SOLAR PACK

# 2020 SUSTAINABILITY REPORT

## INCLUDES THE 2020 NON-FINANCIAL STATEMENT

## TABLE OF CONTENTS

# 1 INTERVIEW WITH THE CHAIRMAN AND CEO

**This year marks SOLARPACK's 15th year in business. What, in your opinion, have been the Company's most significant exploits in that time?**

SOLARPACK's purpose is to accelerate the transition towards clean and affordable energy for all and that has been our main goal over the years. Following a 3-year period in which our activities focused exclusively on the domestic market in Spain, we decided to spread our wings and enter the Latin American market. The decision to enter the Chilean market was decisive as it gave SOLARPACK a springboard from which to conquer many other Latin American markets over the next decade. As part of our international expansion, we have continued to explore new markets in places such as South Africa, India and Southeast Asia, which has given global prominence to our purpose.

**As interest in renewable energies is surging both nationally and internationally, more and more businesses are beginning to turn their attentions to this industry. What is it that sets SOLARPACK apart from the sector's other key players?**

SOLARPACK's purpose and core values enable the company to stay one step ahead of its competitors. Our company commitment does not merely set out to stimulate economic growth. We wish to effect change by directly promoting social development, creating high-quality jobs and devising social initiatives which benefit local communities. Our commitment to photovoltaic

solar energy is driven by the challenge we set ourselves every day to provide universal access to clean energies, with the ultimate aim of benefiting the environment and society. That is why our business model not only encompasses all critical development, financing, construction and operation activities, but is also based on a geographic diversification strategy which helps us to grow and extends the reach of our purpose to every continent.

**According to data produced by the Spanish Photovoltaic Union (UNEF), in 2019 Spain was the leading producer of photovoltaic power in Europe, and the 6th leading nation in the world. In light of the national record for the production of this kind of energy in May 2020, what role does SOLARPACK play and how can it contribute to economic regeneration?**

SOLARPACK's business activities began in Spain which has been a key market for the company throughout its history. We have blazed a trail at home by commissioning more than 340 MW and mobilising investments in excess of € 380 million since 2007. This market remains as important as ever for our company. This is evidenced by the fact that, in the past 14 months alone, we have constructed 311 MW in our original market. We have also devised significant market development strategies which we plan to implement in Spain in the next few years.

SOLARPACK believes that renewable energies are key to a country's ability to recover and build stronger economies.

**SOLARPACK BELIEVES THAT RENEWABLE ENERGIES ARE KEY TO A COUNTRY'S ABILITY TO RECOVER AND BUILD STRONGER ECONOMIES**

Technological investments in the clean energy sector in Spain and the ambitious global targets to tackle climate change will stimulate the growth of a sector renowned not only for its innovation but also for its generation of employment and economic wealth. SOLARPACK is therefore determined to take this opportunity to accelerate the transition towards clean energy affordable to all and to stimulate economic recovery.

With that in mind, over the next few years, our ongoing commitment to invest in new projects will help to drive considerable growth in our country's energy industry.

**The year 2020 was devastated by the COVID-19 pandemic. How did the global crisis impact on SOLARPACK and its growth forecasts?**

The fundamental economic objective of SOLARPACK is to maintain profitable growth by effectively managing and identifying potential risks. This year, we were not able to anticipate the risk of a "pandemic" due to the suddenness of the COVID-19 outbreak, but we did manage to control its impact. The situation certainly affected all levels of the company and most business activities, including our sector, especially as it resulted in delays to project development and construction phases and also reduced the spot prices received for electricity.

However, SOLARPACK was in a position to adapt to the adverse circumstances and end 2020 with considerable growth in the power generation business. There were several reasons for this,

including the projects we carried out in Spain, Chile and India in late 2019 and early 2020, the MW we acquired in Peru, which added 309 MW to our generation portfolio, and the addition of significant orders to our Backlog.

In spite of the global uncertainty created by the effects of the pandemic and the crisis we will face in the coming years, we will strive to effect economic regeneration through our projects and by correctly identifying future forecasts and trends.

**In relation to the previous point, and in the post-COVID age, many companies are looking to redefine their most relevant or material aspects in light of the fact that priorities have changed. What will be the focus of SOLARPACK's business activities (health and safety of employees, sustainability of production chain, etc.)?**

As the current situation has had such a major impact on the economy and on our sector in particular, in 2020 we reviewed our materiality matrix and identified the most relevant aspects for us as a company based on an internal and external assessment. The most significant aspects which will be the object of our attentions are energy transition and climate change (always a top priority for our business activities); health and safety of employees and suppliers (as they are our most valuable resource and the driving force behind everything we do); and ethics and corruption (all employees at Group level are expected to embrace the values of the new Policies we have approved or updated).

**Investors and other *stakeholders* have been placing a greater premium on ESG (Environmental, Social and Governance) issues in recent years. And more and more regulations and standards continue to emerge in this field. What is SOLARPACK medium-term approach to ESG, besides the effort it makes to combat the climate change caused by its business activities?**

The eyes of society are very firmly fixed upon our industry, i.e. clean energies, which is why we constantly adapt our procedures to guarantee compliance with the regulatory framework, for instance, the Climate Change and Energy Transition Act in Spain, which seeks to achieve net-zero emissions by 2050. Although the number-one ESG priority of SOLARPACK is the improvement

of the environment, our projects take account of other key aspects such as social factors and good governance.

We look to set an example through our partnerships with the "EKI" Foundation. Our purpose is also underpinned by the principles of inclusion and equality. They are the driving force behind our business activities and help to promote fairness and equal opportunities for all. Our Corporate Governance structure also promotes diversity and responsible decision-making and management processes throughout the company. The considerable progress we have made internally is evidenced by the recent production of Corporate Governance Policies and the Risk Control and Management Policy, and the review of the Corporate Social Responsibility Policy.

**In anticipation of the requirements of Act 11/2018 on Non-Financial Information and Diversity, SOLARPACK has produced this Sustainability Report for the very first time. What key aspects can your readers expect to find in the report?**

In the past two years, since 2018, we have produced Annual Reports which contain information about our environmental, social and governance activities and initiatives. However, in response to the growing demand of our stakeholders for this kind of information, we have made the decision to go one step further and provide precise details of all our company's ESG activities and initiatives. We seek to provide transparency and to communicate openly with anyone who is looking to find out more about SOLARPACK, whether they are investors or members of the general public with a particular interest in our industry.

We take the view that the public has a right to know the approach adopted by a company to very important issues such as environmental impact, long-term value (beyond economic growth) and the development of local communities. We want to be recognised for our commitment to our staff, our customers and society as a whole.

**OUR COMPANY COMMITMENT DOES NOT MERELY SET OUT TO STIMULATE ECONOMIC GROWTH, WE WISH TO EFFECT CHANGE BY DIRECTLY PROMOTING SOCIAL DEVELOPMENT, CREATING HIGH-QUALITY JOBS AND DEVISING SOCIAL INITIATIVES WHICH BENEFIT LOCAL COMMUNITIES**

# 2 ABOUT THIS REPORT

This Sustainability Report, including the Statement on Non-Financial Information, is based on the recommendations of the *Task-force on Climate-related Financial Disclosure (TCFD), and the guidelines of the Global Reporting Initiative (GRI)*.

**Solarpack aims to give greater visibility to environmental, social and governance aspects, based on the TCFD and GRI recommendations**

It is produced not only to inform SOLARPACK's stakeholders of the company's situation, activities and plans in respect of sustainability, but also to guarantee compliance with the requirements of Act 11/2018, of 28 December, amending the Spanish Commercial Code, the consolidated text of the Capital Company Act approved by Royal Legislative Decree 1/2010, of 2 July, and Auditing Act 22/2015, of 20 July, in respect of non-financial information and diversity. The Company is also seeking to increase the transparency of its environmental, social and governance management processes, with an emphasis on the control of non-financial risks, environmental sustainability and the treatment of all people and stakeholders who are part of, or have dealings with, the Company. In this capacity, the Company's top priorities include occupational health and safety, the administration of the supply chain, the protection of Human Rights, the prevention of corruption and bribery. etc.

This report relates to the 2020 reporting period and its scope covers significant events that have occurred between 01 January 2020 and 31 December of the same year. The report, which constitutes the Company's first Statement of Non-Financial Information, will be published on an annual basis. The report deals with the activities carried out by SOLARPACK in the countries in which it is active.

Any queries about this report should be addressed by e-mail to info@SOLARPACK.es or by post to SOLARPACK Corporación Tecnológica S.A, Avenida Algorta,16, 48992 (Getxo, Biscay, Spain).

# 3 2020 AT A GLANCE: THE CHANGING FACE OF THE COMPANY

## Operational data

**199** MW
commissioned

**22**
projects under O&M services

**21**
projects under AMS services

**863** GWh
of energy produced

## Financial data

€**159** million
operating income

€**65** million
EBITDA

€**10,4** million
net profit attributable to SOLARPACK

## Employees

**248**
employees at end of reporting period[3]

**3,384**
hours of training

**10** %
wage gap[4]

## Governance

**3**
independent directors

**37.5** %
of Board members are women

**30.8** %
of Management Committee members are women

## Health and safety of employees[1]

**4.28**
frequency rate

**8.56**
absolute frequency rate[2]

**0.10**
severity rate

## Society

**90** %
local employees

**8**
projects carried out in local communities

**4**
countries in which social projects have been carried out

## Environment

**610,410** $tCO_2$
avoided

**0**
environmental fines received

**40**
people tasked with monitoring environmental impact[1]

[1] Includes everyone who works at SOLARPACK sites, both employees of the Company and employees of subcontractors who are assigned to perform operation and maintenance tasks.

[2] Absolute frequency is calculated by dividing the number of accidents with and without absence from work, by the number of worked hours and multiplying the answer by one million

[3] This figure does not include the two Executive Directors of SOLARPACK.

[4] Formula for wage gap is: (Average Female – Average Male / Average Male), stated as percentage.

# 4 PURPOSE AND VALUES OF SOLARPACK

**IN A BID TO MAINTAIN ITS POSITION AS AN INDUSTRY LEADER, SOLARPACK'S PURPOSE AND CORE VALUES ARE UNDERPINNED BY ITS COMMITMENT TO THE ENVIRONMENT, SOCIETY AND GOOD GOVERNANCE**

## PURPOSE

**To accelerate the transition towards clean energy affordable to all**

Our clean energy products and services are designed to make the world a better and more inclusive place.

We set ourselves the daily challenge of providing universal access to clean energies, safe in the knowledge that these energies stimulate development, protect the environment and have a positive impact on the well-being of everyone in society.

## VALUES

**THE WAY WE WORK IS JUST AS IMPORTANT AS THE THINGS WE DO. IN THE PURSUIT OF OUR OBJECTIVES, WE ACT AT ALL TIMES IN ACCORDANCE WITH OUR CORE VALUES**

### INTEGRITY

We always do the right thing and keep our word. We are sincere, trustworthy and reliable. We operate in an inclusive environment where we treat others as we would wish to be treated.

### OPEN-MINDEDNESS

We challenge established ideas and practices and are open to discovering and exploring new experiences. We encourage ingenuity, innovation, initiative and creative thought in everything we do.

### FLEXIBILITY

Time matters. We are bold in our approach and encourage our teams to use their intuition and initiative to provide a swift and efficient response to our customers' needs.

### HIGH STANDARDS

We resolutely strive to pursue excellence in everything we do. The very high standards set by our teams, which are based on teamwork and cooperation, produce positive results for all our stakeholders. This is the lifeblood of our company and gives us the long-term edge over our competitors.

# 5 ABOUT SOLARPACK

SOLARPACK is an international company that was established in Getxo (Spain) to provide renewable energy solutions. It primarily specialises in the development, construction, operation, maintenance and ownership of large-scale photovoltaic solar plants and has a foothold on the European, American, Asian and African markets. In these respective markets, SOLARPACK operates out of offices located in Getxo and Seville (Spain), Atlanta (US), Bogota (Colombia), Lima (Peru), Santiago de Chile (Chile), New Delhi (India), Kuala Lumpur (Malaysia), Hanoi (Vietnam) and Johannesburg (South Africa); moreover, it undertakes operation and maintenance (O&M) projects in Uruguay.

**2005**
Foundation of the company

**2007**
Business starts to gain momentum in Spain

**2008**
Office opened in Chile

**2010-2011**
- First PPA in LATAM
  *Chile: Calama Solar 3 (Codelco)*
  *Peru: 106 MW*
- Office opened in South Africa

**2012**
Chile: PPA with Collahuasi f
or 25 MW
Peru: start of Tacna and
Panamericana projects for 43MW

**2014**
Expansion into Uruguayan market

**2016**
PPA in Chile for 123 MW

**2017**
104 MW operational in India

**2018**
**Listed on Stock Exchange**

**2019**
- 309 MW constructed in Spain, Chile and India
- PPA in Malaysia for 116 MW

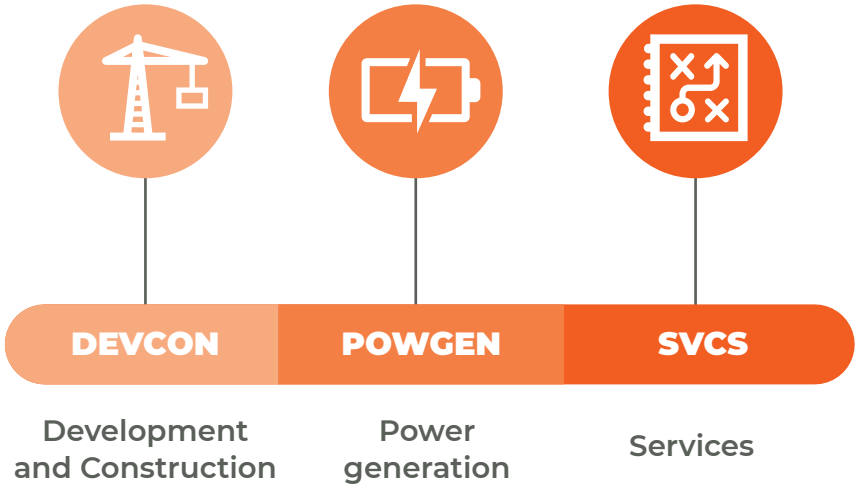
**2020**
199 MW constructed in Spain
PPA in India for 419 MW (*)
PPA in Ecuador for 259 MW (**)

(*) PPA allotted by tender, signature pending as of 31/12/2020.

(**) PPA allotted by tender, signature pending as of 31/12/2020.

Since SOLARPACK was formed in 2005, its business activity has predominantly focused on three key areas: development and construction of power plants, power generation and provision of services in these plants.

SOLARPACK was one of the first companies to focus exclusively on the development and construction of photovoltaic solar power plants in Spain and also blazed a trail on several of the markets in which it is currently active. The Company's business activities are currently split into three divisions: development and construction, power generation and services.



# DEVELOPMENT AND CONSTRUCTION - DEVCON DIVISION

**DEVCON**

Development and Construction

## Development

Land selected according to environmental, social, technical, legal or financial criteria or proximity to distribution network, etc.

Agreements for the long-term sale of energy obtained for the purposes of financing and constructing a project

## Structuring of financing

## Engineering

EPC phase for projects managed by the company (Build & Own) or for projects to be sold to third parties (Build & Sell).

During 2020, a total of 199 MW (309* MW in 2019) were commissioned in the DEVCON division, of which none were Build & Own projects. In 2019, 288 MW, or 93%, were Build & Own projects.

| *As of December 31* | 2018 | 2019 | 2020 |
|---|---|---|---|
| **Projects launched during the period** | **20** | **309*** | **199** |
| "Build and Own" projects | - | 288 | 0 |
| Other projects | 20 | 21 | 199 |

*Includes the 123 MW of Granja Solar that started operating at the beginning of 2020.

# DEVELOPMENT AND CONSTRUCTION - DEVCON DIVISION

## DEVCON PROJECTS

| CLASSIFICATION | PROBABILITY[5] | DESCRIPTION |
|---|---|---|
| IDENTIFIED OPPORTUNITIES | 10-30% | A preliminary viability analysis has been produced |
| PIPELINE | +50% | INTERNAL PROJECTS<br>• They have contractual or legal rights related to the control of land and inter-connection rights; or they are very likely to be obtained<br>PROJECTS FOR THIRD PARTIES<br>• Request for tender to act as an expert provider and for which the Company is on a process short-list |
| BACKLOG | +90% | "BUILD AND OWN" PROJECTS<br>• They have obtained or secured a purchase power agreement (PPA) and are preparing to execute the agreement, or<br>• They have secured non-recourse financing for the project without the need for a PPA<br>"BUILD AND SELL" PROJECTS<br>• Project characterised by a build and sell agreement with a third party, without the third party being subject to the condition precedent of securing financing. There are also projects which focus solely on EPC. |

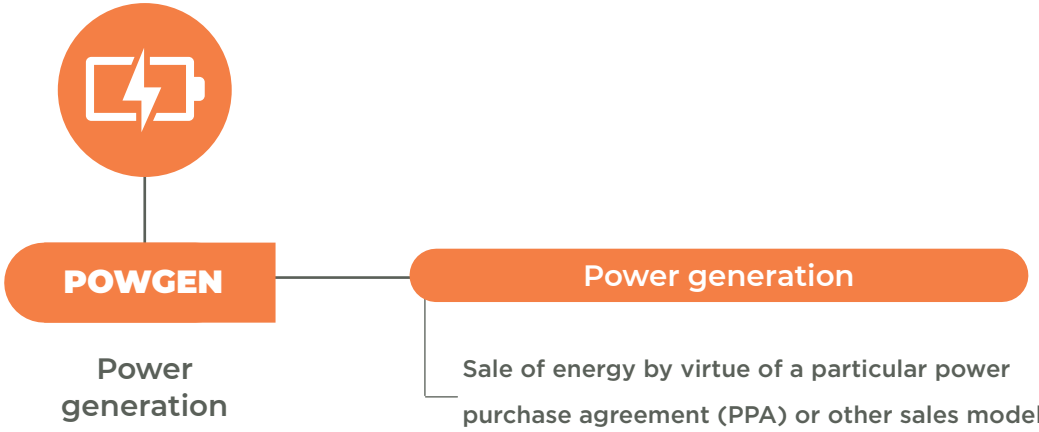
By the end of 2020, SOLARPACK had 4,938 MW (4,724 MW in 2019) in projects classified as Identified opportunities, 3,120 MW (1,609 MW in 2019) in Pipeline projects and 419 MW (138 MW in 2019) in Backlog projects.

| *As of December 31* | 2018 | 2019 | 2020 |
|---|---|---|---|
| **Identified Opportunities** | 1,826 | 4,724 | 4,938 |
| **Pipeline** | 1,112 | 1,609 | 3,120 |
| **Backlog** | 362 | 138 | 419 |
| **In construction** | 144 | 350 | 192 |
| **TOTAL** | **3,444** | **6,821** | **8,699** |

**On 31 December 2020, SOLARPACK's construction projects amounted to 192 MW while development projects amounted to 8,477 MW**

[5] Average probability that each type of DEVCON project will become an operational plant.

# POWER GENERATION – POWGEN DIVISION




Revenue from this division largely depends on two factors: the sale price of electricity and the quantity of energy produced by the plant. Our energy buyers include government and state agencies, the national grids of Spain, Chile and Peru, state distribution companies in India and Chile, and private companies such as the Chilean mining companies of Collahuasi and Codelco.

The projects are usually structured around special-purpose vehicles which independently hold the assets and liabilities of every project. As such, Project Finance can be secured for the sole purpose of the activity. Guarantees exclusive of the particular project are also provided.

SOLARPACK's integrated and geographically diversified business model provides for sustained and profitable growth, as well as a balanced risk profile.

**On 31 December 2020, SOLARPACK held an interest in 15 photovoltaic solar energy projects, with a total installed capacity of 545 MW**

## MW COMMISSIONED BY THE END OF THE PERIOD

| *As of December 31* | 2018 | 2019 | 2020 |
|---|---|---|---|
| TOTAL MW | 252 | 417 | 545 |
| Attributable MW[6] | 141 | 345 | 450 |

## POWER GENERATION

| *As of December 31* | 2018 | 2019 | 2020 |
|---|---|---|---|
| Power generated during the period (on a proportional basis, in GWh) | 240 | 305 | 863 |

[6] Calculated by multiplying the percentage of SOLARPACK's interest in every SPV by the MW commissioned for every SPV.

# SERVICES – SVCS DIVISION

The SVCS division specialises in the operation and maintenance of operational photovoltaic power generation plants, and the provision of administrative and asset management services.

**SVCS**

Services

**Technical operation and maintenance services**

Monitoring, supervision, inspections, preventive maintenance of plants, repair and replacement of equipment in plant, and response to incidents.

**Administrative and asset management services**

Commercial, accounting, financial, tax and corporate services

## On 31 December 2020, the Company provided O&M services for 742 MW and AMS for 694 MW

| *As of December 31* | 2018 | 2019 | 2020 |
|---|---|---|---|
| Projects under O&M services (in MW) | 160 | 377 | 742 |
| Projects under management of assets (in MW) | 330 | 578 | 694 |

By the end of the 2020 reporting period, 450 MW of SOLARPACK's installed capacity was attributable to its interest in projects in operation (345 MW at end of 2019), 192 MW to construction (350 MW at end of 2019), 8,477 MW to development (6,471 MW excluding the MW underconstruction, at the end of 2019), 742 MW to O&M services (377MW at end of 2019) and 694 MW to asset management agreements (578 MW at end of 2019). Considering all SOLARPACK projects together, i.e. owned operating plants, plants under construction, plants in development phase, plants under O&M and AMS, the megawatts are geographically distributed as follows:

## MW PER REGION[7]

| | EME[8] | ASIA | AMERICA | AFRICA |
|---|---|---|---|---|
| MW in operation | 139 MW | 157 MW | 249 MW | - |
| MW in construction | - | 116 MW | 76 MW | - |
| MW in *backlog* | - | 419 MW | - | - |
| MW in *pipeline* | 410 MW | 28 MW | 2,082 MW | 600 MW |
| MW in *identified opportunities* | 2,342 MW | 759 MW | 1,392 MW | 445 MW |
| MW under O&M | 289 MW | 157 MW | 296 MW | - |
| MW under AMS | 334 MW | 116 MW | 243 MW | - |

[7] The total figure per region excludes the duplicated MW of plants in operation where SOLARPACK provides O&M and AMS services.

[8] Europe & Middle East

One of the primary governing bodies of SOLARPACK is the Company's **Board of Directors**. It comprises **8 members**, including 2 executive directors, 3 proprietary directors and 3 independent directors. Three female members (**37.5%**) **sit on the Board of Directors**. Two of these women chair key committees in the form of the Audit and Compliance Committee and the Appointments and Remuneration Committee.

**THE BOARD OF DIRECTORS INCLUDES THREE WOMEN (37.5%), TWO OF THEM ACTING AS CHAIRPERSON IN KEY COMMITTEES**

The Company prioritises the Health and Safety of those who work at SOLARPACK sites. Anyone connected to the Company's activities is expected to comply with the guidelines and measures established in the Company's **Health and Safety Policy** (which includes the Corporate Governance Rules). As this Policy, along with Health and Safety Plans, the Health and Safety Management System and the Company's special protocols and measures, help to reduce the risk of accidents and keep employees safe, SOLARPACK has set out a number of targets which seek to improve general health and safety and reduce the risks associated with its activities. Furthermore, in light of the 2020 pandemic caused by COVID-19, businesses are taking people's safety more seriously than ever before. As a result, SOLARPACK has introduced various measures to protect employees from the effects of this disease, in full compliance with all the rules and regulations governing the management of the pandemic in all the countries where SOLARPACK is active.

In respect of its workforce, by the end of 2020, the company had **248 employees** whose average remuneration by gender was **€ 33,362** for men and **€ 36,663** for women.

Gender equality is another top priority for the Company. We take a dim view of any discrimination on the grounds of gender or any other aspect for that matter. That is why we have a policy which seeks to promote respect and cooperation while tackling discrimination and abuse. Moreover, our Equality Plan is due to be published in the next financial year.

SOLARPACK creates added value by providing employee training programmes. In 2020, as part of a major drive, a total of **3,384 training hours** were dedicated to a range of themes.

**EMPLOYEE HEALTH AND SAFETY AND EMPLOYEE EQUALITY ARE TOP PRIORITIES FOR SOLARPACK**

As in the field of Health and Safety, SOLARPACK always has the best interests of all its other stakeholders at heart. In this capacity, its central offices in Spain are primarily responsible for managing suppliers and contractors based on a supplier and contractor approval process which involves analysing and assessing environmental, social and governance (ESG) criteria.

The Company also considers its relations with **local communities** to be very important. It takes the time to listen to their concerns, introduces measures to protect them and **promotes their inclusion and development by creating jobs for local people**. In 2020, **90%** of jobs were filled by nationals of the countries in which the projects are based. Moreover, with a view to adapting to local needs and interests and taking part in projects which benefit the local community, SOLARPACK has developed a programme of community relations which addresses issues such as employees' code of conduct, promotion of local employment, development of special projects to assist and support the local community and management of communication with local stakeholders.

On the other hand, in the performance of its activities both in Spain and across the world, the Company places a premium on the protection of Human Rights. That is why SOLARPACK has introduced a number of initiatives which seek to monitor possible violations. **On the back of this approach, the Company did not receive reports of any violations either in 2020 or in previous years.**

**SOLARPACK PROMOTES INCLUSION AND DEVELOPMENT OF LOCAL COMMUNITIES, WITH WITH MORE THAN 90% OF LOCAL EMPLOYEES BY 2020**

SOLARPACK is also concerned about the environmental impact of its activity.

To this end, the Company works in anticipation of the possible effects that could occur after the execution of the project, both in the development phase and in the promotion phase, thus preventing environmental and social contingencies.

Furthermore, although the projects carried out by the Company do not have a major negative impact on the environment, a process of monitoring waste production and the use of natural resources is carried out to enable the Company to minimise any possible impact on the environment.

In 2020, at all its offices and on its construction, operation and service projects, SOLARPACK produced approximately 2,000 tonnes of hazardous and non-hazardous waste, consumed 5,613.7 cubic meters of water and 3.86 GWh of electricity and emitted 2,425 tonnes of $CO_2$. However, over the course of the year and in the context of these projects, **the Company avoided 610,410 tonnes of $CO_2$, which is equivalent to the emissions produced by 131,877 vehicles.**

In light of this management plan, SOLARPACK has not been penalised for any breaches of environmental regulations.

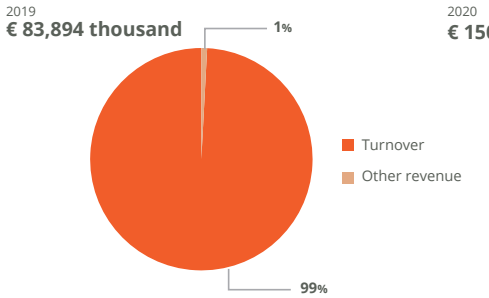
As for its financial results, SOLARPACK ended the **2020 reporting period** with a **pre-tax profit of € 526 thousand** (€ 12,318 thousand in 2019) as a result of **which it paid a total of € 2,439 thousand in profit tax to the Tax Authorities**[9] (€ 13,123 thousand in 2019).

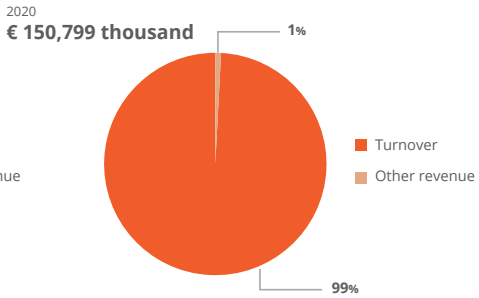
In view of the business activity's impact on the economy, **SOLARPACK generated economic value which amounted to € 150,799 thousand** (€ 83,894 thousand in 2019), of which **€ 149,103 thousand** (€ 82,825 thousand in 2019), i.e. 99% (the same figure as in 2019), relates to **turnover**. The remaining 1% or so relates to financial revenue and insurance proceeds.

**THE COMPANY AVOIDED 610,410 TONNES OF $CO_2$, WHICH IS EQUIVALENT TO THE EMISSIONS PRODUCED BY 131,877 VEHICLES**

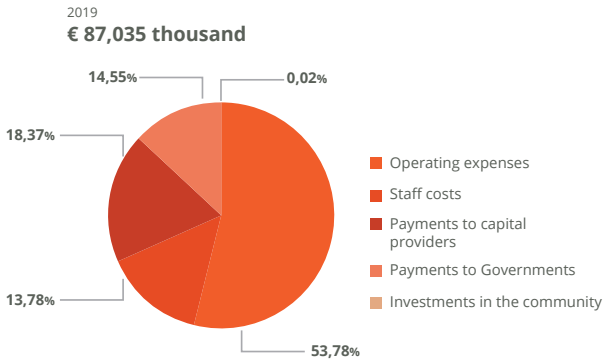
[9] The tax items paid during the reporting period include (i) rebates collected during the year relating to settlements from previous years; (ii) advances, payments on account, withholdings entered or withholdings borne in relation to profit tax for the particular year; (iii) withholdings applied in another jurisdiction as a result of the distribution of dividends, interests, royalties, services or other items; and (iv), if applicable, settlements for records of inspection and disputes related to profit tax. The following, however, are not part of the tax items paid during the reporting period: (i) penalties and (ii) any other settled tax not related to profit.

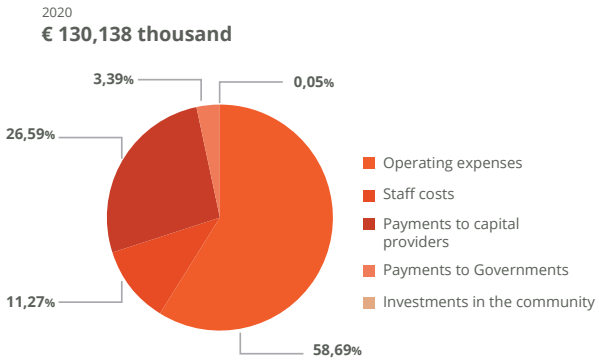
## ECONOMIC VALUE GENERATED




## ECONOMIC VALUE DISTRIBUTED




## ECONOMIC VALUE RETAINED

| *Thousands of EUR* | **2019** | **2020** |
|---|---|---|
| Economic value generated | 83,894 | 150,799 |
| Economic value distributed | 87,035 | 130,138 |
| **TOTAL** | **(3,141)** | **20,661** |

This economic value helped to generate economic wealth in the local communities and countries where the Company is active. It is calculated on the basis of cash flow. It includes personnel costs and operating expenses, payments of assets investments to suppliers and to various governments, and investments made in communities.

