovate to develop the new technological requirements demanded by the market.

Business environment	22
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Our strategy for future growth	27
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Innovation as a cornerstone of Soltec's growth	29
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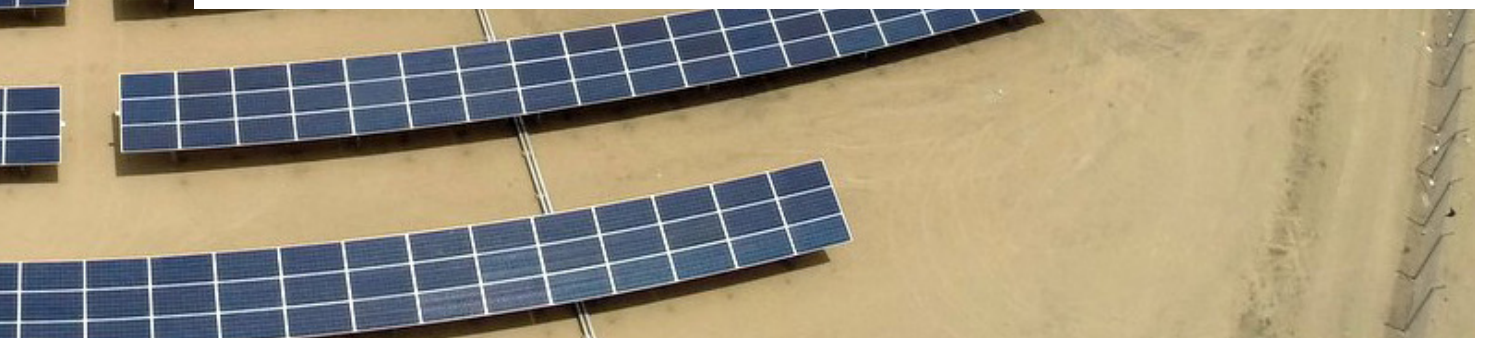


Growth strategy based on three pillars:
innovation, sustainability and good government



Soltec Innovations

Soltec has a subsidiary that concentrates all development efforts and Soltec research.



3.1 Business environment

Soltec operates in an ever-changing market environment to which the company must adapt

More specifically, the sector in which the company participates - renewable energies, especially solar photovoltaic - is in a period of intense growth expected to continue over the next decade.

This evolution brings the rapid development of new, increasingly intelligent and automated technologies and customer solutions, and with it the emergence of new challenges, markets and opportunities.

Soltec works to maintain a leading market position as a global player in the photovoltaic sector by continuously analyzing these trends and adapting its strategy.



Main trends in Soltec's business environment

Sectoral environment



- 2020 will be the first year in which the solar tracker market's value exceeds the fixed installation market's value. According to forecasts, this market is expected to grow by 45% between 2020 and 2025¹.
- Improved technology will maximize energy efficiency, reduce installation times and labor requirements.
- Generalization of bifacial technology in photovoltaic panels significantly increasing a plant's solar production and reducing production costs.
- The search for efficiencies and vertical integrations that eliminate intermediaries, placing value on an integrated business model.
- Transformation of oil, gas and utility companies into renewable energy companies requires technology and industrial companies to provide the technology and capacity-building investments.
- Increasingly efficient PV modules reduce the cost (in \$/W) for the rest of the plant components.
- In 2020, the modules' price increased and suffered temporary stock problems, leading to delays in some of the projects.
- In 2020 and the beginning of 2021, there have been increases in raw material costs, impacting the tracker's cost, mainly due to the increase in steel price.

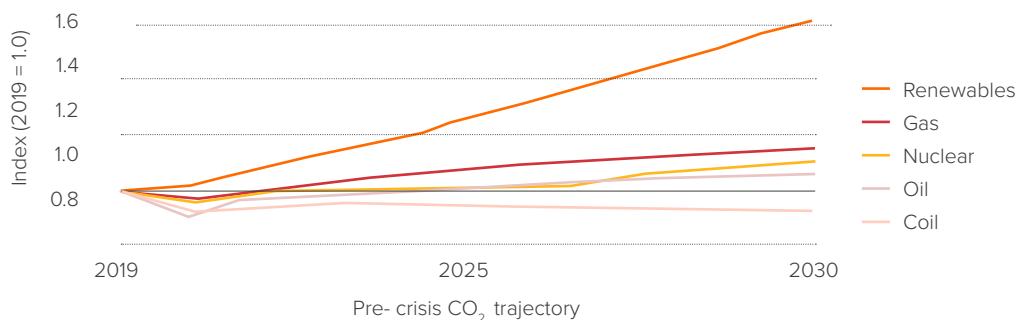
¹ Key findings and brochure – Global solar PV tracker landscape 2020. Wood Mackenzie.

Energy environment



- Accelerating the energy transition to meet the objectives of the Paris Agreement.
- Expected growth of up to 50% of electricity consumption (relative to today's level) in total energy consumption by 2040.
- Increasing importance of renewables, especially solar PV, to meet growing global demand. Global solar PV capacity has increased almost 20-fold over the last decade and is expected to triple in the next decade.
- By 2050, 80% of the electricity produced is expected to come from renewable sources of which 40% will be solar photovoltaic energy.
- Leadership of photovoltaic technology in expansion of renewables thanks to characteristics such as reduced environmental impact, technological simplicity, limited barriers to entry and high competitiveness.
- Consensus on photovoltaics as a more economically competitive energy source (reducing costs over the next decade by up to 34% according to BNEF through efficiency improvements in the manufacturing chain).
- Economic stimuli aimed at accelerating decarbonization as a driving force for the revival of the economy after Covid-19.
- Rapid development of complementary technologies: battery storage, wireless communications, etc.

Global energy demand until 2030. Key trends



Source: World Energy Outlook 2020. International Energy Agency. Stated Policies Scenario.

Macro-economic environment



- In recent years, stable growth of the photovoltaic sector is fostered by renewable energy auctions and competitive demand for clean energy from utilities, consumers, and marketers.
- High impact of COVID-19 on the global economy, although an increase in projects implemented in 2021 is expected due to postponements.
- Centralized production of solar module components in China (polysilicon, wafers, cells, glass and modules) is subject to macroeconomic and trade balance tensions between consumer blocks. Currency volatility can also have an impact on business.
- High impact of tariffs on procurement strategies, both in the countries of origin and destination of projects.
- Impact on the sector's growth due to exchange rate fluctuations (especially in emerging economies), raw material prices and international transport costs.
- Existence of post-Covid 19 Stimulus Plans in Europe, China and the USA that will favor investment in renewable energies.

Regulatory Environment



- Highly regulated sector, especially in the environmental context and access to the electricity grid.
- Increasingly favorable environment for solar power plants due to the introduction of storage technologies.
- Adopting environmental policies and directives with ambitious targets for 2030 and 2050 determined to eliminate energy production from fossil sources.

Epidemiological environment



- Postponement of project implementation worldwide due to the effects of Covid-19 and the increase in the price of solar modules and raw materials.
- Increased project staffing costs associated with the need to allocate more resources to minimize the pandemic's impact and ensure that commitments to clients are met.
- Increased transport costs due to pandemic restrictions and fewer routes available, as well as international container shortages.
- Impact on energy consumption due to the generalized fall in economic activity.

Investor environment



- The rise of sustainable investment
- Strong investor appetite for renewables (more than \$13 billion will be invested in new generation assets by 2050, of which 77% will be earmarked for renewables²).
- The interest of many investors (traditional electricity companies, large oil companies, financial investors) associated with the fight against climate change and the competitiveness of photovoltaic solar energy.
- 15% increase in renewable capacity auctioned from January to October 2020 compared to the same period last year.
- Growing interest in investments that can justify a positive ESG impact.

Financial environment



- Growing trend of purchasing green energy as part of the sustainability strategy of companies.
- Continued and sustained growth in the industry's appetite for financing solar plants.
- Increasing the supply of aid to promote R&D projects and investment in production resources to increase competitiveness.
- Publication of targets by large entities not to finance projects and initiatives associated with polluting energies in the future.

² Renewables 2020: Analysis and forecast to 2025, IEA

Operational and supply chain environment



- Disruption of supply chains due to mobility restrictions caused by COVID-19.
- Increasing interest of stakeholders (investors and customers) in the origin of raw materials and reducing their supply chains' environmental impact.
- High dependence on the steel sector which has increased in price.
- Rising commodity prices and longer delivery times due to a reduced supply of international shipping routes.

Technological environment



- Revaluation of previously unproductive land through innovation in the market for solar trackers increasingly adapted to uneven and rocky sites and more extreme climatic conditions.
- Significant reduction in payback time and high increase in efficiency thanks to the technological development achieved by photovoltaic solar energy.
- Strong commitment to the digitalization of systems and the integration of technologies such as 5G, IOT and Artificial Intelligence as a means of differentiation.
- Increased emphasis on maximizing energy efficiency and reducing the costs associated with installation and maintenance.
- Risk of launching an obsolete product on the market due to the speed of change in the industry.
- Highly competitive environment and continuous technological development, in which patents do not always act as barriers to prevent plagiarism of technologies.



Photo: Solar plant in Chile installed by Soltec.

Environmental setting



- The essential role of renewable energies in the current context of decarbonization and the fight against climate change.
- Environmental restrictions in several countries that produce components for the sector (such as China) affecting production and slowing down the supply capacity of these products.
- Growing interest from all stakeholders for sustainable investments and companies.
- Long-term opportunities for the developing of a more sustainable business associated with obtaining the required environmental permits for the construction of photovoltaic plants.
- Growing concern about the extensive land use required for a photovoltaic plant makes it necessary to rethink complementarity with other uses such as agriculture (agrovoltatics).

Working environment



- Limited access to qualified professionals due to the recent growth of the sector, which boosts demand, raises the average wage and makes it difficult to retain employees.
- More than 19 million jobs are expected to be created in the renewable energy sector by 2050.
- An essential need to train and specialize professionals to keep up with the rapid pace of development in the sector.
- Implementation of teleworking and adaptation to this unforeseen situation through outsourcing due to COVID-19.
- Increased importance of a safe working environment for employees.



Photo: Workers at a Soltec plant.

3.2 Our strategy for further growth

Soltec Power Holdings' medium to long term growth is based on the principles of innovation, sustainability and good governance

Soltec Power Holdings has a firm strategy focused on growth and ambitious objectives to be achieved in the medium and long term to position itself as a global player in the renewable energy sector.

The next decade is critical for the energy transition process and the fight against climate change.

Therefore, it is necessary to develop companies committed to these objectives and the promotion of clean energy for society, such as Soltec.

The company's growth strategy is based on three main pillars:

- Innovation as a key lever for product growth in a sustainable and changing environment.
- Sustainability as the basis of the business model and the development of the company's activity.
- Good governance as a fundamental axis to reinforce transparency with stakeholders.

Soltec Group's Growth Strategy



Innovation

- Development of products which have clear advantages over other market alternatives.
- Identification of new research lines of interest.
- Existence of a specific subsidiary specializing in innovation management (Soltec Innovations).



Sustainability

- Focus on products contributing to effective energy transition.
- Vertical integration in the value chain for sustainable development of Group activities.
- Establishment of effective relationships with clients and suppliers.
- Extension of the company's sustainability commitment to the entire supply chain.



Good Governance

- Ensuring compliance with all corporate requirements through implementation of a management system certified in and adapted to the best practices.
- Reinforcing the role of in-house audits through a qualified team equipped with the necessary resources.
- Designing our governance model in accordance with the best practices and recommendations.

On the move

To implement this strategy, the company made considerable efforts in recent years in the framework of each of its pillars.



Innovation

Since its inception, Soltec has been characterized by its industrial nature and its support of innovation. In this area, the company invests heavily in R&D&I through its subsidiary Soltec Innovations.

Innovation offers new opportunities arising from the promotion of innovative applications of solar trackers. Some of the most noteworthy are, for example, new techniques that allow the combined use of surfaces, such as agrovoltatics, where the company is focusing its efforts.

Efforts are also dedicated to continuous product improvement by introducing new optimized bifacial tracking algorithms or new communications systems that integrate innovative technologies such as the Internet of Things (IoT).

Also, the company develops complementary products to the solar tracker aimed at speeding up and making more competitive the assembly of other elements of the plant balance, such as the integrated DC-Harness DC cabling or various rapid commissioning tools. Another of Soltec Innovations' activities is to integrate other technologies into the tracker. For example, battery storage systems.



For more details, see chapter 3.3. - Innovation as a cornerstone of the business model



Sustainability

Soltec carries out an activity that contributes directly to the energy transition at a critical moment, moving towards the complete decarbonization of the system. The aim of the products developed is to provide customers and users with efficient and sustainable solutions.

The company is also working on vertical integration in the value chain, creating a sustainable business model. To this end, Soltec created Powertis (photovoltaic project development subsidiary), which allows it to install its technology in the projects it carries out. This subsidiary's objective for the coming years is to expand its presence in those markets where it is already present and expand into others where it is not. If necessary, mergers and acquisitions will be considered for projects under development and other options

such as horizontal integration. It is also essential that Soltec maintains its leading position in markets such as Latin America.

Regarding its customers and suppliers, Soltec establishes effective and sustainable business relationships. It works with large companies in the energy sector that high-quality demand standards and specific technical and operational requirements, which Soltec meets thanks to its quality management approach. These customers often become partners by participating in developing and testing some of the technologies they require for their projects. It also establishes alliances and partnerships with suppliers, to whom it conveys its commitment to sustainable development.



For more details, see chapter 5.4 - Product quality and excellence



Good governance

Finally, the company's IPO process has generated a series of transformations and adaptations that strengthen its commitment to transparency with its stakeholders. These measures include the development of several committees, the certification of the tax and criminal compliance system and the creation of an internal audit team, areas in which the company will continue to deepen in the coming years.



For more details, see chapter 4.2– Ethics and integrity

3.3 Innovation as a cornerstone of Soltec's growth

Innovation has been a fundamental pillar of Soltec's activity since its foundation. The innovative philosophy and the constant focus on searching for new solutions to the market's challenges have been vital in maintaining its continuity in times of difficulty and contributing to its success

This desire to develop more efficient products has allowed us to hold a competitive position and become a technological benchmark in the sector.

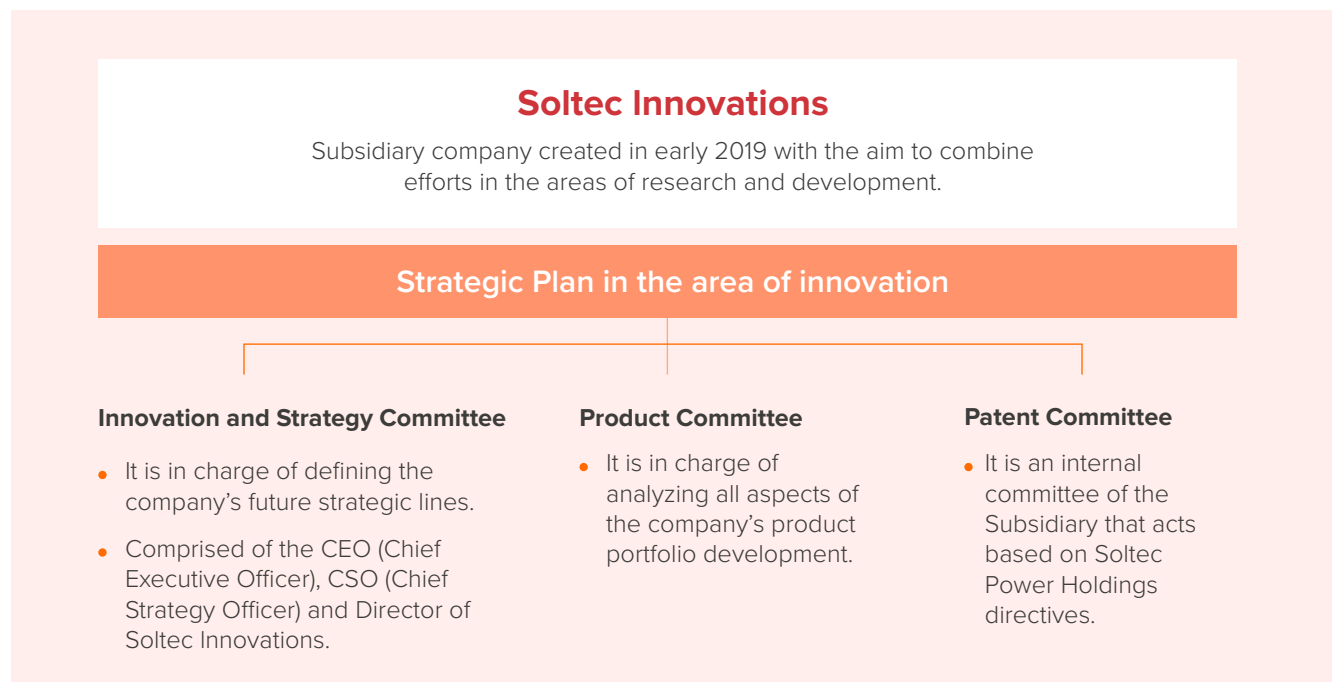
Milestones in 2020	Key indicators in 2020-2019		
	Indicator	2020	2019
<ul style="list-style-type: none"> Creation of the Innovation Committee to coordinate tactical and operational actions in the field of innovation. Launch of the Patent Committee for the evaluation of development ideas. Development of the SolarFighter product to enter the Distributed Generation market. Continuation of development of the SF8 tracker. Launch of the Full Wireless system integrated into the SF8 tracker. Obtaining 140 industrial and intellectual property registrations by the end of 2020. Creation of a laboratory for mechanical testing and the manufacture of electronic prototypes. Presentation of projects related to the European Pandemic Recovery Funds. Launch of products such as Albedo Max (Derived from our investigations in BF) and Stow Difusa. Launch of SF7 Tandem tracker. 	Soltec Innovations budget (€)	1,604,995	1,166,164
	Sales of Soltec Innovations (€)	907,945	463,472
	Number of employees	32	25
	Number of innovation projects carried out and completed	22	14
	Number of collaborations with external innovation partners	16	12

2021 Objectives

- Creation of alliances with various stakeholders to advance the vertical integration of our solutions in the field of photovoltaic solar.
- Promotion of open innovation through launcher and incubator projects and support for innovation culture by encouraging intra-entrepreneurship.
- Promotion of new applications for solar trackers such as agrotrackers (installation of trackers in agricultural areas).
- Implementation and certification of various management systems in Soltec Innovations' activity in accordance with ISO 9001 (integral management of the company) and ISO 16075 (operation of the mechanical testing laboratory).
- Boosting Internet of Things, Machine Learning or Big Data technologies to increase plant connection systems' efficiency and functionality.
- Promotion of green hydrogen through research and presence on platforms that focus on the energy transition.
- Progress in other developments such as new trackers, new optimized tracking algorithms, complementary systems that optimize solar plants' installation, or the design of other plant elements.
- Application study of our tracker in new market niches -> Agrotracker, Floating Tracker etc ...
- Implementation of new proposals to boost and value the ideas of company employees: IDEA program reactivation, presence as a tractor company driving competitions to favor new ideas, etc ...
- Development of technology towards distributed generation and integration of renewable energy.

Implementing a framework for creating value through innovation

Soltec has set up its framework to manage its innovation efforts. This framework consists of a specific subsidiary created by the company (Soltec Innovations) to develop these activities and procedures, structures, and measures implemented at the corporate level.



Among these elements, the Strategic Innovation Plan is of particular relevance as it determines the main objectives the company wants to achieve in this area over the next three years, as well as the lines of action to achieve them.

For this purpose, various committees established by the company participate in the deployment of this Plan, such as the Innovation and Strategy Committee, the Product Committee and the Patents Committee, which meet periodically to make progress in the functions entrusted to them (see figure).



Soltec Innovations facilities in Murcia (Spain).

Soltec Innovations, channeling research and development activities

The creation of Soltec Innovations as a Patent Box and a tool for organizing and making work more efficient is a clear demonstration of Soltec's commitment to innovation

To combine all the company's efforts in research and development, Soltec has a specific subsidiary, Soltec Innovations, set up in January 2019 with facilities in line with its activity and a staff that forms an integral part of its workforce. Soltec Innovations also has specific procedures for its internal management and for developing its relationship with the company.

Soltec Innovations is configured as a Patent Box, and its main objective is the research and development of new designs and improvements (through patents, utility models and industrial designs) and increasing the value of the products and services Soltec offers to the market.

The company also monitors and tracks patents obtained in the past to protect the ideas generated by Soltec. The company currently has 140 intellectual and industrial property registrations.

Additionally, Soltec Innovations is also working hard to gain access to grants and other support to boost its business.

Soltec Innovations Action Lines



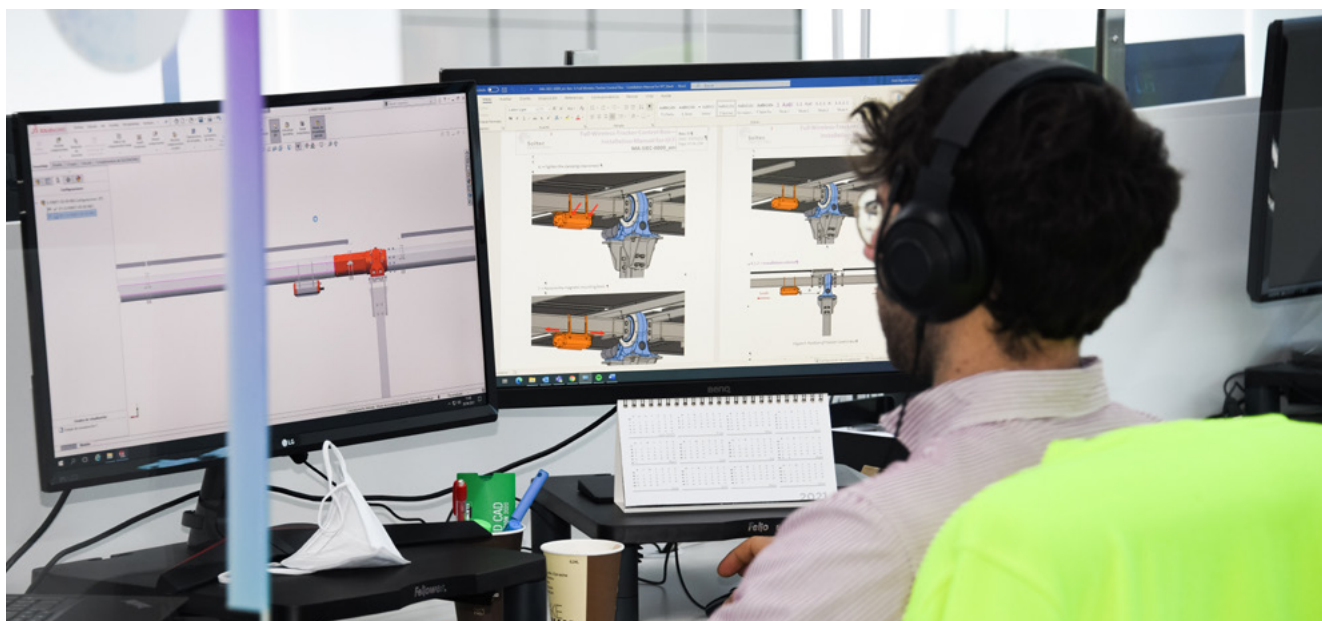
RESEARCH & INNOVATION

- Evaluation of research and innovation actions with the aim to decide about potentially launchable products in the mid- and long-term.
- Preparation of a general strategy based on future scenarios which is to be monitored by the Innovation Committee.



