2022

SUSTAINABILITY REPORT



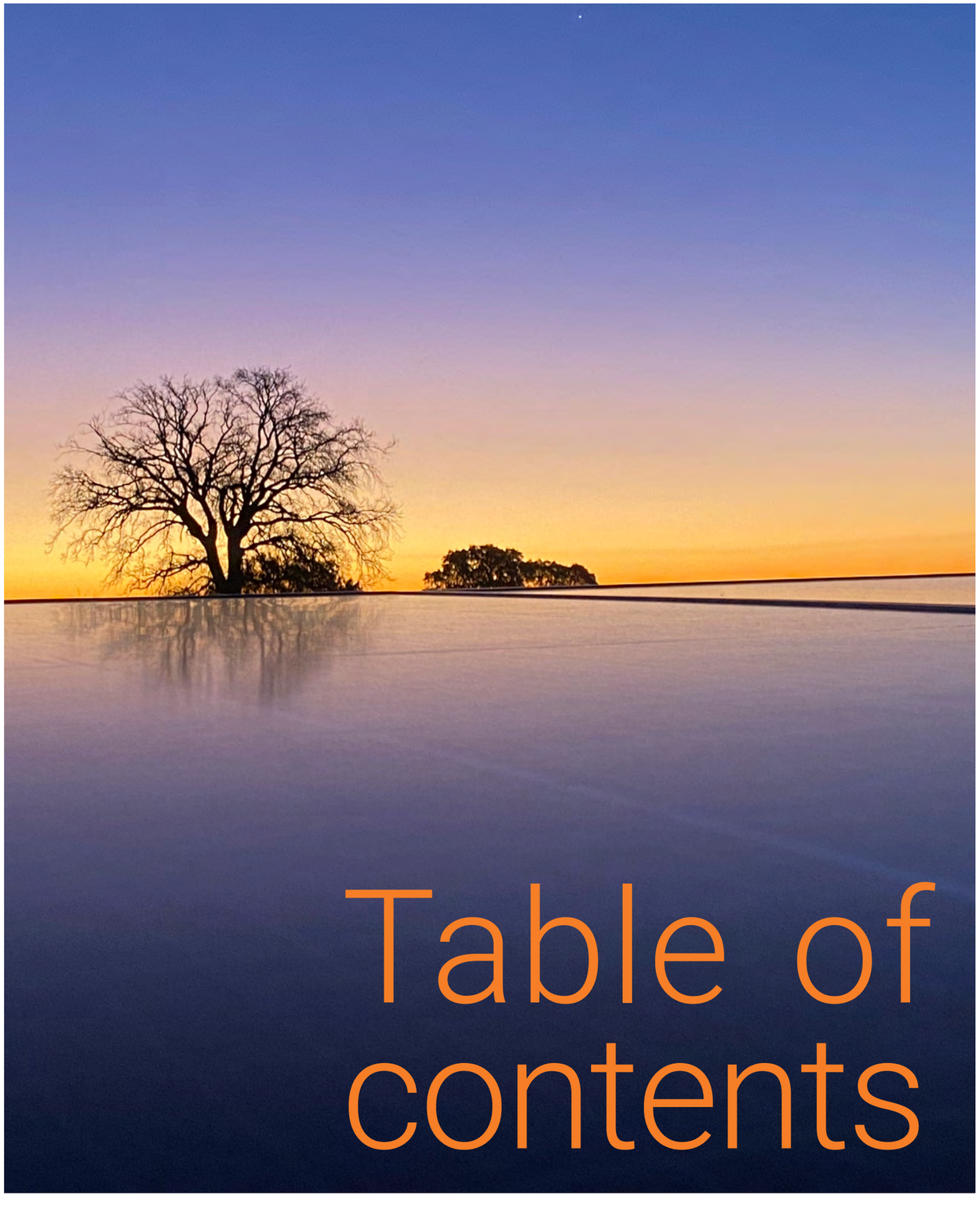
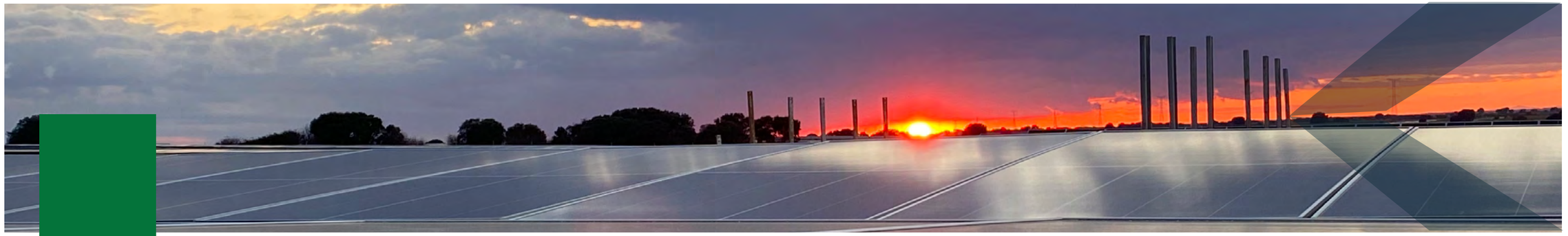