**In 2020, SOLARPACK distributed a total of € 130,138 thousand (€ 87,035 thousand in 2019), with 58.7% (53.8% in 2019) relating to operating expenses.**

**As a result of the economic value generated and distributed by the Company, SOLARPACK retained an economic value of € 20,661 thousand (€ -3,141 thousand in 2019).**

Based on the results of all its business division activities and ESG activities, SOLARPACK hit a series of milestones, meaning that 2020 can be qualified as a successful year.

# 2020 MILESTONES

**CONSTRUCTION**

### 199 MW COMMISSIONED

In 2020, SOLARPACK commissioned 199 MW in Spain for third parties. It also began construction of 192 MW in Chile and Malaysia.

**SHARED MANAGEMENT LEADERSHIP**

### APPOINTMENT OF THE NEW EXECUTIVE CHAIRMAN

At its meeting held on 15 January 2020, SOLARPACK's Board of Directors appointed Mr. Ignacio Artázcoz Barrena as Chairman of the Board; he also assumed responsibility for the Company's executive duties and stepped down as a member of the Audit Committee and Appointments and Remuneration Committee.

**CORPORATE GOVERNANCE**

### APPOINTMENT OF NEW INDEPENDENT DIRECTOR

Following the Company's Ordinary General Shareholders' Meeting held on 10 July 2020, Luis Barallat was appointed as a new independent director of the Company and designated as a member of the Strategy and Investments Committee.

José Galíndez was also appointed as Vice-Chairman of the Board of Directors, in accordance with the resolutions adopted by the Board of Directors on 15 January 2020.

# 2020 MILESTONES

## PARTNERSHIPS

### SOLARPACK'S TEAMS UP WITH ARDIAN ON TWO PROJECTS IN PERU

In spring 2020, SOLARPACK announced that it had teamed up with the infrastructure fund manager Ardian, which will act as a minority shareholder, to work on the solar projects of Tacna Solar and Panamericana Solar, both of which are located in Peru. These projects, located in the south of the South American country, amount to 49 MW and involve PPA with the Peruvian Ministry of Energy.

## NEW PROJECTS

### PPA IN INDIA

On 30 June 2020, SOLARPACK announced that it had received a PPA in India for a 25-year long project which has a capacity of 419 MW and is expected to produce approximately 780 GWh every year. This project was awarded following the tender launched by Solar Energy Corporation of India (SECI), the company of the Ministry of New and Renewable Energy of the Federal Government of India.

### PPA IN ECUADOR

The Ministry of Energy and Non-Renewable Natural Resources (MERNNR) of Ecuador awarded a PPA to SOLARPACK at the end of 2020 for a project of 258 MW in El Aromo, in the coastal province of Manabí. This project, which will last for a period of 20 years, will produce 340 GWh of renewable electricity every year.

### SALE OF PMGDs IN CHILE

CVE Chile, a subsidiary of the French company CVE, has purchased from SOLARPACK 4 PMGD projects in Chile, with a total power of 50 MW.

In addition, SOLARPACK, being the developer of the project, will continue to work on it through an EPC contract.

# 6 SOLARPACK'S RESPONSE TO ENVIRONMENTAL CHALLENGES

***ENERGY TRANSITION AND CLIMATE CHANGE***

***INTEGRATION OF ESG CRITERIA IN STRATEGIES AND DECISION-MAKING PROCESSES***

***GREEN FINANCING***

*This chapter describes SOLARPACK's business model, the kind of activities it predominantly undertakes, the economic environment in which SOLARPACK is operating, the Company's sustainability strategy, its approach to the Sustainable Development Goals (SDGs) and the analysis produced to identify material topics.*

## TCFD RECOMMENDATIONS[10]

| RECOMMENDATIONS | APPLICATION IN SOLARPACK |
|---|---|
| Describe the climate-related risks and opportunities that the organisation has identified in the short, medium and long term | **Risks (see chapter 8. Risk Management and 9.a Tackling climate change and sustainable use of resources):**<br>• Future uncertainty over global recovery caused by COVID-19<br>• Natural disasters caused by weather phenomena which may pose a risk to the integrity of facilities<br>• Excess of renewable investment due to the macro ESG and decarbonising trend which causes the energy price to plummet and makes it difficult to find new profitable projects in some markets<br><br>**Opportunities (see chapter 9.a Tackling climate change and sustainable use of resources):**<br>• Achieving the goals of 2030 Agenda and emissions-reduction targets.<br>• Developing a favourable ESG regulatory framework.<br>• Institutions promoting a post-COVID future which favours the generation and consumption of green energies |
| Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning | As further efforts are made to decarbonise the economy, there will be greater scope for investing in renewable energy projects such as those developed and constructed by SOLARPACK. |
| Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario | SOLARPACK has developed a risk map which has identified climate-related risks. |

**SOLARPACK OPERATIONS**

**199** MW **commissioned**

**22** proyectos **under O&M services**

**21** proyectos **under AMS services**

**863** GWh **generated**

[10] The Task Force on Climate-Related Financial Disclosures (TCFD) was created in 2015 by the Financial Stability Board (FSB) with the aim of standardising the disclosure of climate-related financial risks for use by businesses, banks and investors which provide information to interested parties.

# 6.a. ECONOMIC AND SECTORAL ENVIRONMENT

## ECONOMIC ENVIRONMENT

There is no doubt that the 2020 economic environment has been affected by the COVID-19 pandemic which has taken a serious toll on governments across the world. The measures introduced throughout 2020 to mitigate the health effects of the new coronavirus, such as lockdowns and restrictions on mobility, capacity of events venues and the catering industry, have paralysed economic activity in many sectors. Consequently, projects have been delayed and some businesses have had to close permanently as they have not been able to cope with the effects caused by the pandemic. This has ed to a global crisis of truly unprecedented proportions.

As the spring months passed by in the northern hemisphere, restrictions on lockdown were eased and global economies showed green shoots of recovery. However, successive waves of infections and more localised lockdown measures caused economies to shrink, albeit initially at a slower rate than in the first wave. Caused a great deal of uncertainty about the short and medium term future of business.

In response to the devastating effects of this pandemic on the economy, the EU has established a recovery plan that "will lead the way out of the crisis and lay the foundations for a modern and more sustainable Europe". The International Monetary Fund has predicted, on the basis of measures such as this, that the Euro Zone, having contracted by 7.2% in 2020, will now grow by 4.2%. As far as Spain is concerned, it will allocate 72 million received as part of this budget to the Economy Recovery, Transformation and Resilience Plan presented last October. According to IMF forecasts, following the 11.1% contraction of the economy in 2020, Spain will now see growth of 5.9%[11].

In Latin America, according to the World Bank, the outlook has improved on the forecasts made at the start of the pandemic, primarily due to better-than-expected results in finance and trade, and to stimulus packages adopted by some governments[12]. Throughout the region, the IMF forecasts 4.1% growth as opposed to the 2020 growth forecasts of 7.4%.

These measures, along with various other measures and the approval in Q4 2020 and Q1 2021 of several vaccinations should enable global economies to gradually bounce back to pre-COVID levels and certainly incentivise investment in projects, especially those that seek to tackle climate change as this issue has featured highly on economic and political agendas of 2020.

**AFTER A 2020 MARKED BY THE EMERGENCE OF OF COVID-19 AND THE STAGNATION OF ECONOMIC ACTIVITY, GLOBAL ECONOMIES ARE EXPECTED TO START THEIR RECOVERY IN 2021**

[11] International Monetary Fund – "World Economic Outlook Update", January 2021 - https://www.imf.org/es/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update

[12] World Bank – "Latin America and the Caribbean: overview", October 2020 - https://www.bancomundial.org/es/region/lac/overview

## SECTORAL ENVIRONMENT

Despite the shutdown of the economy in 2020 as a result of the COVID-19 pandemic, on account of the attempt by governments and the private sector to decarbonise the economy and the clear benefit that such a move may have on public health and the environment, the demand for renewable energies has not suffered in any shape or form.

Renewable energy investment forecasts are further improved by the recent move to increase the greenhouse gas emissions-reduction targets from 40% to 55% under the European Green Deal, or by the approval by the Government of Spain of the Climate Change and Energy Transition Act which sets out to decarbonise the electric system by 70% by 2030, or even by the new European ESG regulatory framework, which includes, for instance, the EU Taxonomy classification system[13].

Since 2005, investment in this sector has clearly increased. According to fDi Markets[14], in Q1 2005, approximately $ 30 billion from foreign sources was invested in the oil and gas industry; in Q1 2020, this figure had fallen to little more than $ 10 billion. On the other hand, the renewables sector has seen foreign direct investment increase 10-fold, from $ 2 billion in 2005 to a total of $ 23 billion in 2020 (Chart 1).

Foreign direct investment reported in the renewable energy sector and oil and gas industry, from Q1 2005 to Q1 2020 (millions of dollars)

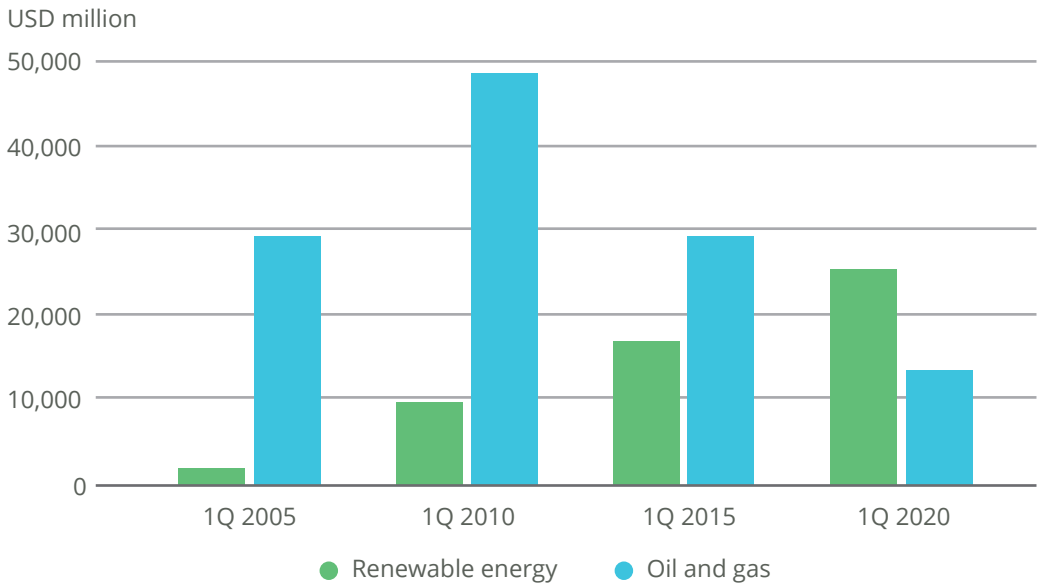



Chart 1. "COVID-19 accelerates energy investment shift to renewables", fDi Market, May 2020.

[13] Common classification system designed to scale up private investment in sustainable growth and contribute to a climate-neutral economy.

[14] fDi Markets – "Covid-19 accelerates energy investment shift to renewables", May 2020 - https://www.fdiintelligence.com/article/77658

Despite the consequences of the lockdown measures imposed in the wake of the outbreak of the COVID-19 crisis, and the various issues connected with these measures, several bodies expect to see an increase in installed photovoltaic solar energy capacity. Although the figure is expected to be 20% down on forecasts, it is expected to represent an increase of 105 GW at a global level.

Despite the lack of reports on the installed capacity of renewable energy in 2020, by the publication date of this report, the International Renewable Energy Agency (IRENA) estimates that the installed capacity of renewable energy is on the rise. Between 2018 and 2019, there was a rise of 7.4% (up to 2,537 GW)[15].

## Renewable energy trends

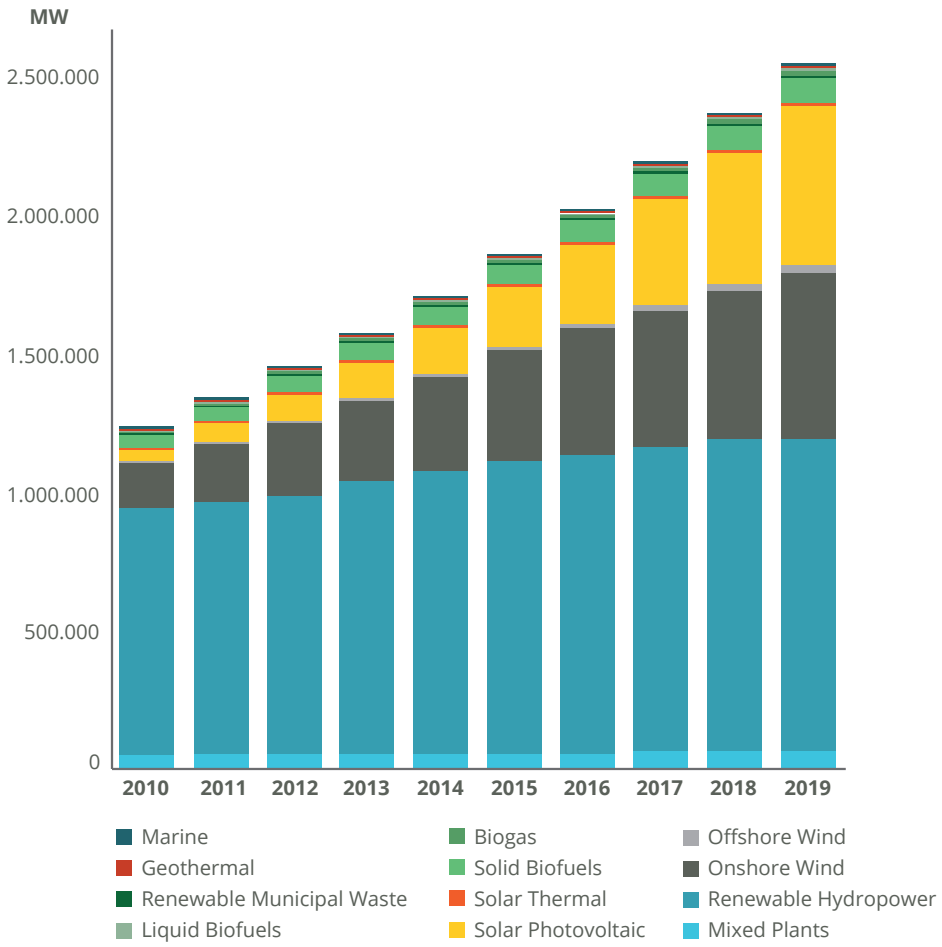



Chart 3. IRENA, 2020

[15] IRENA – "Renewable capacity highlights", March 2020 - https://irena.org/-/media/Files/IRENA/Agency/Publication/2020/Mar/IRENA_RE_Capacity_Highlights_2020.pdf?la=en&hash=B6BDF8C3306D271327729B9F9C9AF5F1274FE30B

Solar PV, on the other hand, accounted for 60% of the 176 GW of installed renewable energy, reaching 578 GW and thus increasing by 20% since 2018.

According to regions, Europe increased its installed capacity by 17% between 2018 and 2019, with its total rising from 119 to 139 GW of installed PV solar energy. On other words, 24% of the total. Forecasts for the next few years mirror the trend from 2019. As a result, PV solar energy is expected to represent between 23.6 and 28 GW of Europe's installed capacity for 2020[16].

In the case of South America, this increase has exceeded 20%, with this technology representing 3% (6.46 MW) of the total installed capacity of renewable energies in the region in 2019. Forecasts indicate that the installed capacity is expected to rise between 6.8 and 8.3 GW in 2022.

When the pandemic subsides, the green recovery will create employment and increase social benefits based on an energy transition which, according to studies, will predominantly promote the installation of solar energy and bioenergy. Job creation is not expected to be equal across all regions.

Employment intensity of investment related to energy transition (renewables, efficiency and flexibility) and according to region.

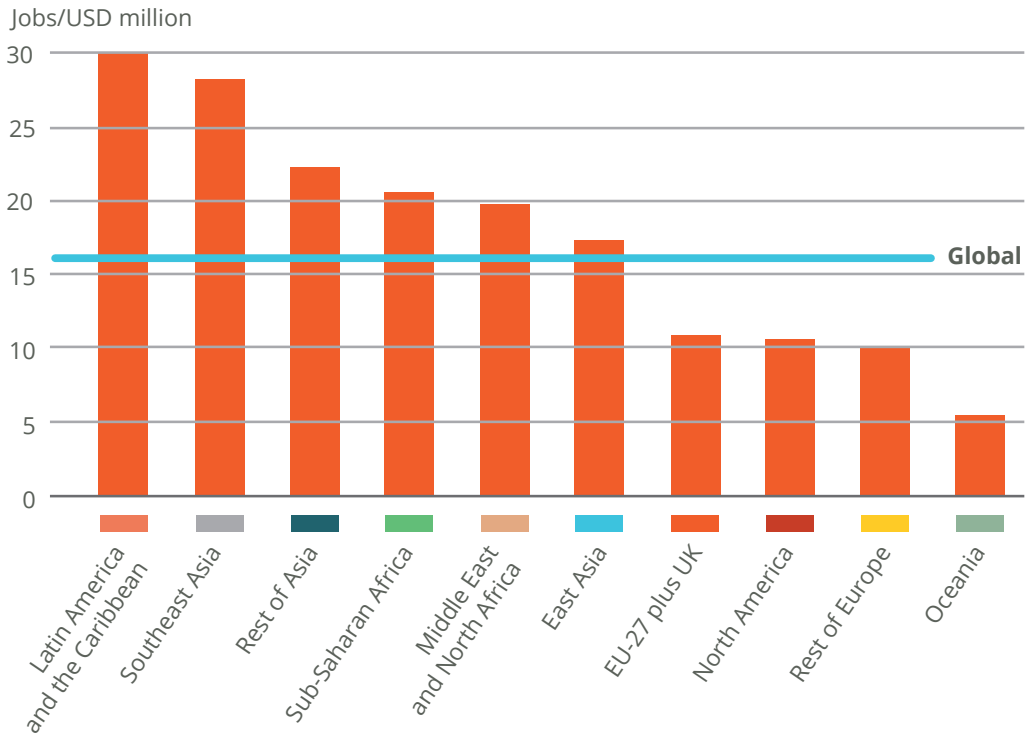



Chart 3. "Global Renewables Outlook: Energy Transition 2050" –IRENA, 2020

[16] IEA – "Renewables 2020", November 2020 https://www.iea.org/reports/renewables-2020/solar-pv

According to IRENA, by 2030, for every million dollars invested, a total of 16.5 jobs are expected to be created globally (Chart 3). However, at a regional level, for every million dollars invested in Latin America and the Caribbean, a total of 30 jobs are expected to be created. In the case of Southeast Asia, the figure is expected to be 28 while in the case of the EU and the UK, the figure falls to 10.

Analysis of these factors shows that there is favourable environment for the renewable energies sector to grow, especially as far as PV solar energy is concerned. Despite forecasts indicating that COVID-19 will be with us for quite some time to come (period undefined), they do not take anything away from the positive impact that these technologies have, either now or the future, on the Company.

Although global growth is expected to be strong, most markets on which SOLARPACK is active will become more and more competitive as more and more stakeholders with very competitive capital costs enter at very early project development stages. The sector's margins and profitability will be squeezed. However, based on its integrated and geographically diversified business model, SOLARPACK is in a position to remain competitive in the next few years.

# 6.b. SUSTAINABILITY STRATEGY AND COMMITMENT

**THROUGH THE DEVELOPMENT OF HIGH QUALITY SOLAR PV PROJECTS THE COMPANY SEEKS TO GENERATE VALUE FOR BOTH PEOPLE AND THE ENVIRONMENT**

In view of the current growth in PV solar energy, and as a result of its competitiveness and the increasing number of regulations on the decarbonisation of the economy and a growing trend for private consumers to make sustainable decisions, SOLARPACK occupies a key strategic position.

Through the development of high quality solar PV projects, the Company seeks to create value for both people and the environment. SOLARPACK generates a positive impact through the development of social projects, the creation of quality employment and the production of 100% renewable energy.

SOLARPACK's ESG strategy is underpinned by its purpose, as described in section "5. About SOLARPACK". In pursuit of its objective to accelerate the transition towards clean and affordable energy for all, the Company produces products and offers services in the field of renewable energies. Moreover, the strategy is supplemented by the policies and regulations developed by SOLARPACK, including its Corporate Social Responsibility Policy.

## PURPOSE

**To accelerate the transition towards clean energy affordable to all**

## Values

- Integrity
- Open-mindedness
- Flexibility
- High Standards

## CSR POLICY

### COMMITMENTS

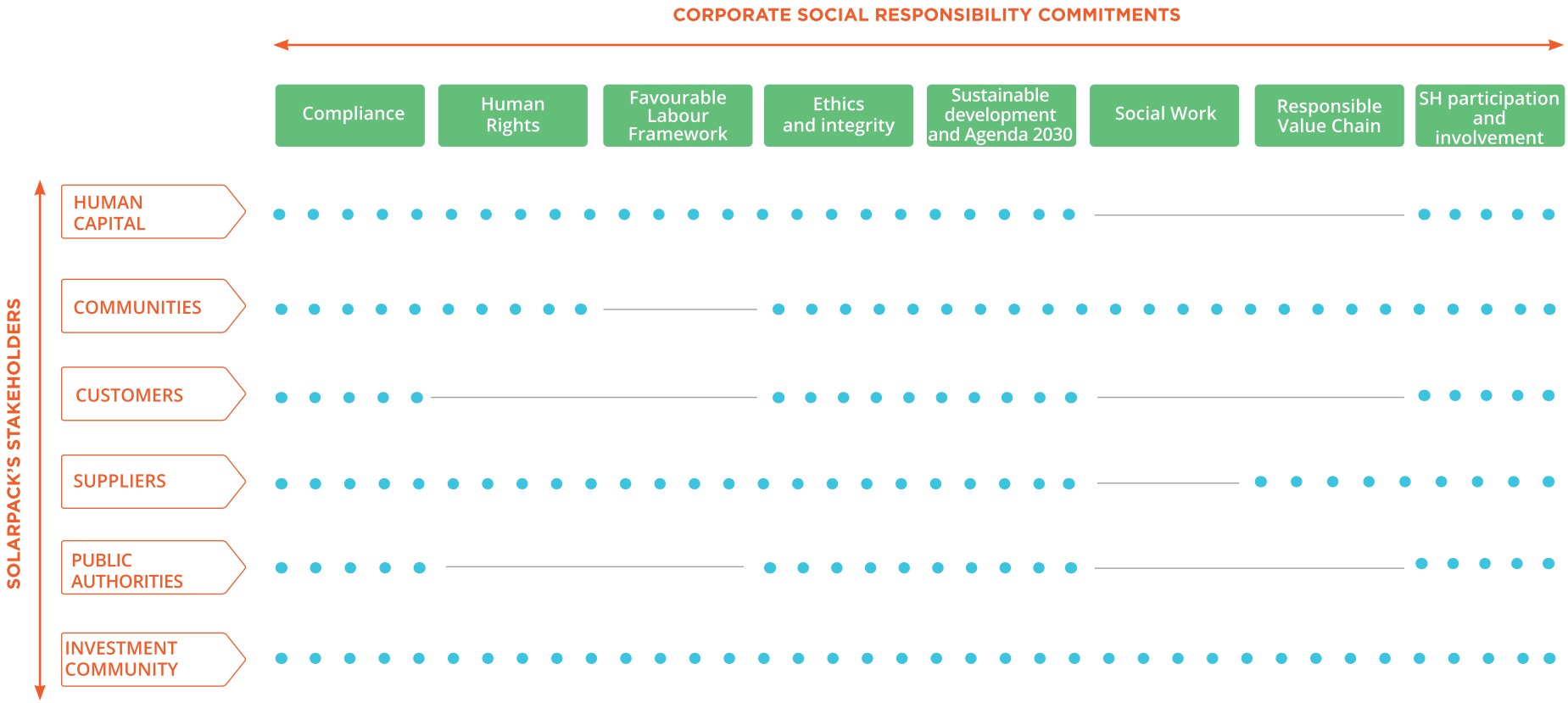
| | |
|---|---|
| Sustainable development and Agenda 2030 | Social Work |
| Compliance | Human Rights |
| Responsible Value Chain | SH participation and involvement |
| Favourable Labour Framework | Ethics and integrity |

Maximising positive impact

**Risk management**

Minimising negative impact

The CSR Policy defines a number of commitments related to various ESG aspects. The commitments seek to minimise the negative effect and maximise the positive effect based on mechanisms established by SOLARPACK for the purpose of managing potential risks to which it may be exposed.




These commitments also help SOLARPACK to meet the expectations of the various stakeholders (SH). The identified SH are the Company's human resources, the communities in which it operates, customers, suppliers, public authorities and the investment community.

SOLARPACK has developed a sustainability plan to ensure that due consideration is given to the ESG criteria within the Company. The plan is based on the materiality analysis and identifies stakeholders and relevant aspects from the perspective of the Company. SOLARPACK factors sustainability into the Company's strategy on the basis of 4 fundamental points:


# 6.c. SOLARPACK'S COMMITMENT TO SDGs (SUSTAINABLE DEVELOPMENT GOALS)

In 2015, as a blueprint to achieve a better and more sustainable future for all, the UN (United Nations) approved the 2030 agenda for Sustainable Development, which comprises a total of 17 goals. The aim of these goals is to transform our world for the better and to bring all stakeholders together with a view to achieving inclusive and sustainable economic growth, sustained social development and environmental protection, in the interest of making the world a better place for future generations.

SOLARPACK is committed to the proposal of the 2030 Agenda and, in view of the corresponding business model, particularly to SDGs 5, 7, 8, 9, 10, 13 and 17.

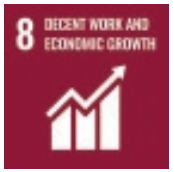

# SUSTAINABLE DEVELOPMENT GOALS IN SOLARPACK[17]

| SDGs | CONTENT | SPK INDICATORS |
|---|---|---|
|   **ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS** | Worldwide, women only make 77 cents for every dollar earned by men for the same work. Moreover, of the 40 countries for which data are available, men are paid more than women (approximately 12.5% per month) and the gender pay gap is estimated at 23% globally. One in every three women have experienced either physical and/or sexual violence and approximately 750 million women and girls were married before the age of 18. Moreover, only 13% of land owners were women and only 24% of national parliamentarians were women as of November 2018.<br><br>By and large, women are more likely than men to live with less than 50% of average earnings. | More than **25%** of SOLARPACK's workforce is female<br><br>The wage gap stands at **10%**, in favour of women[8]<br><br>The percentage of women on the Board of Directors is **37,5%**<br><br>The percentage of women on the Management Committee is **30,8%** |
|   **ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL** | In 2020, 14% of the global population did not have access to modern electricity services and it is estimated that some 3 billion people have had to depend on wood, vegetable carbon or animal waste to cook and warm food. 60% of global greenhouse gas emissions are caused by power generation. In 2020, about 28% of final energy consumption stemmed from renewable energy sources. | In total, **863**GWh of 100% clean energy was produced;<br>**9%** in Peru<br>**40%** in Chile<br>**22%** in India<br>**29%** in Spain<br>Facilities with a total power of **199**MW were built |

[17] The data of the table relate to information provided by various UN agencies and other leading international bodies.

https://www.unwomen.org/en/news/infocus/csw61/equalpay; https://www.undp.org/content/undp/en/home/sustainable-development-goals/goal-5-gender-equality.html; https://www.un.org/sustainabledevelopment/es/energy/; https://www.iea.org/reports/global-energy-review-2020/renewables; https://www.un.org/sustainabledevelopment/es/economic-growth/ Agenda2030 - Objetivo 8. Trabajo decente y crecimiento económico; https://www.un.org/sustainabledevelopment/es/infrastructure/; https://cepaz.org/articulos/ods-10-reduccion-de-las desigualdades/#:~:text=A%20pesar%20de%20la%20disminuci%C3%B3n,y%20hombres%20sigue%20siendo%2significativa.: https://www.un.org/sustainabledevelopment/es/climate-change-2; Energía (bancomundial.org)

[18] The formula for the wage gap is: (Average Female – Average Male / Average Male), stated as percentage.

| SDGs | CONTENT | SPK INDICATORS |
|---|---|---|
|   **PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE AND DECENT WORK FOR ALL** | In 2017, the global unemployment rate stood at approximately 5.4% and in 2019 some 61% of employees did not have a formal employment contract. In order to achieve sustainable economic growth, it is important to promote the inclusion of women in public life and, in particular, the labour market. Despite their increasing role in public life, women are more than twice as likely as men to stay at home and take care of the family. | **>99%** of employees are contracted on a full-time basis<br>**>68%** of employees have an open-end contract<br>**90%** of jobs go to locals<br>**100%** of employees are covered by a collective bargaining agreement (Spain)<br>Generated value: **€ 150,799 thousand**<br>Distributed value: **€ 130,138 thousand** |
|   **BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALISATION AND FOSTER INNOVATION** | In many developing countries, basic infrastructure (roads, IT and communication, sewage, electricity and water) is scarce. This scarcity can affect the productivity of businesses in African countries by up to 40%. Moreover, in developing countries, less than 30% of agricultural production is processed, as opposed to 98% in high-income countries. | **199**MW commissioned in 2020 in the DEVCON division in Spain<br>**450**MW of PV plants operational in India, Chile and Peru<br>**192**MW of PV plants under construction in Malaysia and Chile |
|   **REDUCE INEQUALITY WITHIN AND AMONG COUNTRIES** | Social protection has become an issue of great concern in recent years, although some groups, such as people with disabilities, are up to 5 times more likely to be charged astronomical health costs.<br>In respect of maternal mortality, women who live in rural areas (in developing countries) are up to 3 times more likely to die during childbirth than those who live in urban areas. | Our workforce includes **2** employees with disabilities<br>**90%** of jobs go to locals<br>**3,384** hours of training<br>**35** supplier inspections according to social criteria |

| SDGs | CONTENT | SPK INDICATORS |
|---|---|---|
|   **TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS EFFECTS** | Global carbon dioxide emissions have increased 50% since the baseline year of 1990. In the decade to 2010, emissions increased by more than 3 times the amount of the previous 3 decades put together. In a bid to hold the global average temperature increase to 2ºC above pre-industrial levels, we must adopt a series of measures and change our behaviour. | **40** people tasked with monitoring the environmental impact[19]<br>**2,425** tonnes of $CO_{2eq}$ emitted into the atmosphere<br>**610,410** tonnes of $CO_{2eq}$ avoided |
|   **REVITALISE THE GLOBAL ALLIANCE FOR SUSTAINABLE DEVELOPMENT** | Inclusive associations which are formed to promote principles and values, and which set out to ensure that decisions are made in the interests of people and the planet, guarantee due compliance with the development programme.<br>Approximately 1 billion people are still without access to electricity and hundreds of millions of individuals live with an insufficient or unreliable supply, according to the World Bank. | **8** Social Action projects during the 2020 financial year<br>**4** countries in which social projects have been carried out<br>**€ 99,416** donated to social projects |

[19] Includes all persons working in SOLARPACK workplaces, both employees of the Company and employees of subcontractors for the execution of works or operation and maintenance.