DEVELOPMENT

- Launching of new products to the market.
- The product committee monitors the scope of developments prior to their launch to the market, to adapt them to the customer needs.



Product innovation

Innovation at Soltec manifests itself mainly in the launch of new, more economically and operationally efficient products that offer significant advantages over other alternatives on the market.

Innovation and advantages of our products

SF7 Tracker



The SF7 was launched on the market in 2017. Its excellent yield per hectare makes it ideal for large-scale projects.

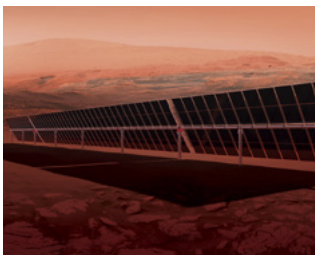
Compared to its main competitors, the SF7 has 46% less batteries per MW, 15% less parts and 15% less screws and bolts per battery. Similarly, it can be installed quickly, making it possible to optimize construction and labor periods, aspects which significantly reduce final installation costs and increase the installed MW rate.

SF7 Tandem Tracker



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

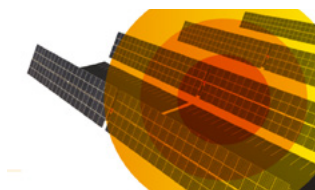
SF8 Tracker



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

Another innovative aspect of this tracker is the inclusion of an innovative **full-wireless** system allowing connection of the entire plant and of trackers with one another (largest development project carried out by Soltec).

Solarfighter



This is the first all-in-one photovoltaic kit for distributed generation plants of up to 12 MW. It includes all components needed for installation of a small- or mid-sized photovoltaic plant. This combined package is specially designed to maximize compatibility and competitiveness.



Learn more about the technical aspects of the [SF7 tracker](#) el [SF7 tandem tracker](#), el [SF8 tracker](#) o el nuevo [SolarFighter](#).

BiTEC (Bifacial Tracker Evaluation Center)



With the aim of evaluating the performance of bifacial panels with different trackers and to create models predicting power generation in any bifacial plant, Soltec commissioned in 2017 in California the BiTEC (Bifacial Tracker Evaluation

Center) project, the first research center worldwide specializing in bifacial solar tracking.

The Company is currently working on more than 40 projects to innovate these solutions and the rest of its catalogue to improve and extend their features to the market.

To support this work and analyze its products' performance, Soltec has developed a pioneering action consisting of creating its test field in the United States where it evaluates the behavior of some of its trackers under different conditions.

Additionally, the company has another fully equipped testing field in Molina de Segura, Murcia (Spain), where it trains both in-house and offsite sector professionals through its industry pioneering service, Solteach Pro.

Internal and external innovation for the development of new ideas

Since its foundation, one of Soltec Innovations' objectives has been to generate new applications and methodologies to optimize the management of innovation projects and recapitalize the ideas that have arisen in the company.

Along these lines, Soltec follows different approaches when identifying and developing possible initiatives, promoting **internal innovation** using the company's resources and capabilities and **external innovation** by collaborating with other partners to obtain more profound knowledge of other areas of interest the company does not have extensive experience.

In the field of internal innovation, one of the company's priorities is to promote the ideas generated in the team, for which Soltec has launched various initiatives aimed at promoting brainstorming and Design Thinking processes, competitions to bring ideas to the surface and even participation in forums dealing with the company's products or any other related to photovoltaic technology.

Among these initiatives is the IDEA intra-entrepreneurship program developed by the company to capitalize on product and process ideas from across the company. The program is open to all employees who can submit their ideas via a platform.

A specific committee is in charge of evaluating the proposals and awarding a prize to the winning ideas. In 2021, an open innovation program will be launched by creating a launchpad for innovative start-ups related to the energy sector.

This will allow the non-organic integration of innovative ideas from small companies offering energy-related products and services complementary to Soltec's activity.

Beyond internal innovation, Soltec promotes external collaboration (outsourcing) as a fundamental tool to increase development capacity. To this end, the company has established various collaboration agreements with suppliers, technological institutes, universities and laboratories, which is essential to work with specialists in the field.



Vertical wind barrier manufactured with bifacial panels

The winning idea of the IDEA 2020 program was a barrier installed in East and West plant perimeters. These barriers, in addition to protecting trackers from the impact of strong winds, favor power generation by the bifacial solar trackers comprising the barriers.

Soltec currently has national and international innovation collaboration agreements with partners such as Inalia, CENIM (National Center for Metallurgical Research), Tekniker, the UPCT (Polytechnic University of Cartagena), the University of Ottawa and the University of Oklahoma.

This external collaborative approach is also reflected in Soltec's business model's evolution, which has gradually incorporated other business partners into its value chain through agreements for certain elements.

This vertical integration has allowed the company to expand the range of services, generating business beyond trackers' installation. The market launch of products that integrate additional elements of the vertical chain of energy production beyond trackers generates economic and operational efficiencies and gives Soltec the possibility of capturing added value in all business phases.

The development of the Full-Wireless system is an outstanding example of how Soltec, thanks to this mixed process of internal and external innovation and collaboration with other key players, has succeeded in developing a new system with a fundamental operational advantage, such as making it possible to connect an entire solar PV plant and all the trackers.



Case study Full-Wireless System

Full-Wireless system implementation in the main projects carried out over the last two years **has enhanced the performance** of our products due to the system's capability to allow complete plant and inter-tracker connection.

This system was developed mainly in **our SETL** (Soltec Electronics Testing Lab), which has an area where the functionalities of a field equivalent to 15MW can be tested. Furthermore, tests were also performed in external areas so as to observe performance under **real conditions**.

During the development process, Soltec organized sessions to

collect feedback from key product development stakeholders.

Lastly, with the aim to ensure correct installation, Soltec **created two ad-hoc teams** which were engaged throughout the installation and commissioning processes, thus favoring joint learning.






Photo: Solar plant in Spain.

New opportunities for innovation

Soltec works continuously to identify new opportunities to support its growth and reinforce its differentiation from other competitors. In this context, the company is working on several strategic lines of innovation that seek to contribute to developing certain promising technologies.

Future Innovation Lines

	Green hydrogen	New applications for solar trackers	Good use of generated information
Context 	<ul style="list-style-type: none"> Need to develop technologies which store renewable generation surplus for long periods of time. 	<ul style="list-style-type: none"> Possibility to develop new solutions through the integration of photovoltaic technology in other areas. 	<ul style="list-style-type: none"> The application of technologies such as the IoT (Internet of Things), Big Data or Machine Learning is revolutionizing the way in which companies benefit from generated data.
Work Lines 	<ul style="list-style-type: none"> Development of hydrogen tanks which have operational advantages over lithium batteries. 	<ul style="list-style-type: none"> Agrovoltaics. Technology which balances land usage by solar energy and land usage by farmers. Floating photovoltaic. Installation of photovoltaic systems which float on the surface of bodies of water. 	<ul style="list-style-type: none"> Implementation of new technologies in our systems to make the most of generated information and enhance system efficiency.
Ongoing Actions 	<ul style="list-style-type: none"> Founding member of the Regional Green Hydrogen Association, which aims to promote a circular, carbon-free economy in the Region of Murcia. 	<ul style="list-style-type: none"> Participation in forums, congresses and webinars relating to new technologies applicable to our products. 	<ul style="list-style-type: none"> Systems such as Full Wireless are ready to integrate these technologies.



4

Good governance and transparency

Soltec, firmly committed to transparency, complies with the best practices and recommendations in the field of corporate governance.

Likewise, the IPO has promoted various organizational changes such as the creation of committees, compliance system certification or development of an internal audit team.

Corporate governance	38
Ethics and integrity	42
Risk management	48
Sustainability management	53





OUR FIGURES



43%

Female Board members

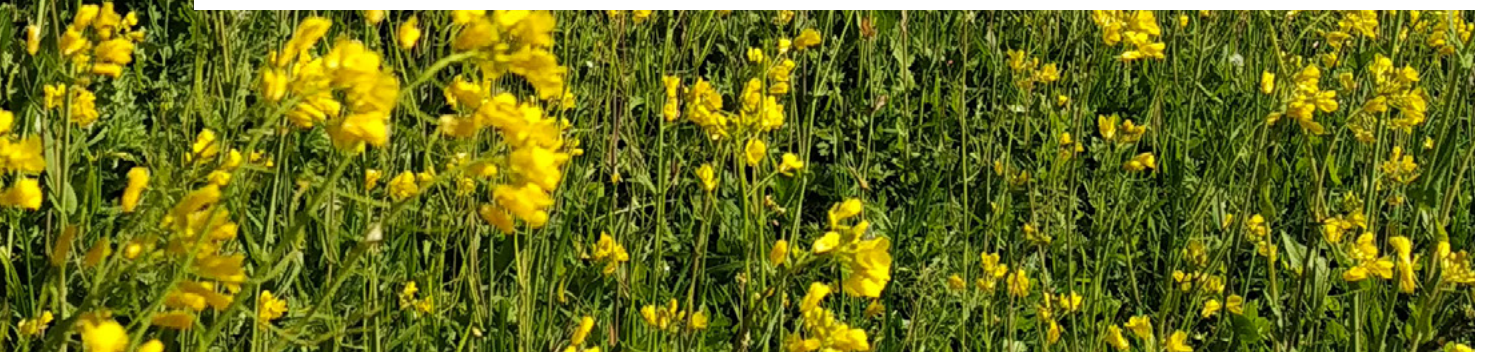


43%

Independent Board members



Criminal and
tax compliance
management
systems certificated
according to UNE
19601 and 19602
standards



4.1 Corporate governance









Soltec has a governance model designed following existing best practices, which is a crucial element in transmitting confidence to the company's investors and other stakeholders.

Milestones in 2020	Key indicators in 2020-2019 ¹		
<ul style="list-style-type: none"> Creation of an ESG Committee for Soltec. Approval by the Chief Executive Officer of the Sustainability Policy Approval of the company's Code of Conduct Adaptation of Soltec's governing bodies to best corporate governance practices. Creation of the Delegate Committees of the Board, i.e., Audit Committee, Appointments and Remuneration Committee and Sustainability Committee. Approval of the Regulations of the General Meeting and the Regulations of the Board of Directors Remuneration policy of the Board Adoption of the Rules of Procedure for the Conduct of Market Operations Approval of a new long-term incentive plan for senior management. 	Indicator	2020	2019
	Presence of independents on the Board of Directors	43%	N/A
	Presence of female directors on the Board of Directors	43%	N/A
	Number of meetings held by the Board	2	N/A
	Attendance at the meetings of the Board of Directors convened during the year	N/A	N/A
	No. of collaborations with innovation external partners	16	12

¹ Soltec Power Holdings began trading on the Stock Exchange on October 28, 2020. That means that during drafting of this Report, there was only information for two months on some indicators, policies and procedures

2021 Objectives

- Approval by Soltec's Board of Directors of the Corporate Governance Plan for the entire company and its implementation through the approval of its policies and practices throughout the year.
- Drafting, approval and implementation of the Policies defined in the Corporate Governance Plan.
- Improving the insider trading system.
- Continuous adaptation of the Company to best corporate governance practices.

							
Raúl Morales Founder and CEO of Soltec Power Holdings	Fernando Caballero Independent Director Audit Commission President	Nuria Aliño Independent Director Sustainability Committee President	María Sicilia Independent Director Appointments and Remuneration Committee President	Marcos Sáez Proprietary Director	Marina Moreno Proprietary Director	José Francisco M. Torres Proprietary Director	Silvia Díaz de Laspra Secretary of the Board

Soltec governance model

Soltec's governance model consists of a Board of Directors currently formed by the company's Chief Executive Officer, Raúl Morales Torres, who is also the Chairman, and José Francisco Morales Torres, Marina Moreno Dolera and Marcos Sáez Nicolás, as members.

They are joined as independents by María Sicilia Salvadores, Nuria Aliño Perez and Fernando Caballero de la Sen, who holds the position of coordinating director.




Composition of the Board of Administration and its Sub-Commissions



[Learn more about Soltec's Board of Directors here](#)

The company has three committees reporting to this Board: The Audit Committee, the Remuneration and Appointments Committee and the Sustainability Committee with differentiated functions, as detailed in the following figure.

Board of Directors' committees and main functions

 Audit Committee	 Appointments and Remuneration Committee	 Sustainability Committee
<p>Its primary purpose is to supervise the financial reporting process, the internal audit process and risk management systems, propose auditors, supervise internal control and information systems, ensure that the annual accounts are drawn up correctly, and other functions described in the Board Regulations.</p>	<p>It focuses its activity on assisting the Board of Directors in developing and managing a fair and transparent procedure for establishing policies on director appointments and remuneration, assessing the skills, knowledge and experience required on the Board, analyzing the other occupations of directors, managing the succession of the Chairman of the Board of Directors, or setting proxy targets, among other functions.</p>	<p>Its responsibilities include supervising compliance with corporate governance rules and internal codes of conduct, assessing and reviewing the corporate governance system and environmental policy, and supervising the application of the general policy on the communication of economic-financial, non-financial and corporate information, as well as communication with shareholders and investors, proxy advisors and other stakeholders, among other functions.</p>

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

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

Adoption of Corporate Governance best practices at Soltec

Soltec has designed its governance model, considering existing best practices. In this way, and in accordance with the company's regulatory compliance strategy, its governing bodies operate in accordance with the recommendations set out in the Unified Code of Good Governance for Listed Companies approved by the CNMV, governed by the principle of "comply or explain".

In this area, the company has paid particular attention to compliance with those related to sustainability. As highlighted in the corporate policy on this matter, Soltec complies with recommendations 53, 54 and 55, related to the approval of a sustainability policy, the supervision of its compliance and the issuance of information related to corporate social responsibility to the market.

Soltec developed in 2020 a Sustainability and Good Governance Plan that sets priorities for continuous improvement in these areas. The Board will formally approve this Plan in early 2021.

Director remuneration policy

Soltec has approved a remuneration policy to define and control remuneration practices concerning directors, contributing to creating value for its shareholders sustainably over the long term.

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

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

Remuneration of the Board of Directors (thousands of €)¹

	2020	2019
Remuneration for membership of the Board and/or Board Committees	76	-
Salaries	721	180
Variable cash remuneration	-	-
Share-based remuneration schemes	-	-
Indemnities	-	-
Other concepts	-	-
Total	797	180

¹ During the financial year 2020, all chief executives and general managers of the industrial and development segment are considered senior management (during the financial year 2019, the sole director was considered senior management).

Remuneration and incentive scheme for senior management

This year, the General Meeting of Shareholders approved a new Long-Term Incentive Plan for management effective 1 January 2021.

The plan aims to compensate and motivate stakeholders by enabling them to be part of the Company's value creation by establishing a link between their remuneration and the plan's shares' performance over the long term.



Photo: Headquarters' office in Murcia (Spain).

Average remuneration of senior management at Soltec 2020 (€)

	Men	Women
Senior management	66,580	67,597

4.2 Ethics and integrity

At Soltec, we firmly believe that our activity can change the world. To this end, we have a great team of professionals with a solid commitment to the company's mission, vision, and values, among which ethics and honesty stand out in all activities.

Milestones in 2020	Key indicators in 2020-2019 ¹		
	Indicator	2020	2019
<ul style="list-style-type: none"> Implementation of the Corporate Compliance Program. Obtaining UNE 19601 and UNE 19602 certifications in criminal and tax compliance management systems. Development and implementation of a matrix of responsibilities and internal controls concerning the reorganization of the company's proxies. Establishment of an Investment Committee. 	Number of complaints received through the established channel	0	0
	Identified corruption cases (Number)	0	0
	Operations assessed for risks related to corruption (Number)	0	0
	Employees trained in anti-corruption policies and procedures (%)	0	0

¹ Soltec Power Holdings was only listed on the stock exchange on 28 October 2020, which means that, at the date of preparation of this report, the Company has only two months of development in relation to certain indicators, policies and procedures.

2021 Objectives

- Implementation of the compliance program in all the company's international subsidiaries.
- Increased efficiency and improved internal controls.
- Robustness of the Compliance Body.
- Development of the ethics, compliance and corruption training plan for all staff.
- Development of the equality plan.



Photo: Donation of food and basic necessities after the earthquakes in Mexico City in 2016.

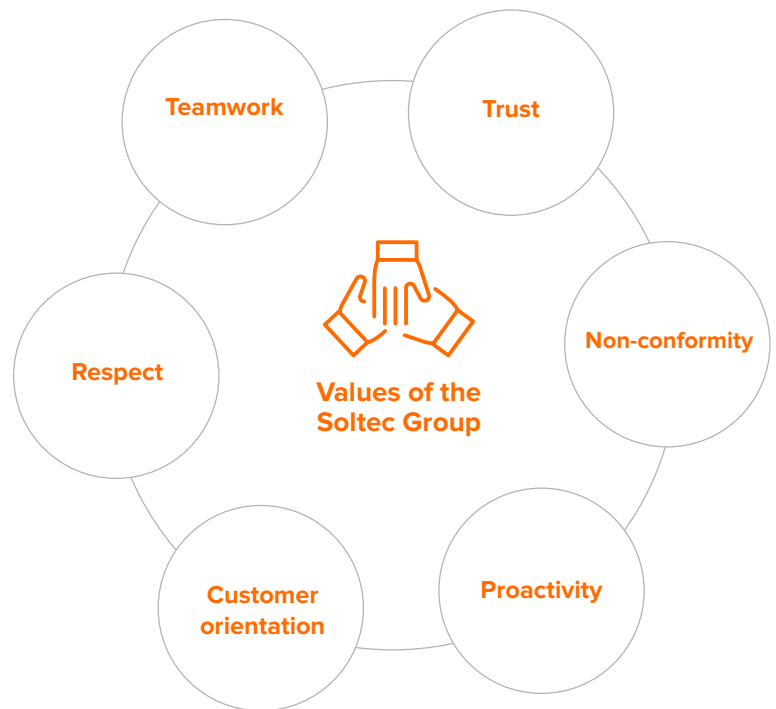
With respect to corporate values

The commitment of the people in Soltec to the mission, vision and corporate values is a fundamental element to develop the company's operations properly and to ensure its adaptation to the changes that occur in society.

In line with these values, Soltec works to incorporate Corporate Governance best practices and promote management that ensures compliance with ethical practice across all activities.

To this end, the company has a series of mechanisms that allow it to establish and ensure the quality of its services, guaranteeing compliance with legal requirements and business ethics at all times. All these mechanisms are inspired by practices such as the following:

- Promote communication, responding to stakeholder expectations by applying the principle of transparency.
- Ensure the defense of human rights, as well as respect for ethical standards and applicable regulations.
- Zero tolerance for corruption and unfair competition practices.
- Promotion of corporate social responsibility through the promotion of initiatives and monitoring the degree of compliance with commitments.
- Continuous work on identifying risks and opportunities, prioritizing key issues for the long-term sustainability of the business.



Learn more about Soltec's values by clicking here



Photo: Workers installing a solar tracker.

Code of Conduct

Soltec has a Code of Conduct that establishes the guidelines for all company employees, regardless of their position or position, in their daily work.

This code is based on the definition of the company's mission, vision and values and is incorporated into employment contracts and must be signed by all persons joining the organization.

The Code refers to the guidelines to be followed concerning relations with the different stakeholders. It also incorporates principles such as transparent, effective and efficient management of resources and strict respect for Human Rights and Civil Liberties².

² Included in the Universal Declaration of Human Rights.

Commitment to children's basic rights

Soltec recognises and is committed to the fundamental rights of children according to the UNICEF Convention on the Rights of the Child and the standards set by the International Labour Organization.

In 2020, Soltec did not face any relevant risks of human rights violations in its activities, directly or indirectly, nor did it receive any complaints of human rights violations.

Beyond its employees, the Code and the guidelines it establishes are promoted among the company's suppliers and other collaborating companies and are expressly included in the contracts signed with them.

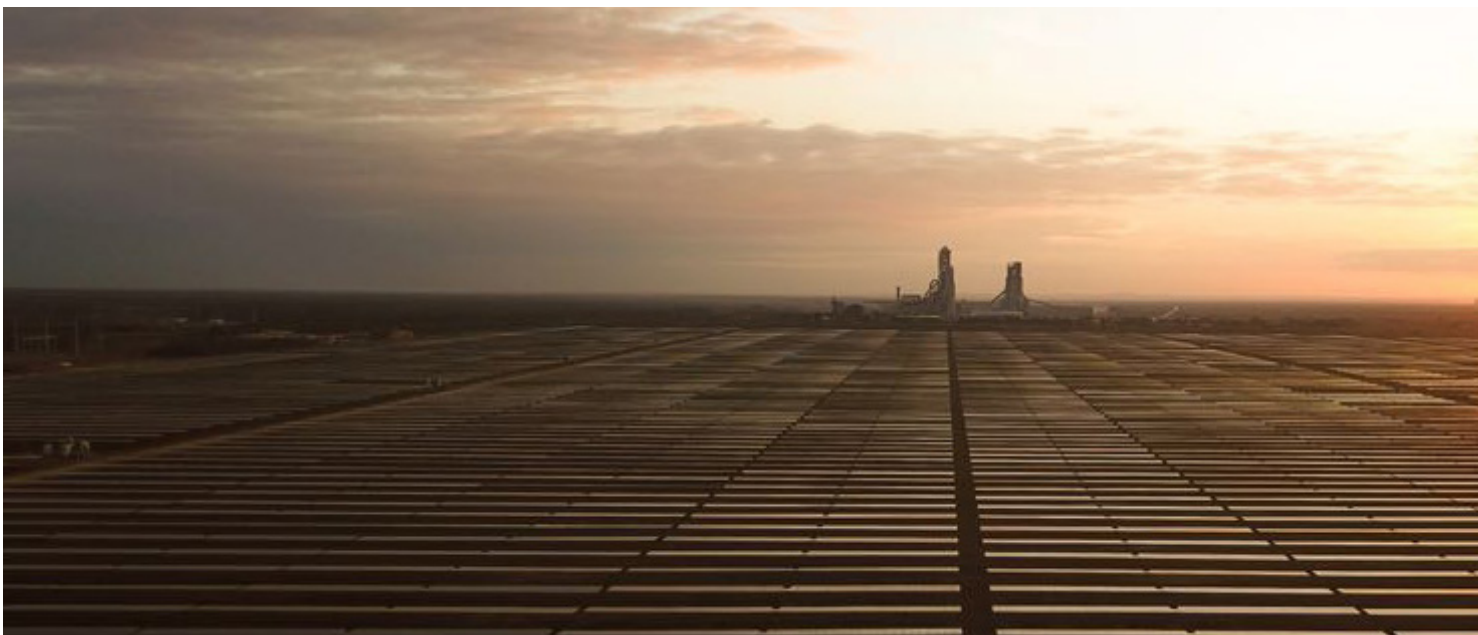


Photo: Photovoltaic plant in Brazil.