# 6.d. MATERIALITY ANALYSIS

**In Q3 2020, to identify the most relevant ESG aspects for SOLARPACK, the Company conducted a materiality study based on the advice of an independent external company.**

## METHODOLOGY

This materiality analysis primarily involved a comprehensive assessment of external sources of information, including the direct global competitors of SOLARPACK, the various non-financial disclosure standards, stakeholders within the investor community and sectoral promoters with business influence, and a detailed analysis of the risks to which the Company is exposed both in countries of operation and the sector in which it is active. The external analysis was used to identify the most relevant aspects for the Company and, therefore, the most relevant aspects in the solar energy sector.

**EXTERNAL SOURCES**

- Sustainability standards (4)
- Competitors (6)
- Investors (10)
- Promoters (9)
- Press analysis
- Country risk factors
- Sector risk factors

In a bid to faithfully reflect the relevance of the various identified aspects, SOLARPACK enhanced the study by producing an internal analysis based on surveys, in which the criteria of the most important governing bodies of the Company (Board of Directors, Management and business units) were assessed along with other relevant stakeholders for SOLARPACK (suppliers, consultants and service providers). The analysis involved a total of 21 participants.

**INTERNAL PRIORITISATION**

- Board of Directors
- Management Committee
- Business units
- Suppliers
- Consultants
- Financing parties

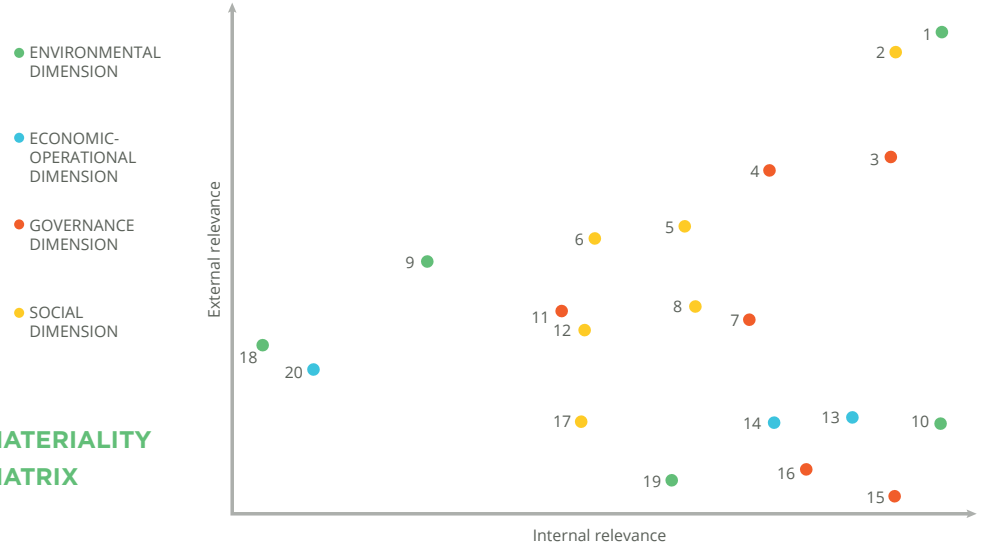
## IDENTIFIED MATERIAL ASPECTS

This analysis identified 20 material aspects for SOLARPACK. These matters are classified into four groups or dimensions:

- **Environmental**
- **Financial-operational**
- **Governance**
- **Social**

Finally, as a result of cross-referencing and weighting the different scores obtained in the external and internal analysis, the 20 material aspects are distributed into the following matrix, which orders the external priority along the vertical axis and the internal priority along the horizontal axis:

**MATERIALITY MATRIX**



| | MATERIAL TOPICS | RELATED CHAPTER | KEY INDICATORS |
|---|---|---|---|
| 1 | **Energy transition and climate change** | **5.** About SOLARPACK<br>**6.** SOLARPACK's response to environmental challenges<br>**7.** Governance Model<br>**9.a.** Tackling climate change and sustainable use of resources | Installed capacity Waste<br>Production<br>Water consumption<br>Raw material consumption<br>Energy consumption<br>Emissions produced<br>Emissions avoided |
| 2 | **Health and Safety of employees and suppliers** | **7.** Governance Model<br>**9.b.** People in SOLARPACK<br>**9.d.** Sustainable management of supply chain | Occupational accidents<br>Occupational diseases<br>Accident frequency rate<br>Severity rate<br>Number of procedures introduced |
| 3 | **Ethics and corruption** | **7.** Governance model<br>**8.** Risk management<br>**9.g.** Tax management | Number of reports received |
| 4 | **Good corporate governance** | **7.** Governance model<br>**8.** Risk management<br>**9.g.** Tax management | Number of iniciatives undertaken |
| 5 | **Promoting local wealth, social support and dialogue in disadvantaged communities** | **9.c.** Positive impact on the community<br>**9.c.** Sustainable management of supply chain | % local employees<br>Number of meetings with local communities<br>Amount donated to non-profit foundations<br>Involvement in social projects |
| 6 | **Diversity and equality** | **9.b.** People in SOLARPACK<br>**9.c.** Positive impact on the community<br>**9.e.** Respect for Human Rights | Number of equality initiatives<br>% of women in management positions |
| 7 | **Economic and financial performance** | **5.** About SOLARPACK<br>**9.g.** Tax management | Risk policy<br>Lines of defence |
| 8 | **Attracting and retaining talent** | **9.b.** People in SOLARPACK | % employees promoted<br>% staff recruited |
| 9 | **Comprehensive Environmental Management System** | **9.a.** Tackling climate change and sustainable use of resources | Number of management systems introduced |
| 10 | **Protection of biodiversity** | **9.a.** Tackling climate change and sustainable use of resources | Project management in protected areas |

| | MATERIAL TOPICS | RELATED CHAPTER | KEY INDICATORS |
|---|---|---|---|
| 11 | **Integration of ESG criteria in strategies and decision-making processes** | **6.** SOLARPACK's response to environmental challenges<br>**7.** Governance Model | Creating and monitoring the sustainability road map |
| 12 | **Human Rights** | **9.e.** Respect for Human Rights | Number of reports of human rights violations |
| 13 | **Customer satisfaction** | **9.f.** Customer security | Number of complaints received |
| 14 | **R&D investment** | **5.** About SOLARPACK<br>**7.** Governance Model | Number of initiatives undertaken |
| 15 | **Risk (financial and non-financial) management** | **7.** Governance Model<br>**8.** Risk Management | Lines of defence<br>Number of iniciatives undertaken |
| 16 | **Cybersecurity** | **9.f.** Customer security | Number of cybersecurity measures |
| 17 | **Monitoring the supply chain** | **9.d.** Sustainable management of supply chain | Number of iniciatives undertaken |
| 18 | **Sustainable use of resources** | **9.a.** Tackling climate change and sustainable use of resources | Raw material consumption |
| 19 | **Circular economy and waste management** | **9.a.** Tackling climate change and sustainable use of resources | Water consumption<br>Waste production |
| 20 | **Green financing** | **6.** SOLARPACK's response to environmental challenges<br>**9.h.** SOLARPACK and the investor community | Risk control system<br>Communication with investors |

● Financial-operational ● Environmental ● Social ● Governance

# 7 GOVERNANCE MODEL

*ENERGY TRANSITION AND CLIMATE CHANGE*

*HEALTH AND SAFETY OF EMPLOYEES AND SUPPLIERS*

*ETHICS AND ANTI-CORRUPTION*

*GOOD CORPORATE GOVERNANCE*

*INTEGRATION OF ESG CRITERIA IN STRATEGIES AND DECISION-MAKING PROCESS*

*R&D INVESTMENT*

*RISK (FINANCIAL AND NON-FINANCIAL) MANAGEMENT*

*This chapter lists the various governing bodies of SOLARPACK along with their composition and remit. It also defines the scope of the corporate regulations governing the basic functioning of the Company's activity.*

## TCFD RECOMMENDATIONS

| RECOMMENDATIONS | APPLICATION IN SOLARPACK |
|---|---|
| Describe the Board's oversight of climate-related risks and opportunities | See chapter 9.a Tackling climate change and sustainable use of resources |
| Describe management's role in assessing and managing climate-related risks and opportunities | See chapter 9.a Tackling climate change and sustainable use of resources |

## GOVERNANCE MODEL


GENERAL MEETING


BOARD OF DIRECTORS


BOARD COMMITTEES


MANAGEMENT COMMITTEE


BUSINESS COMMITTEES

### SUMMARY OF GOVERNANCE MODEL IN FIGURES

**37.5%** of Board members are women

**3** Independent Directors

**30.8%** of Management Committee members are women

# 7.a. GOVERNING BODIES

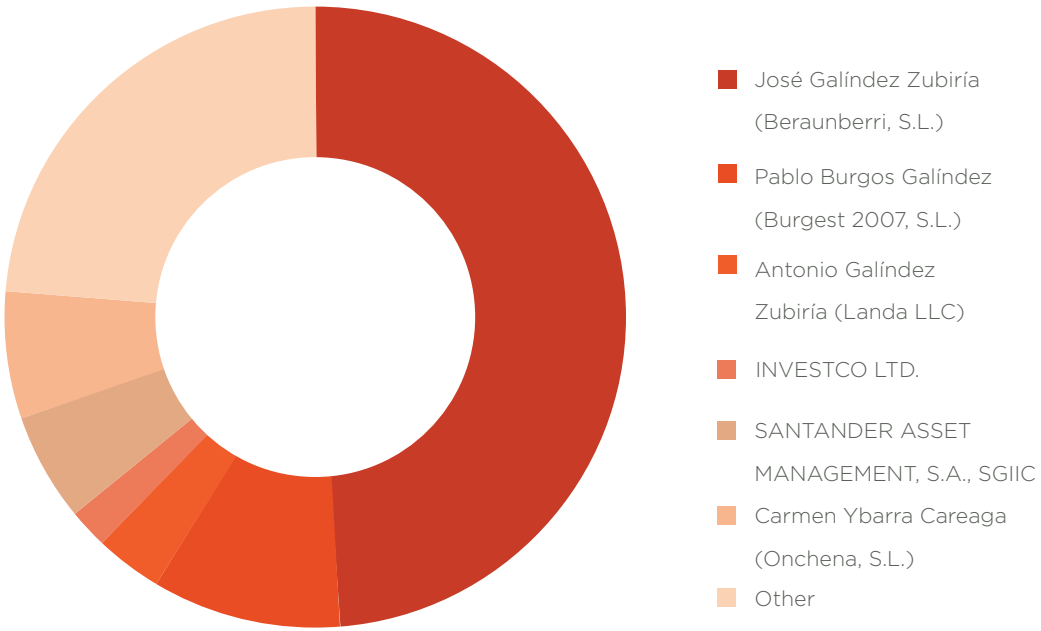
**SOLARPACK is structured into several governing bodies as detailed in the next section. Their individual remit and powers are presented, along with the procedures they implement to achieve the Company's strategic objectives relating to the ESG and risk management outlook and approach.**

## GENERAL MEETING

After the **General Shareholders' Meeting** has been duly convened and validly constituted, it represents all shareholders who are subject to its resolutions on matters that fall within its remit.

The **General Meeting** rules on the matters prescribed by law, the Company's Bylaws and its own regulations, not least the approval of the company's financial statements; the distribution of profit; the appointment and dismissal of the company's **Board** members and its remuneration policy; the appointment of the company's auditors; the increase and reduction in the company's equity capital; and the issuance of bonds and other transferable securities.

## SHAREHOLDING STRUCTURE OF SOLARPACK ON 31 DECEMBER 2020




The Regulations governing the General Shareholders' Meeting are accessible via SOLARPACK's website.

## BOARD OF DIRECTORS

SOLARPACK's Board of Directors is the Company's supreme authority whose remit extends to powers of representation, management, decision-making, monitoring and supervision. It is ultimately responsible for validating SOLARPACK's financial obligations and exercises supervision of the Company's strategic and investment decisions.

In terms of regulatory compliance, the Board of Directors is responsible for promoting a culture of integrity and compliance within the Company. It is also responsible for approving any of the Crime Prevention and Detection System documents and for deploying the resources required by the Compliance Officer to effectively perform his/her role. The Board of Directors assesses the effectiveness of the system and adopts resolutions for the purpose of applying disciplinary measures and penalties.

The Board of Directors currently comprises 8 members: 2 executive directors, 3 proprietary directors and 3 independent directors, including the *Lead Independent Director*, Gina Domanig, in keeping with responsible good governance practices.

**ACCORDING TO GENDER, 37.5% OF BOARD MEMBERS ARE FEMALE WHILE 62.5% ARE MALE**

D. Ignacio Artázcoz Barrena
Executive Chairman
(Executive Director)

D. Jose María Galíndez Zubiría
Vice Chair
(Proprietary Director)

D. Pablo Burgos Galíndez
CEO
(Executive Director)

Dña. Inés Arellano Galíndez
Proprietary Director

D. Rafael Canales Abaitua
Proprietary Director

Dña. Begoña Beltrán de Heredia Villa
Independent Director

Dña. Gina Domanig
Independent Director and Lead Independent Director

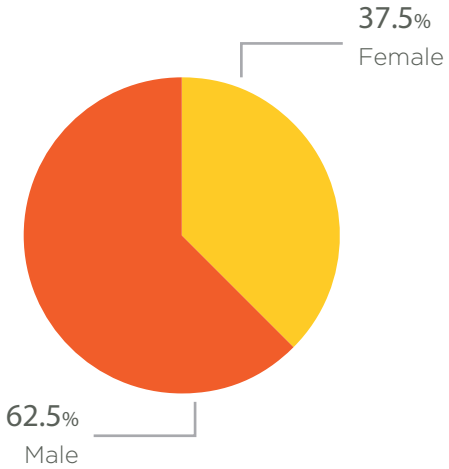
D. Luis Barallat Sendagorta
Independent Director

D. Joseba Olamendi López
Non-Director Secretary

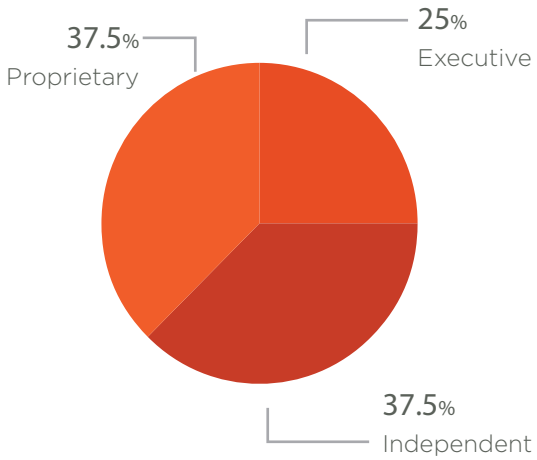
- Audit and Compliance Committee
- Appointments and Remuneration Committee
- Strategy and Investment Committee

The **Regulations governing the Board of Directors** are accessible via SOLARPACK's website.

## BOARD MEMBERS ACCORDING TO GENDER




## BOARD MEMBERS ACCORDING TO CATEGORY



## BOARD COMMITTEES

SOLARPACK currently has three committees:
**the Audit and Compliance Committee, the Appointments and Remuneration Committee and the Strategy and Investment Committee.**

### Audit and Compliance Committee

The Audit and Compliance Committee is an internal reporting and advisory body holding informational, advisory and proposal powers within its area of action. The Committee predominantly supervises the effectiveness of the company's internal control and risk management system. The Audit and Compliance Committee is made up of three members, two female directors, one male director and a non-board member secretary; it is chaired by an independent female director.

Dña. Begoña Beltrán de Heredia Villa
Chairman

Dña. Gina Domanig
Member

D. Rafael Canales
Member

### Appointments and Remuneration Committee

The Appointments and Remuneration Committee is an internal informational and advisory body holding informational, advisory and proposal powers within its area of action. It is made up of three members and its basic functions include amongst others, the formulation of proposals on new members of the Board of Directors and on the remuneration of the members of the Board and of the Executive Chairperson and CEO in their executive functions and of Senior Management.

Dña. Gina Domanig
Chairman

Dña. Begoña Beltrán de Heredia Villa
Member

Dña. Inés Arellano
Member

## Strategy and investment committee

The Strategy and investments committee is an internal informational and advisory body. Holding informational, advisory and proposal powers within its area of action. It consists of five members and its basic functions include, amongst others, the formulation of proposals on growth, development or business diversification strategies, the issuance of recommendations for improvements to strategic plans, assistance to the board when resolutions about investments, divestments and any relevant transactions and contracts for the company have to be adopted.

D. José María Galíndez
Chairman

Dña. Gina Domanig
Member

D. Ignacio Artázcoz
Member

D. Pablo Burgos
Member

D. Luis Barallat
Member

| | |
|---|---|
| IGNACIO ARTÁZCOZ | Executive Chairman |
| PABLO BURGOS | Chief Executive Officer |

## MANAGEMENT COMMITTEE*

The Management Committee meets at least once a month and is attended by the functional areas managers of SOLARPACK. They review and monitor the annual targets set out in the budget and assess the progress of the main projects ongoing in the Company. It is the mechanism by which the Board of Directors directs and controls the Company's operations.

| | |
|---|---|
| JAIME ALDAMIZ-ECHEVARRÍA | Head of Finance |
| JAVIER ARELLANO | Head of Corporate Development and Investor Relations |
| MARIA BURGOS | Head of Digitalisation and Cybersecurity |
| LUJÁN DE LA RICA | Head of Administration and Control |
| MIGUEL DE LA ROSA | Head of Construction and EPC Sales |
| ARANTZA DIAZ DE OLARTE | Head of Sustainability and People |
| FÁTIMA FERNÁNDEZ | Head of Technical Area |
| ÍÑIGO MALO DE MOLINA | Head of East Business Development |
| IVÁN NIETO | Head of Energy Sales |
| JOSEBA OLAMENDI | Head of Legal |
| TOMÁS PARLADÉ | Head of Power Generation and Services |
| JAIME SOLAUN | Head of West Business Development |

* Composition as of march 2021.

## BUSINESS COMMITTEES

The Business Committees meet bi-monthly, monthly or quarterly to monitor every project that is ongoing and operational. All the functional areas involved in the projects attend the committee meetings to assess the progress of the projects in development or under construction. Potential risks and their solutions are also identified in a bid to guarantee the successful completion and operation of projects. There is also a special R&D committee.

| | |
|---|---|
| **POWER GENERATION COMMITTEE**<br>**Every 3 months** | • Detailed review of real vs. base case<br>• Supervision of compliance with covenants<br>• Preparation and monitoring of project cash distributions to partners<br>• Refinancing strategies of projects |
| **O&M COMMITTEE**<br>**Monthly** | • Monitoring of the availability, production, irradiance, and performance of the projects<br>• Review of incidents and corrective measures<br>• Contractual covenants supervision |
| **DEVCON/INDIVIDUAL PROJECT COMMITTEE**<br>**Monthly/bi-monthly** | • Coordination of the project<br>• Detailed review of the status of development<br>• Supervision of construction and work progress budget<br>• Alignment in the development |
| **R&D COMMITTEE**<br>**Monthly** | • Review of new initiatives, including those of battery storage<br>• Analysis of new business models and technologies |

# 7.b. REGULATORY FRAMEWORK

SOLARPACK has various regulations and procedures in order to guarantee that its principles and commitments are observed in several fields. In 2020, the Board of Directors approved the Corporate Governance Policy, the Environmental Policy, the Health and Safety Policy, the Corporate Social Responsibility Policy, the Shareholder Remuneration Policy, the Corporate Tax Policy, the communication and contacts policy with shareholders, institutional investors and proxy advisors and other groups of interest and the Risk Control and Management Policy (the last three are set out in the corresponding section of the report). They, along with all other Regulations and Policies, are published on the Company's website (**https://www.solarpack.es/en/shareholders-and-investors/corporate-governance-pdte/regulations/**), and are accessible to any interested party.

## REGULATIONS, POLICIES AND MANUALS OF SOLARPACK

- Regulation of the General Shareholders Meeting
- Regulation of the Board of Directors
- Internal Code of Conduct concerning Securities Markets
- Board of Directors Remuneration Policy
- Communication and contacts policy with shareholders, institutional investors and proxy advisors and other groups of interest
- Shareholders Remuneration Policy
- Board members Selection Policy
- Corporate Tax Policy
- Corporate Governance Policy
- Risk Control and Management Policy
- Corporate Social Responsibility Policy
- Environmental Policy
- Health and Safety Policy
- Crime Prevention and Detection System
- Employee Manual
- Risk Management Manual

**COMMITMENT TO GOOD CORPORATE GOVERNANCE AND TRANSPARENCY IS THE CORNERSTONE OF THE GROUP'S STRATEGY TO PROMOTE ITS PURPOSE AND MEET ITS TARGETS**

## CORPORATE GOVERNANCE POLICY

The Corporate Governance Policy summarises the principles which not only ensure compliance with regulations currently in force, but also guarantee observance of national and international corporate governance recommendations and standards. It also sets out the Company's commitment to the compliance and continuous improvement review of corporate governance rules.

SOLARPACK places a premium on corporate governance principles and practices as they not only contribute to sustainability, solvency and the distinguished reputation of the Company in the eyes of its shareholders and other stakeholders, but also help to build confidence and ensure the stability, progress and social and economic development of our society. The commitment to good corporate governance and transparency is the cornerstone of the Group's strategy to promote its purpose and meet its targets.

## BASIC PRINCIPLES OF THE CORPORATE GOVERNANCE POLICY

1. To consolidate, develop and promote mechanisms for relations with shareholders, investors and main groups of interest, in order to improve relations with them, increase their level of commitment and strengthen their confidence.

2. To promote the informed participation of the Company's shareholders in its General Shareholders Meetings.

3. To adopt the necessary measures to ensure the adequate exercise of the shareholders' rights in General Shareholders Meetings.

4. To exercise the necessary control and supervision in the most critical and relevant areas for the Company through the direct assumption of responsibilities by the Board of Directors, establishing these as non-delegable faculties in its internal Regulations.

5. To preserve the adequate balance and proportionality of faculties in the structure and composition of the Board of Directors by adopting the necessary measures that may allow it to act with unity of purpose and independence of criteria.

6. To consolidate a remuneration policy for the Board of Directors based on the principles of moderation, relationship with its effective dedication and alignment with the strategies and long-term interests of the Company and its shareholders.

7. To establish adequate mechanisms that delimit the duties and responsibilities of the Directors and allow the disclosure and resolution of possible situations of conflict of interest between the Directors and the Company.

8. To ensure the quality and efficiency of the operation and performance of the Board of Directors, the Chairperson of the Board, the Chief Executive Officer and the Board Committees, and to carry out an annual evaluation of such operation and performance.

9. To organize the orderly succession of the key positions in the Company, ensuring their continuity and sustainability.

10. To identify, analyse and adopt, if appropriate, the best practices in the field of good corporate governance, following the principle of excellence assumed by the Company in its actions.

11. To facilitate the continuous training of the directors on the different areas and activities of the Company through an annual program of knowledge and information.

12. To ensure transparency and quality of information, so that the public information of the Company is presented in a clear, complete, simple, orderly and comprehensible manner for the different groups of interest.

13. To promote knowledge of the principles and values that inspire the Corporate Governance Policy both internally, in the organization, and externally by all its groups of interest.

## CORPORATE SOCIAL RESPONSIBILITY POLICY

In a bid to ensure that its activities follow a sustainable management model produced in the interests of our stakeholders, **SOLARPACK has approved the Corporate Social Responsibility Policy which is underpinned by its purpose to "to accelerate the transition towards clean energy affordable to all"** and the entity's values of integrity, open-mindedness, flexibility and high standards.

**SOLARPACK espouses the following social responsibility principles and values:**

| | |
|---|---|
| COMPLIANCE | **Compliance** with the current legislation of the countries in which we operate, assuming good governance practices and responsible taxation principles |
| HUMAN RIGHTS | **Respecting** the Declaration of Human Rights and rejecting child, forced or compulsory labour |
| FAVOURABLE LABOUR FRAMEWORK | **Promoting** equality of opportunities and the respect to the diversity, promoting a safe and healthy work environment and facilitating the professional development and the learning of the human team of Solarpack |
| ETHICS AND INTEGRITY | **Adopting** an ethical behavior in all our relationships, both internal and external and making sure that conflicts of interest are resolved in accordance with the social interest and under market conditions and in compliance with all the Company's values |
| DEVELOPMENT | **Contributing** to the Agenda 2030 for the Sustainable Development of the United Nations, directly influencing the Sustainable Development Objectives linked to the Company's activity and also to the fight against climate change and to act in the development of the social environments in which we operate |
| SOCIAL WORK | **Promoting** cooperative actions that improve the well-being of the communities in which we are present |
| SUPPLY CHAIN | **Guaranteeing** responsible management through transparent, objective and impartial processes with suppliers and customers |
| PARTICIPATION | **Making** out shareholders and all our groups of interest participate in all the practices derived from these basic principles, issuing reliable, rigorous, and relevant information in a transparent way, and instructing and demanding their fulfilment in all the activities developed in SOLARPACK |

**These principles and any related risks that are identified are assessed and monitored in accordance with SOLARPACK's Risk control and management Policy. All senior managers, employees and workers of SOLARPACK are obliged to sign the Code of Ethics contained in the Employee Manual.**

**Stakeholders may communicate, participate and interact according to the procedures set out in thecommunication and contacts policy with shareholders, institutional investors and proxy advisors and other groups of interest; however, it should be noted that the main channel of communication is the company website.**

## ENVIRONMENTAL POLICY

SOLARPACK is aware of the importance that the preservation and protection of the environment has to achieve better results. In this context, SOLARPACK's Board of Directors has approved the Environmental Policy to be incorporated into the Company's Corporate Governance Regulations and framed within the Corporate Social Responsibility Policy. This document is further confirmation of SOLARPACK's commitment to the environment, and its contribution to tackling climate change, from the efficient and responsible use of natural resources to the preservation of biodiversity.

**The policy is governed by the following basic principles:**

| | |
|---|---|
| **ENVIRONMENTAL MANAGEMENT** | **Establishing** the necessary resources for the proper implementation of a Management System based on continuous improvement and the clear establishment of quantifiable objectives in this regard |
| **COMPLIANCE** | **Compliance** with applicable legislation and other requirements that the company may establish in each and every country where Solarpack develops its activity |
| **RESPONSIBLE AND EFFICIENT USE OF RESOURCES** | **Preventing** pollution and protecting the environment, with the identification and minimization of the environmental impact derived from our activities, with a sustainable use of resources and the best available technologies and practices to eliminate or mitigate their consequences |
| **PROTECTION OF BIODIVERSITY** | **Respecting** the ecosystems, biodiversity and cultural heritage in the natural environments where Solarpack's facilities are located |
| **CLIMATE CHANGE** | **Developing and promoting** the use of clean energies as essential elements in the decarbonization of the current energy model and to minimize the impact of the adverse effects of climate on the planet |
| **INTEREST GROUPS** | **Promoting** the ultimate mutual and social benefit in the relationship with groups of interest to protect the environment and to encourage and extend Solarpack's environmental commitment |
| **COMMITMENT** | **Specific** monitoring of the Policy through the Audit and Compliance Committee of the Company's Board of Directors |

**The Policy has been distributed within the organisation and is available to all stakeholders via the company website**

## HEALTH AND SAFETY POLICY

SOLARPACK places a premium on people's Health and Safety. As such, the Company's Board of Directors has approved the Health and Safety Policy within the framework of the Corporate Social Responsibility Policy with a view to protecting employees and preventing risks. It sets out that, in all the business activities of SOLARPACK, the Health and Safety of employees and any third parties involved is a top priority, based on the **following basic principles**:

| | |
|---|---|
| **MANAGEMENT SYSTEM** | **Establishing** a management system based on continuous improvement and the establishment of appropriate objectives in order to optimize performance |
| **MITIGATION OF RISKS** | **Identifying, assessing and controlling actions**, for the elimination of hazards and mitigation of risks to safety and health related to the activities developed in the workplaces where Solarpack operates |
| **AWARENESS AND PREVENTIVE CULTURE** | **Prioritising** and giving high visibility to the Health and Safety practices at Solarpack, properly informing the employees about the risks they may be subject to |
| **SAFE WORKING ENVIRONMENT** | **Making** safe and healthy working conditions for the prevention of work-related injuries and health deterioration |
| **COMPLIANCE** | **Ensuring** compliance with applicable legislation and other minimum requirements that the company takes on in each and every country where Solarpack develops its activities |
| **EMPLOYEES INVOLVED** | **Making** sure that all SOLARPACK employees are actively and responsibly involved, developing consultation and participation mechanisms with the aim of promoting personal development, teamwork, and training to facilitate performance and collaboration in continuous improvement |
| **CONTRACTORS INVOLVED** | **Integrating** our contractors in the commitment of Health and Safety, within all Solarpack processes |
| **COMMITMENT** | **Specific following** of this Policy through the Audit and Compliance Committee of Board of Directors of Solarpack |

**As for the previous policies, the Policy has been distributed within the organisation and is available to all stakeholders via the company website**

# 8 RISK MANAGEMENT

***ETHICS AND CORRUPTION***

***GOOD CORPORATE GOVERNANCE***

***RISK (FINANCIAL AND NON-FINANCIAL) MANAGEMENT***

*This chapter assesses SOLARPACK's risk management approach and the progress and objectives of the Company in terms of implementing its management system during this and subsequent reporting periods.*

*Moreover, it describes the lines of defence applied by the Company to its value chain and, finally, the Compliance system of SOLARPACK according to its Code of Ethics and various Company policies.*

## TCFD RECOMMENDATIONS

| RECOMMENDATIONS | APPLICATION IN SOLARPACK |
|---|---|
| Describe the organization's processes for identifying and assessing climate-related risks. | See chapter 9.a Tackling climate change and sustainable use of resources |
| Describe the organization's processes for managing climate-related risks. | See chapter 9.a Tackling climate change and sustainable use of resources |
| Describe how processes for identifying, assessing, and managing climated-related risks are integrated into the organization's overall risk management. | See chapter 9.a Tackling climate change and sustainable use of resources |

## RISK PRIORITIES

**GLOBAL RISK SYSTEM**

**LINES OF DEFENCE**

***COMPLIANCE***

# 8.a. OVERALL RISK SYSTEM

SOLARPACK has a continuous risk management process carried out by all the Company's employees aimed to identify the risks it faces, with the twofold objective of defining responses and mitigation actions, and providing reasonable assurance of the achievement of the organisation's objectives. The ongoing risk management process encompasses the following aspects:

**IDENTIFYING AND ASSESSING RISKS**

Identify the main strategic, operational, financial and compliance risks affecting the strategy and targets of the company, and assess their likelihood and potential impact

**DEFINING MONITORING CONTROLS**

Define existing controls within the company to mitigate previous risks

**ASSESSING EFFECTIVENESS**

Assess the effectiveness of controls in mitigation of identified risks

**DEVISING ACTION PLANS**

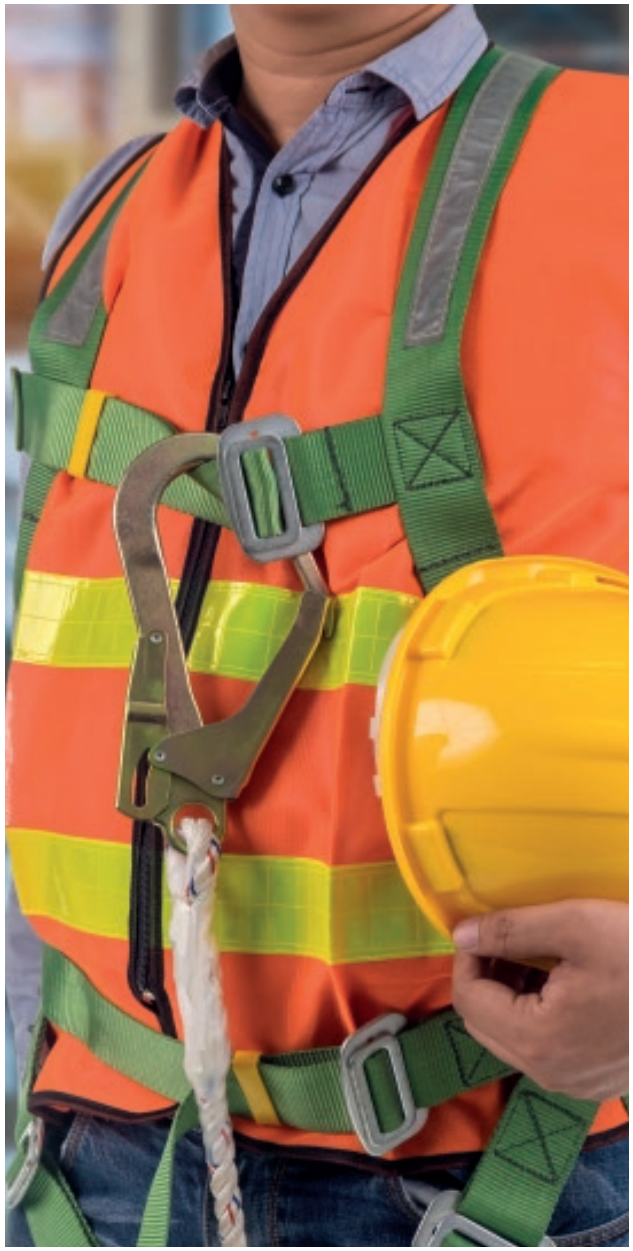
Establish action plans to conduct residual risks to acceptable levels in view of a cost-benefit analysis of the action plans

As risk management affects all the Company's staff, the Risk Management System must describe the organisational approach of risk management according to the organisational structure of SOLARPACK and the corporate culture. Although the Risk Management System affects and involves all the Company's staff, the main participants in the model are as follows:


Specifically, the Board of Directors' responsibilities include the task of identifying the main risks of the company and the supervision of internal control systems.

Every year, SOLARPACK performs a regular review and update of its risk management, both of the model and the methodology described in this Risk Management System in order to ensure that the Risk Map information is up-to-date and can be used by the Management and Board of Directors in their management operations. In this context, information about the main management risks is available and effective and timely action can be taken in response to these risks.


In addition, in order to achieve the objectives for the integration of the different risks, in 2020 SOLARPACK has established a three-year plan with a series of short, medium and long-term action mechanisms. Below is the roadmap set by SOLARPACK with a view to the evolution of the risk function and its link with the Internal Control over Financial Reporting System (ICFR), as well as environmental, social and governance (ESG) risks, for the establishment of an Integrated Risk Management System encompassing these risks.



## OVERALL RISK MANAGEMENT SYSTEM

### Short term

- Conduct a detailed analysis of the risks included in the Risk Management System to identify those that may have a potential fraud component.
- Adjust the risk tolerance level in relation to objectives.
- Produce and implement Policies and Procedures based on ESG-related key performance indicators.
- Give greater prominence to matters of sustainability in the Overall Internal Audit Plan and define the responsibilities of the internal auditor in non-financial matters.

### Medium term

- Arrange continuous training programmes on the topic of Risk Management for all the staff involved in the process.
- Produce a Risk Map for all the business units of SOLARPACK (identification of particular risks according to country, project, macroeconomics, etc.).
- Produce six-monthly assessments of SOLARPACK's critical risks.
- Produce regular assessments in relation to the Financial Information Monitoring System.
- Assess the capacity and restrictions of systems related to non-financial matters.

### Long term

- Produce a Combined Assurance Model to determine the criticality of every risk in real time, in view of various inputs (auditing recommendations, indicator result, ICFRS, Crime Prevention and Detection System, ICNFRS, etc.).
- Introduce a GRC (Governance, Risk and Compliance) mechanism o support the Overall Risk Management System.
- Introduce a Continuous Auditing Model which optimises the available auditing resources by automating activities, alarms, etc.
- Integrate all companies belonging to the Company under a single environment (Systems level) and inspect access to systems with a view to identifying any incompatibilities as a result of integration.
- Establish within the ICFR issues associated to sustainability or consider developing a Non-Financial Information Control System Control System (SCIINF).

**SOLARPACK HAS INITIATIVES IN PLACE TO UPDATE AND STRENGTHEN ITS RISK MANAGEMENT SYSTEM**

# 8.b. LINES OF DEFENCE

In the three-lines-of-defence model, Management provides the first line of defence in risk management. The various compliance oversight and risk control departments are the second line of defence. The independent assurance of internal control compliance, provided by the internal audit department, represents the third line of defence.

### FIRST LINE OF DEFENCE

Departments are responsible for maintaining an effective internal control system and performing the necessary checks to identify, assess and mitigate risks.

### SECOND LINE OF DEFENCE

the compliance oversight and risk control departments make sure that processes and controls are correctly designed within the first line of defence, and that they are operating effectively.

### THIRD LINE OF DEFENCE

the Internal Audit department gives an independent assurance based on objective supervision oversight of the two previous lines of defence, assesses the internal control system, identifies weaknesses and proposes improvements.

Based on its Risk Management System and according to the risk assessment procedures developed in the corresponding Risk Manual, SOLARPACK establishes the following five primary risk categories across its value chain: Strategic Risks, Compliance Risks, ESG Risks, Operational Risks and Financial Risks. This risk analysis process has been performed through internal consultations which have led to the creation of a Risk Map in 2020.

## PRIMARY RISKS OF SOLARPACK

### STRATEGIC RISKS

- Misfunctioning of the Board of Directors
- Lack of ethics and culture
- Absence of internal control
- Inadequate strategic planning
- Risk of Competitors
- Business partners and partnerships
- Influence of macroeconomic factors
- Risk of suppliers concentration
- Risk of customer dependence
- Dependence of key staff
- Difficulty in identifying/selecting staff
- Difficulty in correctly training staff
- Non-existent contingency plans

### COMPLIANCE RISKS

- Breach of Employee Manual
- Inadequate crime prevention and detection system
- Inadequate award process management
- Likelihood of general rules and regulations breach
- Risk of inadequate external communications
- Ignorance of tax/legal/regulatory implications
- Inadequate contracts design
- Breaches of contracts

### ESG RISKS

- Environmental impact
- Biodiversity
- Local communities
- Risks of HSE accidents
- Reputational risk

## OPERATIONAL RISKS

- Difficulty in obtaining information (financial and non-financial) from systemss
- Possible vulnerability to cyber-attacks and/or possible loss of relevant information.
- Unauthorised access to information systems
- Absence or inadequate business case for new projects
- Inadequate management of projects awarded
- Breach of quality requirements in products delivered by the Company
- Inadequate selection, recruitment and assessment of contractors
- Failure and/or inability to operate assets
- Energy Price

## FINANCIAL RISKS

- Interest rate risk
- Risk of exchange rate
- Liquidity risk
- Hedging transactions risk
- Inadequate accounting management, reporting and presentation of financial information
- Inadequate management of available economic resources
- Inadequate planning and review of activity profitability
- Risk of mistakes or inconsistencies in financial information
- Inadequate tax management
- Incorrect transfer prices
- Geopolitical risk (regulatory, political, credit)

# 8.c. COMPLIANCE

**IN 2020, SOLARPACK APPROVED THE CRIME PREVENTION AND DETECTION SYSTEM WHICH IS DEVISED INTERNALLY AS PART OF THE CRIME PREVENTION AND DETECTION SYSTEM MANUAL**

SOLARPACK has developed a number of regulations for the Company's conduct and most relevant risks in relation to corruption and bribery, money laundering and data protection.

Firstly, in respect of corruption, which is formally prohibited by the Employee Manual at all stages of the value chain, special consideration is given to bribery, in all its forms, as it is a potential relevant risk for the Company. SOLARPACK's employees are expected to report any suspicion of corrupt activity through the Whistleblower Channel.

In respect of money laundering, formally prohibited by its regulations, SOLARPACK's employees are expected to use, as much as possible and in accordance with internal regulations on this topic, a risk-based approach to verify the identity and financial background of its customers, business partners and other third parties, as well as the origin of payments made in order to ensure that they come from legitimate sources. SOLARPACK's employees are required to report any suspicious activity via the Whistleblower Channel.

## CRIME PREVENTION AND DETECTION SYSTEM

In 2020, SOLARPACK approved the Crime Prevention and Detection System which is devised internally as part of the Crime Prevention and Detection System Manual. The Manual strengthens the Company's commitment to continuous improvement, with a view to establishing a genuine culture of business ethics and compliance. It is used to guarantee compliance with the latest regulatory developments and to prevent criminal risks. Moreover, prior to its publication, the Company analysed criminal risks in view of SOLARPACK's particular procedures and controls and the criminal risks to which the Company is theoretically exposed on account of its business model.

This Crime Prevention and Detection Manual applies to all members of the Board of Directors, Senior Management, Employees and Collaborators from any company of the SOLARPACK Group in Spain or abroad, and any third parties and organisations with which professional relations are maintained. The primary objectives are outlined below:

**To prevent employees or third parties from committing any kind of offence for which the Company may be liable.**

**To ensure the effectiveness of regulations and control procedures put in place by the Company.**

**To raise awareness and to inform the staff of SOLARPACK of the importance of complying with the Company's policies, and of the consequences of violating the provisions covered in the Manual.**

In turn, the Manual is supplemented by a series of documents, all of which are fundamental to the Company's Crime Prevention System.


The Regulations of the Compliance Bodies are used to control the prevention and detection of crimes. The tools and resources which are used to guarantee compliance with crime prevention and detection regulations are structured as follows.

## CRIME PREVENTION SYSTEM PLAYERS

| | |
|---|---|
| BOARD OF DIRECTORS | Approve and update the Regulations to which the governing bodies are subject |
| AUDIT AND COMPLIANCE COMMITTEE | Supervises the effectiveness of the System |
| SENIOR MANAGEMENT | Implement and report the measures established by the compliance officer |
| COMPLIANCE OFFICER | Introduction of measures, activities, Policies and controls to ensure that the organisation operates with integrity and in accordance with applicable regulations |
| INTERNAL AUDIT | Regularly supervise the system |
| EMPLOYEES | Apply the due diligence measures determined by the compliance officer |

The Company makes available a Whistleblower Channel to its employees. It is an anonymous and confidential way to report complaints and any suspicious behaviour that may contravene the provisions of SOLARPACK's Employee Manual. Moreover, the Disciplinary System classifies the conduct according to severity.

The Employee Manual sets out to establish the labour relations within the Company and is applicable to employees, executives and members of the governing bodies. The Manual addresses a range of issues such as labour relations at SOLARPACK and provides details of the main policies and the policy on respect, cooperation, non-discrimination and non-abuse. It also reveals information about employee appraisals. Moreover, the Manual explains staff administration policies and provides guidelines on how the Company's equipment is used.

Any complaints are directed to the Reporting Channel manager (Compliance Officer) via the e-mail address provided for this purpose: The Whistleblower Channel inbox will be accessible not only to the Compliance Officer, but also to the Chair of the Audit and Compliance Committee.


**The complaint must contain detailed information of the situation, facts to support the allegation and the following information:**

- **Description of the conduct which has led to the breach or suspicion.**
- **Identity of the person or entities involved.**
- **Dates on which the alleged incident could took place.**
- **If applicable, any documents or other information to back up the allegations.**


In addition to the details indicated above, the ID of the whistleblower must be included (name and ID document), Company to which he/she belongs, contact details: telephone no., e-mail, etc.). However, for the purposes of the investigation, it should be noted that anonymous complaints will be admitted.

If, in view of the situation, the Compliance Officer is in any way involved, compromised or concerned by a conflict of interest, the Alternative Direct Channel e-mail operated by the Audit and Compliance Committee of the Board of Directors may be used (exclusively in this case).

For complaints received via any channels other than those specified in this procedure (verbal, telephone, etc.), attempts will be made to redirect them in accordance with the requirements of this procedure.

With regard to the processing of the complaint, within a maximum of five working days of its receipt, and provided that the complaint has not been made anonymously, the Compliance Officer shall confidentially send a communication to the complainant. If accepted, the investigation phase shall commence, following the procedure set for its proper conclusion.

## EMPLOYEE MANUAL

**The Employee Manual is intended to establish the labour relations within the Company and is applicable to employees, senior management and members of the governing bodies**. The Manual addresses a range of issues such as labour relations at SOLARPACK and provides details of the main policies in force as the policy on respect, cooperation, non-discrimination and non-abuse. It also reveals information about employee performance appraisals and other aspects of interest. Moreover, the Manual explains staff administration policies and provides guidelines on how the Company's equipment and materials are used.

**SOLARPACK has a code of ethics, which is integrated in the section on integrity and conduct of the Employee Manual**. It provides that all SOLARPACK employees are required to approach their work and professional relationships in a spirit of integrity, responsibility and honesty.

**The Code is based on the following principles:**

| | |
|---|---|
| **COMPLIANCE WITH LOCAL LEGISLATION** | Ensuring that all collaborators comply with applicable regulations in force. They must act with integrity, diligence, professionalism, responsibility, efficiency, good faith and honesty. In particular, SOLARPACK will deploy the resources required to prevent any unlawful acts to which the company is exposed |
| **RESPECT FOR HUMAN RIGHTS** | The Company currently adheres to the Principles of the UN Global Compact, respects fundamental rights, promotes the principles of equal treatment, equal opportunities and non-discrimination, champions diversity and rejects child, forced or compulsory labour |
| **SECURITY CONTROL** | All SOLARPACK's employees are under the obligation not to reveal, disclose or disseminate confidential information. The Company also takes steps to protect this information and intellectual and industrial property |
| **COMPLIANCE WITH IMPORT AND EXPORT REGULATIONS** | Complying with competition laws and avoiding conflicts of interest |
| **COMPLIANCE WITH CRIME PREVENTION REGULATIONS** | SOLARPACK is also firmly committed to the enforcement of regulations on the prevention of money laundering |
| **ETHICAL APPROACH IN RELATIONS WITH ALL STAKEHOLDERS** | Moreover, SOLARPACK acts in an environmental responsible manner and makes a responsible contribution to local communities |

In the event that the Manual is in any way breached, the collaborator is required to report the breach via the Whistleblower Channel's e-mail indicated in the Whistleblower channel procedure.

Failure to comply with legal provisions or the provisions of this Manual and other regulations that govern it will lead to disciplinary measures being taken in accordance with employment law and the applicable collective bargaining agreement.

As indicated in this Manual, and in accordance with legislation currently in force, SOLARPACK introduces special data protection safeguards. Moreover, a Personal Data Protection Policy, which sets out the principles, regulations and guidelines generally applicable to data protection activities in SOLARPACK, was introduced in 2020. Specifically, this Policy monitors the data protection rights of all natural persons who have dealings with any companies belonging to SOLARPACK. The governing bodies of every individual company are responsible for implementing and guaranteeing compliance with this Policy.

**A PERSONAL DATA PROTECTION POLICY, WHICH SETS OUT THE PRINCIPLES, REGULATIONS AND GUIDELINES GENERALLY APPLICABLE TO DATA PROTECTION ACTIVITIES, WAS INTRODUCED IN 2020**


# 9 RESPONSIBLE VALUE CHAIN

*In this chapter, SOLARPACK describes how it interacts with the various stakeholders of its value chain and analyses the company's positive and negative impacts on them, as well as their impact on SOLARPACK.*

## TCFD RECOMMENDATIONS

| RECOMMENDATIONS | APPLICATION IN SOLARPACK |
|---|---|
| Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process | SOLARPACK has a risk map which identifies non-financial or ESG risks, including those related to the environment (see chapter 8. Risk Management) |
| Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks | See chapter 9.a Tackling climate change and sustainable use of resources |
| Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets | See chapter 9.a Tackling climate change and sustainable use of resources |

## VALUE CHAIN

CLIMATE CHANGE AND USE OF RESOURCES

POSITIVE IMPACT ON THE COMMUNITY

RESPECT FOR HUMAN RIGHTS

TAX MANAGEMENT

PEOPLE IN SOLARPACK

SUSTAINABLE MANAGEMENT OF SUPPLY CHAIN

CUSTOMER SECURITY

SOLARPACK AND THE INVESTOR COMMUNITY

# 9.a. TACKLING CLIMATE CHANGE AND SUSTAINABLE USE OF RESOURCES

*ENERGY TRANSITION AND CLIMATE CHANGE*

*COMPREHENSIVE ENVIRONMENTAL MANAGEMENT SYSTEM*

*PROTECTION OF BIODIVERSITY*

*SUSTAINABLE USE OF RESOURCES*

*CIRCULAR ECONOMY AND WASTE MANAGEMENT*

*This chapter describes how SOLARPACK manages its environmental commitments and the measures it takes to combat climate change. These environmental commitments include waste management, sustainable use of natural resources and protection of biodiversity and ecosystems.*

## ENVIRONMENTAL PRIORITIES

- WASTE MANAGEMENT AND CIRCULAR ECONOMY
- USE OF NATURAL RESOURCES
- TACKLING CLIMATE CHANGE
- PROTECTION OF BIODIVERSITY

## ENVIRONMENTAL SUMMARY IN FIGURES

**0** environmental fines received

**610,410** $tCO_2$ avoided

**40** people working on environment protection

Environmental management is key to SOLARPACK's activities which is why **the Company uses a range of mechanisms to prevent any kind of adverse impact that its activity may have on the environment**. Beyond the use of resources and land, the Company's operations are not considered to have a high negative environmental impact since the generation of greenhouse gas emissions or the production of waste, offset by the enormous benefit that **100% clean energy generation** has for the environment.

Its **Environmental Policy** sets out basic principles which include providing the necessary resources to adequately implement a **management system based on continuous improvement and the setting of targets**, compliance with applicable regulations, the efficient and responsible use of natural resources, protection of biodiversity, decarbonisation of the economy through the generation of PV solar energy, the pursuit of mutual benefit and the benefit of SOLARPACK's stakeholders, as well as the monitoring of this Policy through the Audit and Compliance Committee of the Group's Board of Directors.

In addition, SOLARPACK manages its projects on an individual basis by developing a**ction plans with objectives and mitigation measures for potential impacts**. These plans **comply with the regulations** in force in each country and with the **Environmental Impact Statements (EIS)** required for the execution of these projects.

SOLARPACK also has his own staff (12 people) to monitor environmental aspects at all project stages, as well as 28 suppliers with functions related to these issues. The work of these staff focuses on the environmental assessment and monitoring of projects under construction and in operation.

## STAFF RESOURCES ASSIGNED TO MONITOR ENVIRONMENTAL IMPACT

| Number of resources | 2020 |
|---|---|
| Employees | 12 |
| Suppliers | 28 |
| **Total** | **40** |

Besides these staff resources, SOLARPACK also makes available financial resources for the purpose of protecting the environment. In 2020, the Company dedicated a total of **€467,836** to cover the costs of suppliers and staff working in this field.

## FINANCIAL RESOURCES DEDICATED TO ENVIRONMENTAL ACTIVITIES

| € Financial costs | 2020 |
|---|---|
| Personnel | 173,948 |
| Suppliers | 293,888 |
| **Total** | **467,836** |

The environmental impact of SOLARPACK's projects is analysed and most projects are subject to **Environmental Impact Studies**. These analyses and studies identify the specific **environmental risks** and impacts of a project. The studies are produced during the development phase and concern the construction, operation and dismantling phases. The Company's **risk map** described in section "8. Risk Management", also

relates to **ESG risks** including **environmental impact and protection and biodiversity**.

In the operation phase, in general, **no major environmental impacts are identified** beyond the use of resources and the generation of waste; however, during the construction process, impacts such as those mentioned above are identified, in addition to noise emissions related to the driving process, or the emission of dust particles as a result of truck traffic. **Environmental Impact Studies** may highlight restrictions and mitigation measures in order to **minimise the environmental impact**. On the other hand, the impact of the Company's **offices** in their various geographical locations is restricted to the **use of natural resources and waste production**. Same impact is expected in future projects.

By complying with internal requirements, applicable regulations and the requirements specified in Environmental Impact Studies, **no financial penalties were issued and no environmental breaches were reported in 2020**. Indeed, during the reporting period, as SOLARPACK detected an environmental breach at one of its plants, it took the initiative to report it to the corresponding Authorities and produce a Compliance Plan.

**SOLARPACK DID NOT RECEIVE ANY ENVIRONMENTAL PENALTY DURING 2020**

The consequences that the appearance of COVID-19 has had on SOLARPACK's environmental management have mainly been the **modification of certain contact procedures with the administrations**. Following the outbreak of the pandemic, these procedures are now carried out **digitally** instead of physically, as had been the case until then. In some countries where SOLARPACK is active, such as Chile, holders of the Environmental Qualification Resolution granted by the country's Environment Department are required to produce a weekly COVID-19 progress report.

SOLARPACK has set itself the target **of improving the environmental procedure over the next few years by engaging the services of an external provider to identify risks, assess compliance and audit documentation and operations.**

## WASTE MANAGEMENT AND CIRCULAR ECONOMY

Most waste is produced in the project construction phase. **Authorised waste disposal companies are commissioned to manage and recycle the waste according to the requirements of local regulations**. This recycling is carried out in all projects, except in those projects, mainly those located in India, where the lack of availability of authorised waste companies for certain wastes does not allow it. SOLARPACK collects information on a monthly basis to monitor this waste which is classified as hazardous and non-hazardous waste.

### WASTE PRODUCED IN PLANTS[20]

| Hazardous | Ud | 2020 |
|---|---|---|
| Waste oils | T | 0.1 |
| Contaminated packaging | T | 0.5 |
| Contaminated material | T | 0.3 |
| Aerosols | T | 0.4 |
| Contaminated land | T | 8.9 |
| Other hazardous waste | Kg | 5 |

### WASTE PRODUCED IN PLANTS[20]

| Non-hazardous | Ud | 2020 |
|---|---|---|
| Waste/topsoil | $m^3$ | 302.3 |
| Urban solid waste | T | 0.06 |
| Liquid waste | $m^3$ | 41 |
| Defective modules | uds | 1,101 |
| Concrete remains | $m^3$ | 900 |
| Cardboard | T | 222 |
| Wood | T | 553.8 |
| Plastics | T | 36.2 |
| Scrap metal | T | 126.3 |
| Mix of industrial waste | T | 284.7 |
| Other non-hazardous waste | T | 1,046 |

The waste produced by SOLARPACK's offices largely comes from paper, cardboard, plastic packaging, batteries, toners or out-of-date computer equipment. This waste is managed by approved companies or by the office's cleaning services which transport the waste to special containers or to a clean point. In the case of toners, our Seville office recycles them with the NGO Red Madre. On the other hand, lids are donated to school projects.

[20] The waste production data include plants in Spain, Peru, Chile, Uruguay and the KA2 plant in India.

Moreover, offices have introduced various measures to reduce waste such as two-sided printing. Despite their efforts, in view of the outbreak of the COVID-19 crisis and the measures taken to protect employees' health, more waste was produced during the reporting period as a result of the need to use disposable materials. To minimise plastic consumption during the use of these materials, SOLARPACK made it compulsory to use biodegradable cutlery and plates, replaced plastic coffee stirrers for a set made from bamboo and distributed glass bottles to all employees.

### WASTE PRODUCED IN OFFICES[21]

| Hazardous | Ud | 2020 |
|---|---|---|
| Toner | uds | 22 |
| Batteries | uds | 535 |
| Electronic devices | Kg | 120 |
| Fluorescents | uds | 2 |
| **Non-hazardous** | | |
| Paper and cardboard | Kg | 711 |
| Rubble | $m^3$ | 50 |
| Plastics, packaging and cans | Kg | 227 |

Central offices also launched awareness campaigns, established waste management rules and promoted the use of reusable products such as water dispenser bottles or batteries in order to reduce their waste production.

## SUSTAINABLE USE OF NATURAL RESOURCES

One of SOLARPACK's top priorities is the responsible use of natural resources. To this end, the Company is testing various technologies and implementing efficiency measures in a bid to minimise the use of these resources.

In 2020, water consumption at SOLARPACK was follows:

### WATER CONSUMED IN PLANTS[22]

| $m^3$ | 2020 |
|---|---|
| Water for industrial use | 5,248 |
| Drinking water | 109.5 |
| **Total** | **5,357.5** |

[21] The reported office information relates to data collected from the two main offices of the Company (Seville and Getxo). SOLARPACK is currently developing a reporting system whereby the data from other locations can also be provided in future reporting periods.

[22] The water supply in plants includes the water consumed by projects in Spain, Peru, Chile, Uruguay and KA2 in India.

Despite the fact that SOLARPACK does not use large amounts of this resource, **dry cleaning tests are taking place during the operation and maintenance phase in various locations with a view to reducing water consumption**, especially in projects located in desert areas where access to water is limited.

As for offices, there are two kinds of water consumption. On the one hand, bottled water for human consumption; on the other hand, mains water. In rented offices, mains water consumption is included in the price paid to the landlord. In the next few months, it is hoped that employees will be able to attend a training course on the sustainable use of resources.

### WATER CONSUMED IN OFFICES[23]

| m³ | 2020 |
|---|---|
| Supply[24] | 251 |
| Bottled water | 5.2 |
| **Total** | **256.2** |

On the other hand, the primary raw material used is aggregate. These come either from the earthworks carried out on the site itself or from authorised quarries.

### RAW MATERIALS CONSUMED IN PLANTS[25]

| T | 2020 |
|---|---|
| Aggregate | 41.5 |

Energy consumption during project operation and maintenance phases predominantly stems from the use of auxiliary systems (surveillance and security, lighting, air conditioning, etc.) and the transport of people and materials. The energy needed to power auxiliary systems is usually supplied by the mains network into which the energy is transferred, by virtue of a particular consumption agreement, or extracted from the renewable energy produced by the plant. However, there are electric generating sets at plants to power security equipment in an emergency situation where the mains network and the plant are not operational. An example is the power supplied to the motors which place trackers in "flag" mode and provide protection against the wind; or the power supplied to the batteries of the motors of isolating switches or electrical protections.

SOLARPACK does not currently implement any special measures to increase the energy efficiency of its general operations. However, the Environment Plans do identify measures to reduce energy consumption.

### ENERGY CONSUMED IN PLANTS

| | Ud | 2020 |
|---|---|---|
| Electricity | GWh | 3.78 |
| Diesel fuel[26] | L | 226,758 |

[23] The reported office information relates to data collected from the two main offices of the Company (Seville and Getxo). SOLARPACK is currently developing a reporting system whereby the data from other locations can also be provided in future reporting periods.

[24] The office water supply only includes the mains water consumed by SOLARPACK offices in Getxo, as the Seville office uses a municipal water supply.

[25] The data about the consumption of raw materials by offices are not reported as they are not deemed to be irrelevant.

[26] The diesel fuel data include the fuel consumed in the plants of Spain, Peru, Chile and Uruguay.

At head offices, the consumption of energy stems from the electricity used for lighting, heating and air conditioning purposes. To minimise electricity consumption, the air conditioning systems at the central offices of Getxo and Seville are only operated during working hours and are unavailable between 8 p.m. and 8 a.m.