Compliance management systems


Soltec has criminal and tax compliance management systems certified under UNE 19601 and 19602 standards.

Together with the Code of Conduct, these systems form the basis of the corporate compliance program implemented in Spain in 2020, which will be extended to the international subsidiaries during the next financial year.

This program seeks to prevent, avoid and detect the commission of criminal and tax offences in the corporate sphere in compliance with the provisions of the Criminal Code and the tax compliance program.

To implement this system, Soltec has specific compliance policies that establish the main objectives to be achieved by the organization, among them: to guarantee compliance with tax obligations, to show zero tolerance to any criminal offence, to identify the most important risks and establish measures to prevent them, to spread this philosophy among all members of the organization and to assure all stakeholders of the company's adequate performance in these aspects.



 Access Soltec's compliance policies via the following links: [criminal](#), [tax](#)

The certification of its management systems has recognized Soltec's efforts in criminal and tax compliance in accordance with the UNE 19601 and UNE 19602 standards.



Photo: Soltec operator installing a solar tracker.

Compliance bodies and complaints channel

Compliance with the obligations arising from the corporate compliance programs in the tax and criminal law areas is supervised and controlled by compliance bodies appointed by the company for this purpose. Among other functions, these bodies are responsible for:

- Resolving doubts about applying the Code of Conduct in day-to-day activities and the rest of the protocols and procedures that make up the corporate compliance programs (tax and criminal).
- Perform certain random checks to ensure compliance;
- Receive and manage complaints or communications of alleged non-compliance.

In addition to maintaining its compliance management system, Soltec is committed to continually improving its compliance management system as well as giving training and raising awareness among its employees of its importance to corporate values and objectives.

To this end, the company has approved a specific plan to ensure adequate training in this area. In parallel to the training, Soltec has also developed a series of communications addressed to the different stakeholders in the program, accessible through the company's intranet.

Complaints Channel

Soltec has implemented a Whistleblower Channel that allows the reporting of irregularities or conducts contrary to the Code of Conduct.

To regulate this mechanism's operation, Soltec has a specific protocol that guarantees access by any employee in a confidential manner and without risk of reprisals. In addition, the Company has a protocol on internal complaints policy and procedures, as well as an investigation, management and response procedure that guarantees the correct treatment of any complaint received.

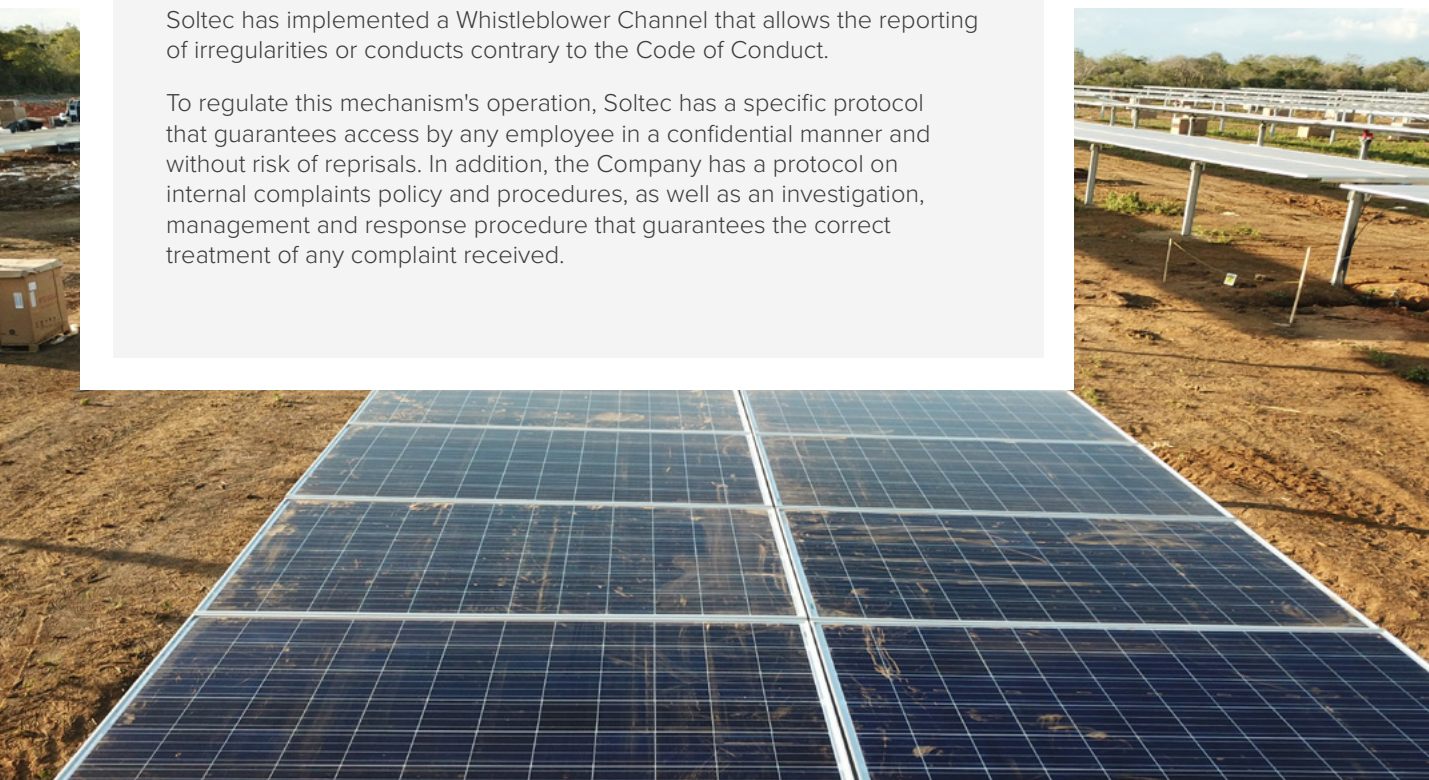


Photo: Solar plant in Brazil.

Preventing corruption

Soltec has an Anti-Corruption Protocol, which includes a series of rules and controls for the prevention of crimes related to this area, including aspects relating to the giving and acceptance of gifts and donations, donations to political associations, trade unions or foundations, the prevention of conflicts of interest and the promotion of transparency.

The company continuously assesses its risks in this area to prevent them and use the conclusions reached to improve the foundations of the above-mentioned corporate compliance program and the controls applied by the compliance body.

Soltec supports this commitment to raise awareness and train its employees, through which it stresses the importance of combating this scourge and duly informs them of any reform of substance in the protocol and other internal regulations.

Assignment of responsibilities

Another of the company's milestones in 2020 in improving internal management and aligning it with corporate values was developing a matrix of responsibilities that establishes the permissions for the different flows of authorization and approval of expenses and investments within each project and area.

With this matrix, the company ensures that the people who have to carry out the approval procedures do so with the necessary information.

This tool has been designed in collaboration with all departments, and its implementation started in 2020, with digitization planned for 2021 to ensure that it is used correctly throughout the organization.

On a larger scale, and as far as significant investments are concerned, Soltec has approved the creation of an Investment Committee competent to take decisions in this field.



Photo: Soltec's IPO.

4.3 Risk management

Proper risk management is key to the responsible growth of the company and the maintenance of its leading position in the global PV market.

Over the past year, Soltec has undertaken numerous actions to professionalize this management area and ensure that all relevant risks and opportunities are adequately managed.

Milestones in 2020	Key indicators in 2020-2019		
	Indicator	2020	2019
<ul style="list-style-type: none"> Definition of the company's Risk Management Policy. Creation of the Risk Management Committee procedure. Creation of a procedure and a format for risk management in Bids and a format for Risk Management in Projects. Creation of the Internal Audit Department. Definition and design of a system of internal control over financial reporting (ICFR). Definition and implementation of the insurance program for better insurance management in specific projects. Centralization of the Company's claim management. 	Number of claims handled	33	17
	Level of satisfaction of the internal auditor	Moderate ¹	N/A ²

¹ Internal audit work in 2020 in relation to compliance has been limited to the review of the implementation of the criminal and tax compliance systems.

² The Internal Audit function did not exist in 2019.

2021 Objectives	
<ul style="list-style-type: none"> Update the Company's risk map at the Soltec Power Holdings level, including all subsidiaries. Maintain centralized insurance management in line with the market and the corresponding records. Define and implement the company's risk management system and hold the Risk Management Committee's scheduled meetings set up. Implement the risk management procedure in tenders. 	<ul style="list-style-type: none"> Assessment of the effectiveness and functioning of the ICFR. Assessment of the appropriate segregation of duties in the corporate ERP. Review and approval by the Board of Directors of the company's risk policy. Analysis of the company's financial and non-financial risks.

Risk management approach at Soltec

The Board of Directors and the Audit Committee of Soltec have established that risk management is a key pillar in the internal control system and, therefore, in its strategy.

Consequently, the risk management area, created in 2019 with its staff, is responsible for implementing mitigation and control mechanisms and supporting all the departments that make up the first line of risk management and monitoring the risk management system.

Soltec has a Global Risk Management Policy, approved by the Chief Executive Officer in 2020 as a model for establishing the guidelines for the company's global Risk Management System. This system ensures the management of identified risks and their regular monitoring and, in turn, allows us to take advantage of the opportunities identified.



[Access Soltec's Global Risk Management Policy](#)

The company also has a permanent Risk Management Committee, both informative and executive, whose task is to reach agreements concerning risk management and insurance at corporate, bid and project level, and other strategic issues.

The Committee also ensures the creation of mechanisms that promote risk management in all the company's processes. To articulate the functioning of this body, Soltec has defined a specific internal procedure during 2020.

The main objective of risk management is to analyze all risks to which the company is exposed so that appropriate measures can be implemented to reduce their likelihood and/or severity and take advantage of the opportunities that arise.

Members of the Risk Management Committee

Chief Financial Officer

Chief Strategy Officer

Chief Operating Officer

Chief Legal Officer

Global Risk Director

Three-line model

Risk management is an inherent activity in all of Soltec's processes and, to this end, the company has set up a three-line risk management model.

The first line of action is the daily monitoring and control of risks carried out by all departments with the support of policies and procedures specific to their activity.

In addition, there is the risk management department mentioned earlier in a second line, with regular committees, which effectively monitors and systematizes the activity.

Finally, as a third line, an internal audit department ensures the company's companies' correct functioning and provides independent and objective advice to the risk department.

This internal audit department considers financial aspects and defines the scope of each audit based on the risk assessment carried out in the planning phase, considering both financial and operational risks (Logistics, Procurement, Human Resources, Projects). Throughout 2020, this area worked on designing a strategy for the department's operation and developing an audit plan for 2021, approved by the Audit Committee.

In risk management, the company has opted for a system that enables the entire organization to carry out appropriate and effective management from the first line of risk management. This system is based on three pillars.

Risk Management based on Three Pillars



Business Risk Management

It defines a risk matrix with indicators for different Group corporate areas with the aim to understand, assess and mitigate risks. It also includes, amongst other, a regulatory compliance program which includes its own criminal risk management policy.



Management of Risks relating to Business Prospects, Quotes and Developments

It systematically includes a revision of all critical points by specialized departments and holds coordination meetings.



Project Risk Management

It monitors guaranteed project values and defines mitigation measures in case of deviations during early stages.

Actions implemented for better risk management

Throughout this year, Soltec has worked on the implementation of other actions to promote adequate internal control of the risks associated with its activity, such as:

- **Definition and implementation of an insurance program** to transfer residual risks to the insurance market, thereby mitigating their potential impact. To this end, an analysis of the existing insurance policies in all group companies has been carried out, and a series of improvements in conditions have been implemented, including the effective management of renewals and new issues required at the corporate level and in specific projects.
- **Centralizing Soltec's claims management** to facilitate and optimize its management from the Risk Management Department in Spain.
- **Creating a procedure and format for Bid Risk Management** (in contract negotiation phase), planned to be implemented by 2021.
- **Creating a format for Project Risk Management**, the procedure for which is expected to be defined in 2021.
- **Implementation of the compliance and criminal risk management system**, achieving certification in 2020.
- **Certification to ISO 27001**, a standard for information security that helps to promote system and information protection activities.
- **Design and definition of an internal control system for financial information (ICFR)**, allowing Soltec to promote an adequate control environment in developing its financial activities.

Correct risk management is directly related to the generation of confidence in stakeholders. The reaction capacity that the company obtains thanks to adequate risk management reduces uncertainty and generates certainty about the sustainable future of Soltec.

Main risks identified and management mechanisms

Soltec has worked in recent months on reviewing and defining its risk map to adapt it to the current situation and integrate it at a company level. For each of its main risks, the company has also defined specific management measures.

Main risks and management mechanisms	
Identified risk	Mitigation management mechanisms
Operational risks	
Uncertainty associated with demand for products and services in a changing and pandemic-affected environment	<ul style="list-style-type: none"> • Sizing of resources to deal with all delayed projects during 2020. • Commercial follow-up to main clients. • Prospecting for new clients. • Follow-up on opportunities for regulatory changes and budget allocation. • Local presence in key countries.
Potential problems arising from natural disasters	<ul style="list-style-type: none"> • Transfer to the insurance market. • Transfer of ownership and risk to customers. • Local presence in key countries.
Potential problems resulting from system failures and/or supply disruptions	<ul style="list-style-type: none"> • Diversification of suppliers both in terms of companies and geographically. • Local presence in key countries. • Transfer to the insurance market.
Strategic risks	
Difficulties in adapting to different regulatory environments	<ul style="list-style-type: none"> • Local presence in key countries. • Local legal and tax advice. • Monitoring of local design regulation updates. • Transfer to the client with the regulation of change of law clauses and variations.
Political and social instabilities	<ul style="list-style-type: none"> • Local presence in key countries. • Local legal and tax advice. • Transfer to the insurance market. • Travel policy with monitoring of the situation in each country.
Growing competitiveness of the industry	<ul style="list-style-type: none"> • Investment in R&D&I. • New products. • Study of synergies and new lines of business. • Continuous improvement systems. • Local presence in key countries. • Agreements with key players in the industry.

Main risks and management mechanisms

Identified risk	Mitigation management mechanisms
Reduction of solar tracker prices	<ul style="list-style-type: none"> Local presence in key countries. Optimization of supplier prices. Design optimization through investment in R&D&I. Establishment of framework agreements with suppliers. Monitoring of commodity price fluctuations.
Security of information linked to product R&D	<ul style="list-style-type: none"> ISO 27001 certification. Designation of a security officer. Implementation of access control at headquarters. Conducting a security audit. Non-competition covenants on key personnel.
Regulatory risks	
Adaptation to potential regulatory changes	<ul style="list-style-type: none"> Local presence in key countries. Local legal and tax advice. Monitoring of local design regulation updates. Transfer to the client with the regulation of change of law clauses and variations.
Potential non-compliance at the operational level	<ul style="list-style-type: none"> Local presence in key countries. Local legal and tax advice. Monitoring of local design regulation updates. Transfer to the client with the regulation of change of law clauses and variations. Requirement of precise project specifications to clients.
Financial risks	
Liquidity	<ul style="list-style-type: none"> Framework agreements with funding bodies. Review of new funding formulas. Framework agreements with suppliers/customers Review of project cash flow before contract signature, in accordance with customer and supplier payment terms. Analysis of the maximum risk of non-payment. Cash flow monitoring of projects under implementation.
Customer credit	<ul style="list-style-type: none"> Transfer to the insurance/financial market Transfer to customers requesting the issuance of letters of credit/other collateral. Review of project cash flow before contract signature, in accordance with customer and supplier payment terms. Analysis of the maximum risk of non-payment. Cash flow monitoring of projects under implementation.
Obtaining the necessary guarantees to be able to contract/implement projects.	<ul style="list-style-type: none"> Framework agreements with funding/insurance entities. Active monitoring of the status of guarantees issued and overall position Negotiating with clients. Strengthening the balance sheet
Market (exchange rate/interest rate)	<ul style="list-style-type: none"> Contracting coverage, Monitoring of rate fluctuations. Agreements with suppliers in the same currency as the main contract. Framework agreements with funding bodies.

4.4 Sustainability management

Soltec bases its commitment to sustainability on the positive impact that its activity generates on its stakeholders.

The products and projects implemented by the company provide its customers with efficient and innovative energy solutions that also have a positive impact on the communities in which Soltec is present and on the rest of society.

Milestones in 2020	Key indicators in 2020-2019 ¹		
<ul style="list-style-type: none"> Establishment of the Sustainability Committee under the Board of Directors Approval of a Sustainability Policy Creating a Sustainability and Good Governance Plan Establishment of an ESG Committee* Adherence to the United Nations Global Compact Creation of a Board of Directors based on the best corporate governance practices 	Indicator	2020	2019
	Meetings held by the ESG Committee	7	N/A

* Environmental, social and governance aspects.

2021 Objectives	
<ul style="list-style-type: none"> Organization of the ESG area with its own structure Publication of a Sustainability Report on the 2020 financial year under GRI and SASB standards Achieving the 17 UN SDGs Measurement of the degree of alignment of Soltec Power Holdings' business with EU taxonomy 	<ul style="list-style-type: none"> Development of an ESG Master Plan based on five strategic lines: Environment, sustainability, good governance, talent and innovation Entry in sustainability indices



Photo: Solar plant in Spain.

Management approach

In 2020, Soltec approved a corporate sustainability policy whereby it ensures that its activity promotes the sustained creation of value for employees, customers, suppliers and the Company as a whole. The highest body of the company promotes compliance with and supervision of this policy in the Sustainability Committee, created during the 2020 financial year¹.

The company's management approach in this area has been complemented with the launch in 2020 of an ESG Committee responsible for monitoring compliance with the Sustainability Policy and the company's strategy in this area and its integration into all its activities. This Committee comprises investor relations, legal, environment, marketing, strategy, talent and innovation department's directors, inviting specific risk and internal audit team members based on topic matter.

Another milestone in sustainability was creating a Sustainability and Good Governance Plan, the implementation of which will begin in 2021. This plan describes the company's main lines of action and specific measures established to promote a sustainable business model.



Find more information about the objectives and responsibilities of the Sustainability Committee in the 4.1 Corporate Governance section of this Report



Access [Soltec's Sustainability Policy](#)

Strategic Lines of Soltec's Sustainability and Good Governance Plan:



Creating value in society is a priority for Soltec in terms of sustainability. The company's products and projects avoid CO₂ emissions and offering employment opportunities to local personnel. Also, Soltec promotes through its foundation multiple actions to meet various needs of the environments in which it is present.





¹ Further information on the objectives and responsibilities of the Sustainability Committee can be found in section 4.1 Corporate Governance of this Report.

Soltec's main stakeholders

Stakeholders have increasingly higher expectations concerning the organizations' performance with which they interact and can condition the results and long-term sustainability of these organizations through their decisions. Therefore, creating relationships of trust with them, attending to their needs is for Soltec one of the main axes in its sustainability management.

To identify its most relevant stakeholders, Soltec carries out a series of processes in which it analyses the relevance they have for its activity and the impacts it generates on them. The company has also set up specific channels to ensure constant dialogue with them, identify their expectations, and define the most appropriate mechanisms to respond.

Interaction with Stakeholders is not only a key tool for understanding their concerns but also for improving the company's reputation and trust, identifying new risks and opportunities, and developing innovation processes that favor new business opportunities.

Expectations and communication channels with Soltec's Stakeholders		
Interest group	Main areas of interest	Existing communication channels
Financial Market 	<ul style="list-style-type: none"> • Transparent and truthful information • Financial stability and robustness • Proper management of resources • Inclusion of sustainability within the company's processes • Ethical behavior and respect for legality/ regulations in force • Sustainability and environment 	<ul style="list-style-type: none"> • Shareholders' Meeting • Shareholder/Investor Relations • One-on-one meetings • Corporate Access • Shareholders' website • Webinars • CNMV Communications • Soltec financial publications
Employees 	<ul style="list-style-type: none"> • Clear and transparent language • Labor-personal reconciliation • Job stability and training • Payrolls and personal income tax withholdings • Availability of resources necessary for the implementation of projects • Equality and diversity • Health and safety 	<ul style="list-style-type: none"> • Formal and informal meetings • Solnews • Solpeople • Yammer and Jira • Instant messaging • Social media
Regulator 	<ul style="list-style-type: none"> • Compliance with policies and regulations • Ethical and responsible behavior • Transparent information 	<ul style="list-style-type: none"> • Corporate website • Corporate communications and publications
Clients 	<ul style="list-style-type: none"> • Sustainable product development • Quality control • Value for money • Global position and market share • Corporate Social Responsibility and ethical and legal behavior • Security of installations • Terms and conditions 	<ul style="list-style-type: none"> • Fairs and conferences • Instant messaging • Social media • Videoconferencing • "Jira" ticketing system

Continue

Expectations and communication channels with Soltec's Stakeholders

Interest group	Main areas of interest	Existing communication channels
Suppliers 	<ul style="list-style-type: none"> • Development of partnerships and joint projects • Ethical commitment • Terms and conditions • Continuity of supply through agreements that allow for its growth. • Approval processes • Timely management of payments and receipts • Sharing knowledge and information 	<ul style="list-style-type: none"> • Private and/or public tenders • Fairs/ Congresses / Conferences • Jira System • Visits to the facilities • Approval processes, negotiation and payment management.
Society 	<ul style="list-style-type: none"> • Job creation and contribution to social development • Ethical and responsible behavior • Creating environmentally responsible products • Clean energy supply • Voluntary actions and community impact • Clear and transparent language • Efficient resource management 	<ul style="list-style-type: none"> • Conferences • Social dialogues • Media • Social media

Commitment to external sustainability initiatives

Joining external initiatives is another of the lines through which Soltec wishes to deepen its commitment to sustainability and the adoption of ESG best practices.