## ENERGY CONSUMED IN OFFICES

| | Ud | 2020 |
|---|---|---|
| Electricity | GWh | 0.08 |
| Diesel fuel | L | 750.3 |

Transport of people is another source of energy consumption. Before the COVID-19 outbreak, most journeys involved the use of public transport, such as the train or plane. However, since measures to reduce infection were introduced in March 2020, the car has been the primary mean of transport used by SOLARPACK's employees. In this respect, employees in Getxo use their own private vehicles while those in Seville have access to renting services. In 2020, the journeys of SOLARPACK's employees covered a total of 1,098,017 km by different means of transport.

## KILOMETRES COVERED ACCORDING TO THE MEANS OF TRANSPORT[27]

| Km | 2020 |
|---|---|
| Plane | 1,014,128 |
| Train | 47,910 |
| Vehicle | 35,979 |
| **Total** | **1,098,017** |

[27] The reported office information relates to data collected from the two main offices of the Company (Seville and Getxo). SOLARPACK is currently developing a reporting system whereby the data from other locations can also be provided in future reporting periods.

## CLIMATE CHANGE

SOLARPACK's primary source of greenhouse gas emissions is the consumption of energy during project construction, operation and maintenance activities and at its central offices.

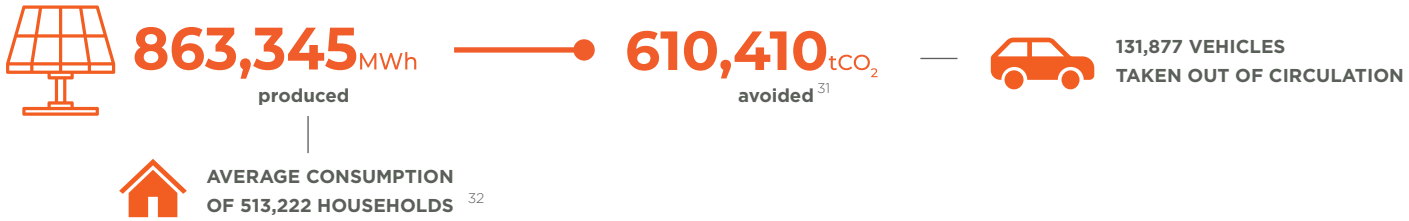
### GREENHOUSE GAS EMISSIONS

| $tCO_2$ equivalent | 2020 |
|---|---|
| Scope 1[28] | 652 |
| Scope 2[29] | 1,588 |
| Scope 3[30] | 185 |
| **Total** | **2,425** |

Although SOLARPACK's activity results in the emission of 2,425 tonnes of $CO_2$ equivalent, it also has a positive impact. The renewable energy produced by the Company (863,345 GWh) in 2020 avoided the emission of 610,410 tonnes of $CO_2$ equivalent, which equates to the amount emitted by 131,877 vehicles in a year[29].

The Company does not have any specific emissions-reduction targets. Nor has it introduced any measures to adapt to climate change beyond its stated purpose of continuing to develop, construct and operate photovoltaic solar plants. In terms of other atmospheric pollution, no significant emissions of other substances that affect the ozone layer have been identified. Nor has any material noise or light pollution been detected.

**EMISSIONS AVOIDED BY THE ENERGY GENERATED BY SOLARPACK IN 2020 ARE EQUIVALENT TO THOSE GENERATED BY 131,877 VEHICLES IN ONE YEAR**




[28] The emission factors published by MITECO have been used to calculate scope 1 emissions.

[29] The following emission factors have been used to calculate scope 2 emissions: Spain (0.31 kgCO2/kWh), MITECO; Chile (0.40 kgCO2/kWh), Peru (0.19 kgCO2/kWh) and India (0.75 kgCO2/kWh), IEA.

[30] The conversion factors published by the UK Government have been used to calculate scope 3 emissions. The scope 3 emissions calculation includes the emissions produced in the transport of people via train and plane.

[31] The calculation of the avoided emissions and the equivalences between the emissions avoided by the GWh generated by SOLARPACK and the emissions of households and vehicles during one year have been carried out using the Greenhouse Gas Equivalencies Calculator tool of the Environmental Protection Agency (EPA) of the United States Government. Greenhouse Gas Equivalencies Calculator tool of the Environmental Protection Agency (EPA) of the United States of America.

[32] Calculated by considering the amount of energy generated by Solarpack's share of its operating plants in each country divided by the average electricity consumption in each of those countries: Spain (3.2 MWh/household). Source: REE; Chile (2 MWh/household), Source: CDT Chile (2018 data); India (0.98 MWh/household) Source: Central Electric Authority (data 2018-2019); Peru (0.98 MWh/household), Source: Osinergmin (data 2018).

## PROTECTION OF BIODIVERSITY

SOLARPACK's projects seek to minimise any possible adverse impact on local communities and the environment. To this end, the Company bases its choice of project location on a number of biodiversity-related criteria. Some projects are covered by studies which determine the species that may be affected as a result of the activities, according to the project's surface area. In view of the Company's respect for, and commitment to, environmental sustainability, and its compliance with legislation currently in force, **no incidents which may adversely affect biodiversity have been reported**.

With regard to protected areas, SOLARPACK avoids locating its projects in areas with any kind of special protection. With a view to avoiding these areas, the Company conducts studies to identify possible impacts. If the study highlights the existence of a protected area, analyses are carried out to determine possible mitigation measures. These measures to mitigate impacts must be acceptable and cover at least the design, construction and operation of the project. In 2020, a total of six projects were located in an area covered by some degree of protection in accordance with local, state or international regulations.

# 9.b. PEOPLE IN SOLARPACK

***HEALTH AND SAFETY OF EMPLOYEES AND SUPPLIERS***

***DIVERSITY AND EQUALITY***

***ATTRACTING AND RETAINING TALENT***

*At this point, the data on SOLARPACK's human resources and organisation are presented: the particular data of employees, such as the composition of the workforce or remuneration, are shown.*

SOLARPACK considers people to be its most important asset. On this basis, the Company strives to provide an inclusive, safe and stable working environment which prioritises training opportunities and career development so that the workforce has the necessary qualifications and level of commitment and motivation to achieve the corporate objectives of SOLARPACK.

The organisation as a whole sets out to fulfil the corporate purpose and fully embraces the values on which the approach to our work is based.

SOLARPACK considers people to be a key component of its business model. An environment of respect, tolerance and cooperation contributes to employee satisfaction and promotes greater efficiency within the overall organisation. SOLARPACK focuses on the following key aspects:

- **RESPECT AND COURTESY**
- **ASSISTANCE WITH A CAN-DO ATTITUDE**
- **QUICK AND EFFICIENT RESPONSE TO CONCERNS**
- **OPEN AND BARRIER-FREE COMMUNICATION**

Moreover, the Company has a policy on respect, cooperation, non-discrimination and non-abuse which determines how employees should act at all times to prevent cases of inappropriate behaviour.

## TOP HR PRIORITIES

- **HEALTH AND SAFETY**
- **TALENT MANAGEMENT**
- **DIVERSITY AND EQUALITY**
- **RELATIONS WITH EMPLOYEES**

| STAFF SUMMARY IN FIGURES | | |
|---|---|---|
| **248** | employees at end of 2020 | |
| **3,384** | hours of training | |

| SUMMARY OF HEALTH AND SAFETY IN FIGURES | | |
|---|---|---|
| **4.28** | Frequency rate | |
| **8.56** | Absolute frequency rate | |
| **0.10** | Severity rate | |

## EMPLOYEES

The **Human Resources and Organisation functional area** is responsible for defining and enforcing the **policies for attracting, managing and retaining the talent** that the Company needs to achieve its objectives. It also checks that legal and financial obligations with regard to personnel management are being fulfilled in all the countries where SOLARPACK is active. This department also manages the Company's Quality Assurance System by reviewing, standardising and codifying SOLARPACK's policies and procedures.

For SOLARPACK, internal communication and social dialogue are key components within the company, and thus a "**climate survey**" was launched in 2020 for company employees. Every participant was asked how they feel both personally and professionally. Based on the results of the survey, efforts are being made to optimise the working environment for employees.

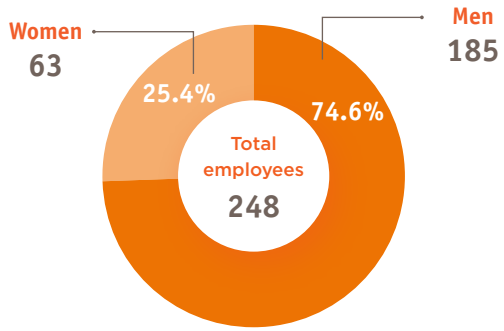
As for the organisation of job positions, it is currently being reviewed via the **Competency-based management Project** with a view to updating the organisation chart of the Company, the competences linked to professional development, the appraisal of every employee or the measures introduced to bridge "gaps", etc.

In the past year, in respect of all aspects related to **human resources,** we have based our action plans on **four fundamental components: Health and Safety, diversity and equality, attraction and retention of talent and social relations**.

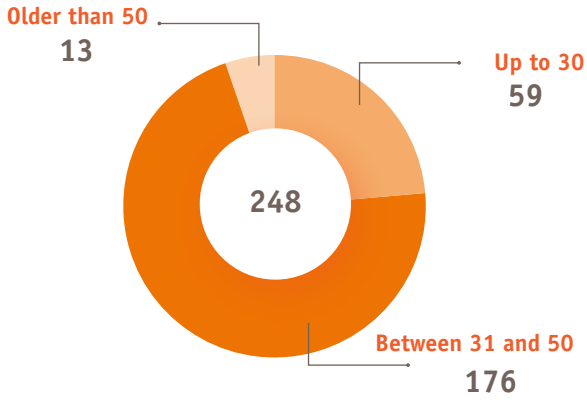
By devising a new corporate purpose to replace our previous mission and vision, and by updating our corporate values, we have been able to comprehensive review our human resources processes. Specifically, based on our values, we have produced a Competency-based managemet system which helps us to determine how our employees should act in order to guarantee professional success in accordance with our culture and our Code of Ethics.

As of 31 December 2020, the main quantitative data in relation to the workforce are as follows:

## NUMBER OF EMPLOYEES AT END OF YEAR ACCORDING TO GENDER[33]



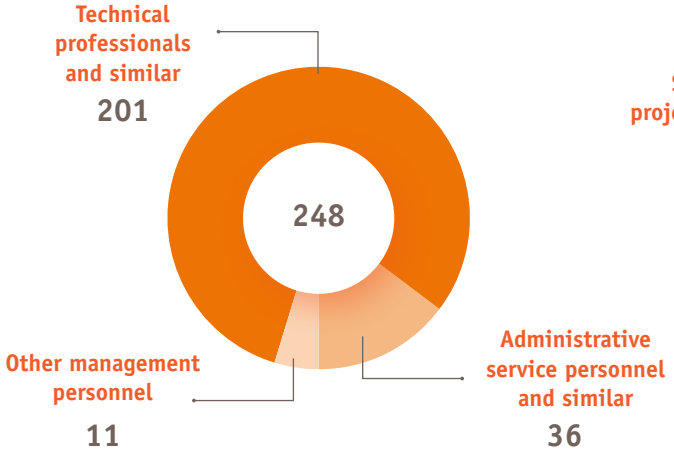

## NUMBER OF EMPLOYEES AT END OF YEAR ACCORDING TO AGE



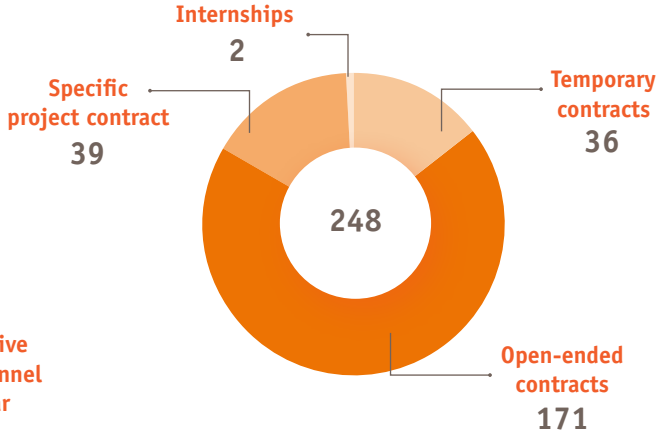

## NUMBER OF EMPLOYEES AT END OF YEAR ACCORDING TO COUNTRY

| Number of employees | 2020 |
|---|---|
| Spain | 135 |
| Chile | 62 |
| India | 21 |
| Malaysia | 12 |
| Uruguay | 3 |
| Colombia | 2 |
| Peru | 10 |
| U S | 3 |
| **Total** | **248** |

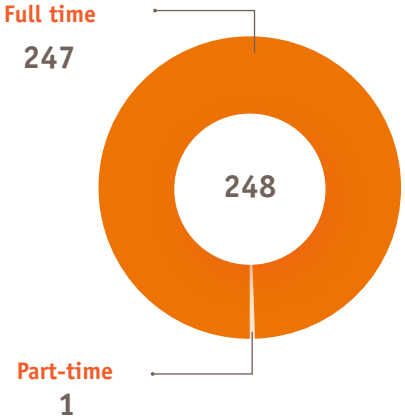
## NUMBER OF EMPLOYEES AT END OF YEAR ACCORDING TO PROFESSIONAL CATEGORY




## NUMBER OF EMPLOYEES AT END OF YEAR ACCORDING TO TYPE OF CONTRACT




## NUMBER OF EMPLOYEES AT END OF YEAR ACCORDING TO WORKING DAY




[33] This figure does not include the Executive Directors of SOLARPACK.

The data relating to the annual contract averages during the reporting period itemised according to type and sex, age and professional category are presented below; all active contracts throughout SOLARPACK in 2020 have been taken into consideration:

## AVERAGE NUMBER OF EMPLOYEES ACCORDING TO CONTRACT TYPE

| | 2020 | | | |
|---|---|---|---|---|
| | Open-ended | Temporary | Specific to project | Internship |
| **GENDER** | | | | |
| Men | 118 | 17 | 42 | 1 |
| Women | 43 | 6 | 7 | 1 |
| **AGE** | | | | |
| Up to 30 | 29 | 9 | 9 | 1 |
| Between 31 and 50 | 122 | 14 | 38 | 1 |
| Older than 50 | 10 | 0 | 2 | 0 |
| **PROFESSIONAL CATEGORY** | | | | |
| Other management personnel | 12 | 0 | 0 | 0 |
| Technical professionals and similar | 121 | 20 | 47 | 2 |
| Administrative service personnel and similar | 28 | 3 | 2 | 0 |

## AVERAGE NUMBER OF EMPLOYEES ACCORDING TO WORKING DAY

| | 2020 | |
|---|---|---|
| | Full-time | Part-time |
| **GENDER** | | |
| Men | 176 | 1 |
| Women | 58 | 0 |
| **AGE** | | |
| Up to 30 | 48 | 0 |
| Between 31 and 50 | 175 | 0 |
| Older than 50 | 11 | 1 |
| **PROFESSIONAL CATEGORY** | | |
| Other management personnel | 12 | 0 |
| Technical professionals and similar | 189 | 0 |
| Administrative service personnel and similar | 33 | 1 |

In respect of dismissals, in 2020, a total of eight men, under the professional category of "Technical and similar professionals", were dismissed. Seven were employees between the ages of 30 and 50 and one was between the age of 51 and 65.

SOLARPACK's work is organised according to the structure set out in the **Employee Manual**. It specifies the work timetable and holiday timetable for every work site. However, project staff have a different timetable as every project is dependant on the site where the work is taking place.

The Company is currently working on a Disconnection Policy that contributes to creating a suitable working environment, **observes rest times and helps employees to strike the right work-life balance**. It will supplement the flexibility measures already in place, such as the flexible work start and end times or the flexible lunch hour and it will be adapted to each country according to the needs of the staff.

## HEALTH AND SAFETY

SOLARPACK's Health and Safety area is responsible for ensuring the provision of the means and practices for safe and healthy work performance. During the reporting period, a multi-functional department was set up to address the needs, commitments and obligations in respect of environment, health and safety and corporate responsibility at all operating sites and for all the company's business activities.

**Health and safety is a top priority for SOLARPACK**. Our commitment is confirmed by the special health and safety indicators which are part of the annual corporate targets established for the entire organisation.

The **major risks** observed throughout the Company occur in the **construction activity** which relies on a high number of subcontracted personnel. Subcontractors must adhere to a Health and Safety Plan approved by SOLARPACK. Moreover, **major risks** at more than 50% of job positions have been identified and assessed. Steps are now being taken to address the remaining risks via the staff training programmes offered by SOLARPACK.

With a view to improving and updating all employee Health and Safety requirements and/or procedures, SOLARPACK engages the **services of an external prevention specialist to cover any business activities carried out by more than 50% of the workforce**. As a result, occupational risks are monitored via risk assessments of jobs positions and preventive action planning.

In addition, since the end of the 2020 financial year, **a working group has been initiated with the organisations belonging to UNEF (Spanish Photovoltaic Union)** with the aim of achieving a benchmark of indicators relating to Health and Safety. To this end, experiences, methodologies and information relating to the Company in the field of **occupational risk prevention** are being shared, so that, with the experiences of other entities, it will be possible to improve a key area for SOLARPACK, such as Health and Safety.

SOLARPACK validates, analyses and reviews safety procedures and their implementation during a project issuing non-conformities in the event of non-compliance being detected.

**SOLARPACK AIMS TO PROVIDE A HEALTHY AND SAFE WORKING ENVIRONMENT FREE OF ACCIDENTS AND OCCUPATIONAL DISEASES OCCUPATIONAL ILLNESSES, BY EFFECTIVELY PREVENTING OCCUPATIONAL RISKS**

The Company has a procedure for establishing the minimum environmental and occupational Health and Safety requirements intended for contractors and subcontractors. It includes the following measures:

**PRODUCING AND MANAGING HEALTH AND SAFETY DOCUMENTATION**

Including the details of the company, employees and teams.

**DESIGNATING A HEALTH AND SAFETY SUPERVISOR**

Each contractor or subcontractor must appoint at least one Health and Safety supervisor who will be responsible for carrying out the company's preventive action, facilitating the incorporation of preventive measures, as well as their implementation and maintenance. This individual must also be present during any work which exposes staff to a particularly significant risk, such as work at a height or any work with a risk of subsidence or electrical risks.

**HEALTH AND SAFETY AND ENVIRONMENT INDICATORS**

In addition to the environmental indicators referred to in previous sections, the Company requires its contractors to report on Health and Safety indicators on a monthly basis in the specific project's statistical report.

SOLARPACK takes steps to protect the Health and Safety of employees involved in project work by producing a Health and Safety Plan for the project work and for every contract, regardless of the country; a particular risk control system is also put in place for every plant.

Subcontractors are free to follow a Safety Plan adapted to their own activities or to adhere to SOLARPACK's Health and Safety Plan. However, they must act at all times with a view to ensuring that no employees are exposed to a risk of accident or disease. For instance, the objectives of a specific Project Plan for a plant under construction are as follows:

- **Compliance with legal provisions applicable to these matters.**
- **Encouraging a proactive attitude towards personal health and safety.**
- **Protecting the integrity and health of the workers involved through the application of preventive measures.**
- **Promoting safety as the first priority in the design, planning, training and undertaking of work.**
- **Encouraging workers to use safe and clean work practices.**

The particular safety procedures of every workstation will take into account any factors that may affect the work in question, such as the characteristics of the location or interference with other contractors, and they will be used to establish the health, hygiene and safety control measures. Just one example of a Health and Safety Plan produced by SOLARPACK is the plan for one of its recent project in Chile:

**PREVENTION**

**PERSONAL PROTECTION:** a system will be put in place for the purpose of selecting, procuring and supplying certified personal protection equipment; another system will be put in place to monitor the use, maintenance and replacement of the equipment.

**COLLECTIVE PROTECTION:** every contractor will be responsible for adapting their collective protective measures applicable to the department and activity performed.

**SAFETY SIGNS:** all warning, mandatory and prohibition signs will be displayed in accordance with ISO 3864.

**ELECTRICAL SYSTEM:** according to corresponding legislation. Power cables will be suitable for the charges to be borne and connected to the base unit by standardised pins.

**STORAGE, TRANSPORT, MATERIALS LOADING AND UNLOADING:** passageways should not be obstructed.

**TEMPORARY SITE FACILITIES:** intended for use as changing rooms, canteens and offices.

## CONTROL

**CONTROLLING TOOLS AND MOBILE MACHINERY:** departmental supervisors will review the condition and working order of tools before they are used for the first time and then at regular intervals.

**CHECK PRIOR TO ACCESS TO VEHICLE/MACHINERY:** before any operation, risks are identified and assessed with a view to detecting any anomalies which may affect the Health and Safety of employees.

**INSPECTION PROGRAMME:** a procedure will be introduced to detect and monitor unsafe activities and conditions in the workplace. This will enable us to adapt our training programmes and continuously improve out production processes.

**CONTROLLING ACCESS TO PROJECT SITE:** after the contract is awarded and before any activities begin, the contractor/subcontractor will register in SOLARPACK's application in order to submit all the contractual documentation for approval.

## HEALTH SURVEILLANCE

Any staff working on sites will take part in a first-aid course and will know the numbers to call in an emergency. A list of medical centres in close proximity to the project site will be provided; it will map out the optimum route to each one.

**COVID-19 PROTOCOL:** SOLARPACK has introduced a range of measures to monitor and manage employees' Health and Safety as it is the set up of a COVID Committee. This task force is responsible for monitoring regulatory developments in the various countries where the Company is active and subsequently adopting the necessary measures dictated by the changing circumstances. Furthermore, although the Company has no particular home-working policy, the events of 2020 forced all SOLARPACK's office workers to work from home at the height of the pandemic. As things stand, almost all employees have returned to the office although this situation may change depending on how the situation develops in the coming months.

It should be noted that, in addition to the HSP, any applicable occupational H&S regulations in force, the particular Health and Safety procedures of SOLARPACK and the aforementioned Health and Safety Policy are all mandatory.

SOLARPACK has a system in place to ensure that whenever an employee is deployed to perform a new activity, he/she is informed of the risks, personal protection equipment (PPE) and characteristics of the new task, with a view to preventing any risk and/or accident related to the activity.

It is important to note that if a workplace accident takes place, besides reporting it immediately to SOLARPACK, both direct and indirect employees, contractors or suppliers are required to investigate the accident and identify the preventive and/or corrective measures required to appropriately control the risks. If any the appropriate Health and Safety conditions specified in the HSP are not provided by any process, a preventive safety report must be produced for the company concerned so that measures can be introduced to rectify the issue.

The Company's H&S information is outlined below. It includes information about SOLARPACK's employees.

### NUMBER OF WORKPLACE ACCIDENTS ACCORDING TO GENDER[34]

| | 2020 |
|---|---|
| Men | 5 |
| Women | 1 |
| **Total** | **6** |

### ACCIDENT RATES BY GENDER

| | 2020 | |
|---|---|---|
| | Frequency[35] | Severity[36] |
| tasas | | |
| Men | 5.72 | 0.13 |
| Women | 0 | 0 |
| **Total** | **4.28** | **0.10** |

### NUMBER OF OCCUPATIONAL DISEASES BY GENDER

| | 2020 |
|---|---|
| Men | 0 |
| Women | 0 |
| **Total** | **0** |

On the other hand, although SOLARPACK does not have a mechanism for monitoring absenteeism, the reports from the ERP tool monitor the time during which every employee is away from his/her workstation, as well as the reason; in total, 3,065 absent hours were recorded in 2020.

On another front, due to the impact that COVID-19 has had on all the geographical areas where we operate, the following preventive measures have generally been implemented.

[34] Including accidents with or without absence from work and any occurring on journeys to or from work. There were no fatal accidents during the reporting period.

[35] Frequency rate is calculated by dividing the number of accidents with absence from work, by the number of worked hours and multiplying the answer by one million.

[36] Severity rate is calculated by dividing the number of lost work days by the number of worked hours and multiplying the answer by one thousand.

## COVID-19 MEASURES

### OFFICES

**'The Do's and dont's of Covid-19 in offices'**

A document establishing the guidelines that employees are required to follow before, during and after work has been produced to prevent and monitor health risks related to the current situation.

### CONSTRUCTION, OPERATION AND MAINTENANCE

**'Covid-19 contingency plans'**

Contingency plans for all plants according to country or region have been put in place.

These plans have identified 5 possible phases in which various protocol levels will be activated.

Moreover, they identify any critical work which, if not performed, may lead to operational disruption in facilities.

### APPLICABLE TO ALL SITES IN SPAIN

**'Covid-19 control management manual'**

It sets out how to prevent the spread of the virus by adopting suitable measures to guarantee staff safety.

- Minimising the spread of Covid-19
- Minimising the economic impact
- Establishing preventive measures to address any future epidemics or waves of Covid-19

The measures include:

- Basic hygiene (good respiratory, hand and environmental hygiene)
- Organisational measures (at workstations and in communal areas)
- Other measures related to travelling to and from work, suitability of air conditioning systems, cleaning and disinfection and use of personal protection equipment (PPE)
- Training and information about the current situation received by employees

Any decision made about preventive measures must be based on information collected during the specific risk assessment.

## ISO 45001

As a milestone, SOLARPACK is currently in the implementation phase of ISO 45001 at Company level. Its scope extends to the design, development, construction, comissioning, operation, maintenance, management and production of renewable energy. As a result, we have a cross-functional department that manages all the Company's data, with the aim of setting objectives, increasing the health and safety awareness of employees, and improving methodology.

## ATTRACTING AND RETAINING TALENT

Talent management is a top priority for SOLARPACK. We consider our employees to be our greatest asset and therefore we work hard to have a competent, committed and motivated team of professionals because we understand that they are the key to the sustained success of the business. In 2020, we deployed considerable resources and rolled out various action plans to develop, retain and attract talent.

With the aim of ensuring that all employees act in line with our purpose and values, and as a result of the **climate survey**, we have launched a new **integrated talent management model**. It is a single model for all employees and countries of the group and, based on the company's values, it contains a dictionary of competences that our professionals are expected to exhibit at work. They are used to review and roll out all HR processes (recruitment, training, development and performance).

We appraise every **employee's performance** on an annual basis always focused on capacity building and professional development. As part of the annual process and according to the level of responsibility, two kinds of assessments are conducted: **Assessment of individual targets related to the company's objectives, and reviews of performance where the behaviours demonstrated to achieve the objectives are analysed.** The primary aim is to identify strengths and areas for improvement so as to explore professional opportunities and enhance skills and expertise. To this end, **Professional Development Interviews** seek to identify targets and the actions needed to achieve these targets. The entire process is documented in an **individual development plan** which will be rolled out throughout the year.

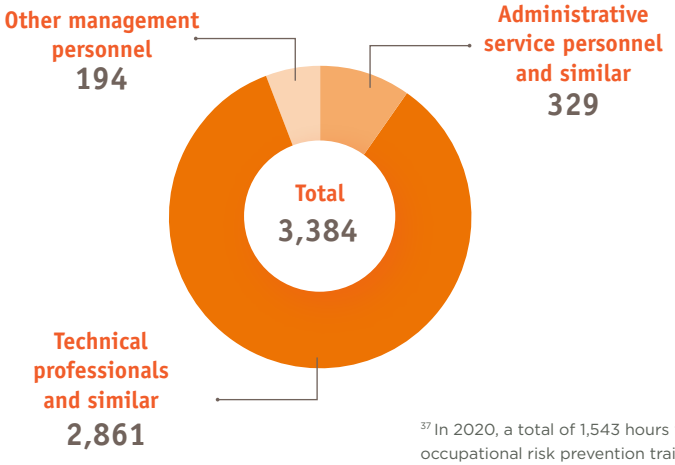
Development interviews determine the need for **training plans.** These plans are based on the 70-20-10 model which holds that 70% of a professional's knowledge is obtained from job-related experiences (learning by doing), 20 percent from interactions with others, and 10 percent from formal educational events. The aim is to **enhance the skills sets and expertise of employees** by improving their performance in the short term and enhancing their skills in the long term.

**IN 2020, VARIOUS INITIATIVES TO DEVELOP THE KNOWLEDGE AND UNDERSTANDING OF SOLARPACK'S MEMBERS WERE CARRIED OUT ON THE BASIS OF TRAINING COURSES IN MANAGEMENT, OFFICE TOOLS AND FINANCE OR RELATING TO IMPROVEMENT OF TECHNICAL SKILLS AND LANGUAGES**

Similarly, special training courses on issues such as the emergency plan, working at a height, working in close proximity to energised areas, implementation, procedures for driving-in and assembling structures and, more recently, COVID-19 were provided.

Details of the total number of **training hours according** to professional category in 2020, amounting to **3,384**, are provided below.

## TRAINING HOURS ACCORDING TO PROFESSIONAL CATEGORY[37]




[37] In 2020, a total of 1,543 hours were dedicated to occupational risk prevention training, including projects at solar plants (excluding activities carried out in India) and offices in Spain. On the other hand, a total 207 hours were dedicated to crime prevention training.

In respect of performance appraisals, the Company organises a meeting at least once a year between every departmental manager and their respective employees to review performance. The purpose of these meetings is to identify any shortcomings and the training programmes that are needed to address these shortcomings. This performance appraisal is part of the target assessment where the individual objectives of the departments and general objectives of the Companies are laid out, and targets relating to professional development are also discussed.

## EQUALITY AND DIVERSITY

SOLARPACK undertakes to stamp out any form of discrimination on the grounds of race, gender, nationality, language, origin, personal convictions, marital status, disability or health, and to champion the principle of equal opportunity. These core values are monitored and managed by its **Policy on respect, cooperation, non-discrimination and non-abuse**. The effectiveness of this Policy was confirmed by the absence of cases of discrimination and grievances in 2020. The selection of new employees and the assignment of responsibilities within the Company will always respond to strict criteria of matching skills and resources to the needs of the job.

Moreover, SOLARPACK has an appropriate management of **cultural diversity** and **inclusion** which provides tangible competitive advantages based on an acceptance of a wide range of outlooks and viewpoints, contributes to talent attraction and retention initiatives, strengthens the organisation's culture and enhances innovation and creativity. In short, SOLARPACK has a diverse team which helps to increase motivation, commitment levels and productivity.

On that basis, the commitment **to equal treatment and opportunities between women and men**, and no direct or indirect discrimination on the grounds of race, gender, nationality, language, origin, personal convictions, marital status, disability or health, is engrained in all HR processes including recruitment, promotion, wage and salary policy, training, work conditions, occupational health, organisation of work time and work-life balance. SOLARPACK is currently in the process of producing an **Equality Plan** and the aim is to introduce it during the next reporting period.

**IN 2020, SOLARPACK DID NOT RECEIVE REPORTS OF ANY DISCRIMINATION; NOR DID IT RECEIVE ANY GRIEVANCE RELATED TO EQUALITY AND DIVERSITY**


SOLARPACK's wage and salary structure is based on an individual's position within the organisation and their skills. It does not factor in gender, race, religion or other aspect. **Average remuneration** according to gender shows that the average annual gross salary **at Solarpack is €36,663 for women and € 33,362 for men**.

The Company's workforce is made up of a wide range of profiles. A total of 8 different nationalities, the most representative of which are Spanish, Chilean and Indian, are employed.

SOLARPACK also recruited two **people with disabilities** in 2020.

On the other hand, the Company's Code of Ethics included in the Employee Manual expressly indicates **SOLARPACK's zero-tolerance approach to any mistreatment or abuse in the workplace. Nor does it tolerate any form of bullying or mobbing.**

In its **recruitment drives,** SOLARPACK does **not discriminate** on the grounds of race, skin colour, religion, gender, sexual orientation and identity, origin, age, family situation, disability, illness, union representation or any other aspect. Applicants are selected solely on the basis of their skills, as indicated in the aforementioned Employee Manual.

Likewise, **the Selection Policy of candidates to the Board of Directors establishes that any type of bias that could imply any kind of discrimination will be avoided.**

**PHYSICAL, PSYCHOLOGICAL OR VERBAL VIOLENCE**

**INAPPROPRIATE OR OFFENSIVE BEHAVIOUR**

**BULLYING, RIDICULE OR OFFENSIVE JOKES**

**SEXUAL AND GENDER-BASED HARASSMENT**

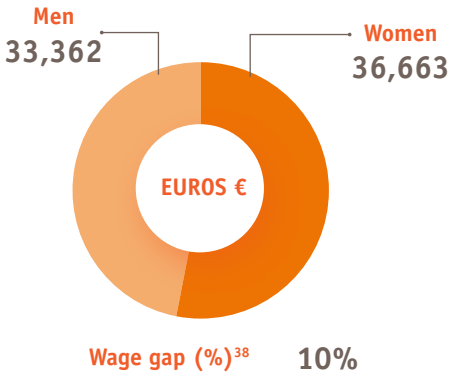
SOLARPACK will promote work conditions that prevent sexual harassment in any of its forms and harassment based on sex or gender.

Sexual or gender-based harassment shall constitute any verbal or physical conduct of a sexual nature which has the purpose or effect of violating the dignity of a person, in particular when it creates an intimidating, degrading or offensive environment, as well as behaviour conducted on the basis of a person's gender, with the purpose or effect of violating that person's dignity and of creating an intimidating, degrading or offensive environment.

The following tables show details of the remuneration received by SOLARPACK's employees according to sex, age, professional category, including gross salary and performance-based pay corresponding to 2020.

The reported data include the received remuneration weighted by days worked during the year, excluding allowances and other exceptional payments related to project work construction activities which depend on the project and are temporarily available to employees who are physically active on site.

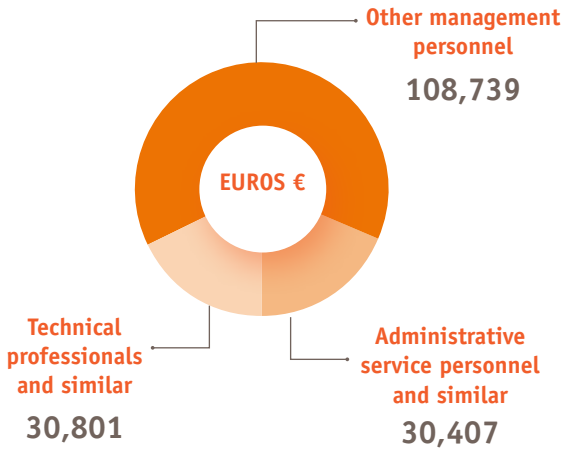
## AVERAGE REMUNERATION ACCORDING TO GENDER




## AVERAGE REMUNERATION ACCORDING TO GENDER

| | Women | Men | Average remuneration Women € | Average remuneration men € | Total | Average gross salary € | Wage gap |
|---|---|---|---|---|---|---|---|
| **Up to 30** | 20 | 40 | 25,348 | 19,714 | 60 | 21,592 | 129% |
| **Between 31 and 50** | 40 | 135 | 41,857 | 37,996 | 175 | 38,879 | 110% |
| **Older than 50** | 3 | 10 | 42,853 | 25,394 | 13 | 29,423 | 169% |
| **TOTAL** | **63** | **185** | **36,663** | **33,362** | **248** | **34,201** | **110%** |

## AVERAGE REMUNERATION ACCORDING TO PROFESSIONAL CATEGORY




## AVERAGE REMUNERATION OF DIRECTORS[39]

| *Euros (€)* | 2020 |
|---|---|
| **Non-executive** | |
| Men | 49,960 |
| Women | 75,747 |

| *Euros (€)* | 2020 |
|---|---|
| **Executive** | |
| Men | 436,500 |

[38] Formula for wage gap is: (Average Female – Average Male / Average Male), stated as percentage.

[39] The remuneration of Executive Directors includes the details relating to the Chairperson and CEO; no women are included.

## SOCIAL RELATIONS

All SOLARPACK's employees covered by a **Collective Bargaining Agreement** are based in Spain, where 6 different regional agreements are in force. As the concept of Collective Bargaining Agreement does not exist elsewhere, **the respective employees are subject to the legislation of their country**. However, SOLARPACK has voluntarily taken out insurance for all employees. This insurance covers any accidents that may occur both during and outside of working hours.

**Internal and external communication channels** for employees and the various stakeholders of projects are another important aspect of social relations.

As part of **internal communication**, in the past year we have launched the first '**Organisational climate survey**' with a view to ascertaining the opinion of all the Company's employees on key organisational aspects. The survey was anonymous and confidential and a total of 77% of the workforce took part. It should be noted that **98% of employees stated that they were satisfied or very satisfied** to work at SOLARPACK and that the net promoter score (NPS), according to which our employees rate their likelihood to recommend SOLARPACK as a good place to work, reached record-high levels. The results of the survey have also identified ways to improve or increase the efficiency of existing initiatives. The company has taken advantage of these results to introduce a number of different improvement actions.

In a bid to incentivise upstream communication, we have set up a **suggestions mailbox** which employees can use to submit their opinions, criticisms, praise and proposals. This mechanism promotes permanent dialogue and can be used to promote initiatives, share new ideas and/or air concerns in a spirit of respect and trust and with the assurance that every submission will be reviewed, assessed and answered.

In addition, we have established, on a regular basis, videoconferences and informal employee meetings between the employees and the **Chairman and the CEO to report on the company's progress and/or new projects**, where we give employees a voice to raise their concerns and pose their questions directly

As for **external communication**, the Company has a **procedure whereby all stakeholders** of projects, including employees, are able to lodge complaints with contractors and authorities. Any complaints made by customers are managed and resolved according to the provisions stipulated in the contract. A **hotline, e-mail address and suggestion mailboxes** are made available at different public bodies to facilitate contact.

**SOLARPACK HAS AN INTERNAL COMMUNICATION PROCEDURE WHEREBY EMPLOYEES ARE ABLE TO SUBMIT SUGGESTIONS AND PROPOSALS FOR IMPROVEMENTS OR REPORT PROBLEMS OR COMPLAINTS**

RECEIPT OF COMMUNICATION → LOGGING OF COMMUNICATION → ASSESSMENT OF COMMUNICATION → ANSWER GIVEN TO EMPLOYEE → MONITORING → FILING

Any suggestion or report is managed according to the following procedure: after the employee's suggestion or report is received, **it is logged in a reporting file**. The suggestion or report is then classified. In the case of a problem or a complaint, measures are identified and a coordinator is designated to resolve the issue. In the case of a suggestion or proposal, a coordinator is designated to review it; to the extent that the employee proposes to introduce a new process or system and his/her idea is given due consideration, a coordinator is designated to oversee the process. Subsequently, the employee is informed of the measures to be introduced as well as the scheduled timeline for the introduction and monitoring of the measures. The **supervisor in charge of community relations** then checks that the identified measures have been correctly introduced, and the case is closed. Finally, the process, along with the measures taken, is duly documented and closed.

On the other hand, in **all countries** where SOLARPACK is active, any natural and/or legal person that wishes to submit a suggestion, complaint and/or request during the construction or operation phases and during the **environmental assessment process has the option to do so via an established channel**, they are reported to the project manager who assigns a coordinator to address them while the supervisor of community relations checks that the complaint in question has been effectively resolved. In 2020, only one complaint was received. It was lodged by the community during the Panimavida project in Chile and was also noted in the context of citizen participation.

# 9.c. POSITIVE IMPACT ON THE COMMUNITY

***PROMOTING LOCAL WEALTH, SOCIAL SUPPORT AND DIALOGUE IN DISADVANTAGED COMMUNITIES***

***DIVERSITY AND EQUALITY***

*This section reveals the social measures that the Company adopts with a view to making a positive impact on local communities where SOLARPACK is active, especially in areas located in close proximity to its projects.*

Its most significant social initiatives include the activities directly carried out in the areas of operational projects, for which an annual budget is allocated, especially in disadvantaged areas. In 2020, special **local initiatives** were undertaken in **in Peru, Chile, India and Spain.** In the case of Spain, we worked alongside the **Novia Salcedo Foundation** and the **Museo Guggenheim Foundation**.

Furthermore, as proof of its steadfast commitment to local communities, SOLARPACK supported the **EKI Foundation**, a non-profit entity that aims to eliminate poverty in the world by supplying electricity in Africa and Latin America; sponsored the **Getxo Rugby;** and worked alongside the **CIC energiGUNE Board of Trustees**.

CIC is a research centre for electrochemical and thermal energy storage and a strategic initiative of the Basque Government. SOLARPACK teams up with a group of entities based in the Basque Country, including CIC, to support research in energy storage by distributing and facilitating the transfer of research results.

## TOP COMMUNITY IMPACT PRIORITIES

**LISTENING TO CONCERNS OF LOCAL COMMUNITIES**

**TAKING CARE OF LOCAL ENVIRONMENT**

**SUPPLY OF FINANCIAL AND NON-FINANCIAL RESOURCES**

**SOCIAL PROJECTS CARRIED OUT**

## SUMMARY OF LOCAL COMMUNITY IN FIGURES

**90%**
**local employees**

**8**
**projects carried out in local communities**

**4**
**countries in which social projects have been carried out**

The location of any future photovoltaic facility is selected according to the following social factors: proximity to local communities that may be affected, accessibility to local workforce and the absence of any previous land development disputes.

That is why, at all stages of project identification, development and execution processes, SOLARPACK prioritises the needs of local communities, consults with these communities and establishes constant dialogue with them by arranging meetings with mayors and/or local authorities to understand the situation of the social environment and maintain constant communication.

Similarly, stakeholders are involved from the environmental impact assessment phase which identifies the project's area of influence and the communities concerned. The project's "Programme of community relations" addresses all these points.

The following summary of the '**Programme of community relations**' produced by the Company as part of its recent Granja Solar project in Chile is just one example. The programme standardises protocols and internal regulations, procedures and action plans which are used to ensure that all SOLARPACK employees and contractors operate in accordance with the company's **Environmental Policy** and **Corporate Social Responsibility Policy**.

The primary objective of this document is to ensure that the Company engages in a meaningful relationship with the communities located in or near to the project's area of influence in order to prevent, minimise and/or resolve any dispute that may arise in connection with the project.

**ONE OF THE PRIMARY OBJECTIVES IS TO ENSURE THAT THE COMPANY'S ACTIVITIES HAVE NO ADVERSE IMPACT ON LOCAL COMMUNITIES, AND TO INTRODUCE THE NECESSARY MEASURES TO ADDRESS ANY RESULTING ADVERSE IMPACT**

## PROGRAMME OF COMMUNITY RELATIONS

### OBJECTIVES

- To provide the management framework for communications and community relations both internally and between the company, contractors and workers, and the community.
- To develop sub-programmes to promote the recruitment of local workers and development of local suppliers.
- To establish a code of conduct and a monitoring and surveillance programme.
- To generate continuous and fluid communication between the Company, the populations close to the area of influence and the local authorities.
- To stress the importance of the use of alternative energies and their operating process and contribution to local and international development.

### ASPECTS

**ACCOMMODATION PROGRAMME**

Steps will be taken to check whether the accommodation for the project provides basic services.

**COMMUNICATIONS MANAGEMENT**

Meetings will be arranged to address matters of health and safety, environment and community relations.

**EMPLOYEE CODE OF CONDUCT**

SOLARPACK's projects are carried out in a responsible manner and with the involvement of stakeholders, in accordance with its Code of Ethics.

**EMPLOYEE MONITORING PROGRAMME**

Projects are monitored to assess progress and effectiveness at all times.

**LOCAL EMPLOYMENT**

Projects are designed to promote the development of local communities in accordance with the local development commitment.

In addition, if a project exposes a local community to any sort of risk, a supervisor of community relations is designated to monitor and enforce the community plan.

SOLARPACK's steadfast commitment to local communities is also confirmed by the employment opportunities open to the local population, as highlighted by the following table:

**NUMBER OF PEOPLE FROM THE LOCAL COMMUNITIES[40]**

| Number of employees | 2020 |
|---|---|
| Spain | 130 |
| Chile | 47 |
| India | 21 |
| Malaysia | 11 |
| Uruguay | 3 |
| Colombia | 1 |
| Peru | 10 |
| U S | 3 |
| **Total** | **226** |

[40] The data only show SOLARPACK employees and does not include contractors.

As indicated above, SOLARPACK is committed to directly promoting the social development of the communities in which its business activities are carried out, both by creating employment opportunities and engaging in social projects. Some of the outstanding social initiatives include:

## FUNDACIÓN EKI

SOLARPACK works closely with Fundación EKI, a foundation established by SOLARPACK's shareholders. This collaboration is mainly in the form of resources in terms of working hours, office space, technical advice on some aspects of the projects, and through the support offered in areas such as administration, human resources, accounting and IT services, among others.

The EKI Foundation has set itself the goal of contributing to the eradication of extreme poverty in the world, in line with the United Nations 2030 Sustainable Development Goals. The Foundation has its own full-time staff, focusing its activity on harnessing the clean and inexhaustible energy of the sun to generate electricity. It gives priority to projects in schools and health centres that do not have a stable and sustainable supply of electricity, wherever they are.

It finances educational or health projects of both governmental and non-governmental institutions that guarantee the continuity of their projects in the long term.

Based on the energy needs of each project, it designs the autonomous electricity generation installations and supplies the necessary elements on site. It personally supervises the installation of the equipment and its commissioning. It controls remotely from Getxo, Bizkaia, the operation of the installations throughout their useful life. Below are some examples of projects carried out in 2020:

### DON BOSCO VOCATIONAL SCHOOL IN SIERRA LEONE

Fundación EKI has installed more than 30 kW in the school so that the institution's activities can continue as formal even if the distribution network is unavailable. Moreover, as the school offers electricity and photovoltaic energy courses, the initiative has promoted the development and prosperity of students and teachers alike.

### TAPETA COMPLEX IN LIBERIA

The Foundation has installed 18 solar panels to provide greater coverage to the energy needs of the compound which includes a healthcare centre, a care home and a school. As a result of this initiative, effective emergency response procedures can be implemented and night-time activities in the school can be performed safely.


**THE EKI FOUNDATION CONTRIBUTES TO ELIMINATING EXTREME POVERTY IN THE WORLD THROUGH THE PROVISION OF ELECTRICITY**

## GETXO ERRUGBIA

In 2020, SOLARPACK sponsored the Getxo Errugbia rugby team.

The sponsorship highlights the values and qualities shared by the players and members of SOLARPACK's teams, such as effort, competitiveness, integrity and respect.

**ALL THE AFOREMENTIONED INITIATIVES ARE IN ADDITION TO THE VARIOUS CONTRIBUTIONS MADE BY SOLARPACK TO A NUMBER OF NON-PROFIT ORGANISATIONS**

Furthermore, in 2020, SOLARPACK was involved in international initiatives in Peru, Chile and India.

### PERU

Our cooperation with the State and local community seeks to improve the lives of vulnerable children and young people

Improving the skills of entrepreneurs to promote economic and social inclusion

Increasing access to training and boosting the overall well-being of students based on the involvement of, and coordination between, all educational stakeholders

### CHILE

Providing technical support and workforce to carry out a solar project for the benefit of an educational institution  Several local students have also attended solar energy training courses.

### INDIA

Food distributed in Karnataka to mitigate the effects of the pandemic caused by COVID-19. A series of short-term initiatives have also been scheduled.

### CONTRIBUTIONS TO NON-PROFIT FOUNDATIONS AND ENTITIES

| Euros (€) | 2020 |
|---|---|
| Jesús Provincia del Perú | 83,799 |
| Museo Guggenheim Foundation | 7,439 |
| Novia Salcedo Foundation | 3,385 |
| Other | 4,793 |
| **Total** | **99,416** |

# 9.d. SUSTAINABLE MANAGEMENT OF SUPPLY CHAIN

***PROMOTING LOCAL WEALTH, SOCIAL SUPPORT AND DIALOGUE IN DISADVANTAGED COMMUNITIES***

***MONITORING THE SUPPLY CHAIN***

***HEALTH AND SAFETY OF EMPLOYEES AND SUPPLIERS***

*This chapter describes how SOLARPACK manages its relations with suppliers and subcontractors, as well as the procedures it implements to validate the sustainability of their practices.*

## SUPPLY CHAIN MANAGEMENT TOP PRIORITIES

**SUPPLIER APPROVAL**

**INCLUSION OF ESG CRITERIA**

In this day and age, it is becoming more and more important to manage the supply chain in a responsible manner. The effective management of suppliers and subcontractors enables businesses to prevent reputation, operations and ESG risks. Consequently, SOLARPACK's supplier and subcontractor management strategy is based on several criteria relating to environment, quality, health and safety and corporate social responsibility.

SOLARPACK has a comprehensive **risk map** which analyses several kinds of risks, including in the context of ESG. However, the Company does not have a special risk matrix for issues related to the supply chain. SOLARPACK has used the aforementioned risk map to identify certain aspects that may adversely affect business activities.

## SUPPLY CHAIN RISKS

Delay in:

- **Manufacture**
- **Transport of materials to the plant construction site due to weather conditions**
- **Customs clearance**

Risks related to technical specifications

Rise in prices of:

- **Raw materials (especially copper and aluminium)**
- **Photovoltaic modules**
- **Transport**

Human Rights violation

Protection of the health and safety of subcontractors or suppliers

Corruption and bribery

SOLARPACK has also developed a procurement and subcontracting management procedure which ensures compliance with the requirements specified by the Company, mitigates possible risks and guarantees the quality of contracted assets, equipment, services and work. This document enables the Company to establish a procedure for the purpose of **contracting suppliers and subcontractors**. Following selection, the supplier must be approved.

The approval process will depend on the kind of supplier in question and will therefore require different documentation. Suppliers will not be approved until they have answered an ESG-related questionnaire and accepted a series of terms and conditions contained in the "**Supplier quality, environment, health and safety and corporate social responsibility requirements**" document. SOLARPACK's main suppliers of modules, inverters and trackers are currently **certified in accordance with ISO 14001** in relation to their environmental management systems. The key health and safety and environmental indicators that contractors are required to report to SOLARPACK on a monthly basis are also established.

In addition to the approval process, any high-risk supplier is subject to a due diligence procedure which is reviewed by the **Compliance Officer.** SOLARPACK considers a high-risk supplier to be any supplier that provides the contracted services on behalf and in representation of any SOLARPACK company for:

**SUPPLIERS AND SUBCONTRACTORS OF SOLARPACK ARE REQUIRED TO FULFIL SEVERAL ESG CONDITIONS AS STIPULATED IN THE "SUPPLIER QUALITY, ENVIRONMENT, HEALTH AND SAFETY AND CORPORATE SOCIAL RESPONSIBILITY REQUIREMENTS" DOCUMENT**

**HIGH-RISK SUPPLIERS** — **ACT ON BEHALF OF SOLARPACK TO**

- Obtain the licences or permits needed to connect, construct or interconnect a project
- Purchase or lease land for a project
- Obtain agreements for the long-term sale of energy (PPA) or turnkey construction (EPC)
- Provide the services indicated in the previous points which involve direct or indirect dealings with public authorities

At present, SOLARPACK is in the process of producing a global **Code of Conduct** aplicable to all suppliers and subcontractors. However, SOLARPACK may occasionally produce a special Code of Ethics which applies to a particular project, to the extent that the standards of conduct in relations between the Company and supply chain have to be documented. These standards promote **compliance with legal provisions currently in force, the protection of human and employment rights, integrity in professional conduct, training and professional development, health and safety, environmental sustainability and transparent relations with, and development of, local communities**. By the end of the 2020 reporting period, SOLARPACK worked alongside with 1,395 approved suppliers; it had not terminated relations with any on account of social or environmental issues.

The aforementioned "**Supplier quality, environment, health and safety and corporate social responsibility requirements**" document provides that the Company reserves the right to inspect the operations and materials of suppliers and subcontractors at any time during the project work and services. Details of these inspections are included in the specially-adapted Quality Plans for every project.

The major issue with these inspections last year was that normal on-site checks were severely restricted by the COVID-19 crisis. Inspections were carried out on projects such as Algibicos and Araucana, where external specialists were commissioned to inspect module production factories. If any anomalies were detected during the inspections, they were monitored while the corresponding corrective measures were determined and introduced. However, as the 35 inspections carried out **in 2020 did not lead to the rejection or suspension of any supply, all the inspections showed that standards were met.**

In future reporting periods, SOLARPACK's supply chain objectives will be to continue to implement the inspection plan established in the **project Quality Plan**, develop a **Code of Conduct for all suppliers** and incorporate inspections into the **Supplier Approval Procedure**.

# 9.e. RESPECT FOR HUMAN RIGHTS

***DIVERSITY AND EQUALITY***

***HUMAN RIGHTS***

*This chapter briefly describes how SOLARPACK protects Human Rights in the context of its business activities.*

Business management practices, and especially supply chains, are giving more and more prominence to the protection of Human Rights. SOLARPACK has observed that Human Rights violations are most likely to occur in employment processes, e.g. discrimination or forced labour in the supply chain.

Although SOLARPACK does not have a Human Rights policy or any corresponding due diligence procedures, it has developed other mechanisms by which it is able to prevent and/or monitor possible incidents of abuse. These measures include the inspection of employment documentation and other documents of subcontractors or the approval of the Crime Prevention and Detection System, as described in section "7.b Regulatory Framework" during the reporting period. The framework has identified violations of workers' rights, foreign citizens' rights and fundamental rights and public freedoms. The following are deemed to be offences and are therefore punishable as such:

- **Unacceptable working conditions and illegal employment.**
- **Discrimination on the grounds of ideology, religion or beliefs, ethnicity, race or nationality, gender, sexual orientation, family situation, illness or disability, representing the legal or industrial rights of workers, being related to other workers of the entity or using any of the official languages of the Spanish State**

## HUMAN RIGHTS TOP PRIORITIES

**EMPLOYEE PROTECTION**

**DEFENCE OF FUNDAMENTAL RIGHTS**

**REGULATORY COMPLIANCE**

**MEASURES TO MITIGATE POSSIBLE RISKS**

**SOLARPACK IS COMMITTED TO THE PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT**

Pacto Mundial
Red Española

## PROCESS TO PREVENT AND MITIGATE HUMAN RIGHTS VIOLATIONS

**RISK ASSESSMENT**

**CRIME PREVENTION AND DETECTION SYSTEM**

- **IDENTIFICATION OF OFFENCE**
  - Violations of workers' rights
  - Violations of the rights of foreign citizens
  - Violations of human rights and fundamental freedoms
- **MITIGATION**
  - Employee Manual
  - Training

  In line with Pacto Mundial Red Española
- **REPORTING CHANNEL**

The **Employee Manual**, which is part of this Crime Prevention and Detection System, references integrity and conduct and SOLARPACK's commitment to the Principles of the UN Global Compact according to which it undertakes to respect fundamental rights, champion the principles of equal treatment and opportunities, tackle discrimination, promote diversity and reject all forms of child, forced or compulsory labour. This commitment is also underscored in SOLARPACK's Employee manual, also featured in section **"7.b. Regulatory framework"**.

SOLARPACK's reporting channel enables every employee to report any breach of the Employee Manual, or of any other legislation or regulation in force in the countries where the company is active. In this capacity, reports are received by the Compliance Officer, with a copy also sent to the Chair of the Audit and Compliance Committee, and classified manually. In 2020, SOLARPACK did not receive any reports of Human Rights violations.

The Company has also introduced an employee **training** programme relating to the aforementioned **Crime Prevention and Detection System** and the reporting channel. For the future, SOLARPACK intends to carry out this training on a quarterly basis so that new recruits are familiar with the rules of conduct.

As specified in chapter "9.d Sustainable management of supply chain", SOLARPACK's primary aim over the next few reporting periods is to approve a Code of Conduct for Suppliers.

**IN 2020, SOLARPACK DID NOT RECEIVE ANY REPORTS OF HUMAN RIGHTS VIOLATIONS**

# 9.f. CUSTOMER SECURITY

***CUSTOMER SATISFACTION***

***CYBERSECURITY***

*This section lists the measures that SOLARPACK implements to guarantee customer security (private companies, utilities or customers who purchase Built & Sell projects from the Company).*

## CUSTOMER SECURITY TOP PRIORITIES

**CONSUMER PROTECTION**

**SMOOTH CONTACT WITH THE CUSTOMER**

**CONFIDENTIALITY COMMITMENT**

**CYBERSECURITY CONTROL**

The customer service provided by the Company is a secure process whereby information is controlled and managed exclusively within SOLARPACK.

Quality work is a guarantee of safe work, so for SOLARPACK quality is a fundamental value to be offered to its customers. This purpose, the Company has developed a **Quality Plan** for all its projects. The plan establishes compliance levels and is used to validate the quality level of a service based on the following components:

- **Compliance with the quality requirements specified in the project's technical specifications.**
- **Compliance with regulatory requirements.**
- **Resolution of non-conformities in accordance with procedures established by SOLARPACK.**
- **Achieve a continuous improvement in order to document and assess proposed improvements.**

As it is in SOLARPACK's interest to guarantee the security of owners of photovoltaic plants, the Company has access to, and securely manages, the data of employees and the files required for accounting and management purposes.

SOLARPACK guarantees that the personal data processed internally is done so with complete respect for peoples' dignity and their fundamental rights and freedoms, in accordance with the provisions of Data Protection regulations currently in force. As indicated above, the Company has developed a **Data Protection Policy** whose scope applies to all the personal data processed by SOLARPACK and by any of its companies, directors, senior managers or employees.

**SOLARPACK PROVIDES THE NECESSARY TRAINING FOR EMPLOYEES WITH ACCESS TO PERSONAL DATA**

The **Legal Department** will make sure that the Company and the other companies of the SOLARPACK Group comply with the provisions of this Policy. It will also conduct a Policy compliance and effectiveness assessment at least once a year, and submit the result to the Audit and Compliance Committee.

Employees must immediately inform the **Compliance Officer** of any data protection violations or if they suspect or know of any security breaches.

All SOLARPACK employees are also required to **sign a Non-Disclosure Agreement** which regulates access to any restricted information that employees have or may have for the exercise of their work or professional activity.

Irrespective of any non-disclosure agreement, a business secret refers to industrial, commercial, strategic or financial information that gives the Company a competitive edge over its competitors.

Any information that is extracted from the equipment or devices provided by the Company (such as mobile telephones or computers) does not belong to the private domain and SOLARPACK reserves the right to monitor any information in compliance with established confidentiality requirements with a view to guaranteeing customer security.

Similarly, in a bid to prevent third parties from appropriating information, the Company does not allow any software, articles or material to be downloaded to that extent that they violate intellectual property laws and the company has not given express permission.

Complaints from external customers are usually received in isolation, which is why we do not currently have complaints management or claims logging procedures. In the event of a problem, we remain in permanent contact with the customer and deploy the resources required to resolve the issue.

**THE COMPANY ARRANGES FOR ALL SOLARPACK MEMBERS TO SIGN A NON-DISCLOSURE AGREEMENT IN ORDER TO PROTECT ITS BUSINESS SECRETS**

# 9.g. TAX MANAGEMENT

*ETHICS AND CORRUPTION*

*GOOD CORPORATE GOVERNANCE*

*ECONOMIC AND FINANCIAL PERFORMANCE*

*This section describes SOLARPACK's tax strategy and provides details of pre-tax profits, taxes on profit paid and grants received.*

In line with its Corporate Social Responsibility Policy, SOLARPACK undertakes to comply with legal requirements in the countries in which the Group is active, and to adhere to any other supplementary regulations that enter into force in regions which deem that legal implementation does not comply with the minimum criteria demanded by the Group.

With the Group's tax liability in mind, the Board of Directors has approved a Corporate Tax Policy which primarily seeks to guarantee compliance with the tax regulations applicable in every country where the Group is active. This Policy is governed by a number of principles and is implemented by a series of good practices that focus on preventing tax risks, relations with Tax Authorities, and the process of reporting to the Board of Directors and to the market.

The pre-tax profit and tax on profit are presented according to country:

**PROFIT MADE ACCORDING TO COUNTRY**

| Thousands of EUR | 2020 |
|---|---|
| Spain | 12,721 |
| Chile | 4,399 |
| India | (495) |
| Malaysia | 801 |
| Uruguay | 199 |
| Colombia | (237) |
| Peru | (2,784) |
| Singapore | (17) |
| U S | (336) |
| Consolidation adjustments | (13,726) |
| **Total** | **525** |

**SUMMARY OF TAX LIABILITY IN FIGURES**

**526** Thousands of € **profit before tax**

**2,439** Thousands of € **tax on profit**

**14** Thousands of € **grants received**

## TAX ON PROFIT PAID ACCORDING TO COUNTRY

| Thousands of EUR | 2020 |
|---|---|
| Spain | 1,467 |
| Chile | 823 |
| Peru | 147 |
| Uruguay | 2 |
| **Total** | **2,439** |

**IN 2020, SOLARPACK PAID A TOTAL OF THOUSANDS € 2,439 IN TAX ON PROFITS TO THE AUTHORITIES**

The quantities of grants received by the organisation are presented according to country.