In this area, it is worth highlighting its adhesion in 2020 to the United Nations Global Compact, whereby the company undertakes to comply with its ten principles and demonstrate the progress it makes in this area annually.

Likewise, and in line with another of the main trends in the corporate world, Soltec has reaffirmed its commitment to the fulfilment of the 17 Sustainable Development Goals (SDGs), especially those most directly linked to its activity. For this reason, Soltec carries out at least one initiative per year for each of the SDGs.

Soltec has committed in its Sustainability and Good Governance Plan to carry out each year at least one action related to one of the Sustainable Development Goals, prioritizing those related to the environment.

Soltec's outstanding contributions to the Sustainable Development Goals

SDG	Contribution	Indicator
 7 AFFORDABLE AND CLEAN ENERGY	Soltec contributes to clean energy generation through the development of photovoltaic solar energy projects.	<ul style="list-style-type: none"> Supply of 8.4 GW of solar trackers worldwide since the start of operations. Solar photovoltaic projects with a cumulative capacity of 5 GW under development.
 8 DECENT WORK AND ECONOMIC GROWTH	The projects carried out by Soltec have a direct impact on the communities in which it operates through the hiring and training of local people. The company also promotes human and labor rights in all its operations and value chain.	<ul style="list-style-type: none"> Creation of 1,120 jobs in the projects developed in 2020. Spending €237 million on procurement and contracting, stimulating the generation of employment at its suppliers. Contribution to the local economies of the countries in which the company is present with payment of €36 million in salaries to its employees. Incorporation of clauses relating to Human Rights compliance in the Corporate Policy and signed purchase contracts. Regular participation in a job placement initiative promoted by the Red Cross to incorporate people from the local area into its workforce.
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Innovation at Soltec becomes a reality in the launch of new, more economically and operationally efficient products, thanks to which Soltec is positioned as a pioneering company in the market.	<ul style="list-style-type: none"> Creation of the subsidiary Soltec Innovations in 2019 to centralize all these R&D efforts. Development of a budget of €1.6 million for Soltec Innovations dedicated entirely to R&D projects. Achievement of 140 intellectual and industrial property registrations.
 13 CLIMATE ACTION	In 2020, Soltec approved the Sustainability and Good Governance Plan, which includes actions such as promoting sustainable transport for employee commuting, guaranteeing the renewable origin of the energy consumed by the Company and the creation of carbon sinks.	<ul style="list-style-type: none"> Preventing the emission of 2.1 million metric tons of CO₂ by 2020 through its projects. Use of 100% renewable energy in the company's facilities.
 17 PARTNERSHIPS FOR THE GOALS	Soltec promotes external collaboration as a fundamental tool to multiply the positive impact of its activity.	<ul style="list-style-type: none"> Support for the "Ready for Africa" initiative promoted by Botanicæ, a company from Murcia specializing in the development and packaging of perfumes, to finance the construction of a plant to produce hydroalcoholic solutions in Malawi.

5

Our performance in 2020

Soltec has experienced a year of growth, culminating in the IPO in October. Therefore, it is more important than ever to adequately manage different areas which influence correct company operation.

Financial performance	60
Commitment to our people. Our energy is our people	66
Environmental commitment	78
Quality and excellence in our products and services	88
Responsible supply chain management	92
Engagement with local communities	98





OUR FIGURES



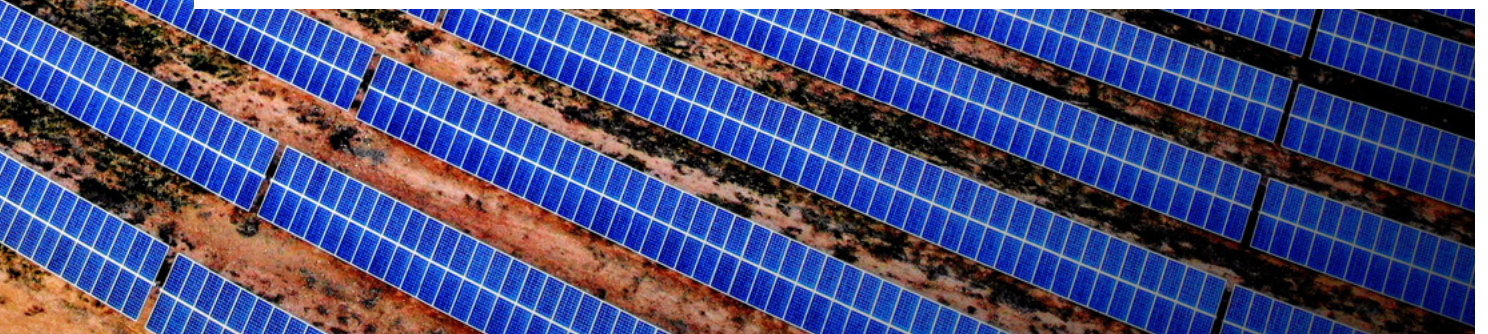
1,120

Jobs created in the local
communities



2.1 Mill. t CO₂

Avoided thanks to Soltec's activity



5.1 Financial performance

Despite the impact of COVID-19, the business' operating indicators (backlog and pipeline) remained solid throughout 2020. These results demonstrate our business model's strength, legitimize our strategy, and allow us to be optimistic for the coming years.

Besides, Soltec has reached a significant milestone during the year, namely the IPO. With it, we have diversified our financing sources and lay the foundations to become a leading player in the energy transition.

Milestones in 2020	Key indicators in 2020-2019		
<ul style="list-style-type: none"> Initial public offering of Soltec Power Holdings, S.A., which strengthens the company's financial position. Meetings with Institutional Investors. International roadshows. 	Indicator	2020	2019
	Revenues (€Mn)	235.6	356.8
	EBITDA (€Mn)	- 9.4	20.4
	Net profit for the year (€Mn)	- 4.9	1.3
	Total market capitalization (€Mn) ¹³	1.206	N/A
	Average share price (€) ¹³	7.21	N/A

2021 Objectives

Fostering smooth and constant communication with shareholders based on transparency and expectation management to build lasting trust.

Management of the equity story to provide the market with all the necessary information about the company.

Strengthened analyst coverage of Soltec Power Holdings to enhance its visibility.

Definition, negotiation and signing of the extension of the new syndicated lines of guarantees and working capital.

Completion of the project started in 2020 for the implementation of the voluntary hedge accounting treatment.

Development of the capacity to produce consolidated financial statements marked according to ESEF (European Single Electronic Format) taxonomy.

¹⁴ 31 December 2020



Management approach

Sound economic and financial performance is essential to support the development of the company's operations. Soltec applies a series of principles in this management to ensure that it is carried out efficiently and responsibly.

Principles for Managing Economic and Financial Activity



TRANSPARENCY

To provide transparent and reliable information on the financial and non-financial situation of the company and its businesses.



ETHICS

To sustain ethical behaviors and utmost adherence to existing regulations/standards at all times.



COHERENCE

To ensure the coherence and reasonability of financial covenants and commitments undertaken and to monitor them.



OPTIMIZATION

To guide financial management towards result optimization and efficiency in the use of financial resources.



MANAGEMENT

To manage the unified issuance of guarantees, securities and surety bonds.



COMPLIANCE

To identify and manage financial risks within existing limits, in accordance with in-house regulations and best market practices.



PLANNING

To plan financial needs with the aim to anticipate market entry in the best possible conditions and ensure the availability of required funds.



MONITORING

To monitor the performance -especially in terms of liquidity- of securities issued by Soltec on the stock market.



INTERACTION

To manage interactions with economic and financial organizations.

The company also develops various actions to minimize existing economic and financial risks (liquidity, credit, market, obtaining the necessary guarantees to contract and execute projects, among others) and optimize costs to capture the maximum possible growth.

Economic and financial performance

Soltec's growth in recent years has been reflected in the company's foremost economic and financial figures.

During 2020, sales volume reached €235.6 million, a decrease of 34% compared to 2019. This figure's development was influenced by project delays caused by COVID-19 and the increase in the price of solar PV modules at the end of 2020. Despite this, during 2020,

the company has shown significant growth in the main markets in which it is present (mainly Spain, North America and Latin America). Furthermore, Soltec's customer diversification strategy has continued during 2020, experiencing a significant turnover level among its largest customers compared to previous years.

Adjusted EBITDA was -€9.4 million in the current fiscal year (compared

to an EBITDA of €20.4 million in the 2019 financial year). This decrease compared to the previous year is mainly due to the aforementioned decrease in sales and an increase in overheads due to the fight against the impacts of the pandemic¹⁵, as well as an increase in other cost items such as those associated with transport (price increases due to international restrictions, container shortages, etc.) and other services.

Evolution of the main financial figures at Soltec (2019-2020)

€Mn	SOLTEC POWER HOLDINGS			INDUSTRIAL			POWER TIS		
	FY20	FY19	%	FY20	FY19	%	FY20	FY19	%
Sales	235.6	356.8	(34%)	236.2	356.7	(34%)	0.6	0.1	351%
Net Profit	(9.4)	20.4	n.m	(11.3)	22.2	n.m	2.6	(1.8)	n.m
Adjusted EBITDA	(4.9)	1.3	n.m	(16.2)	1.8	n.m	11.9	(0.4)	n.m



Photo: Solar plant in Brazil.

¹⁵ Implementation of additional security measures for staff, among other items.

Sustainable growth hand in hand with our Stakeholders

Soltec's objective with its IPO is to increase its transparency, reinforce its corporate governance, diversify its financing sources, and strengthen its relationship with its stakeholders. It will also enable it to strengthen its role as a key player in the energy transition.

On 28 October 2020, Soltec Power Holdings was listed on the Spanish Stock Exchanges (Barcelona, Bilbao, Madrid and Valencia). The purpose of this IPO is to boost the company's growth and consolidate its position as a leader in those countries where it is already present and globally.

The capital increase has also enabled Soltec to strengthen its financial structure and its brand. Soltec Industrial received €78 million, while €60 million was allocated to Powertis.

Due to the company's successful IPO, net financial debt was negative (net cash flow). This amounted to -€11.5 million from a net financial debt position of €86.8 million at the end of 2019.

Soltec initially issued a subscription offer of EUR 150 million, extendable to a value of approximately an additional EUR 15 million (shares tendered and sold by one of the shareholders under a greenshoe clause).

Since the IPO, institutional investors have shown great support and confidence in the company and its strategy and the long-term prospects of the photovoltaic sector. Throughout 2020, an average daily trading volume of 730,778 shares was reached.

The share price from the first day of trading (closing price of €5.35) to 31 December 2020 (closing price of €13.20) has experienced a revaluation of 147%, raising the market capitalization to approximately €1.2 billion at the end of 2020.

The trust placed in Soltec by the market is a significant achievement and a responsibility. The company is constantly working to meet its investors' expectations by seeking new opportunities to consolidate its growth.

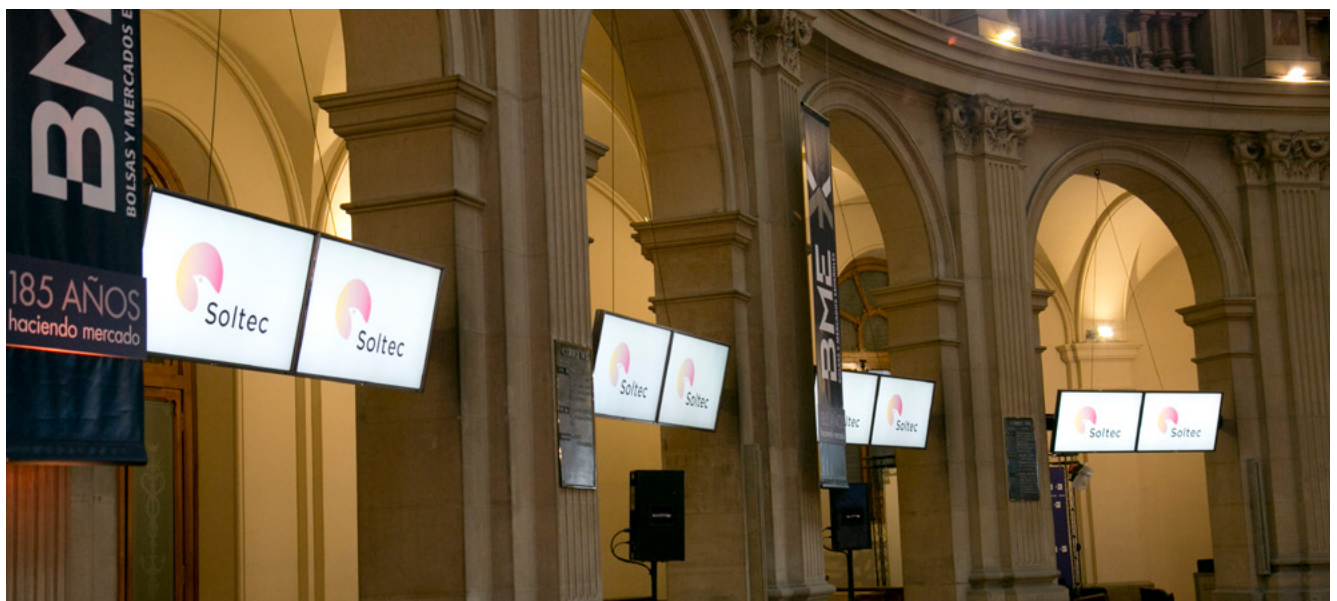
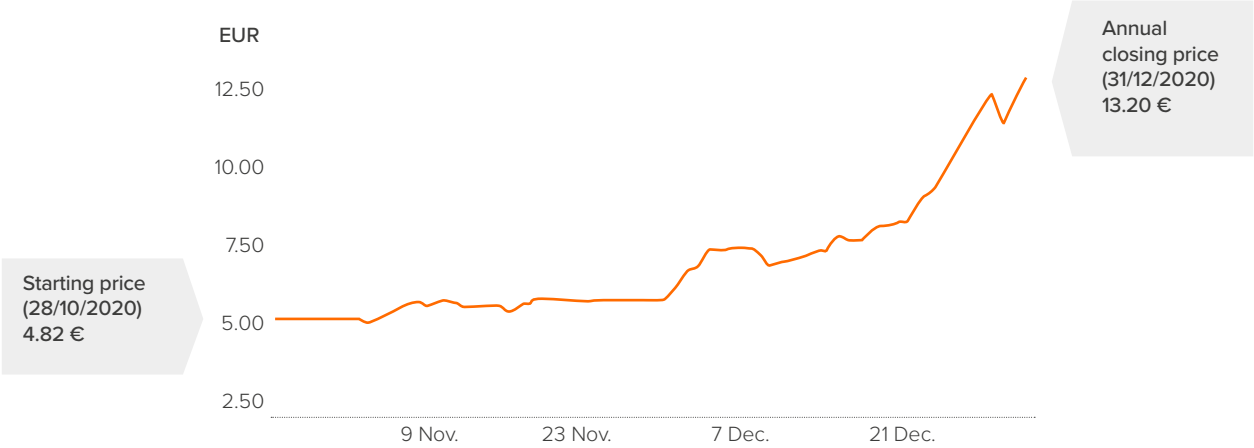


Photo: Soltec in the Spanish Stock Exchange.

Soltec's share performance (price)



Soltec's share performance (volume)

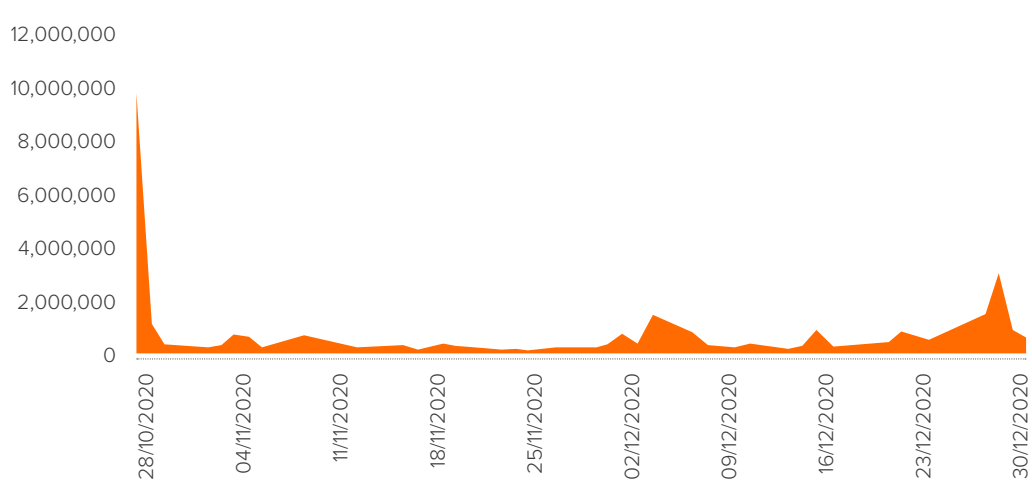


Photo: Soltec's first listing day on the Spanish Stock Exchange.

Investor relations

Soltec has developed an essential relationship with institutional investors since before its IPO.

Throughout 2020, the company held multiple meetings with investors within the IPO framework, which increased the company's visibility and provided a clear and transparent presentation of its business model, strategy and future objectives.

This process involved the maintenance of more than 60 meetings (One-on-Ones) of Soltec's management with investors from multiple countries such as Spain, the United Kingdom, Sweden, Denmark or France within the framework of the Road Show period before the IPO. The vital work carried out by Soltec during this stage has been reflected in a great market acceptance, with orders placed by 70% of the potential investors visited during this period, achieving an oversubscription of the initial book of over 4 times the amount issued.

Since its inception, the company's commitment to the financial market has guaranteed maximum transparency and confidence in the market, enabling it to maintain long-lasting relationships with them.

Finally, looking ahead to next year, Soltec aims to increase the number of financial analysts following its shares to increase coverage of the stock.





The analysts currently covering the stock are as follows:



Soltec has developed an important relationship with institutional investors. Thanks to this, the company has achieved high visibility, reflected in the significant volume of orders received in the IPO.

During the IPO process, Soltec's management team held several meetings with national and international investors. Following this process, the company maintains its commitment to transparency and fluid communication with the market, constantly taking part in conferences and roadshows. Following the publication of 2020 results, the company has embarked on a roadshow process in the following locations: Spain, United Kingdom, Nordics, United States and Central Europe. In addition, until 31 March 2021, the company has participated in 8 conferences.

Analysts Opinion (31/12/2020)

Analyst	Recommendation	Target Price
 BERENBERG PRIVATBANKIERS SEIT 1590	Buy	€8.5
 CaixaBank  BPI	Maintain	€7.8
 JBCapitalMarkets	Maintain	€10.0
 Santander	Buy	€11.5

5.2 Commitment to our people. Our energy is our people.

Our most significant source of energy is our people. That is why we put great effort into creating a culture based on a safe and healthy working environment, equal opportunities and motivation as the cornerstones of our employees' satisfaction. In addition, we promote an unparalleled working environment, in which each of our employees can develop their creativity and other social skills and healthy habits.

We also promote diversity, inclusion and effective policies to attract and retain the best talent.

Milestones in 2020	Key indicators in 2020-2019		
Health and Safety: <ul style="list-style-type: none"> Creation of Contingency Plans for the COVID-19 pandemic. Training: <ul style="list-style-type: none"> Development of a comprehensive training policy. Creation of the Talent Commission Development of a Performance Management System for employee appraisal. Equality: <ul style="list-style-type: none"> Drawing up an Equality Plan. Adoption of an Equal Opportunities Policy. Establishment of the Equality Committee Remuneration assessment of senior management level jobs. Employee well-being and satisfaction: <ul style="list-style-type: none"> Obtaining the healthy company certification awarded by the HR Observatory. Conducting a satisfaction and work climate survey. Renewal and planning of the 2020 Welfare Program. 	Indicator	2020	2019
	Number of employees	1,207	1,629
	Percentage of women in the workforce (%)	19.39%	15.16%
	Percentage of women in senior management (%)	21.43%	29.73%
	Total hours of training	41.403	59.827
	Hours of training per employee	34.30	36.73
	Occupational accident frequency rate	7.8	1.4
	Severity rate of accidents at work	0.3	0.07
	Number of occupational diseases	0	0
	Turnover rate	12%	18%

2021 Objectives

Health and Safety:

- Transition from OHSAS 18001 on Occupational Health and Safety to ISO 45001.

Equality:

- Development of an Equality Action Plan.
- Job evaluation at the global level.

Employee well-being and satisfaction:

- Development of a corporate health, wellness and wellness program.
- Improving the performance evaluation system.
- Conducting a work climate survey.

Other

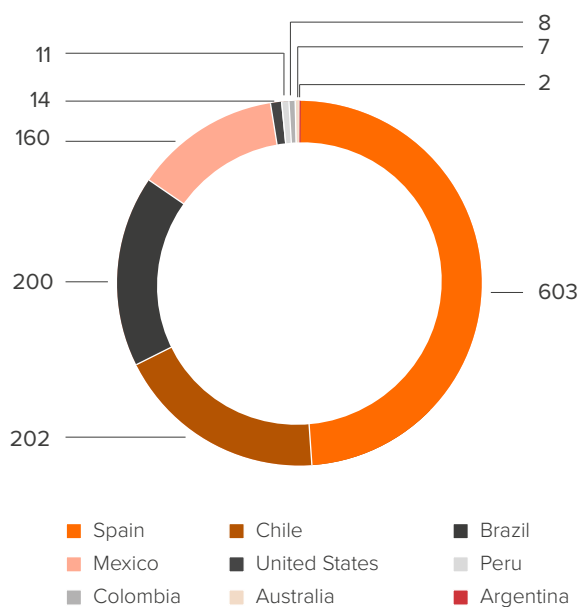
- Implementation of SAP - Success Factors as HR software.

Our staff

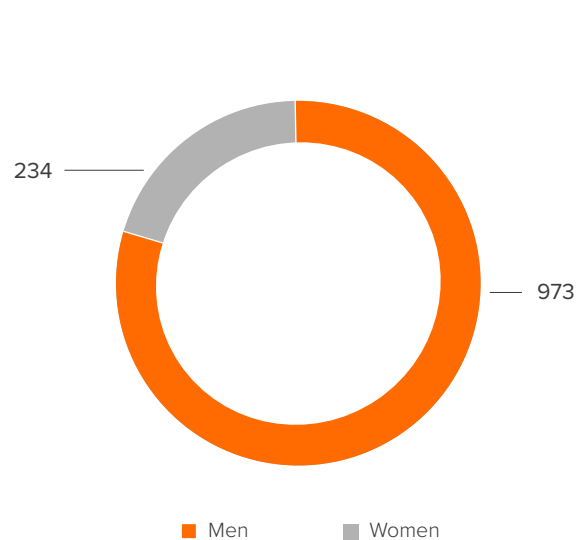
Soltec employs 1207 people in 9 countries. In the last financial year, this workforce decreased by 26%, mainly due to the pandemic's impact on the company's operations.