## GRANTS RECEIVED[41]

| Thousands of EUR | 2020 |
|---|---|
| Spain | 14 |
| **Total** | **14** |

[41] Grants provided by BEAZ (Public corporation of the Biscay Provincial Government)

# 9.h. SOLARPACK AND THE INVESTOR COMMUNITY

***GREEN FINANCING***

*This chapter outlines the mechanisms used by SOLARPACK to communicate with shareholders, institutional investors, proxy advisors and other stakeholders. It also analyses the Company's results and the fluctuations in its share price throughout the year.*

## GENERAL POLICY GUIDELINES

- **COMPLY WITH LEGISLATION AND INTERNAL REGULATIONS**
- **INTRODUCE A COMMUNICATION STRATEGY**
- **PROTECT THE RIGHTS AND INTERESTS OF SHAREHOLDERS AND PUBLIC INTEREST**
- **GUARANTEE EQUAL TREATMENT**
- **TRANSPARENCY, TRUTHFULNESS, CLARITY, IMMEDIACY AND CONTINUITY**
- **CONTINUOUSLY IMPROVE COMMUNICATION BASED ON A COLLABORATIVE APPROACH**
- **ADOPT NEW TECHNOLOGIES AND COMMUNICATION METHODS**

SOLARPACK regards the investment community as one of its most important stakeholders. The Company has developed a policy to improve communication and contact with shareholders, institutional investors and proxy advisors and other stakeholders of SOLARPACK Corporación Tecnología, S.A. This Policy, updated in 2020, sets out a series of general communication principles with these groups.
https://www.solarpack.es/en/shareholders-and-investors/corporate-governance-pdte/regulations/

This policy also identifies other channels of communication and information for shareholders, institutional investors and proxy advisors in the form of the websites of the **National Securities Market Commission (CNMV)** and other competent official bodies and the website of SOLARPACK. Various queries and requests made by the aforementioned stakeholders are also accessible via the various social media platforms of the Group, the General Meeting, shareholder e-forum and the department of Investor Relations. The Board of Directors is responsible for monitoring this Policy.

In addition, SOLARPACK has a **Shareholder Remuneration Policy** (https://www.solarpack.es/en/shareholders-and-investors/corporate-governance-pdte/regulations/), which primarily seeks to establish a remuneration principle by tying shareholder remuneration to Company growth. It also includes procedures by which the Board of Directors is able to determine the suitability of the forms of remuneration and the flexibility of the frequency of dividend payments.

Despite the circumstances in 2020, communication with investors and shareholders was unaffected. During the year, SOLARPACK made contact with 117 different investors on more than 210 occasions about participation in face-to-face and virtual events, such as:

- **Iberian Conference Santander – February 2020, Madrid**
- **Frankfurt European Midcap Event (BME)– February 2020, Frankfurt**
- **Societe Generale Renewable Energies Conference – March 2020, virtual**
- **Event with investors organised by Caixabank – April 2020, virtual**
- **Med Cap Forum (BME) – May 2020, virtual**
- **ODDO Natixis Renewable Energies Conference – June 2020, virtual**
- **UBS Renewable Energies Conference – September 2020, virtual**
- **Latibex Forum (BME) – November 2020, virtual**

At these events, stakeholders expressed an interest in several of the topics related to SOLARPACK's management. Their interest at these events focused on ESG management and specifically on the existence of a strategy, an internal Sustainability manager or objectives; risk management; monitoring of key performance indicators; the use of performance-based remuneration criteria based on SDGs or non-financial indicators; biodiversity management and other environmental themes; the development and construction phases of projects; or the Company's HR management and SOLARPACK's protection of human rights.

**DURING THE YEAR, SOLARPACK MADE CONTACT WITH 117 DIFFERENT INVESTORS ON MORE THAN 210 OCCASIONS**

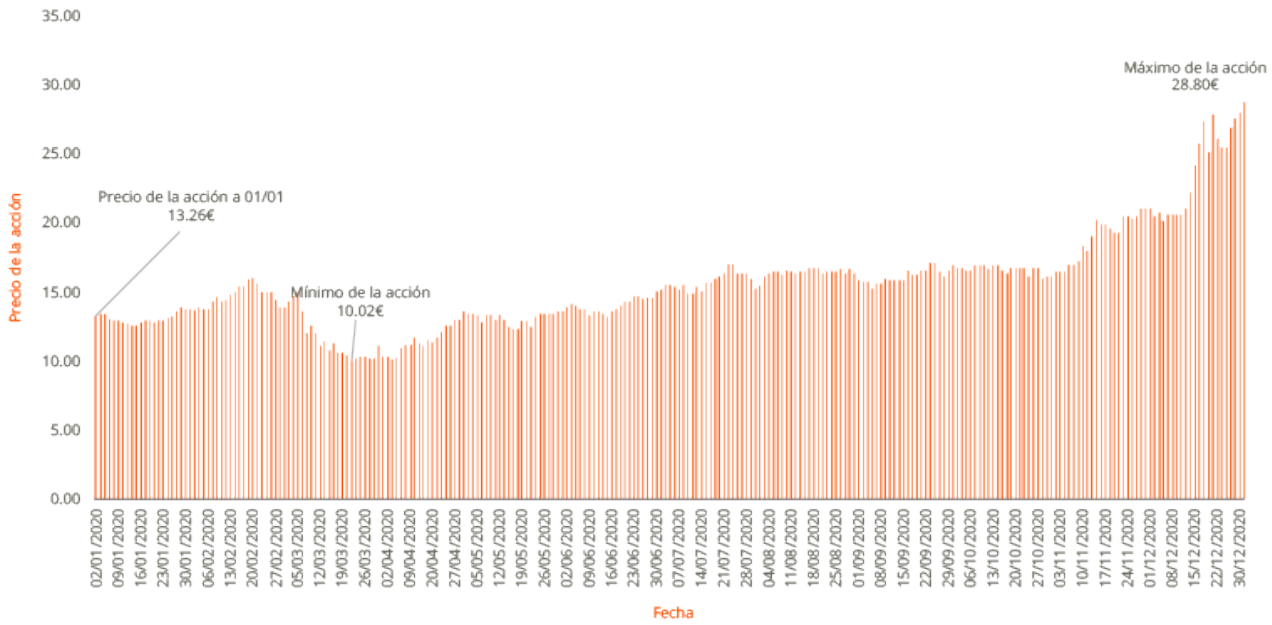
## SHARE PRICE

In 2020, SOLARPACK's share price increased by 117% from € 13.26 at the start of the year to € 28.80 on 31 December, i.e. the date on which it reached its peak.

Throughout 2020, the share price maintained its historic upward trajectory and was only temporarily affected in March and April by the market uncertainty created by COVID-19, when it fell to its yearly low of almost € 10.00. The rise in the share price from that point onwards mirrored the company's own performance in terms of results, receipt of orders or projects and the positive outlook for the renewable energies sector.

**SOLARPACK'S SHARE PRICE INCREASED BY 117% IN 2020**

### SHARE PRICE




# 10 FINANCIAL MANAGEMENT REPORT

# 10.a. BUSINESS PERFORMANCE AND RESULTS

## ACTIVITY INDICATORS:

As indicated in chapter [4], on 31 December 2020, Solarpack's Pipeline projects accounted for 3120 MW while Opportunities represented 4,938 MW.

With respect to the Backlog, on 31 December 2020, it consisted of 419 MW.

The projects Under Construction of the Group totalled a capacity of 192 MW on 31 December 2020. They specifically related to the Quinantu, Panimávida, Recoleta, Cortijo, San Antonio, Moya and San Marcos projects in Chile and the 3S Petani project in Malaysia.

## POWER GENERATION ASSETS

At 31 December 2020, Solarpack's operating portfolio consisted of 15 projects distributed among Spain, Peru, Chile and India with a total capacity of 545 MW, of which 450 MW is attributable to Solarpack based on its participation in the various projects. These assets generated a total of 1056 GWh in 2020, of which 863 GWh is attributable to Solarpack.

### ISLA MAYOR

**SPAIN**

**37.14%**
Solarpack property[1]

**8.4**
Capacity (MW)

**14.5**
Annual production (GWh)

**December 2007**
Operating commencement date

**December 2037**
PPA/FIT expiry date

**Spain[2]**
Name of the power purchase

1. Solarpack owns 100% of the shares of SPVs, owners of facilities totalling 3.1 MW and which account for 37.14 % of the total Isla Mayor project.

2. Regulated tariff. It refers to the electronic system.

### LEBRIJA

**SPAIN**

**46.88%**
Solarpack property[1]

**3.8**
Capacity (MW)

**6.9**
Annual production (GWh)

**December 2007**
Operating commencement date

**December 2037**
PPA/FIT expiry date

**Spain[2]**
Name of the power purchase

1. Solarpack owns 100% of the shares of SPVs, owners of facilities totalling 1.8 MW and which account for 46.88% of the total Lebrija project.

2. Regulated tariff. It refers to the electronic system.

## LLERENA 1

### SPAIN

**82.50%**
Solarpack property[1]

**4.8**
Capacity (MW)

**8.5**
Annual production (GWh)

**December 2007**
Operating commencement date

**December 2037**
PPA/FIT expiry date

**Spain[2]**
Name of the power purchaser

1. Solarpack owns 100% of the shares of SPVs, owners of facilities totalling 4,0 MW and which account for 82,50% of the total Llerena 1 project.

2. Regulated tariff. It refers to the electronic system.

## TACNA

### PERU

**51.00%***
Solarpack property

**24.9**
Gross capacity (MW)

**49.2**
Annual production (GWh)

**December 2012**
Operating commencement date

**December 2032**
PPA/FIT expiry date

**Republic of Peru**
Name of the power purchaser

* The average percentage during the year has been 65%.

## LLERENA 2

### SPAIN

**72.50%**
Solarpack property[1]

**4.1**
Capacity (MW)

**7.9**
Annual production (GWh)

**December 2007**
Operating commencement date

**December 2037**
PPA/FIT expiry date

**Spain[2]**
Name of the power purchaser

1. Solarpack owns 100% of the shares of SPVs, owners of facilities totalling 3.0 MW and which account for 72.50% of the total Llerena 2 project.

2. Regulated tariff. It refers to the electronic system.

## GUIJO DE CORIA

### SPAIN

**96.50%**
Solarpack property

**6.1**
Capacity (MW)

**11.7**
Annual production (GWh)

**August 2011**
Operating commencement date

**December 2041**
PPA/FIT expiry date

**Spain[2]**
Name of the power purchaser

2. Regulated tariff. It refers to the electronic system.

## PANAMERICANA
### PERU

**51.00%***
Solarpack property

**23.9**
Capacity (MW)

**55.1**
Annual production (GWh)

**December 2012**
Operating commencement date

**December 2032**
PPA/FIT expiry date

**Republic of Peru**
Name of the power purchaser

* The average percentage during the year has been 65%.

## MOQUEGUA
### PERU

**19.00%**
Solarpack property

**19.4**
Capacity (MW)

**47.2**
Annual production (GWh)

**December 2014**
Operating commencement date

**December 2034**
PPA/FIT expiry date

**Republic of Peru**
Name of the power purchaser

## PMGD PAS1
## CAS1-PSS - CHILE

**80.00%**
Solarpack property

**31.6**
Capacity (MW)

**88.4**
Annual production (GWh)

**June 2017**
Operating commencement date

**n/a**
PPA/FIT expiry date

**Chile**[1]
Name of the power purchaser

1. Regulated tariff. It refers to the electronic system.

## ATACA
### CHILE

**19.00%**
Solarpack property

**26.5**
Capacity (MW)

**69.8**
Annual production (GWh)

**December 2004**
Operating commencement date

**March 2034**
PPA/FIT expiry date

**Collahuasi/Codelco**
Name of the power purchaser

## TS1
### INDIA

**82.65%**
Solarpack property

**104.0**
Capacity (MW)

**154.6**
Annual production (GWh)

**November 2017**
Operating commencement date

**November 2042**
PPA/FIT expiry date

**Northern/Southern Power Distribution Company of Telangana** Name of the power purchaser

## MONCLOVA
### SPAIN

**100.00%**
Solarpack property

**50.0**
Capacity (MW)

**98.5**
Annual production (GWh)

**December 2019**
Operating commencement date

**December 2044**
PPA/FIT expiry date

**Spain**[1]
Name of the power purchaser

1. Project with 2017 auction entitlement. It refers to the electronic system.

## GRULLAS
### SPAIN

**100.00%**
Solarpack property

**62.0**
Capacity (MW)

**122.3**
Annual production (GWh)

**December 2019**
Operating commencement date

**December 2044**
PPA/FIT expiry date

**Spain**[1]
Name of the power purchaser

1. Project with 2017 auction entitlement. It refers to the electronic system.

## KA2
### INDIA

**100.00%**
Solarpack property

**52.6**
Capacity (MW)

**59.7**
Annual production (GWh)

**October 2019**
Operating commencement date

**November 2044**
PPA/FIT expiry date

**India**
Gulbarga Electricity Supply Company Ltd. y Mangalore Electricity Supply Company Ltd.

## GRANJA
### CHILE

**100.00%**
Solarpack property

**123.0**
Capacity (MW)

**262.0***
Annual production (GWh)

**February 2020**
Operating commencement date

**December 2040**
PPA/FIT expiry date

**Chile**[1]
Name of purchaser

1. Chilean distribution companies.
* Annual production from 2nd March 2020.

## KEY FINANCIAL INDICATORS

### *Operating Income*

During 2020, the operating income was 159,201 thousand euros, up 77% on the 89,928 thousand euros in 2019. This increase was mainly due to increased activity in the POWGEN division, coupled with higher development and construction activity for third-parties (Build & Sell) in DEVCON and a higher volume of MW managed by SVCS.

### *Net revenue*

Net revenue increased by 66,278 thousand euros to 149,103 thousand euros in 2020, compared to 82,825 thousand euros in 2019. This was mainly due to a rise in construction activity on projects for third parties in Spain and Chile of the DEVCON division, where income increased to 70,665 thousand euros in 2020, compared with 42,161 thousand in 2019. The increase was also due to the POWGEN division, where income increased to 55,852 thousand in 2020 compared to 35,212 euros thousand in 2019. This growth was primarily due to additional revenue generated from operating projects acquired in Peru in September 2019 that were not part of Solarpack's power generation fleet in the first half of 2019, as well as income generated from new plants that come into operation in late 2019 and early 2020 in Chile, Spain and India. In relation to the SVCS division, we recorded third-party income of 4,208 thousand euros in 2020, up 151 thousand euros from the 4,057 thousand euros recorded in 2019.

### *Other operating income*

This item increased by €757 thousand, or 1306%, to €815 thousand during 2020, compared to €58 thousand in 2019.

### *Change in inventories of finished products and work in progress and work carried out by the company for its assets*

This item increased by 2,682 thousand euros, or 56%, to 7,498 thousand euros during 2020, up from 4,816 thousand euros during 2019. This difference is due to the fact that during 2020, higher construction costs than in 2019 of PV solar plants available for sale in Chile were recorded in the inventories.

### *Operating Expenses*

Operating expenses increased by 52,279 thousand euros, or 76%, to 120,781 thousand euros during 2020, up from 68,502 thousand euros during 2019. This increase was primarily due to construction activities related to the Alvarado, Bargas and Algibicos (Spain) and the Quinantu, Panimávida and other PMGDs (Chile) plants during 2020 compared to relatively reduced construction activity for third parties during 2019, concentrated on the Bellavista and Tricahue (Chile) projects.

***Supplies***

Suppliess increased by 26,712 thousand euros. This increase was primarily due to construction activities related to the Alvarado, Bargas and Algibicos (Spain) and the Quinantu, Panimávida and other PMGDs (Chile) plants during 2020 compared to relatively low activity for third parties during 2019.

***Staff Costs***

Staff Costs increased by 3,112 thousand euros, or 27%, to 14,667 thousand euros during 2020, up from 11,555 thousand euros during 2019. This was primarily due to a growth in activity across all business units compared to 2019.

***Depreciation of fixed assets***

Depreciation of fixed assets increased by 13,868 thousand euros to 26,527 thousand euros during 2020, up from 12,659 thousand euros during 2019. This increase was due to the fact that during 2020 there were more PV solar plants classified as fixed operating assets than in 2019, specifically the projects acquired of Tacna and Panamericana, as well as the plants recently put into operation in Chile, Spain and India: Granja, Monclova, Grullas-Pedroso, Grullas-Peñaflor and KA2.

***Other operating expenses and profit(loss)***

Other operating expenses and profit(loss) increased by 10,190 thousand euros to a net loss of 16,595 thousand euros in 2020, from a net loss of 6,405 thousand euros in 2019. This increase is mainly due to the construction activity for third parties with respect to 2019 and to the fact that in 2019 there was an extraordinary profit(loss) due to the Purchase Price Allocation of the Peru projects to the amount of 7,834 thousand euros.

***Finance income and costs***

In 2020, the net financial loss was 37,598 thousand euros, a decrease of 28,301 thousand euros, from a net loss of 9,297 thousand euros in 2019. This decrease in the net financial profit(loss) was due, on the one hand, to a negative effect from exchange rate differences of 9,463 thousand euros, going from a positive net result from exchange rate differences in 2019, amounting to 3,423 thousand euros, to a negative net result from exchange rate differences in 2020, amounting to 6,040 thousand euros. Furthermore, financial expenses increased during 2020 due to the costs incurred for refinancing the projects in Spain and Peru, amounting to 12,929 thousand euros. The rest of the negative variation in the financial result (5,909 thousand euros) corresponds to higher financial expenses during 2020 due to the higher amount of bank debt drawn down.

***Income tax***

In 2020, Solarpack recognised income tax of 6,847 thousand euros, 7,168 thousand euros more than the 321 thousand euros of income tax recognised in 2019. This difference is mainly due to the activation of tax deductions in Spain, amounting to 5,164 thousand euros.

***Profit(loss) for the year***

The profit(loss) for the year was 7,373 thousand euros during 2020, compared with the 11,997 thousand euros during 2019.

***Profit(loss) allocated to the parent company***

As a result of the above, the profit(loss) for the year allocated to the parent company amounts to 10,357 thousand euros in 2020 (11,908 thousand euros in 2019).

***Investments/divestments***

At 31 December 2020, fixed assets amounted to 447,839 thousand euros, 29,051 thousand less than at 31 December 2019. The main reason for this decrease is the depreciation of the plants in operation at 31 December 2020.

***Segment reporting***

Note 5 to the Consolidated Financial Statements provides a detailed explanation of the performance of the business in terms of the amount of operating income, gross margin and consolidated profit/loss from operations, segmenting the information by each of the three divisions, and the manner in which this information is prepared and reconciled to the IFRS figures through adjustments and eliminations, the details of which are provided in said Note. The reasons for this and the use of this segmented information are also explained in Note 5.

These corresponding data for 2020 are shown below for comparison with 2019:

**Thousands of euros**

**31.12.2020**

| | DEVCON (A) | SVCS (B) | Corporate (C) | **Aggregate total (A+B+C=D)** | POWGEN (E) | **Aggregate total (D+E=F)** | Eliminations (G) | **Total (F+G)** |
|---|---|---|---|---|---|---|---|---|
| Operating income | 106,622 | 8,237 | - | **114,859** | 55,852 | **170,711** | (11,510) | **159,201** |
| External Clients | 70,797 | 4,208 | - | **75,005** | 55,852 | **130,857** | 19.061 | **149,918** |
| Related-party clients | 35,825 | 4,029 | - | **39,854** | - | **39,854** | (30,571) | **9,283** |
| | | | | | | | | |
| Operating expenses | (91,828) | (6,101) | (1,474) | **(99,402)** | (30,553) | **(129,955)** | 9.174 | **(120,781)** |
| Direct costs | (84,296) | (5,238) | - | **(89,534)** | (6,999) | **(96,533)** | 12,840 | **(83,693)** |
| SGA | (7,400) | (821) | (1,474) | **(9,695)** | (449) | **(10,144)** | - | **(10,144)** |
| Impairment and other profit (loss) | - | - | - | - | (233) | **(233)** | (184) | **(417)** |
| Depreciation of fixed assets | (132) | (42) | - | **(173)** | (22,872) | **(23,045)** | (3,482) | **(26,527)** |
| **OPERATING INCOME -EBIT** | **14,794** | **2,136** | **(1,474)** | **15,457** | **25,299** | **40,756** | **(2,336)** | **38,420** |

**Thousands of euros**

**31.12.2019**

| | DEVCON (A) | SVCS (B) | Corporate (C) | **Aggregate total (A+B+C=D)** | POWGEN (E) | **Aggregate total (D+E=F)** | Eliminations (G) | **Total (F+G)** |
|---|---|---|---|---|---|---|---|---|
| Operating income | 220,503 | 8,239 | - | **228,742** | 35,212 | **263,954** | (174,026) | **89,928** |
| External Clients | 42,161 | 4,057 | - | **46,218** | 35,212 | **81,430** | 1,453 | **82,883** |
| Related-party clients | 178,342 | 4,182 | - | **182,524** | - | **182,524** | (175,479) | **7,045** |
| | | | | | | | | |
| Operating expenses | (208,594) | (6,082) | (1,068) | **(215,744)** | (10,194) | **(225,938)** | 157,436 | **(65,502)** |
| Direct costs | (198,704) | (5,599) | - | **(204,303)** | (4,618) | **(208,921)** | 157,048 | **(51,873)** |
| SGA | (8,036) | (467) | (1,068) | **(9,571)** | (319) | **(9,890)** | 103 | **(9,787)** |
| Impairment and other profit (loss) * | (1,839) | - | - | **(1,839)** | 7,834 | **5,995** | (178) | **5,817** |
| Depreciation of fixed assets | (15) | (16) | - | **(31)** | (13,091) | **(13,122)** | 463 | **(12,659)** |
| **OPERATING INCOME -EBIT** | **11,909** | **2,157** | **(1,068)** | **12,998** | **25,018** | **38,016** | **(16,590)** | **21,426** |

* Includes 7,834 thousand euros of positive result derived from the negative goodwill arising after the acquisition in 2019 of 100% of Tacna and Panamericana.

The year 2020 analysed by segment was characterised by:

- **A lower level of activity in the DEVCON segment compared to 2019. This has been due to the fact that after a busy 2019 of construction activity, in 2020 efforts have been focused on constructing Build&Sell projects for third parties and bringing in new orders for the next batch of Build&Own projects.**

- **A significant increase in operating income in the POWGEN division mainly due to the projects acquired in Peru in September 2019 and projects put into operation in late 2019 and early 2020.**

- **Similar SVCS income, due to higher operating income from the incorporation of new projects in Spain, Peru, Chile and India, compared to non-recurring income in 2019 from repowering and restructuring tasks of O&M activities in Peru.**

- **As for structure costs, these have increased from 1,068 thousand euros in 2019 to 1,474 thousand euros in 2020.**

# 10.b. LIQUIDITY, CAPITAL RESOURCES

## LIQUIDITY

Prudent management of liquidity risk entails the maintenance of sufficient cash and the availability of financing through a sufficient level of credit facilities. In this sense, the Solarpack Group's strategy is to maintain, through its financial department, the necessary flexibility in financing through the availability of credit lines.

Note 4 to the Consolidated Financial Statements shows the cash and cash equivalents of the Solarpack Group at 31 December 2020, compared with 31 December 2019. This reserve stands at 95,592 thousand euros, having increased by 39,634 thousand euros since the end of 2019. The main changes include the increase in cash and cash equivalents, resulting mainly from the refinancing of the Spanish and Peruvian assets, the sale of 49% of shares in Tacna and Panamericana, and the achievement of the last collection milestones related to the EPCs of the projects brought into operation in Chile and Spain.

The Working Capital of the Solarpack Group increased from -11,182 thousand at 31 December 2019, to 66,425 thousand at 31 December 2020. The composition of the Working Capital has been altered very substantially due mainly to the reduction of short-term debts and the increase in cash and cash equivalents, which has been partially offset by a decrease in trade and other receivables.

Although the size of the working capital considered in isolation is not a key parameter required to understand the Group's consolidated financial statements and related explanatory notes, the Group actively manages the working capital through the net operating working capital and the current and non-current net financial debt, based on the solidity, quality and stability of relationships with its customers and partners with whom it has made investments in other countries, as well as carried out an exhaustive monitoring of its position with the banks.

Note 14 to the Consolidated Financial Statements shows the debt situation as at 31 December 2020, compared with 31 December 2019.

Thus, it can be seen that total debt has increased by 6,169 thousand euros,

going from 445,041 thousand euros at 31 December 2019 to 451,210 thousand euros at 31 December 2020, which reflects that the repayment of senior non-recourse debt that has occurred in the various projects in operation has been lower than the increase in debt arising mainly from the refinancing of the Spanish and Peruvian assets.

In view of the above, the directors believe that there is no relevant liquidity risk.

### CAPITAL RESOURCES

The Group's objectives in relation to capital management are to safeguard the ability of the Group to continue as a going concern, to provide a return to its shareholders and to maintain an optimal capital structure by reducing capital costs.

The division that most influences the capital structure is the POWGEN division.. This is due to the high level of investment required and the high visibility of long-term cash flows it offers. It is therefore common for investments in this POWGEN division to be financed in proportions of around 70% by long-term debt with limited guarantees. This long-term debt has ample guarantees for the PV solar plant it finances, but generally speaking it has no guarantees from the shareholders (hereinafter referred to as "Project Finance Debt"). Therefore, most of the Solarpack Group's debt is contracted in watertight compartments, and any problems in repaying a Project Finance Debt contract would not affect any of the Solarpack Group's assets other than those belonging to the PV solar plant whose Project Finance Debt has repayment difficulties.

Capital resources are monitored by the Solarpack Group in accordance with the leverage ratio. Note 4.3 to the Consolidated Financial Statements shows the calculation of net financial debt divided by total capital used in the business. Thus, the leverage ratio has creased from 0.70 at 31 December 2019 to 0.66 at 31 December 2020. The main reason for this decrease was the disbursement of new Project Finance Debt associated with the refinancing of the Tacna and Panamericana projects in Peru, as well as the Spanish assets.

### ANALYSIS OF CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET TRANSACTIONS

Note 23 to the Consolidated Financial Statements shows the main items related to this heading.

## 10.c. PRINCIPAL FINANCIAL RISKS AND UNCERTAINTIES

The Group's activities expose it to various financial risks: market risk (including foreign currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's global risk management programme focuses on uncertainty in the financial markets and aims to minimise potential adverse effects on the Group's profits.

The Group's business risk management involves procedures supervised by the Board of Directors of the Parent Company, and developed by management and executed in the organisation's operations. The Audit and Compliance Committee is responsible for the supervision of the risk control and management system. For its part, the Board of Directors is responsible for designing and implementing the risk control and management policy and the supervision of internal information and control systems.

Financial risk management is controlled by the Group's Financial Department,

which identifies, assesses and hedges financial risks in close collaboration with the Group's operating units. These guidelines are used for global risk management, as well as for specific areas such as exchange-rate risk, interest rate risk, liquidity risk and investment of excess liquidity.

The main risks and uncertainties are set out in Note 4 of Consolidated Financial Statements.

## 10.d. IMPORTANT CIRCUMSTANCES OCCURRING AFTER YEAR-END

There have been no significant subsequent events after 31 December other than those previously mentioned that could affect these consolidated financial statements.

# 10.e. INFORMATION ON THE FORESEEABLE DEVELOPMENT OF THE ENTITY

The Solarpack Group is currently undertaking construction works on several projects in Chile and Malaysia. It is also working intensively on consolidating the rest of the project portfolio ready for construction in the coming months in order to continue growing successfully.

Completion of the project portfolio undertaken in 2019 and 2020, together with the acquisition of the Tacna and Panamericana projects in Peru, has entailed a significant transformation of the company, both in terms of volume of activity and growth in the volume of energy generation.

At the end of 2020, Solarpack had 192 MW of projects under construction that it plans to complete throughout 2021.

As regards consolidation of the project portfolio, the company has achieved a volume of Build&Own project contracts in 2020 that offer very good visibility of business attainment over the next 24 months. Thus, the company currently has 419 MW contracted in its portfolio, the construction of which will begin in the coming months.

The **COMPANY'S OBJECTIVES** for 2021 include:

- **Continuous improvement in the operation of (i) POWGEN's operating assets and (ii) SVCSs existing contracts.**
- **Advancing in the construction of the plants currently under construction and in the backlog in Chile, Malaysia and India**
- **Solidifying new orders that increase the company's backlog to continue growing profitably**

The achievement of these objectives will help to

- **generate a significant volume of cash through DEVCON activities, both in Build&Sell and Build&Own projects**
- **investment to provide the equity required by the SPVs of the new Build&Own facilities**

**This Management Report of the Solarpack Group contains certain forward-looking information that reflects the plans, forecasts or estimates of the company's directors, which are based on assumptions that are considered reasonable by them. However, the user of this report should bear in mind that forward-looking information should not be regarded as a guarantee of an entity's future performance, in the sense that such plans, forecasts or estimates are subject to numerous risks and uncertainties that imply that the entity's future performance may not necessarily match that initially expected. These risks and uncertainties are described throughout the management report, mainly, but not exclusively, in the section on the main risks and uncertainties faced by the entity.**

## 10.f. R&D&I ACTIVITIES

The Solarpack Group has always given relevance to the knowledge of new technologies in solar PV generation and other complementing technologies. Our activity is not manufacturing, but system integration. In this sense, the company pursues the knowledge of innovative technologies that can increase competitiveness of its future projects, as a guarantee of the future growth of the Group.

In 2020, the company focused its efforts on the following lines of R&D&I.

- Development of the engineering and procurement of a pilot storage facility to be located in Chile in order to test the performance under real conditions of an electrical energy storage system with batteries powered by solar panels. The assembly and start-up of the pilot facility will also allow for the testing of different business models depending on the use of the batteries (load displacement, network services, etc.).

- Storage committee. Electric storage systems using batteries are a novelty that can bring about important changes in how the solar PV plants of the future are designed on an industrial scale. This committee analyses new developments in the battery market, evaluates business models in the field of battery system use and proposes R&D&I investments as indicated in the previous point.

- In the SVCS division, the company has continued to improve and fine-tune its control centre computer system (ROC) for monitoring technical operation and maintenance activities.

- Likewise, in the SVCS division, a new computer system has been implemented for reporting and recording the activities of the entire team of operators, through which the traceability of activities and the performance and design of maintenance plans is improved.

- Finally, the regular use of drones has been incorporated into both project development and operation and maintenance tasks, allowing for improved efficiency in tasks as diverse as topographical studies of terrain or monitoring of plants in operation.

## 10.g. ACQUISITION AND DISPOSAL OF OWN SHARES

Not applicable.

## 10.h. AVERAGE PAYMENT PERIOD

The average payment period during 2020 was 52 days (44 days in 2019).

## 10.i. OTHER RELEVANT INFORMATION

### DIVIDEND POLICY

Solarpack intends to reinvest the cash generation in new project developments that will allow the company's business to grow in the medium to long term and thus increase the value of its partners' shares. Therefore, Solarpack does not expect to pay dividends in 2021. The company will periodically analyse growth opportunities from time to time and re-evaluate the dividend policy.

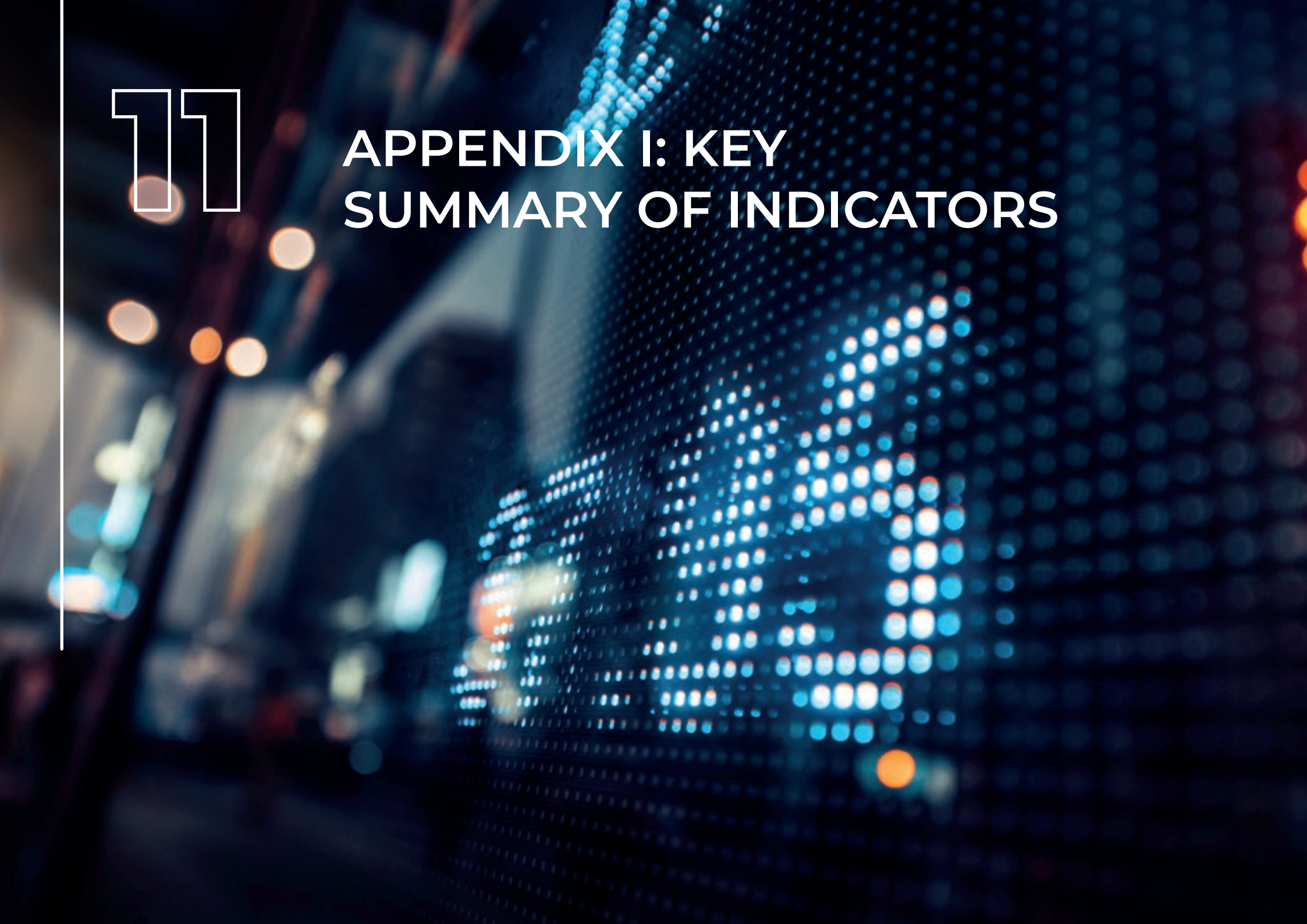
# ANNEX I: ALTERNATIVE PERFORMANCE MEASURES

## Reconciliation of Alternative Performance Measures (APMs)

| Alternative Performance Measures | Unit | Definition | 31.12.2020 | 31.12.2019 | Relevance of use |
|---|---|---|---|---|---|
| Direct costs | €th | Provisions + Direct personnel costs + Other direct operating costs + Other direct profit(loss) | (€83,693 th) = (€62,575 th) + (€8,714 th) + (€12.769 th) + €365 th | (€51,873 th) = (€35,863 th) + (€5,650 th) + (€10,415 th) + €54 th | Profitability measure used by the management to measure the operating expenses directly attributable to each project and in this way evaluate its evolution. |
| Gross margin | €th | Operating Income + Direct Costs | €75,508 th = €159,201th + (€83,693 th ) | €38,054 th = €89,927th + (€51,873 th ) | Operational profitability measure used by the directors to evaluate the generation of results without considering those expenses that are not directly attributable to the projects. |
| % Gross margin | % | Gross Margin / Operating income | 47.43% =€75,508 th / €159,201 th | 42.32% =€38,054 th / €89,927 th | Operational profitability measure used by the directors to evaluate the generation of results without considering those expenses that are not directly attributable to the projects. |
| SGA | €th | Provisions + Personnel expenses + Other operating costs + Other direct profit(loss) + Losses on disposal of assets - Direct costs | (€10,144 th) = (€62,575 th) + (€14,667 th) + (€16,960 th) +€365 th + €83,693 th | (€9,787 th) = (€35,863 th) + (€11,555 th) + (€14,293 th) +(€3 th)+€54 th + €51,873 th | Measurement of general, administrative and commercial expenses that are not directly attributable to the projects. |
| Gross Operating Profit (EBITDA) | €th | Operating income + Direct costs + SGA | €65,364 th = €159,201 th + (€83,693 th) + (€10,144 th) | €28,267 th = €89,927 th +(€51,873 th) + (€9,787 th) | Operational profitability measure without considering the interests, taxes and amortisations. The directors used this performance measure to evaluate the ability to generate operating cash flow of projects. |
| % EBITDA | % | Gross operating profit (EBITDA) / Operating income | 41.06% = €65,364 th/€159,201 th | 31.43% = €28,267 th/€89,927 th | % measure of operational profitability without considering the interests, taxes and amortisations with regard to the operating income |
| EBIT | €th | Gross operating profit (EBITDA) + Depreciation of fixed assets + Impairment of fixed assets + Goodwill impairment + Negative consolidation difference | 38.420 m€ = 65.364 m€ + (26.527 m€) + (417 m€) | 21.426 m€ = 28.267 m€ + (12.659 m€) +(1.839 m€) + (178 m€) + 7.834 m€ | Operational profitability measure without considering the interests and taxes |
| % EBIT | % | Gross operating profit (EBIT) / Operating income | 24.13% = €38,420 th / €159,201 th | 23.83% = €21,426 th / €89,927 th | % measure of operational profitability without considering the interests, taxes and amortisations with regard to the operating income |
| Net Financial Debt | €th | Long-term debts + Short-term debts - Liabilities for derivatives - Cash and other cash equivalents - Short-term loans - Other short-term financial assets + Long-term debt | €350,180 th = €419,666 th + €31,544 th + (€13,147 th) + (€2,149 th) + (€79,597 th) + (€775 th) + (€287 th) + (€6,433 th) + €1,358 th | €392,059 th = €357,584 th + €87,457 th + (€8,887 th) + (€106 th) + (€34,753 th) + (€571 th) + (€74 th) + (€8,591 th) | Performance measure used by the Management to evaluate the level of net indebtedness of the assets. |
| Indebtedness | % | Net financial debt / (Net equity + Net financial debt) | 65.64% = €350,180 th/ (€182,596 th + €350,180 th ) | 70% = €392,059 th/ (€392,059 th+ €166,191 th) | Performance measure whose objective is to show the degree of leverage of business activity. |

€th: Thousand €

# 11 APPENDIX I: KEY SUMMARY OF INDICATORS



## 11.a. OPERATIONS

| Number of projects | 2020 |
|---|---|
| Projects commissioned | **22 projects under O&M services and 21 projects under AMS services** |

| MW | |
|---|---|
| MW commissioned | **199** |
| MWh of energy produced | **863** |

## 11.b. GOVERNANCE

| Management | 2020 |
|---|---|
| Female board members (%) | **37.5** |
| Independent directors | **3** |
| Audit, Appointments, Remuneration, Strategy and Investments Committees | **3** |

## 11.c. ENVIRONMENT

| Environmental management | 2020 |
|---|---|
| Staff resources assigned to monitor environmental impact | **40** |
| Financial resources dedicated to environmental activities (€) | **467,836** |

| Waste | |
|---|---|
| Hazardous waste produced in plants (t) | **10.2** |
| Non-hazardous waste produced in plants (t) | **2,269** |
| Non-hazardous waste produced in plants ($m^3$) | **1,243** |
| Non-hazardous waste produced in plants (units) | **1,101** |
| Hazardous waste produced in offices (t) | **0.12** |
| Hazardous waste produced in offices (units) | **559** |
| Non-hazardous waste produced in offices (t) | **0.94** |
| Non-hazardous waste produced in offices ($m^3$) | **50** |

| Energy consumption | |
|---|---|
| Energy consumed in plants (GWh) | **3.78** |
| Diesel fuel consumed in plants (L) | **226,758** |
| Energy consumed in offices (GWh) | **0.08** |

| Raw materials | |
|---|---|
| Total raw materials consumed in plants (t) | **41.5** |

| Water consumption | |
|---|---|
| Water consumed in plants ($m^3$) | **5,357.5** |
| Water consumed in offices ($m^3$) | **256.2** |

| Greenhouse Gas Emissions | |
|---|---|
| $CO_2$ emissions produced (t) | **2,425** |
| $CO^2$ emissions avoided (t) | **610,410** |

## 11.d. EMPLOYEES

| Employees | | 2020 |
|---|---|---|
| Gender | Men | 185 |
| | Women | 63 |
| Age | Up to 30 | 59 |
| | Between 31 year and 50 years | 176 |
| | More than 50 years | 13 |
| Country | Spain | 135 |
| | Chile | 62 |
| | India | 21 |
| | Malaysia | 12 |
| | Uruguay | 3 |
| | Colombia | 2 |
| | Peru | 10 |
| | U S | 3 |
| Professional Category | Other management personnel | 11 |
| | Technical professionals and similar | 201 |
| | Administrative service personnel and similar | 36 |
| Type of contract | Open-ended contracts | 171 |
| | Temporary contracts | 36 |
| | Specific project contract | 39 |
| | Internships | 2 |
| Type of workday | Full time | 247 |
| | Part-time | 1 |

| Salaries and wages | | |
|---|---|---|
| Average salary | Men | 33,362 |
| | Women | 36,663 |
| Wage gap | | 10% |

| Training | 2020 |
|---|---|
| Hours of training | 3,384 |

| Health and Safety | |
|---|---|
| Accidents | 6 |
| Frequency rate | 4.28 |
| Absolute frequency rate | 8.56 |
| Severity rate | 0.1 |
| Occupational diseases | 0 |
| Fatalities | 0 |
| Hours of absenteeism | 3,065 |

## 11.e. COMMUNITY

| Local community | 2020 |
|---|---|
| Local employees | 223 |
| Contributions to non-profit foundations (€) | 99,416 |
| Social projects carried out | 8 |
| No. of countries in which social projects have been carried out | 4 |

## 11.e. TAX MANAGEMENT

| Local community | |
|---|---|
| Pre-tax profit (€ thousands) | 526 |
| Tax on profit paid (€ thousands) | 2,439 |
| Grants received (€ thousands) | 14 |

# 12 APPENDIX II: LIST OF INDICATORS

| CONTENT | CHAPTER OF REPORT | REFERENCE FRAMEWORK (GRI PERFORMANCE INDICATORS OR INTERNAL FRAMEWORK) | TCFD REFERENCE FRAMEWORK |
|---|---|---|---|
| **GENERAL POINTS** | | | |
| **BUSINESS MODEL** | 5. About SOLARPACK | 102-2 | Metrics & Targets |
| **BUSINESS ENVIRONMENT** | 6. SOLARPACK's response to environmental challenges | 102-6 | |
| **OBJECTIVES AND STRATEGIES** | 5. About SOLARPACK | 102-15 | Strategy |
| **FACTORS AND TRENDS THAT MAY AFFECT PERFORMANCE** | 6. SOLARPACK's response to environmental challenges | 102-15 | |
| **DESCRIPTION AND RESULTS OF GROUP POLICIES** | 7. Governance Model<br><br>b. Regulatory framework | Details of every section of this report are provided according to the corresponding topic<br><br>102-15 | Metrics & Targets |
| **PRIMARY NON-FINANCIAL RISKS RELATED TO GROUP'S ACTIVITIES** | 8. Risk management | Details of every section of this report are provided according to the corresponding topic, especially in section (8. Risk management)<br><br>102-15 | Risk Management |
| **ENVIRONMENTAL ISSUES** | | | |
| **CURRENT AND PROJECTED EFFECTS OF THE COMPANY'S ACTIVITIES ON THE ENVIRONMENT AND, IF APPLICABLE, ON HEALTH AND SAFETY** | 9.a. Tackling climate change and sustainable use of resources | Internal framework: Qualitative description of primary effects | Metrics & Targets |
| **ENVIRONMENTAL ASSESSMENT OR CERTIFICATION PROCEDURES** | 9.a. Tackling climate change and sustainable use of resources | Internal framework: Qualitative description of environmental assessment and certification procedures | |
| **RESOURCES DEPLOYED TO PREVENT ENVIRONMENTAL RISKS** | 9.a. Tackling climate change and sustainable use of resources | Internal framework: Qualitative description of resources deployed | |
| **APPLICATION OF PRINCIPLE OF PRECAUTION** | 9.a. Tackling climate change and sustainable use of resources | Internal framework: Qualitative description of principle of precaution | |
| **QUANTITY OF PROVISIONS AND GUARANTEES FOR ENVIRONMENTAL RISKS** | 9.a. Tackling climate change and sustainable use of resources | Internal framework:<br>SOLARPACK does not have any provisions and guarantees for environmental risks | |

| CONTENT | CHAPTER OF REPORT | REFERENCE FRAMEWORK (GRI PERFORMANCE INDICATORS OR INTERNAL FRAMEWORK) | TCFD REFERENCE FRAMEWORK |
|---|---|---|---|
| **POLLUTION** | | | |
| **MEASURES TO PREVENT, REDUCE OR OFFSET CARBON EMISSIONS WHICH SERIOUSLY AFFECT THE ENVIRONMENT** | 9.a.iii. Climate Change | Internal framework: Qualitative description of the primary measures and action plans | Metrics & Targets |
| **PARTICULAR ATMOSPHERIC POLLUTION OF AN ACTIVITY, INCLUDING NOISE AND LIGHT POLLUTION.** | 9.a.iii. Climate Change | Internal framework: Qualitative description of the primary measures and action plans | |
| **CIRCULAR ECONOMY AND PREVENT AND WASTE MANAGEMENT** | | | |
| **WASTE TREATMENT MEASURES INCLUDING PREVENTION, RECYCLING, REUSE AND OTHER FORMS OF RECOVERY AND DISPOSAL** | 9.a.i. Waste management and circular economy | 306-2 | Metrics & Targets |
| **INITIATIVES TO TACKLE FOOD WASTE** | No material in view of the Company's sector of activity | N/A | |
| **SUSTAINABLE USE OF RESOURCES** | | | |
| **WATER CONSUMED AND SUPPLIED IN ACCORDANCE WITH LOCAL RESTRICTIONS** | 9.a.ii. Sustainable use of natural resources | 303-1 | Metrics & Targets |
| **CONSUMPTION OF RAW MATERIALS** | 9.a.ii. Sustainable use of natural resources | Internal framework: Qualitative description of the primary measures | |
| **MEASURES ADOPTED TO IMPROVE EFFICIENCY IN THE USE OF RAW MATERIALS** | 9.a.ii. Sustainable use of natural resources | 301-1 | |
| **DIRECT AND INDIRECT CONSUMPTION OF ENERGY** | 9.a.ii. Sustainable use of natural resources | 302-1 | |
| **MEASURES TAKEN TO IMPROVE ENERGY EFFICIENCY** | 9.a.ii. Sustainable use of natural resources | Internal framework: Qualitative description of the primary measures | |
| **USE OF RENEWABLE ENERGIES** | 9.a.ii. Sustainable use of natural resources | Internal framework: Qualitative description of the primary measures | |

| CONTENT | CHAPTER OF REPORT | REFERENCE FRAMEWORK (GRI PERFORMANCE INDICATORS OR INTERNAL FRAMEWORK) | TCFD REFERENCE FRAMEWORK |
|---|---|---|---|
| **CLIMATE CHANGE** | | | |
| IMPORTANT INFORMATION ABOUT GREENHOUSE GASES EMITTED AS A RESULT OF THE COMPANY'S ACTIVITIES | 9.a.iii. Climate Change | 305-1, 305-2, 305-3 | Metrics & Targets |
| MEASURES ADOPTED TO ADAPT TO THE CONSEQUENCES OF CLIMATE CHANGE | 9.a.iii. Climate Change | Internal framework: Qualitative description of the primary measures | |
| MEDIUM AND LONG-TERM REDUCTION GOALS VOLUNTARILY ESTABLISHED TO REDUCE GREENHOUSE GAS EMISSIONS AND THE RESOURCES USED TO THIS END | 9.a.iii. Climate Change | Internal framework: Qualitative description of the primary goals | |
| **BIODIVERSITY** | | | |
| MEASURES TAKEN TO PRESERVE OR RESTORE BIODIVERSITY | 9.a.iii. Climate Change | Internal framework: Qualitative description of the primary measures | Metrics & Targets |
| IMPACTS OF BUSINESS ACTIVITIES OR OPERATIONS ON PROTECTED AREAS | 9.a.iii. Climate Change | Internal framework: Qualitative description of primary impacts | |
| **SOCIAL AND PERSONNEL-RELATED ISSUES** | | | |
| **EMPLOYMENT** | | | |
| TOTAL NUMBER AND BREAKDOWN ACCORDING TO GENDER, AGE, COUNTRY AND PROFESSIONAL CLASSIFICATION | 9.b.i. Employees | 102-8, 405-1 | Metrics & Targets |
| TOTAL NUMBER AND BREAKDOWN ACCORDING TO FORM OF EMPLOYMENT CONTRACT | 9.b.i. Employees | 102-8 | |
| ANNUAL AVERAGE OF OPEN-ENDED CONTRACTS, TEMPORARY CONTRACTS AND PART-TIME CONTRACTS ACCORDING TO GENDER, AGE AND PROFESSIONAL CLASSIFICATION | 9.b.i. Employees | 102-8, 405-1 | |

| CONTENT | CHAPTER OF REPORT | REFERENCE FRAMEWORK (GRI PERFORMANCE INDICATORS OR INTERNAL FRAMEWORK) | TCFD REFERENCE FRAMEWORK |
|---|---|---|---|
| **SOCIAL AND PERSONNEL-RELATED ISSUES** | | | |
| **EMPLOYMENT** | | | |
| **NUMBER OF DISMISSALS ACCORDING TO GENDER, AGE AND PROFESSIONAL CLASSIFICATION** | 9.b.i. Employees | Internal framework: Total number of dismissals during the reporting period according to sex, age and professional category | Metrics & Targets |
| **AVERAGE REMUNERATION AND PROGRESSION ACCORDING TO GENDER, AGE AND PROFESSIONAL CLASSIFICATION OR EQUAL VALUE** | 9.b.i. Employees | Internal framework: Average remuneration (including fixed and performance-based pay) | |
| **SALARY AND WAGE GAP** | 9.b.i. Employees | Internal framework: (Average Female – Average Male / Average Male) | |
| **AVERAGE REMUNERATION OF DIRECTORS AND SENIOR MANAGERS** | 9.b.i. Employees | Internal framework: Average remuneration | |
| **DISCONNECTION POLICIES** | 9.b.i. Employees | Internal framework: Qualitative description of available policies | |
| **EMPLOYEES WITH DISABILITIES** | 9.b.i. Employees | 405-1 | |
| **WORK ORGANISATION** | | | |
| **WORK ORGANISATION** | 9.b.i. Employees | Internal framework: Qualitative description of working time organisation | Metrics & Targets |
| **NUMBER OF ABSENTEEISM HOURS** | 9.b.ii. Health and Safety | Internal framework: Number of absenteeism hours | |
| **MEASURES TO HELP EMPLOYEES STRIKE THE RIGHT WORK-LIFE BALANCE** | 9.b.i. Employees | Internal framework: Qualitative description of measures | |
| **HEALTH AND SAFETY** | | | |
| **HEALTH AND SAFETY CONDITIONS** | 9.b.ii. Health and Safety | 403-2 | Metrics & Targets |

| CONTENT | CHAPTER OF REPORT | REFERENCE FRAMEWORK (GRI PERFORMANCE INDICATORS OR INTERNAL FRAMEWORK) | TCFD REFERENCE FRAMEWORK |
|---|---|---|---|
| **SOCIAL AND PERSONNEL-RELATED ISSUES** | | | |
| **HEALTH AND SAFETY** | | | |
| **WORKPLACE ACCIDENTS, ESPECIALLY FREQUENCY AND SEVERITY, ACCORDING TO GENDER** | 9.b.ii. Health and Safety | 403-2<br><br>Internal framework:<br>Frequency = (No. of workplace accidents with absence from work/No. of worked hours) * 1,000,000;<br><br>Absolute Frequency = (No. of accidents with and without absence from work/No. of worked hours) * 1,000,000<br><br>Severity = (No. of work days lost due to workplace accidents with absence from work/ No. of worked hours) * 1,000 | |
| **ENFERMEDADES PROFESIONALES DESAGREGADAS POR GENDER** | 9.b.ii. Health and Safety | 403-2 | |
| **SOCIAL RELATIONS** | | | |
| **ORGANISATION OF SOCIAL DIALOGUE, INCLUDING STAFF REPORTING, ADVISORY AND BARGAINING PROCEDURES** | 9.b.v. Social relations | Internal framework: Qualitative description of social dialogue organisation | Metrics & Targets |
| **PERCENTAGE OF EMPLOYEES COVERED BY A COLLECTIVE BARGAINING AGREEMENT ACCORDING TO COUNTRY** | 9.b.v. Social relations | 102-41 | |
| **ASSESSMENT OF IMPACT OF COLLECTIVE AGREEMENTS ON OCCUPATIONAL HEALTH AND SAFETY** | 9.b.ii. Health and Safety | 403-1<br><br>Internal framework: The Company does not have a Health and Safety Committee, union representation or collective bargaining agreements. | |

| CONTENT | CHAPTER OF REPORT | REFERENCE FRAMEWORK (GRI PERFORMANCE INDICATORS OR INTERNAL FRAMEWORK) | TCFD REFERENCE FRAMEWORK |
|---|---|---|---|
| **SOCIAL AND PERSONNEL-RELATED ISSUES** | | | |
| **TRAINING** | | | |
| TRAINING POLICIES IMPLEMENTED | 9.b.iii. Attracting and retaining talent | Internal framework: Qualitative description of available policies | Metrics & Targets |
| TOTAL AMOUNT OF TRAINING HOURS ACCORDING TO PROFESSIONAL CATEGORY | 9.b.iii. Attracting and retaining talent | 404-1 | |
| UNIVERSAL ACCESSIBILITY OF PEOPLE WITH DISABILITIES | 9.b.i. Employees | There are no measures to promote the accessibility of people with disabilities | |
| **EQUALITY** | | | |
| EQUALITY PLANS | 9.b.iv. Equality and diversity | Internal framework: Qualitative description of available measures | Metrics & Targets |
| MEASURES ADOPTED TO PROMOTE EMPLOYMENT, SEXUAL AND GENDER-BASED HARASSMENT PROTOCOLS | 9.b.iv. Equality and diversity | Internal framework: Qualitative description of available measures | |
| INTEGRATION AND UNIVERSAL ACCESSIBILITY OF PEOPLE WITH DISABILITIES | 9.b.iv. Equality and diversity | Internal framework: Qualitative description of available measures | |
| POLICY AGAINST ALL FORMS OF DISCRIMINATION AND, IF APPLICABLE, DIVERSITY MANAGEMENT | 9.b.iv. Equality and diversity | Internal framework: Qualitative description of available measures | |
| **HUMAN RIGHTS** | | | |
| DUE DILIGENCE PROCEDURES IN THE FIELD OF HUMAN RIGHTS | 9.d. Sustainable management of supply chain | 102-16, 102-17 | Metrics & Targets |
| PREVENTION OF HUMAN RIGHTS VIOLATIONS AND, IF APPLICABLE, MEASURES TO MITIGATE, MANAGE AND COMPENSATE ANY INCIDENTS OF ABUSE | 9.e. Respect for Human Rights | Internal framework: Qualitative description of available measures | |
| REPORTS OF HUMAN RIGHTS VIOLATIONS | 9.e. Respect for Human Rights | 406-1 | |
| PROMOTION OF AND COMPLIANCE WITH WTO COVENANTS ON THE FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING, DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION, ELIMINATION OF FORCED OR COMPULSORY LABOUR AND THE EFFECTIVE ABOLITION OF CHILD LABOUR | 9.e. Respect for Human Rights | 102-16 | |

| CONTENT | CHAPTER OF REPORT | REFERENCE FRAMEWORK (GRI PERFORMANCE INDICATORS OR INTERNAL FRAMEWORK) | TCFD REFERENCE FRAMEWORK |
|---|---|---|---|
| **SOCIAL AND PERSONNEL-RELATED ISSUES** | | | |
| **CORRUPTION AND BRIBERY** | | | |
| **MEASURES ADOPTED TO PREVENT CORRUPTION AND BRIBERY** | 7. Governance Model<br>8. Risk Management | 102-16, 102-17 | Metrics & Targets |
| **ANTI-MONEY LAUNDERING MEASURES** | 7. Governance Model<br>8. Risk Management | 102-16, 102-17 | |
| **CONTRIBUTIONS TO NON-PROFIT FOUNDATIONS AND ENTITIES** | 9.c. Positive impact on the community | Internal framework: Quantitative description of contribution value | |
| **SOCIETY** | | | |
| **COMPANY COMMITMENTS TO SUSTAINABLE DEVELOPMENT** | | | |
| **IMPACT OF COMPANY'S ACTIVITY ON EMPLOYMENT AND LOCAL DEVELOPMENT** | 9.c. Positive impact on the community | Internal framework: Qualitative description of impact | Metrics & Targets |
| **IMPACT OF COMPANY'S ACTIVITY ON LOCAL PEOPLE AND COMMUNITIES** | 9.c. Positive impact on the community | Internal framework: Qualitative description of impact | |
| **RELATIONS WITH STAKEHOLDERS OF LOCAL COMMUNITIES AND EXISTING FORMS OF DIALOGUE** | 9.c. Positive impact on the community | Internal framework: Qualitative description of existing relations | |
| **ASSOCIATION AND SPONSORSHIP INITIATIVES** | 9.c. Positive impact on the community | 102-12, 102-13 | |

| CONTENT | CHAPTER OF REPORT | REFERENCE FRAMEWORK (GRI PERFORMANCE INDICATORS OR INTERNAL FRAMEWORK) | TCFD REFERENCE FRAMEWORK |
|---|---|---|---|
| **SOCIETY** | | | |
| **SUBCONTRACTORS AND SUPPLIES** | | | |
| **INCLUSION OF SOCIAL, GENDER EQUALITY AND ENVIRONMENTAL ISSUES IN THE PROCUREMENT POLICY** | 9.d. Sustainable management of supply chain | 102-9 | Metrics & Targets |
| **CONSIDERATION OF SOCIAL AND ENVIRONMENTAL RESPONSIBILITY IN RELATIONS WITH SUPPLIERS AND SUBCONTRACTORS** | 9.d. Sustainable management of supply chain | 102-9 | |
| **OVERSIGHT AND AUDITING SYSTEMS AND THEIR RESULTS** | 9.d. Sustainable management of supply chain | 308-2, 414-2 | |
| **CONSUMERS** | | | |
| **CONSUMER HEALTH AND SAFETY MEASURES** | 9.f. Customer security | Internal framework: Qualitative description of measures | Metrics & Targets |
| **GRIEVANCE AND COMPLAINT SYSTEMS AND THEIR RESOLUTION** | 9.f. Customer security | 102-17 | |
| **TAX REPORTING** | | | |
| **PROFIT MADE ACCORDING TO COUNTRY** | 9.g. Tax management | Internal framework: Pre-corporation tax on profit/(loss) according to country | Metrics & Targets |
| **TAX ON PROFIT PAID** | 9.g. Tax management | Internal framework: Corporation tax paid according to country | |
| **PUBLIC GRANTS RECEIVED** | 9.g. Tax management | Internal framework: Public grants received according to country | |

SOLAR
PACK