Soltec workforce. Key indicators in 2020

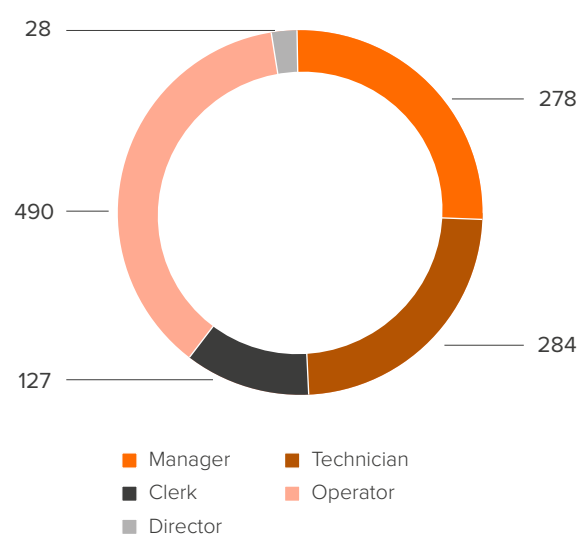
Distribution of employees by geography



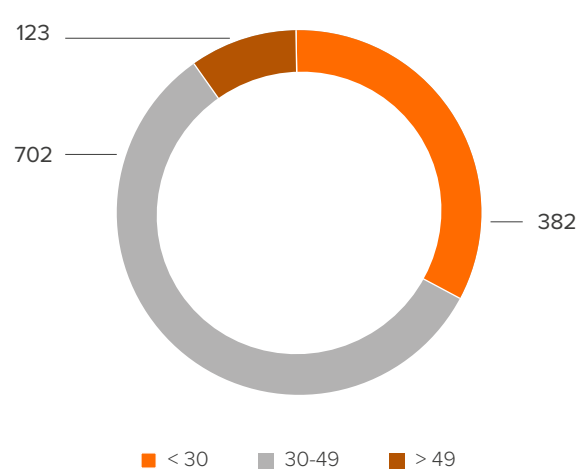
Distribution of employees by gender



Distribution of employees by professional category



Distribution of employees by age



Soltec's workforce is divided into five professional categories and operates, for the most part, on a full-time, permanent contract basis.

Our employees in the different countries are covered by collective bargaining agreements that regulate their working conditions. These instruments also include other rights such as freedom of association and trade union representation. In countries where there are no collective bargaining agreements, employees are covered by existing labor legislation.

Profile of our people

30-49

Average age

43%

with permanent contract



88%

under collective agreement

99%

with full-time contract

32

nationalities

Percentage of employees under collective agreement

COUNTRY	2020
Spain	100 %
Brazil	62 %
Mexico	100 %

Equal opportunities and non-discrimination

Soltec has set up a specific framework to guarantee equal treatment and opportunities for its workforce and non-discrimination of its employees. This framework consists of a policy and a body, and a person in charge with specific functions appointed to ensure compliance with this principle.

In 2020, the company completed an equality diagnosis that has allowed it to assess the existing situation and identify elements that could generate discrimination. This analysis has served as a basis for Soltec to start developing an Action Plan to be presented in 2021.

Framework to Manage Equal Opportunities



POLICY

Equal Opportunities Policy. It aims to ensure equal treatment and opportunities for all employees, as well as to promote and support measures which attain real equality within the organization.



COMMITTEE

Permanent Equality Committee. Competent body ensuring equality and removing possible discriminations that might exist within the company.



EQUALITY OFFICER

Person trained by the company to undertake various roles in relation to this topic, such as the coordination and supervision of all process phases for Equality Plan drafting. Similarly, this officer supports, advises and participates in the Permanent Equality Committee.

Equal pay

Soltec has implemented a remuneration system based on its people's individual performance to ensure their fair remuneration. The system recognizes the value generated by each employee for the organization by their results, behavior, and adherence to the set of fundamental values that govern the company.

The system also recognizes any extraordinary contributions they may make, thus promoting a positive impact on employee motivation.

The Soltec remuneration scheme consists of the following elements:

- **Fixed remuneration.** Dependent on the responsibility of the post and its hierarchical level.
- **Variable Remuneration.** Based on the fulfilment of objectives established for the employee.
- **Flexible remuneration.** Facilitates the adaptation of the remuneration package for employees according to their needs. Allows the contracting of various products and services (transport, medical insurance, catering, etc.).
- **Other benefits.** Soltec has a Solpass program that offers its employees discounts and offers in many areas such as transport, leisure and shopping.

During 2020, Soltec's workforce's average remuneration increased by 43% for women and 42% for men compared to the previous year. This change reflects the company's growth globally and aims to offer employees conditions commensurate with Soltec's success.

Furthermore, from the analysis carried out to calculate the pay gap (calculated as the difference in average remuneration between men and women divided by the average remuneration of men), the contribution to the overall pay gap by professional category has been obtained. It is not identified in relation to the same pay gap for the company as a whole.

Average remuneration of employees by professional category (€)

	2020	2019
Director	85,030	56,325
Manager	37,551	33,805
Technician	24,980	23,613
Clerk	18,384	12,999
Operator	15,757	9,575

Average employee remuneration by gender (€)

	2020	2019
Men	23,633	16,686
Women	26,859	18,766



Pay appraisal of senior management jobs

To design a remuneration package in line with the growth experienced by the company in recent years, in 2020, Soltec carried out a comparison with the remuneration practices in the market for the company's senior management. The resulting analysis describes Soltec's current situation and has enabled the company to adopt measures to balance these managers' remuneration package.

This is an initiative Soltec wants to extend to the rest of the jobs in the coming years, offering compensation to employees in line with the transformation the company is undergoing.

Training and promoting employability

Continuous training enables the improvement of the skills and knowledge of the people who are part of Soltec and is a critical factor for the growth of the company

One of Soltec's priorities in managing its Human Capital is to offer its professionals training and continuous improvement opportunities to effectively manage the challenges that each position entails and provide each employee with greater satisfaction in their work performance. Thus, continuous training is an integral part of the corporate culture. It enables the constant improvement of the skills and knowledge of the people who form part of Soltec and fosters their development and the company's growth.

Under the principles of equality and transparency, during 2020, Soltec has developed a global training policy that aims to offer continuous improvement opportunities to all its employees. This policy aims to provide employees with tools to improve their skills and better manage their challenges.

The company also has a training system, which enables the development of skills, learning of tools and competencies (such as languages or soft skills) through face-to-face and online actions. This training is managed by an internal platform, which contains the proposed training and where employees can request the additional training they consider relevant for their development.

To cover the needs detected for the correct performance of Soltec's jobs, the company has designed a training plan for Spain. This plan is accessible to all employees and has increased its budget by 300% compared to the previous year. This plan is supported by a working group called Soltalent Board, a team of collaborators formed by senior managers responsible for communicating, proposing and validating training actions for their areas.

In 2020, Soltec provided 34.30 hours of training per employee, a decrease of 7% compared to the previous year. This is mainly due to the limitations in organizing certain training sessions caused by the pandemic.

Goals of Soltec's Training System



To comply with Soltec's strategic plans



To ensure each job position is covered, at all organizational levels and in all work centers, by professionals with the necessary knowledge and skills



To satisfy demands resulting from a strong commitment to innovation in our products and services

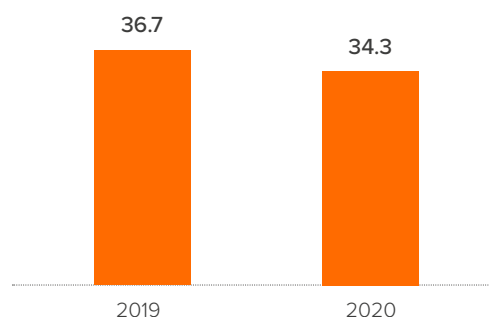


To support the integration of new recruits and existing teams



To foster professional development, facilitating in-house growth, promotion and participation in other projects

Training hours per employee



Professional development and talent attraction

The creation of a Talent Committee is a good practice adopted by Soltec that ensures the proper management of the company's greatest asset, the talent of its people - the talent of its people

In addition to its training policies, Soltec has started up other mechanisms to evaluate its professionals' performance and enhance their development.

Creating a Talent Committee made up of the company's leading executives, which analyses the actions undertaken in these areas and promotes improvements in management, stands out at the organizational level.

In employee performance measurement, Soltec has implemented a Management System that allows analyzing the degree of alignment of employees with corporate objectives and their professional behavior. Individual achievements are evaluated periodically, generating a culture that promotes professional development and consolidates Soltec's long-term strategy.

Beyond the development of employees, the attraction of new talent

is essential to boost the company's growth. Therefore, Soltec is committed to the incorporation of people who can provide a differential value. Under the firm belief that supporting education is an opportunity to promote the progress of people and society itself, we strive to develop training programs to promote knowledge in Renewable Energies and boost the employability and professional capacity of university or vocational training students. These programs, mainly aimed at personnel from outside the organization, are known as Solteach. In this area, the company's efforts to attract young talent are noteworthy. Thus, to find professionals who can contribute to the company's growth and promote knowledge in renewable energies, Soltec has organized a scholarship program called Solteach. This program trains recent graduates in solar engineering and vocational training students in the operation of photovoltaic plants.

Upon completing their participation in the program, many of the students receive an offer to join the company. The figures for the latest edition are as follows:

- Solteach: 18 students, of which 14 joined Soltec.
- Solteach On-site: 15 students, of which 8 joined Soltec.
- Solteach NAV: 3 trainees, of which 2 joined Soltec.

In addition, within Solteach, there are other training courses in renewable energies focused on professionals with other profiles.

Solteach Program Divisions

Solteach:

Scholarships in the area of renewable energies for recent college graduates who could later join the company.

Solteach on site:

Program developed in collaboration with Murcia's Metal Federation with the aim to train professionals in the areas of commissioning, *Solmate* and operations and maintenance

Solteach NAV:

Program developed in collaboration with Geekshubs and Datanet with the aim to integrate technical profiles within the area of ICT.

Solteach Professional:

This is a division of the Solteach Pro program, providing individuals with both practical and line training so they learn how to install SF7 trackers.

Solteach Pro:

This is a division of the Solteach Pro program, teaching engineering contents relating to the SF7 solar tracker with the aim to optimize the performance of photovoltaic solar power plants using this product.



Summit: A global event to disseminate the most relevant milestones of the year

Soltec organises an annual event focused on promoting internal knowledge and disseminating information about the projects carried out by the company in different areas (engineering, human resources, innovation, marketing or logistics, among others). This allows employees to get to know the full extent of the company's activities.

During the three days of the event, specific workshops and workshops are held for executives and managers and organising team building practices and establishing forums, favouring communication and reflection between the different teams that make up the company.

Occupational Health and Safety

Soltec assumes the integral protection of its employees as one of its fundamental commitments. To this end, it has developed a management model in accordance with the highest existing standards.

Soltec has made it a priority to create an accident-free working environment in which the staff can work without risk - and this is a priority for Soltec

This management model is based on the Health Policy, integrated with the Quality and Environment Policy, which details the company's principles in this area. Based on this policy, Soltec has implemented a management system certified according to OHSAS 18001 for various geographies (Brazil, Chile, Spain and Mexico). This system is preventive in nature and focuses on anticipating possible risks that may exist in operations. The company also has an Occupational Risk Prevention Plan, through which all Soltec's preventive activities are integrated.

Soltec has implemented a health management system certified according to OHSAS 18001. In 2021, it will work on its adaptation to a new standard, ISO 45,001

To manage occupational health and safety aspects, Soltec has a department in charge of managing this area and environmental matters. The EHS (Environment, Health and Safety) Department is responsible for the maintenance of the system and other functions such as providing training to employees in this area, carrying out audits and inspections to ensure its correct operation, and holding awareness campaigns.

Soltec holds "Lessons Learned" sessions with its employees in which incidents that have occurred are disclosed to avoid their repetition

In addition, to manage aspects in each country individually, Soltec has EHS teams in each one and an office where projects are developed, operating under the direct coordination of the EHS Director located at the head offices. Soltec also has a Health and Safety Committee, made up of 3 Prevention Delegates and three representatives of the company, responsible for managing issues related to the prevention policy.

In 2020, Soltec also created its in-house prevention service to manage this area internally.



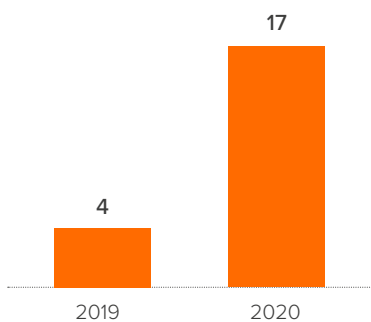
Digitisation for a more efficient management of Occupational Health and Safety

In 2020, Soltec carried out an innovative Health and Safety project. This consists of implementing a comprehensive system in the cloud that allows for more efficient management of resources and time through the control and administration of tasks and documents arising from the company's contracting and subcontracting relationships.

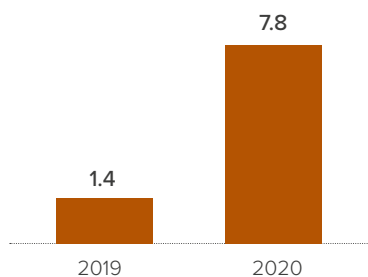
Occupational Health and Safety Indicators

In 2020, the main accident rates in Soltec experienced an increase compared to the previous year. Despite this, Soltec has made a significant effort to raise awareness in this area, promoting responsible behavior by employees in operations.

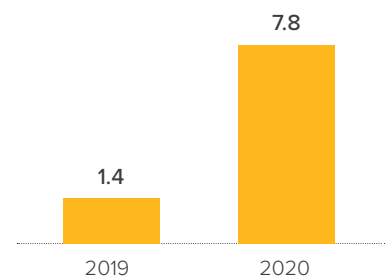
Number of accidents



Occupational Accident
Frequency Rate ¹⁵



Severity rate of accidents
at work ¹⁶



Other Occupational Health and Safety indicators

Main indicators	2020	2019
Number of accidents with sick leave (minor)	17	4
Number of accidents without sick leave	46	31
Number of fatalities	0	0
Accumulated accident-free hours ¹⁷	1,452,503	
Hours of training given on health and safety issues	21,716	40,499
Hours of absenteeism	68,521	30,127

¹⁵ Frequency Rate = number of occupational accidents / hours worked *1,000,000

¹⁶ Severity Rate= days lost due to accidents at work or occupational diseases / hours worked *1,000

¹⁷ Accumulated hours between 2019 and 2020

Protecting our employees from the COVID-19 pandemic

The outbreak of the COVID-19 pandemic in 2020 has been a significant challenge for the company requiring the adoption of specific measures to ensure its employees' health and integrity.

These actions have been mainly aimed at controlling and preventing transmission in work areas, training and educating our people to know how to act and encourage flexibility and teleworking to prevent contagion.

Company and workforce adaption to the COVID-19 pandemic

CONTROL IN WORK AREAS

- Periodic control tests (antibodies and antigens).
- Weekly site misting using H2O (hydrogen peroxide).
- Continuous disinfection of common areas and surfaces.
- Installation of screens between workstations.
- Control of body temperature at the entry of project sites and facilities.

TRAINING AND AWARENESS

- Development of specific procedures.
- Drills for detection of symptomatic employees.
- Informative sessions on how to work safely.

FLEXIBILITY MEASURES

- Implementation of teleworking.



Photo: Students from the 'Solteach' training scholarship for recent graduates. Year 2019.

Well-being of our employees

Soltec has implemented various actions to contribute to the well-being and maintenance of its employees' best health. One of the main ones consists of carrying out a psychosocial risk analysis that has evaluated their physical, psychological and social health in greater depth. These assessments are in addition to those carried out in the hygienic and ergonomic fields to provide the best working environment for the staff.

Another novelty has been to prioritize employee well-being through the design of a **Corporate Wellness** program. **The Soltec Well-being project** was created to promote all team members' emotional and physical well-being both inside and outside

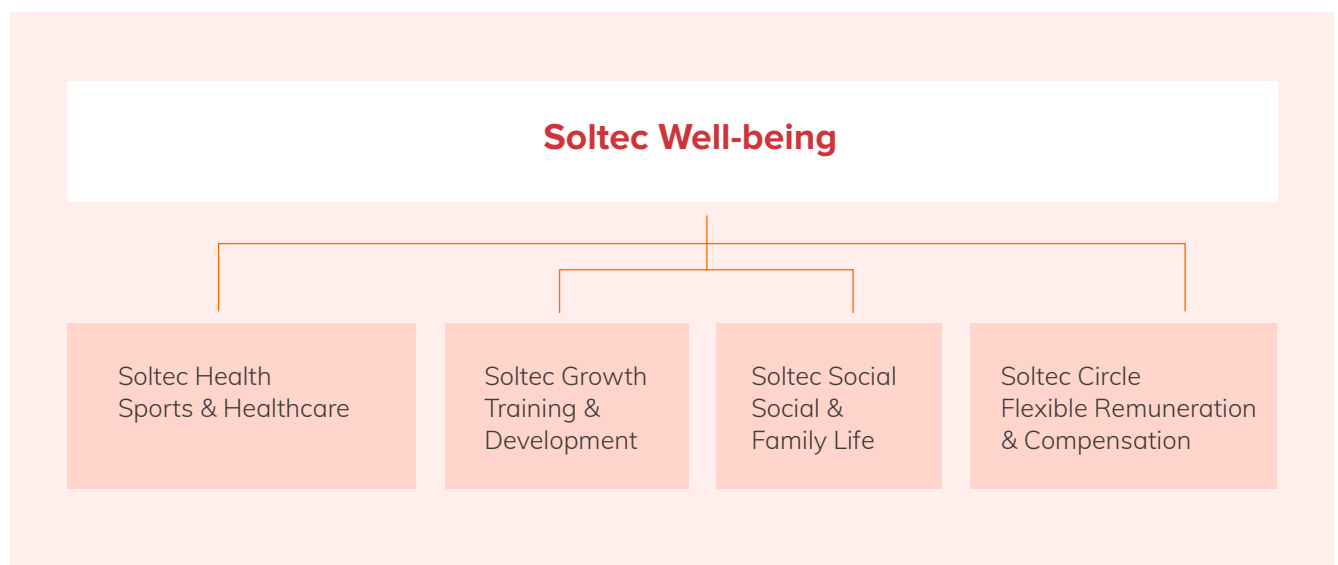
the work environment. Through this program, the aim is to generate a greater sense of company, improve horizontal and vertical relationships, positively impact the working environment and increase employee commitment.

The company has also signed an agreement with a healthy food company that provides employees with advice in this area. Moreover, Soltec offers its employees the possibility of having a personal trainer twice a week, thanks to another collaboration. These actions are part of the Soltec Well-being program, which also incorporates other measures in the field of work-life balance and flexible remuneration, as indicated below.

The initiatives developed by the company in the field of employee wellbeing have been awarded, in 2020, third place in the 7th International Healthy Company Awards in the Large Company category (certification organized by the Human Resources observatory).

This award has enabled Soltec to obtain the Healthy Company Seal, an achievement that highlights a management model committed to well-being and health in the work environment and aims to generate value for its employees responsibly.

Work Areas of the Soltec Well-Being Program



Reconciliation of personal, family and working life

Soltec has implemented various actions to promote the reconciliation of work and family life of the company's people.

All benefits are offered to employees regardless of the type of contract they have.

Some examples:

- Flexible working hours. Flexible timetable for both arrival and departure.
- Continuous working hours on Fridays.
- Intensive working day in August.
- Reduction of working hours due to legal guardianship.

Labor Flexibility Measures and Benefits for Soltec Employees



FLEXIBLE HOURS

Soltec employees benefit from flexible working hours and the possibility of compact workdays or adjustable work schedules.



PERMITS

Soltec employees can benefit from multiple permits to manage personal affairs, including leave for moving to a new house, leave on personal grounds and reduction in working hours for childcare, amongst other.



FAMILY RECONCILIATION

With regards to employees who are parents, Soltec has implemented a number of preventive measures, including the possibility to work from home.

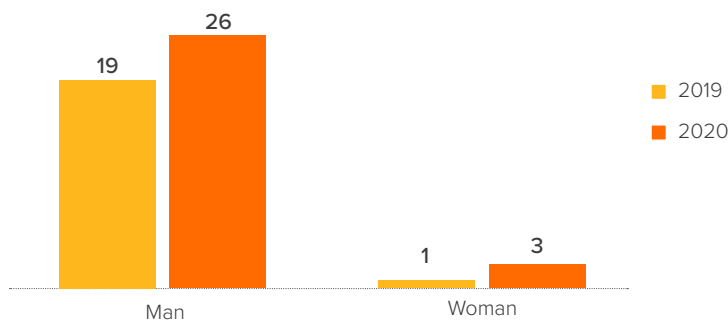


OTHER BENEFITS

Soltec provides employees with the opportunity to benefit from other initiatives carried out within the company, such as flexible remuneration, well-being program, "referenced" program to recommend people and the IDEA program.

Work-life balance

Number of employees who exercised their maternity or paternity leave entitlement



Internal communication

Soltec has implemented several internal communication channels to know its people's opinions, increase transparency in its activities, encourage their suggestions, and maximize their satisfaction.

These channels complement a satisfaction survey that, although conducted every two years, could not be carried out in 2020 due to the pandemic. Soltec will carry out a new edition in 2021 to identify the areas where employees are most and least satisfied to define specific measures to act on the latter.

Communication Systems Used by Soltec



SOLNEWS AND IN-HOUSE COMMUNICATIONS

Soltec issues a weekly magazine called "Solnews" where employees can read about the main news relating to the company. Similarly, Senior Management and the Human Resources department disseminate relevant news via email.



COLLABORATIVE PLATFORM

Soltec makes the application "Microsoft Teams" available to employees within the same team so that they can collaborate and share resources.



SOLNET

This is the corporate intranet where in-house information, corporate applications and official company documentation are available.



SOLNET YAMMER

This is Soltec's in-house social network, which is used to share general information that might be of interest to employees. It also features functions enabling two-way communication and teamwork.



SUGGESTION BOX

Soltec has an email address where employees can write to share with management their proposals or ideas to improve the company.

5.3 Environmental commitment

Respect for the environment is part of Soltec's DNA. On the one hand, our main objective is to contribute through innovative solutions to a low-carbon economy transition. In addition, we incorporate best management practices into our processes to ensure that they induce the lowest possible impact on the environment

Milestones in 2020	Key indicators in 2020-2019		
Carbon footprint: <ul style="list-style-type: none"> Obtaining the "Reduzco" seal that certifies the reduction of our greenhouse gas (GHG) emissions. Verification of the company's greenhouse gas emissions under ISO 14064-1. Energy consumption: <ul style="list-style-type: none"> 100% renewable energy consumption at Soltec's corporate offices. Sustainable mobility: <ul style="list-style-type: none"> Promotion of sustainable means of transport for the transfer of workers in the projects and the operation and maintenance of the facilities. Replacement of combustion forklifts with electric forklifts. Others: <ul style="list-style-type: none"> Conducting awareness-raising campaigns among workers. Joining the "For Climate" community. 	Indicator	2020	2019
	Greenhouse gas emissions - Scopes 1 and 2 (tCO ₂ eq)	42.1	42.9
	Energy consumption (kWh)	398,972	521,322
	Water consumption (m ³)	2,502	3,279
	Steel consumption (t)	73,079	123,989
	Non-hazardous waste generated (kg)	1,399,505	1,464,248
	Hazardous waste generated (kg)	12,876	12,482
	Waste reused (%)*	80 %	75 %

* Estimated value.

2021 Objectives	
<ul style="list-style-type: none"> Implementation of an energy management system according to ISO 50001. Installation of charging points for electric vehicles in offices. Maintenance of the "Reduzco" label for the reduction of greenhouse gas (GHG) emissions. Verification of the carbon footprint in scopes 1 and 2. Renewal of the ISO 14001 certification of our environmental management system. 	<ul style="list-style-type: none"> Reduction of paper consumption per employee by 3% compared to 2020. Reduction of water consumption per worker by 3% compared to 2020. Reduction of electricity consumption per worker by 3% compared to 2020. Reduction of fuel consumption per hours worked by 3% compared to 2020. Reduction of GHG emissions (scope 1 and 2) per hour worked by 2% compared to 2020.

Soltec's approach to environmental management

To minimize our environmental impacts, Soltec has implemented a specific management framework certified to the highest standards. This ensures the proper management of impacts and risks and compliance with all applicable environmental requirements

In line with its mission, Soltec promotes a corporate culture of commitment to the environment reflected in a constant effort to minimize the impact of its activities and to involve its main stakeholders in this effort.

To achieve this objective, the company has adopted a specific management approach governed by its Quality, Environment and Health and Safety Policy, which establishes the principles that guide its actions in this area.

This policy is implemented through an environmental management system integrated with the quality and health and safety management system. This system is certified in accordance with the highest standards (ISO 14001:2015) and, specifically concerning the environment, is implemented at the company's sites in Spain, Mexico, Brazil and Chile and covers activities

related to the design, manufacture and assembly of solar trackers.

Soltec has a specific department responsible for maintaining this system and promoting its strategic planning to implement it. Along these lines, one of the fundamental actions consists of identifying the main environmental aspects that may impact operations. This identification considers those aspects linked to the organization itself and those derived from installing the solar trackers in the projects.

The management of these environmental aspects requires compliance with the applicable legal requirements. Soltec establishes specific environmental management plans to ensure this compliance and monitoring plans that guarantee the implementation of the proposed

corrective and protective measures to prevent environmental impacts and risks.

The implementation of these measures is supervised explicitly by the company's environmental management team, which is also responsible for periodically auditing the management system to ensure that it functions correctly, both in the offices and in the projects underway.

Finally, the company promotes the awareness and sensitization of its employees by organizing training actions to highlight the importance of conserving resources and reducing the impact of its activities on the environment. Soltec has also developed a manual that incorporates good practices in this area as an add-on to these training actions.

Soltec's Environmental Management Framework



POLICY

Quality, Environmental and Health and Safety Policy establishing the need for Soltec services to comply with applicable regulations and standards.



DEPARTMENT

Team dedicated solely to managing the environmental impact of company operations.



PLAN

Environmental Management Plan for implementation at project sites, ensuring correct development of operations.



SURVEILLANCE

Environmental Monitoring Plans to ensure compliance with legal requirements and existing regulations.



AUDITS

Completion of **in-house audits** at the offices and project sites to ensure correct environmental management system performance.



ISO 14001

Certified Environmental Management System, in accordance with ISO 14001.



RISKS

Analyses to identify and manage **environmental risks** resulting from our operations.



AWARENESS

Raising **awareness** on environmental aspects through ongoing training of employees.

Energy sustainability and combating climate change

The development of innovative projects and solutions in solar photovoltaic technology is the company's main contribution to improving the sustainability of the energy system and contributing to the mitigation of climate change.

Along these lines, the projects undertaken by Soltec induce a significant reduction in the emissions responsible for this problem, a reduction that, in 2020, reached more than 2,128,464 tCO₂.

In addition, Soltec implements measures aimed at reducing energy consumption and direct emissions from its operations.

These measures cover the entire life cycle of the activity and range from energy savings and promoting renewable energy in our facilities and projects to using sustainable technologies and management methods in other processes such as mobility or storage and logistics activities.

Thanks to the adoption of these measures, Soltec has gradually improved its energy indicators. Thus, in addition to having achieved that 100% of the electricity consumption in its facilities comes from renewable sources, the company has reduced its total energy consumption by 32.12% in the last year.



Projects carried out by Soltec in 2020 contributed to preventing the emission of 2,128,464 Mt of CO₂ into the atmosphere.

This amount is equivalent to emissions associated to the consumption of 409,320 people living in Spain.

Main Energy Sustainability measures implemented by Soltec in their processes



Reduction of energy consumption and promotion of renewable sources

- Consumption of 100% renewable energy at Soltec's Headquarters.
- Implementation of efficiency measures, such as the use of thermostats to limit HVCA-related consumption.
- Periodic maintenance inspections of air-conditioning systems to ensure their efficient performance.



Sustainable Mobility

- Promotion of public transport at project sites.
- Promotion of electric vehicles amongst employees.
- Awareness of the need for responsible driving (higher gearing and lower RPMs) amongst employees.



Machinery

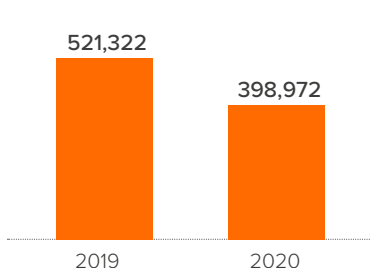
- Renewal of the vehicle and machinery fleet with non-polluting alternatives.



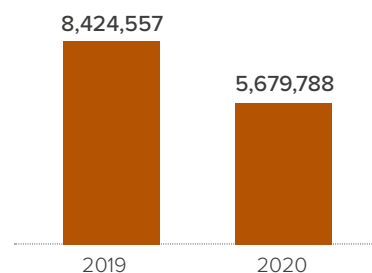
Storage and logistics activities

- Use of the Solhub System so that our products can be delivered within the timelines agreed and without the need for transportation intermediaries.

Electricity consumption (kWh)



Diesel consumption (KwH)



Soltec has reduced greenhouse gas emissions in its operations. While it took 8,010 working hours to emit 1 tCO₂eq in 2019, in 2020, this amount rose to 14,700, which indicates the efficiency improvement achieved by the company

Soltec has also planned new actions to continue improving efficiency energy consumption in the coming years. Along these lines, the implementation of an energy consumption management system according to the ISO 50001 standard or the installation of charging points for electric vehicles in the company's offices are the main priorities to be achieved in the short term.

Adopting the measures mentioned above and representing a significant improvement in the energy sustainability of the activities has also led to improving indicators of greenhouse gas emissions associated with the company's operations.

In 2020, Soltec's activities were responsible, directly and indirectly, for scope 1 and 2, for the emission of 1,439 tCO₂eq. This amount represents a reduction of 33% compared to the previous year¹⁸.

The company's efforts to reduce its emissions are part of its corporate commitment to become an emission-neutral company in the future. Along these lines and adopting annual reduction targets, Soltec will promote various projects related to the absorption and compensation of its CO₂ emissions. The company is currently analyzing several projects in this regard.

The company has also joined business initiatives related to climate change through which it seeks to position itself as an active and committed agent in the solution of this global challenge. The incorporation of Soltec to the "Carbon Footprint Register" of the Ministry of the Environment, which has allowed us to certify our efforts to reduce emissions, or the adhesion to the "For the climate" community that brings together various public and private agents to contribute to the fulfilment of the Paris agreements are two of the most outstanding examples.

"REDUZCO" SEAL

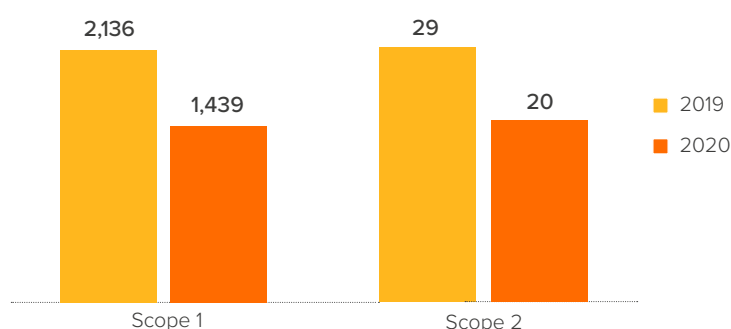


The Group is committed to reducing emissions resulting from its operations. To do that, it certifies its emissions within the framework of the "Reduzco" seal of Spain's Department for Environmental Transition and Demographic Challenge.

This seal, of a voluntary nature, shows the efforts made by Soltec to calculate, reduce and compensate greenhouse gas emissions generated as a result of our activities. Prior to seal registration, it is required to submit an emission reduction plan, and company emissions have to be checked.

The company registered emissions of scope 1 & 2 generated in 2019 with the aim to renew this seal in upcoming years.

Greenhouse gas emissions Scope 1 and Scope 2 (t CO₂)



¹⁸ The company has externally verified the calculation of these emissions according to ISO 14064.

Responsible water management

The responsible use of water is another of the company's environmental priorities. For this reason, Soltec develops various measures that allow it to improve efficiency in its use and avoid the degradation of the resource, thus ensuring its future availability for the whole of society.

Within this framework of measures, Soltec sets annual targets to minimize consumption and exhaustively reviews various indicators related to this area. To this end, it monitors the volume of water consumed and prepares monthly reports. This makes it possible to identify opportunities for reduction.

In addition, and heedful of the importance of employee action in this area, Soltec raises awareness for correctly managing the resource in its training and environmental awareness initiatives. In this area, Soltec has a decalogue of good practices, including water-saving measures.

In 2020, Soltec's operations were responsible for consuming 2,502 m³ of water, a decrease of 23.7% compared to the previous year. In terms of intensity, this consumption amounted to 1.95 m³/worker.

Water consumption (m³)

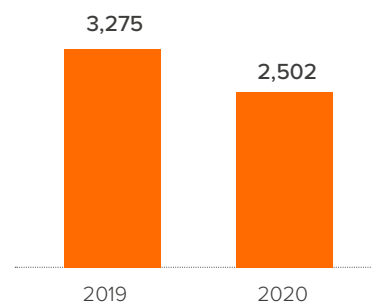


Photo: Solar plant in Spain.

Efficient use of materials and promotion of the circular economy

In line with the circular economy's principles, Soltec designs its activity and processes to promote the efficient management of natural resources.

It promotes recycled raw materials to manufacture some of the main components that make up the solar trackers. In addition, in recent years, Soltec has promoted specific measures to minimize the use of certain elements (see figure below) and extend the durability of the equipment it uses, which provides considerable advantages from a circular point of view.



Circular Economy Promotion for Solar Tracker Components

Use of Recycled Primary Materials for Manufacture of Piles, Tubes & Omegas:

Use of Recycled Steel for Manufacture of Piles, Tubes and Omegas.

21%

steel from recycled origin

78%

from recycled aluminum material
Over acquired in 2020



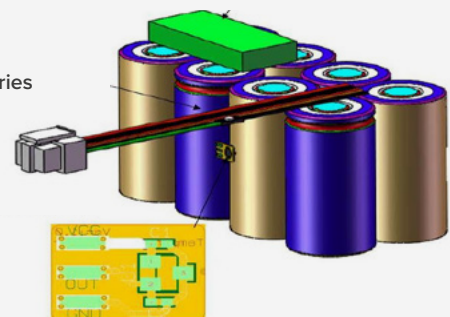
Replacement of plastics in trackers' electronics box with recycled aluminum.

Replacement of Lead Batteries for Lithium Batteries:

The replacement of lead batteries with lithium batteries has contributed to the need to use less batteries (power supplied to trackers by lithium batteries is two-fold that of lead batteries) and extend service life (lithium batteries last twice as much compared to lead batteries).

4%

reduction in the use of lead batteries
compared to 2019



Besides, the company promotes the reuse of various materials that would otherwise become waste. This line is particularly promising, as a high percentage of the materials used in Soltec's products can be reused, extending their useful life.

Incorporating the circular economy's principles into the company's activities begins in the design phase of our products, optimizing their performance and the volume of material used as basic criteria. Subsequently, during project implementation, our engineers have the necessary know-how to define the most cost-effective and efficient solution in each case.

The correct management of the waste generated is another fundamental action to make this circular economy approach a reality. Soltec ensures compliance with current legislation in the different countries it operates in, collaborating with external companies contracted as authorized managers to collect and manage the waste produced. Each of the projects and facilities has the necessary containers and installations to guarantee the correct segregation of waste and enable a waste analysis to identify recycling and reuse opportunities.



Photo: Containers for waste management in projects



Replacing lead-acid batteries with lithium for less environmental impact

The engineering department has promoted replacing lead batteries with lithium batteries, which have a much lower impact on the environment due to the use of cleaner technology, the use of fewer batteries (the current supply to the tracker of a lithium battery is equivalent to that of two lead batteries), and a longer life cycle (the life cycle of a lithium battery is 10 years compared to a lead battery, which is 5 years).

After implementing this initiative throughout 2020, the decrease in the use of lead batteries compared to 2019 has been 4%, a percentage that will increase in 2021.



Photo: Installation of a Soltec solar tracker.

Case study**Reuse of Wood Waste**

Teams allocated to **projects in Brazil** have developed an interesting initiative to manage wooden waste which might be replicated in other projects.

Waste generated during construction (e.g., after pallet use) was used to **manufacture furniture later donated** to local communities.

This initiative favored a **more sustainable use of materials**, in addition to contributing to other priorities of Soltec, such as striving to ensure **the needs of local communities are met**.



Wood donation in projects in Brazil.

Soltec also works very hard to raise awareness among its staff about managing their waste correctly, preventing contact with the environment and its contamination. The correct performance of these activities is ensured through specific teams deployed by the company in the projects.



Raising Awareness to Reduce Usage of Plastic Containers amongst Employees



Soltec has developed actions to raise awareness on the need to reduce consumption of this type of containers in the projects:

“Used Bottles” Campaign, which invites employees to write their name and dispose of water bottles they have used or collected onsite in a container. On a weekly basis, during the environmental talk, a bottle is randomly picked and the selected worker is given a prize.

Delivery of Reusable Bottles to replace single-use plastic cups.

Soltec has designed its activity and processes to implement a circular economy model's principles, maximizing the use of material resources and extending their useful life

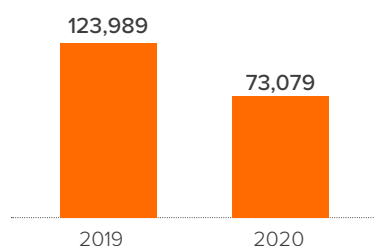
Soltec accompanies the correct management of resources and waste in its projects with actions to limit the use of other materials. On an industrial level, the company has updated the machinery used to package products with more efficient models, which allows it to reduce the amount of plastic used for packaging.

In addition, and from an internal perspective, the company has developed a decalogue of good practices through which it encourages employees to reduce consumables such as paper. Soltec has also developed several digital transformation projects, such as an intranet that allows electronic communications or other digital media for marketing purposes, thus eliminating other consumption.

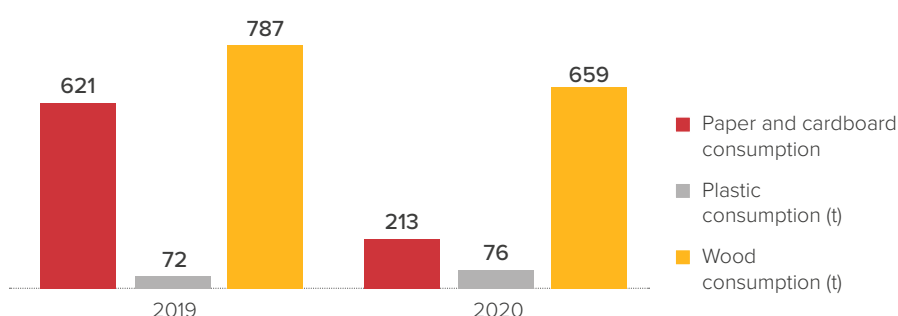
In 2020, Soltec's operations were responsible for consuming 73,079 of tonnes of steel, a decrease of 41% compared to the previous year.

Concerning waste management, waste generation amounted to 1,412,380.7 metric tons in 2020, 0.91% of which was hazardous waste. In addition, and thanks to the management carried out, Soltec managed to ensure that 100% of the paper-cardboard waste generated was sent to recycling plants, a figure that also reached 100% in the case of plastic.

Steel consumption (t)



Consumption of other materials (t)



Main indicators

Indicator	2020	2019
Production of non-hazardous waste (kg)	1,399,505	1,464,000
Production of hazardous waste (kg)	12,876	12,000
Volume of steel going to recycling plants (%)	100%	100%
Volume of paper-cardboard going to recycling plants (%)	100%	100%
Volume of plastic going to recycling plants (%)	100%	100%
Number of significant spills and amount recovered	No significant spills	No significant spills

Protection of Biodiversity

When carrying out our operations, we ensure that we minimize the impact our activity may have on the fauna and flora around us. To correctly manage these aspects, Soltec has a specific team. Their role is to spot animal and plant specimens within our projects' boundaries and relocate them to adjacent areas where they will not be negatively impacted. Likewise, environmental management plans are developed before the projects' execution, where the control of these possible affectations is foreseen.

The main measures developed by the company to minimize this type of impact include the following:

Installation of hunting fences to avoid bird strikes.

Prospecting for the identification of nests or refuges of species.

Clean-up to prevent littering.

Limitation of noise levels, vibrations and dust generation.

Limitation of speed within projects to 20 km/h.

Prohibition of the use of pesticides or herbicides in the environment.

Prohibition of vegetation clearing in areas outside the project.

Soltec also promotes the restoration of areas that serve as ecological corridors in its projects. These spaces with approximately 8 hectares create an ecotone for the birdlife present in the vicinity.

In 2020, none of Soltec's projects had been delayed due to ecological impacts.



Photo: Rescue together with the environmental authorities of a baby nightjar (protected species) in the Totana area.

5.4 Quality and excellence in our products and services

Commitment to product quality is one of the main hallmarks of Soltec. To achieve this, the company works following the best existing practices and has managed to certify its processes and products following the most recognized standards

Beyond the product, the company focuses its efforts on delivering the best experience to its customers, meeting their expectations and establishing a process of continuous improvement to meet the changing requirements of an ever-evolving industry

Milestones in 2020	Key indicators in 2020-2019		
<ul style="list-style-type: none"> Creation of the product area as a link between Soltec Innovations and Soltec Engineering. Presence of quality inspectors in all Soltec factories globally. Conducting internal audits in all departments. Conducting supplier audits. Installation of an electrostatic discharge system in the electronics and communications laboratory to prevent possible damage to the production line. Obtaining product certifications against international standards such as UL 3703 & 1741, IEC 62817 or ANATEL. Extension of ISO 9001:2015 certification to the subsidiary in Brazil. Renewal of certification against UNE-EN 1090. Continued implementation of a traceability system for 100% of electrical components. Inclusion of customer orientation in the company's global competence plan. 	Indicator	2020	2019
	Number of cases of non-compliance with regulations or voluntary codes relating to product or service quality	217	238
	Number of quality audits of suppliers	18	12
	Number of internal audits	23	4
	Results of surveys to measure customer satisfaction	3.8 over 5	3.72 over 5
	Number of complaints received	218	67
	Percentage of complaints resolved	100%	100%

2021 Objectives	
<ul style="list-style-type: none"> Increased audits of suppliers globally. Extension of ISO 9001:2015 to the company's subsidiaries in Chile and Mexico. UL 3703 and IEC 62817 certifications obtained for other branded products. Final implementation of the traceability system for electronic components. 	<ul style="list-style-type: none"> Expansion and tightening of the internal audit process in all departments according to ISO 190001:2018, including a selection of projects. Migration to a centralized non-conformity management system.

Soltec's approach to quality management

Soltec extends its quality management processes to suppliers working for the company by carrying out specific audits

To ensure that our products meet market demands, Soltec dedicates the necessary resources to comply with current legislation and other applicable specifications and standards.

In this context, the company has a Quality Policy that sets out the principles to ensure its products' best performance.

This policy has been deployed through a Quality Management System certified in accordance with the ISO 9001 standard that establishes the requirements for a Quality Management System, which has been implemented in the main countries we operate in and plans to expand to the rest of the subsidiaries in the coming years.

To ensure the correct functioning of this system, the company has a department dedicated exclusively to ensuring and improving the quality of its products and processes. This department has been gaining importance in recent years, reflected

in the increase in human and technical resources at its disposal (see table below).

Among other functions, this department is responsible for carrying out internal quality audits in the different areas of the company to ensure that they operate according to the policy and other quality requirements.

This audit approach is also extended to all Soltec factories, and the company has a team of inspectors in charge of this task.

Likewise, the company includes its supply chain within the processes to ensure quality management. Along these lines, Soltec carries out specific quality audits on its suppliers. This is an area where it wants to delve in the coming years, foreseeing an increase in this type of actions.



Prevention of damage to electronic components

The occurrence of electrostatic discharges between objects charged with different voltages is a significant problem in manufacturing processes as they can damage electronic components at any point in the production chain.

To improve the quality of its processes, Soltec installed a specific discharge system in its electronics and communications laboratory in 2020, which has made it possible to eliminate this source of risk.

Product certifications

In addition to having a Quality Management System certified to the highest standards, Soltec promotes its products' certification according to the main schemes and technical standards of importance in its market. It should be noted that the degree of innovation of the product that Soltec develops and supplies often promotes changes in the regulations to adapt to the evolution of the industry.

Along these lines, several Soltec products have specific quality certifications, such as UL 3703 & 1741 and IEC 62817, among others. In 2021, Soltec will continue along this path by extending these certifications to the rest of the products for which they are applicable and will continue with the evolution of the certifications already obtained.

Product Quality Certificates Renewed in 2020



UL 3703 Certificate

It certifies tracker reliability, ensuring both mechanical and electrical safety, in accordance with standards for solar tracking systems.



IEC 62817 Certificate

Specific certificate for solar tracking systems which evaluates and characterizes solar tracker parameters and specifications.



Photo: Factory operator.

Commitment to service quality and customer satisfaction

Soltec has an exclusive service called Solmate that allows it to respond to its customers' requirements in the post-construction period. Thanks to this service, the company ensures that it meets all their expectations and offers the maximum value.

Solmate has an in-house platform where it supports all projects in operation with trackers, ensuring their proper functioning and managing any warranty claims that may arise.

In practice, this service is provided thanks to local teams in multiple countries and warehouses that allow rapid management of the spare parts required.

If customers wish to make a query or complaint, Solmate provides them with a specific online platform to create requests and add all the necessary information. Once submitted, the Soltec team is committed to providing a swift and accurate response, always within 48 hours.



Customer orientation, a key competency at Soltec

Customer orientation at Soltec goes beyond the implementation of specific systems to respond to customer complaints and demands. The company considers this aspect of the utmost importance and has therefore included it among the five main branches defined in Soltec's global competence plan.

A training guide detailing best practices has been created to develop this competence. Specific evaluation and monitoring plans have been developed, and key indicators have been established to measure the company's ability to respond to customer demands and improve customer satisfaction.

5.5 Responsible supply chain management

Soltec has a solid and first-rate supplier network with which it has established trusting relationships that contribute to mutual development.

The success of the company's projects depends mainly on the excellent performance of its strategic suppliers. For this reason, Soltec has specific procedures to ensure the quality and correct manufacture of its designs.

Milestones in 2020	Key indicators in 2020-2019		
<ul style="list-style-type: none"> Creation of an internal platform for managing contracts and confidentiality agreements with suppliers. Setting up a strategic sourcing team to optimize procurement management processes. Implementation of the Legal Compliance Protocol in internal procurement documents and procedures. Incorporation of environmental and Human Rights clauses in contracts with suppliers. Conducting third party technical audits of suppliers through third parties. Development of a digital platform for the management and optimization of indirect purchases. Adaptation of the procurement area to new turnkey or EPC (Engineering, Procurement and Construction) projects. 	Indicator	2020	2019
	Total number of registered suppliers	1,414	1,917
	Volume of purchase orders (€Mn)	190.13	287.23
	Volume of local purchase orders (€Mn) ²⁰	10.56	12.54
	% of certified suppliers ²¹	7%	1%

2021 Objectives

Certification in the UNE 15986 standard for Value Added Purchasing Management and ISO 20400 for Sustainable Purchasing.

Implementation of a supplier approval platform to improve the efficiency of the process.

Implementation of an electronic invoicing management platform (SERES) to optimize registration and payment processes.

²⁰ The volume of local purchases is limited to purchase orders for installation projects in each country.

²¹ The suppliers that are subject to approval are those that either supply solar tracker components, raw materials or perform solar tracker installation services. The low current value is because the total number of suppliers has been used as a base and not the total number of approvable suppliers (not all the services contracted by Soltec are approvable). The overall number of approvable suppliers is currently not available. The Procurement department works to homogenise the available information and thus report a more representative figure for the company in future years.

Soltec's supply chain

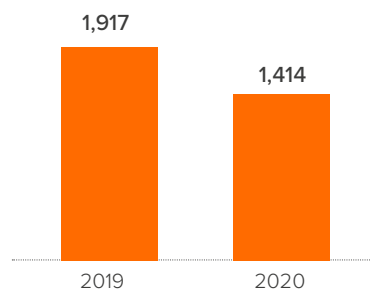
Soltec's supply chain in 2020 consisted of 1,414 new suppliers globally. In total, the number of purchases and procurements made by the purchasing team for the company amounted to €190 million, 34% lower than in 2019).

This drop in the volume of purchases was mainly due to the suspension and cancellation of some projects due to COVID-19.

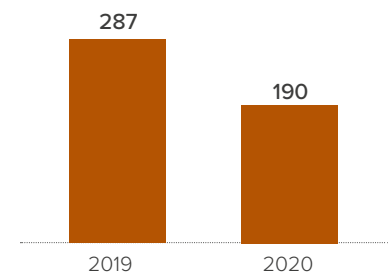
Within this chain, the company's most strategic suppliers correspond to those directly linked to its activities, either because they supply tracker components or provide services for their installation on site.

Suppliers of components include, fundamentally, those supplying finished products such as tubes, pins, omegas, motors and gearboxes, and steel used as raw material for processing into various elements of the tracker²².

Number of new suppliers



Volume of purchases (€Mn)



Local suppliers

For the correct execution of those projects in which Soltec is in charge of installing the solar trackers that it supplies to its clients, Soltec requires incorporating local suppliers to purchase and rent machinery, vehicle rental, and site huts and other essential purchases for its

development. In addition, Soltec has managed to develop local suppliers that have been able to expand and adapt the supply capacity of tracker components to the company's requirements and its projects in three different countries: Argentina, Australia and Brazil.

It is mainly in these installation projects that Soltec promotes purchasing from local suppliers, positively impacting the local community's economic development. In 2020, more than €10 million of the purchase orders of those suppliers with whom Soltec has collaborated were local in nature.

²² A solar tracker is composed of elements that are 97% steel.

Efficient supply chain management model

Soltec has a supply chain management model that aims to develop more efficient purchasing processes that result in improvements, both internally and externally, with its customers and suppliers.

This model is based on a Purchasing Policy, approved in 2020, to establish a guide for action in the procurement process carried out by the Purchasing Department globally. This policy is applied from the sourcing phase, in the supplier's approval and selection phases, and in its continuous evaluation.

Likewise, to improve efficiency in managing its supply chain, the company is committed to incorporating new technologies in the development of its activities. To this end, Soltec has undertaken various digitization projects throughout 2020.

Finally, Soltec promotes principles such as two-way communication, respect, willingness to consider the needs and opinions of the other party, impartiality and trust-building in its relationships with its suppliers. This allows the company to identify innovative ways of working and solving problems together with its suppliers and having the flexibility to meet the needs of both parties.

Strategic sourcing to improve supplier management

Soltec has set up a specific team within the purchasing area to look for new suppliers of the trackers' main components. This gives the company some advantages, such as increasing its production capacity and improving prices by controlling part of the raw materials. In addition, by developing local or neighbouring suppliers in the countries of supply, it has provided other advantages: reducing transport distances and delivery times and the CO₂ emissions associated with the company's purchases.

Digitalization projects in the purchasing area. Internal tools implemented



PRODUCT MANAGEMENT PLATFORM

Allows to manage external requests and to order own product prototypes and commercial samples.



INDIRECT PROCUREMENT MANAGEMENT PLATFORM

It enables the selection of suppliers for indirect purchases²³, negotiating contracts, and the centralized approval of purchase orders, among other functionalities.



CONTRACT AND SUPPLIER AGREEMENT MANAGEMENT PLATFORM

It can generate and register contractual documents and manage review and approval flows, involving internal stakeholders in the process.

²³ All those that are not linked to the manufacturing process or installation of the tracker designed by Soltec.

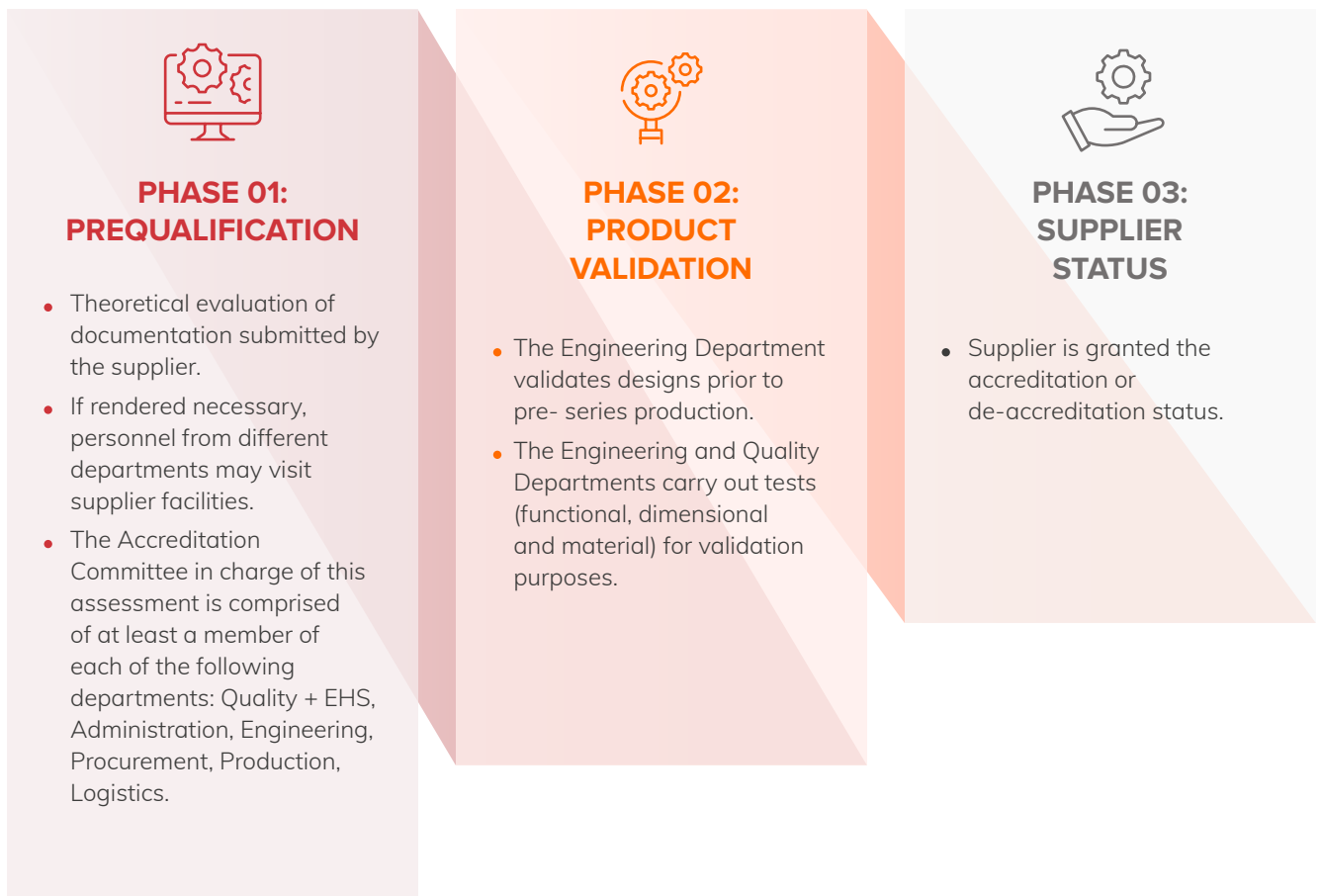
Supplier approval procedure

Thanks to its approval process, Soltec ensures that it can work with suppliers with technical solvency, as well as mitigating other potential risks of contracting, such as the commission or collaboration in money laundering, punishable insolvency or fraud

To guarantee quality and align the supply chain with Soltec's policies, since 2018, the company has established an approval procedure to submit all strategic suppliers. This procedure is mandatory, regardless of the volume of purchase or contracting to be carried out.

This procedure is structured in two phases in which, after a pre-qualification and validation of the product, it is determined whether the supplier can be approved or not.

Supplier Accreditation Procedure





Automation of the supplier approval process through a new platform

Soltec's objective for 2021 is to implement a supplier approval platform that will improve the efficiency of this process, which is currently carried out "manually" from the purchasing area for all suppliers worldwide.

This platform will make it possible to categorise suppliers, all of whom will be registered and evaluated, thus complying with the requirements of the ISO 9001 standard, in which the department is certified.

This platform will strengthen the up-to-date risk assessment in different areas (financial, reputational, sustainability, cybersecurity, etc.) of strategic suppliers, which will enable more informed decisions to be made promptly to avoid potential negative impacts on the company's activities.



Adaptation of the type-approval process to the restrictions caused by COVID-19 and lessons learned

Throughout 2020, as a result of the global mobility restrictions caused by COVID-19, Soltec has had to outsource the supplier inspection process, usually carried out by members of the purchasing, manufacturing and quality team, as part of the supplier approval process. This on-site audit process has been carried out by hiring quality inspectors from the sector using a control sheet drawn up by Soltec's purchasing and manufacturing team as a guide.

This initiative has not only allowed verifying the information provided by suppliers effectively but has also brought a series of optimisations to the homologation process, from which Soltec has carried out a learning process. While some of the technical visits to strategic suppliers will continue to be essential for Soltec, the Group is studying the possibility of keeping this service outsourced and using a hybrid model in the future.

Approval of suppliers in EPC projects

Resulting from the company's participation in EPC projects since 2020, the approval process has had to be applied to those suppliers who, although not related to tracker components, account for a considerable percentage of the purchases to be made in this type of project.

These suppliers include those who supply large electrical equipment for a solar plant, such as PV modules, inverters, transformers, substations or power cables.

To adapt the approval process to EPC projects, Soltec has set up three approval committees:

- Tracker component suppliers, consisting of representatives from Finance, Purchasing, EHS & Q, Engineering, Manufacturing and Logistics.
- EPC equipment and service providers, consisting of representatives from the Finance, Procurement, EHS & Q and EPC Engineering departments.
- Installation service providers, consisting of representatives from Finance, Procurement, EHS & Q and Construction.

Extending the company's commitment to sustainability to its supply chain

Soltec's objective for 2021 is to obtain UNE 15986 certification for Value Added Purchasing Management and ISO 20400 certification for Sustainable Purchasing

Soltec's purchasing department, in line with the commitments adopted by the company, seeks to be aligned with best management practices. In this context, it constantly works to enhance the sustainability of its procurement processes and the performance of its suppliers.

As a sign of its commitment, throughout 2020, Soltec has worked to incorporate its Purchasing Policy and its Supply Framework Agreements, clauses of an environmental nature, and compliance with Human Rights.

In this way, these documents have been aligned with the requirements of ISO 20400 on Sustainable Procurement and the principles of the United Nations Global Compact, which Soltec is a signatory of.

Thanks to these activities, the company expects to be certified to

this standard (ISO 20400 Sustainable Procurement) in 2021, incorporating strict sustainable principles in the procurement process and its entire sphere of influence.

The company has also set itself to achieve UNE 15968 certification for Value Added Purchasing next year, which will accredit the degree of excellence of the purchasing function and allow potential areas for improvement to be identified.

Igualmente, y con objeto de reforzar el alineamiento de la actividad de los proveedores y empresas colaboradoras con los criterios éticos seguidos por Soltec, la compañía ha asumido como objetivo promover e incentivar a estos a adoptar las pautas de comportamiento desarrolladas dentro del Código de Conducta de la compañía.

Likewise, all internal purchasing procedures have been reviewed and adapted to comply with the criteria established in the corporate compliance program implemented by Soltec, following the certification obtained by the UNE 19601 and UNE 19602 standards for criminal and tax compliance, respectively. This will ensure compliance with all criminal legislation and all the requirements and obligations arising from the company's policy in this area. These criteria have also been included in subcontracting contracts with suppliers and the company's General Purchasing Conditions.

Likewise, to reinforce the alignment of the activity of suppliers and collaborating companies with the ethical criteria followed by Soltec, the company has taken on the objective of promoting and encouraging them to adopt the behavioral guidelines developed within the company's Code of Conduct.



Photo: Solar plant supervision.

5.6 Engagement with local communities

Soltec develops its Corporate Social Responsibility actions following a maxim, "Our energy is the people", a motto that encompasses a large part of its business and solidarity strategy.

Milestones in 2020	Key indicators in 2020-2019		
<ul style="list-style-type: none"> Sponsorship of the "Ready for Africa" project in Malawi to promote and construct a hydroalcoholic gel plant to distribute this product among the local population. Since the beginning of the crisis, donation of 1,500 units of hydroalcoholic solution, 26,000 masks and more than 1,000 protective suits to the Murcian health service. Collaboration with the NGO Aldeias Infantis SOS in Lauro de Feritas (Bahia, Brazil) through the weekly collection of food and hygiene products. Delivery of more than 960 kilos of food and essential hygiene items to the Banco de Alimentos del Segura. Donation of various supplies (gel, masks and gloves) to combat the pandemic among the four main geriatric centers in Chile. 	Indicator	2020	2019
	Job creation in local communities	1,120	1,510
	Economic value distributed to stakeholders (€Mn)	277.6	N/A
	Amount earmarked for social partnerships (€)	54,592	10,808
	Amount of donations earmarked to mitigate the impacts of COVID-19 (€).	28,912€	N/A
	Number of organizations and associations with which the company collaborates.	17	9
	No. of employees who have participated in volunteer actions.	114	117
	Dedication of employees to corporate volunteering projects (hours).	6/8 hours per action	6/8 hours per action
	6/8 hours per action Training and awareness-raising of communities on renewable energy (hours).	0	255

2021 Objectives

Development of an annual action related to a Sustainable Development Goal.

Constitution of the Soltec Foundation.

Promotion of the corporate volunteering service.

Creating value in the local community

We contribute to society's progress, and we do it as we know best, applying the latest technology to the manufacture of solar trackers. We are also aware of our responsibility as an economic actor. We generate wealth by creating jobs, and we collaborate with social causes to achieve a more favorable environment for those who suffer the most.

Creating value and contributing to the well-being of local communities is one of Soltec's main sustainability objectives.

From the beginning, the company has prioritized this aspect, promoting in all its projects generating a positive impact, creating employment opportunities and training local workers, implementing training activities for the community, or promoting collaborations to satisfy other existing needs environment.

In terms of employment generation, the projects being developed by the company have led, in the last year, to the creation of more than 1,120 jobs, which have been filled by personnel from the community.

To enable these people to carry out their work effectively, Soltec makes a significant effort in terms of education and training, helping to develop their talent and improving their future employability thanks to the skills

obtained. Once the projects have been completed, the company offers long-term contracting opportunities to those employees who have shown the best performance.



Social inclusion of people in vulnerable situations

At Soltec, we promote the empowerment of all people, with particular attention to those at risk of social exclusion, making it easier for them to join our team, as part of our CSR policy, committed to diversity and inclusion policies as a lever of competitiveness.

For this reason, the Spanish Red Cross has distinguished Soltec as a company committed to the social and labour insertion of people at risk of inclusion for its work carried out through its employment plan developed for the Bonete project in Castilla la Mancha. From Soltec's Human Resources Department, Luis Corrales collected the award in Albacete, where the 5th Meeting of Recognition with Soltec's Collaborating Companies took place. Company committed to the social and labour insertion of people at risk of inclusion.



Distribution of economic value to stakeholders

In addition to the positive social impact in terms of job creation and improved employability of the local community indicated above, Soltec's activity induces another positive effect associated with distributing economic value to its Stakeholders.

In 2020, the vast majority of the company's revenues were distributed to the main groups with which it interacts, including its employees, suppliers, public administrations, financial institutions and local communities.

Distribution of economic value to Stakeholders (Thousands of €)

	2020
Economic value generated	235,600.0
Company revenues	235,600.0
Economic value distributed to stakeholders	277,555.9
Employees: Payment of wages	36,429.1
Suppliers: Spending on procurement and contracting	237,497.0
Public Administrations: Payment of taxes and fines	32.3
Financial institutions: Interest payments	3,570.2
Local community: Amount spent on donations and sponsorship	27.3

Other contributions to the local community

Soltec develops other types of actions with its local communities, contributing to their growth and the satisfaction of their basic needs.

One of them consists of developing training and awareness-raising actions on the importance of renewable energies in promoting local development.

Specifically, the company has a solid commitment to holding these activities in schools and training centers to deliver this message to the community's youngest members.



Environmental education and support for the professional development of vulnerable groups in the Chincheta project (Murcia)

Soltec organized in 2020 an open day to visit one of our plants located in Chincheta, near Totana, Murcia, with environmental educational activities.

In addition, the company has promoted a social initiative in the context of the construction of the plant consisting of various activities related to the professional and personal development of the users of the "Princesa Letizia" Day Center for People with Mental Illness and the "José Moyá" Day Center for People with Intellectual Disabilities in the municipality of Murcia where the plant is located.



The company is making a significant effort to raise awareness among local communities about the benefits of solar energy and its importance in achieving sustainable development.

The attention to other basic needs, the improvement of the local environment or the contribution to responding to emergencies and natural disasters are other lines of collaboration between Soltec and its local environment.

To develop these activities, Soltec has a Global Corporate Volunteer Program in which members of our team regularly participate, contributing to various social causes. Volunteers give their help altruistically and in their free time, outside working hours. All the activities they take part in are insured, and the employees have the necessary guarantees for carrying them out properly.

All actions are developed jointly with non-governmental organizations or specific associations to establish alliances to achieve joint objectives. During 2020, the most noteworthy were the following:

Main social and environmental activities in 2020



Environmental recovery of the Segura River

Soltec volunteers, together with ANSE NGO members, carried out reforestation activities near the Segura River, in the city of Molina de Segura (Murcia), in an area previously devastated by severe flooding. With this initiative, Soltec contributes to preventing the devastating effects of heavy rains which periodically occur in the region and moves towards recovering the regional ecosystem by forming deciduous forests which remove large quantities of greenhouse gas emissions.



Clothing Donation to Cáritas

Soltec, first company in Murcia to have in its facilities a clothing container for the *Cáritas* NGO, continuously promotes amongst employees the “Moda-RE” campaign, aimed at fostering water and energy saving, as well as at favoring occupational reintegration through collection of used clothes and shoes. Throughout the year, Soltec collaborators donated a total of 1,500 kilos of products, thus contributing to prevent the emission of over 30 metric tons of CO₂ and the use of more than 10 million liters of water. This also contributed to the creation of 4 direct jobs for individuals in risk of social exclusion.



Jesús Abandonado Foundation

Soltec Power Holdings volunteers went to Jesús Abandonado charity canteens to support the distribution of food. The *Jesús Abandonado* Foundation operates in the Region of Murcia, helping individuals affected or potentially affected by social exclusion, with the ultimate aim to fully recover them as independent, fully operational members of society.



Day Against Breast Cancer

The Soltec Power Holdings Office in Mexico supported the Day Against Breast Cancer by wearing a pink rose that served as a reminder for women to get checked and self-explore regularly in order to detect this disease.

With its volunteer program, Soltec reinforces its team's pride in belonging and promotes the development of new professional competencies, such as leadership and teamwork skills. This program also facilitates interpersonal relationships and group dynamics and contributes significantly to enhancing and improving the corporate image.

Finally, Soltec also makes various donations to entities in order to support its activity and show its commitment to different social aspects.

Donations made throughout 2020 included: the donation of electric batteries to the association '*Vida con Perros*', a shelter with more than 70 rescued animals; the donation of school supplies to the Liceo María Luisa Bombal school located in the Vitacura municipality of Santiago de Chile; and monetary donations to Doctors of the World and UNICEF.

To correctly manage these donations, Soltec has started to develop a Sponsorship and Donations Policy, which will establish a specific procedure to ensure that such activities are carried out in a transparent manner consistent with the company's Code of Conduct.

Establishment of the Soltec Foundation in 2020



The continued growth of the company, as well as the social and environmental actions it undertakes to contribute to the development and needs of the local community, has prompted the creation of a specific foundation to manage this major effort.

The Soltec Foundation will be formally constituted in 2021 through its approval in the company's General Shareholders' Meeting



More information on the Soltec Well-being program can be found in section 5.2 Commitment of our people in this report.



Photo: Collection of plastics in Cabo de Palos (Murcia).

Support to local communities during COVID-19

Since the beginning of the health crisis, Soltec has supported its communities by donating health supplies and personal protective equipment to the most vulnerable groups.

The company is also aware of the problematic situation, aggravated by the current crisis, that many families are experiencing, and has also delivered food and essential hygiene items to these groups.

The company's main collaborations in this field include the following:

- **Food Bank.** Contribution to the Murcia Food Bank of more than 960 kilos of food and hygiene products.
- **Murcia Health Service.** Donation of 22,000 surgical masks, 4,000 protective masks, 1,500 400 ml bottles of disinfectant alcohol, and 1,000 complete protective kits for medical staff.
- **Malawi.** Collaboration in constructing a hydroalcoholic gel plant in Malawi, aimed at supplying more than 3,000 liters of gels to medical clinics, schools and hospitals in rural communities (see case study).
- **Aldeias Infantis SOS Brazil.** Financial donation to the NGO Aldeias Infantis in Lauro de Freitas (Bahia, Brazil), where the Brazilian subsidiary Soltec is located. This NGO focuses its activity on children at risk of social exclusion and, through Soltec's donation, will help around 140 local families through the weekly collection of food and hygiene products by Soltec Brazil's Global Services Solidarity volunteers.
- **Geriatric center in Chile.** Donation of 50 liters of disinfectant gel, 1,000 protective masks, and 300 gloves to the four main geriatric centers in Santiago de Chile help older people at risk of social exclusion and limited resources.



Soltec supports the construction of a hydroalcoholic gel production plant in Malawi

Soltec has collaborated as a sponsor and other companies to promote the "Ready for Africa" project in Benga (Malawi) to create a laboratory to manufacture disinfectant alcohol for local communities.

This production plant has been set up so that women with children in poverty can work here to supply these gels to the local population while generating income to cover their basic needs and to be able to take their children to school. More than 2,500 bottles of hydroalcoholic gel have been produced so far.



Annexes

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Annex I. Methodology followed in the drafting of this report

Frame of reference

This report has been prepared in accordance with the Essential option of the GRI Standards. Likewise, it has responded to the indicators proposed by the “Solar Technology & Project Developers” sector standard of the

SASB initiative through its contents. Finally, the report has also considered the main guidelines established by the International Integrated Reporting Framework in its preparation.

Reporting principles followed in the Annual Report

The following principles have been considered to ensure the correct collection, quality and processing of information.

Principles for the collection of content

- **Stakeholder engagement**
- **Context of sustainability**
- **Materiality**
- **Comprehensiveness**

Principles for the processing and quality of information

- **Comparability**
- **Precision**
- **Punctuality**
- **Clarity**
- **Reliability**
- **Balance**

Principles for the collection of content

- **Stakeholder participation.** This report has been drawn up, considering stakeholders' expectations concerning its activity and its main strategic lines. The report's chapter dedicated to corporate social responsibility management provides information on who the stakeholders are, the relationship maintained with them and how these expectations are identified and considered.
- **Context of sustainability.** An assessment has been made of how the activities and services provided by Soltec Power Holdings interact with the economic, environmental and social context in which the company carries out its activity. This analysis has been considered in the design of the content of the report.
- **Materiality.** To define the most relevant sustainability aspects for the company, a materiality study has been carried out. The methodology used to identify the material aspects is detailed below.
- **Completeness.** Once the material aspects have been identified, sufficient information has been communicated about them, providing a complete picture of Soltec Power Holdings in the reporting period for stakeholders to understand its evolution, results, and current situation.

Principles for the processing and quality of information

- **Balance.** This report reflects both the positive and negative aspects of the company's performance and provides an objective and comprehensive view of its overall development.
- **Comparability.** Information has been compiled for 2019 and included in this report's contents to make it easier for stakeholders to analyze the evolution of the company's performance in recent years and compare it with other organizations.
- **Precision.** The information included is presented in a precise and detailed manner to meet the expectations expressed by stakeholders.
- **Timeliness.** Soltec Power Holdings will publish an annual update of this report's contents to provide its stakeholders with regular access to information about its performance.
- **Clarity.** To avoid misleading inaccuracies or the omission of important information, the company presents information on its situation in a way that is accessible and clear to all its stakeholders.
- **Reliability.** Throughout this report, the Soltec Power Holdings has detailed the process followed for its preparation, laying the foundations so that in the future, the content included may be subject to an external review and evaluation to assess the quality and degree of materiality of the information.



Photo: Solar plant in Brazil.

Annex II. Materiality matrix

The standards published by the GRI Sustainability Reporting Guidelines require organizations reporting in accordance with their requirements to conduct a materiality analysis to help them determine the content to be covered.

According to GRI, those aspects that are likely to generate impacts (positive and/or negative) of an economic, environmental and social nature on the environment and its stakeholders (GGII) are to be considered "material". The materiality of these aspects will be greater when:

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

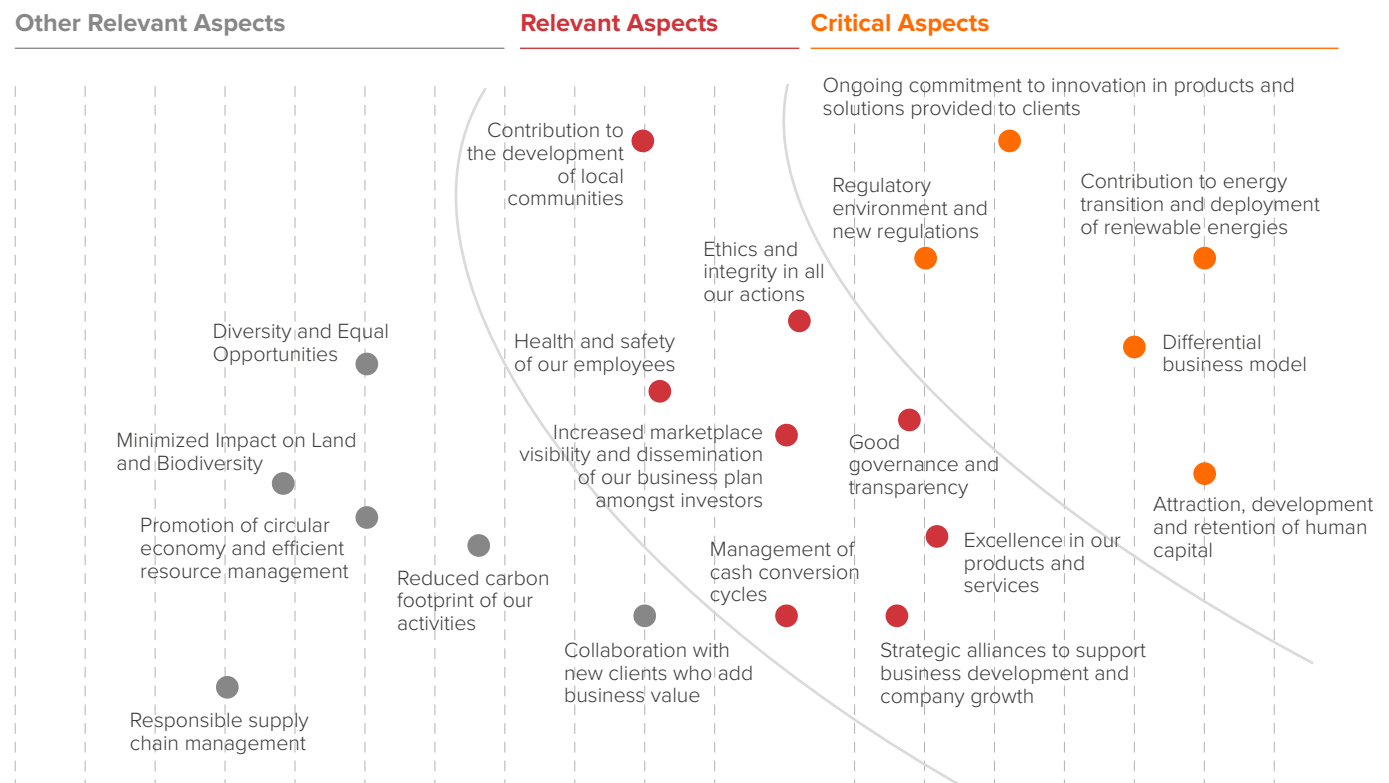
The analysis was based on the list of sustainability aspects proposed by GRI. In addition, other relevant aspects for both the company and its stakeholders have been

included, which have been identified in the different sources considered in the analysis (benchmarking of companies in the sector, internal interviews, press analysis, sustainability index requirements, analysis of other internal Soltec documentation, etc.).

The materiality of each of the sustainability aspects of interest to Soltec has then been assessed, and the results have been captured in a materiality matrix with a double axis:

- Horizontal axis. It shows the relevance that each aspect could have on Soltec's ability to carry out its strategy and operations.
- Vertical axis. It shows the relevance that each aspect could have on stakeholders' decisions/valuations of the company.

The following figure represents the aspects with the highest level of materiality for Soltec according to the conclusions of the analysis carried out:



Please contact Meritxell Pérez de Castro-Acuña (Investors Relations Global Director) for further information or enquiries about the Report.

Annex III. GRI Table

GRI Standard	Content	Section title or direct response
GRI 101: Fundamentals 2016 (Explanatory note: no disclosure of information required)		
GRI 102: General Contents		
Organizational profile		
GRI 102: General Contents	102-1 Name of the organization	2.1 Soltec, a leading company in the photovoltaic sector
	102-2 Activities, brands, goods and services	2.1 Soltec, a leading company in the photovoltaic sector
	102-3 Location of headquarters	2.1 Soltec, a leading company in the photovoltaic sector
	102-4 Location of operations	2.3 Business areas
	102-5 Ownership and legal form	2.1 Soltec, a leading company in the photovoltaic sector
	102-6 Markets served	2.3 Business areas
	102-7 Scale of the organization	2.3 Business areas
	102-8 Information on employees and other workers	5.2 Commitment to our people. Our energy is our people
	102-9 Supply chain	5.5 Responsible supply chain management
	102-10 Significant changes to the organization and its supply chain	2.3 Business areas
	102-11 Precautionary principle or approach	Soltec Power Holdings applies the precautionary principle for the protection of the environment.
	102-12 External initiatives	2.1 Soltec, a leading company in the photovoltaic sector
	102-13 Membership of associations	2.1 Soltec, a leading company in the photovoltaic sector
Strategy		
GRI 102: General Contents	102-14 Statement from senior decision-maker	Letter from the Chief Executive Officer
Ethics and integrity		
GRI 102: General Contents	102-16 Values, principles, standards and norms of conduct	4.2 Ethics and integrity
	102-17 Mechanisms for advice and concerns about ethics	4.2 Ethics and integrity

GRI Standard	Content	Section title or direct response
Governance		
GRI 102: General Contents	102-18 Governance structure	4.1 Corporate governance
	102-22 Composition of the highest governance body and its committees	4.1 Corporate governance
	102-23 Chair of the highest governance body	4.1 Corporate governance
	102-24 Nominating and selecting the highest governance body	4.1 Corporate governance
Stakeholder engagement		
GRI 102: General Contents	102-40 List of stakeholder groups	4.4 Sustainability management
	102-41 Collective bargaining agreements	5.2 Commitment to our people. Our energy is our people
	102-42 Identifying and selecting stakeholders	4.4 Sustainability management
	102-43 Approach to Stakeholder Engagement	4.4 Sustainability management
	102-44 Key topics and concerns raised	4.4 Sustainability management
Reporting practices		
GRI 102: General contents	102-45 Entities included in the consolidated financial statements	2.1 Soltec, a leading company in the photovoltaic sector
	102-46 Defining report content and topic boundaries	Annex I. Methodology followed in the preparation of this report
	102-47 List of material topics	Annex II. Materiality Matrix
	102-48 Restatement of information	There is no restatement of information as there have been no previous reports.
	102-49 Changes in reporting	No change in the preparation of the report
	102-50 Reporting period	2020
	102-51 Date of most recent report	This is the first report published by the company
	102-52 Reporting cycle	Annual
	102-53 Contact point for questions regarding the report	Annex II. Materiality Matrix
	102-54 Claims of reporting in accordance with the GRI Standards	Principles governing the preparation of the 2020 Sustainability Report.
	102-55 GRI content index	Annex III. GRI Table
	102-56 External assurance	This Report is not externally verified

Material issues		
GRI Standard	Content	Page number or direct response
Management of cash conversion cycles		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	5.1 Financial performance
Good governance and transparency		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	4. Good governance and transparency
Regulatory environment and new regulations		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	3.1 Business environment
Differential business model		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	2.2 Un modelo de negocio sostenible e integrado verticalmente
Ethics and integrity in our operations (corresponds to GRI 406: Non-discrimination and GRI 205: Anti-corruption)		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	4.2 Ethics and integrity
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	4.2 Ethics and integrity
GRI 205: Anti-corruption	205-3 Confirmed incidents of corruption and actions taken	4.2 Ethics and integrity
Continuous commitment to innovation in the products and solutions provided to our customers		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	3.3 Innovation as a cornerstone of Soltec's growth
Increasing market visibility and communicating the business plan to investors		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	5.2 Commitment to our people. Our energy is our people (section "Training and promoting employability").
GRI 401: Employment	401-1: New employee hires and employee turnover	5.2 Commitment to our people. Our energy is our people
	401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.2 Commitment to our people. Our energy is our people (section "Reconciliation of personal, family and working life").
	401-3: Parental leave	5.2 Commitment to our people. Our energy is our people (section "Reconciliation of personal, family and working life").
GRI 404: Training and education	404-1: Average hours of training per year per employee	5.2 Commitment to our people. Our energy is our people (section "Training and promoting employability").

Material issues		
GRI Standard	Content	Page number or direct response
Diversity and Equal Opportunities (corresponds to GRI 405: Diversity and Equal Opportunity)		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	5.2 Commitment to our people. Our energy is our people (section "Equal opportunities and non-discrimination").
GRI 405: Diversity and Equal Opportunities	405-1 Diversity of governance bodies and employees	4.1 Corporate governance
GRI 405: Diversity and Equal Opportunities	405-2 Ratio of basic salary and remuneration of women to men	5.2 Commitment to our people. Our energy is our people (section "Equal pay").
Collaboration with new customers that add value to the business		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	5.4. Quality and excellence in our products and services
Employee health and safety (corresponds to GRI 403: Occupational health)		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	5.2 Commitment to our people. Our energy is our people (section "Health and Safety at Work").
GRI 403: Health and Safety at Work	403-5 Worker training on occupational health and safety	5.2 Commitment to our people. Our energy is our people (section "Health and Safety at Work").
	403-9 Work-related injuries	5.2 Commitment to our people. Our energy is our people (section "Health and Safety at Work").
	403-10 Work-related ill health	5.2 Commitment to our people. Our energy is our people (section "Health and Safety at Work").
Contribution to local community development (corresponds to GRI 413: Local Communities)		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	5.6 Engagement with local communities
GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	5.6 Engagement with local communities
Strategic alliances to support business development and company growth		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	3.2. Our strategy for further growth
Responsible supply chain management (corresponds to GRI 204: Procurement Practices, GRI 308: Supplier Environmental Assessment and GRI 414: Supplier Social Assessment).		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	5.5 Responsible supply chain management
GRI 204: Procurement practices	204-1 Proportion of spending on local suppliers	5.5 Responsible supply chain management

Material issues		
GRI Standard	Content	Page number or direct response
Excellence in our products and services (corresponds to GRI 417: Marketing and labelling)		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	5.4 Quality and excellence in our products and services
GRI 417: Marketing and labelling	417-2 Incidents of non-compliance concerning product and service information and labeling	Soltec has not identified any non-compliance in this area.
Promoting the circular economy and efficient resource management (corresponds to GRI 301: Materials, GRI 302: Energy, GRI 303: Water and effluents and GRI 306: Waste)		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	5.3 Environmental commitment
GRI 301-1: Materials	301-1 Materials used by weight or volume	5.3 Environmental commitment (section "Efficient use of materials and promotion of the circular economy")
GRI 302: Energy	302-1 Energy consumption within the organization	5.3 Environmental commitment ("Energy sustainability and combating climate change" section)
GRI 303: Water	303-3: Water withdrawal	5.3 Environmental commitment (section "Responsible water management")
GRI 306: Waste	306-2 Wastes by type and disposal method	5.3 Environmental commitment (section "Efficient use of materials and promotion of the circular economy")
Contribution to the energy transition and the deployment of renewable energies		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	3.2. Our strategy for further growth
Carbon footprint reduction in our operations (corresponds to GRI 305: Emissions)		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	5.3 Environmental commitment ("Energy sustainability and combating climate change" section)
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	5.3 Environmental commitment ("Energy sustainability and combating climate change" section)
	305-2 Energy indirect (Scope 2) GHG emissions	5.3 Environmental commitment ("Energy sustainability and combating climate change" section)
Minimization of impacts on land and biodiversity (corresponds to GRI 304: Biodiversity)		
GRI 103: Management Approach	Management approach (103-1, 103-2 and 103-3)	5.3 Environmental commitment ("Biodiversity protection" section)
GRI 304: Biodiversity	304-2 Significant impacts of activities, products and services on biodiversity	5.3 Environmental commitment ("Biodiversity protection" section)

Annex IV. SASB table

Material issue	SASB Code	Metric	Response from Soltec
Energy management in manufacturing	RR-ST-130a.1	Total energy consumed (GJ) (electricity + fuels)	5.3 Environmental commitment ("Energy sustainability and combating climate change" section)
		Percentage share of grid electricity in total energy consumption	5.3 Environmental commitment ("Energy sustainability and combating climate change" section)
		Share of renewable energy in	1. A look at Soltec in 2020
Water management in manufacturing	RR-ST-140a.1	Total energy consumption	Environmental commitment (section "Responsible water management") Total volume of water withdrawn and % in water-stressed regions The company does not currently have this indicator. However, water consumption is, among all the environmental aspects, the one with the lowest level of materiality for Soltec.
	RR-ST-140a.2	Total volume of water abstracted and total volume of water consumed, with the % of regions under water stress	5.3 Environmental commitment (section "Responsible water management")
Hazardous waste management	RR-ST-150a.1	Description of water management and the strategy and practices in place to mitigate potential water risks to the company.	5.3 Environmental commitment (section "Efficient use of materials and promotion of the circular economy")
	RR-ST-150a.2	Volume of hazardous waste generated and percentage recycled	5.3 Environmental commitment (section "Efficient use of materials and promotion of the circular economy")
Ecological impacts of project development	RR-ST-160a.1	Number and duration of delays due to ecological impacts	During 2020, there have been no delays due to ecological impacts.
	RR-ST-160a.2	Description of efforts made to minimize ecological and community impacts during the development of solar energy system projects.	5.3 Environmental commitment ("Biodiversity protection" section)

Material issue	SASB Code	Metric	Response from Soltec
Management of energy infrastructure integration and related regulations	RR-ST-410a.1	Description of the risks associated with integrating solar energy into the existing energy infrastructure and measures developed to mitigate these risks.	Solar energy, like all renewable energy, is intermittent. The electricity system takes these intermittencies into account and foresees in its models the generation that will be produced during the following hours and days. In addition, it expects other power plants that can regulate their production to compensate for drops in production in renewable energy plants. In recent years, batteries have been integrated into the system to compensate for lower renewable energy production hours. Their costs have fallen significantly in recent years, and they are becoming increasingly competitive. In addition, other renewable management systems such as hydraulic pumping or green hydrogen (produced with renewable energies) can regulate the intermittency of solar energy. In the future, in combination with distributed generation, these systems will form a very robust electricity system capable of meeting the challenges of the system.
	RR-ST-410a.2	Description of the risks and opportunities associated with energy policy and its impact on integrating solar energy into the energy infrastructure.	Energy policy has a significant impact on the electricity system and specifically on the implementation of renewable energies. States establish grid connection conditions, environmental requirements and organize auctions that stabilize investments in this type of energy. It is best if the energy policy is long-term and stable. Subsidies are not required, and auctions are becoming less and less necessary as long as regulatory stability is guaranteed. Fortunately, the climate crisis and the Paris agreements, coupled with the global economic and pandemic crisis, make it clear that renewables are part of the solution to the problem.
End-of-life management	RR-ST-410b.1	Porcentaje de productos vendidos que son reciclables o reutilizables	5.3 Environmental commitment (section "Efficient use of materials and promotion of the circular economy")
	RR-ST-410b.2	Peso del material recuperado al final de su vida útil y porcentaje reciclado	5.3 Environmental commitment (section "Efficient use of materials and promotion of the circular economy")
	RR-ST-410b.3	Porcentaje de productos por ingresos que contienen sustancias declarables según IEC 62474, compuestos de arsénico, compuestos de antimonio o compuestos de berilio	0%
	RR-ST-410b.4	Descripción del enfoque y la estrategia utilizada para diseñar productos con un alto valor de reciclaje	5.3 Environmental commitment (section "Efficient use of materials and promotion of the circular economy")
Supply of materials	RR-ST-440a.1	Descripción de la gestión de riesgos asociados al uso de materiales críticos	5.3 Environmental commitment (section "Efficient use of materials and promotion of the circular economy")