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01 About this Report

This Sustainability Report (hereinafter “the Sustainability Report” or “the Report”) has been drawn up using as its reference the recommendations of the Task-force on Climate related Financial Disclosure (TCFD), as well as the guidelines set out in the International Integrated Reporting Framework, the Global Reporting Initiative Guide (selected GRI), the Sustainable Development Goals, the Ten Principles of the United Nations Global Compact, an initiative to which Solaria has signed up, and the Directive 2014/95/EU on non-financial and diversity information, complemented by Law 11/2018.

The publication of this Sustainability Report, for the third consecutive year and on a voluntary basis, is the upshot of the strong commitment of Solaria Energía y Medio Ambiente, SA (hereinafter “Solaria” or “the Company”) to the environment, society and risk governance, thereby consolidating the effort made by the Company in recent years to keep integrating environmental, social and good governance (ESG) criteria into its strategy.

This report is also an exercise in transparency that aims to convey to the Company's stakeholders information about the situation, activities, plans and progress in the field of sustainability, both internally and externally, since for Solaria the communication, clarity and truthfulness of the information are fundamental values.

In addition, the Company seeks to afford greater visibility to its management in all environmental, social and governance aspects, placing special emphasis on the control of non-financial risks, care for the environment and all the people and stakeholders who go to make up and are related with the Company, including amongst its priorities the contribution to decarbonisation, the care and protection of people, issues related with the defence of Human Rights, the prevention of practices related with bribery and corruption etc.

This publication is a voluntary exercise since Solaria does not currently comply with the requirements laid down for the submission of the Non-Financial Information Statement regulated in Law 11 enacted on 28 December 2018.

Scope of the Report

The information and quantitative data in this report are limited to the year 2022 and are thus the result of their consolidation as at 31 December 2022, the year-end date, and on the entire activity of Solaria in those countries in which it operates However, and in order to facilitate the reader's understanding and contextualisation of the evolution of the business, the history of the information will be provided, when possible, including figures and facts relating to previous years.

This report refers to the Solaria group on a consolidated basis, except when expressly referring to one of the companies specifically. The perimeter of companies included can be consulted in Annex I "Companies that go to make up Solaria", of the Consolidated Annual Accounts for 2022.

Throughout the report, information of a prospective nature is also provided, based on an analysis of the current context and its expected evolution (not committing said objectives to their achievement).

Verification

This report has been approved by the Board of Directors on 23 February 2023.

The Report has been verified by Ernst & Young, whose verification report, dated February 27, 2023, is attached as Annex III.

Those issues of interest about the content of the report can be sent to the e-mail *greenmatters@solariaenergia.com*.

02 Chairman's address

Dear readers,

As you are probably aware, this year has been very important for us as we have celebrated Solaria's 20th anniversary. A year that has been marked by the war in Ukraine, by the lack of raw materials and by inflation, all of which against a backdrop of general uncertainty in which Solaria has continued to lead the energy transition in Europe with the aim of achieving 18 GW in 2030.

In light of this situation, I would highlight two immediate consequences: the rise in interest rates and the acceleration of renewables as a priority source of energy.

During the last twelve months, Solaria has commissioned various projects, already attaining 2 GW in terms of operation and construction. In addition, it has a project portfolio of 12 GW, engendering some optimism about the achievement of the objectives of the strategic plan. With this in mind, the group continues with its international expansion; in Italy it already has a 2GW pipeline and in Germany it is making progress with the hiring of a local team.

I believe it is important to highlight the important progress made on the construction of our Cifuentes-Trillo 626 MW project, the largest photovoltaic complex in Spain, with the implementation of the five substations and the completion of construction.

Additionally, 1.5 GW of new connection points have been obtained in Spain and 2.4 GW of projects with a favourable Environmental Impact Statement.

In this scenario, it should be noted that the Solaria projects, both those in operation and those under construction, have sealed their financing. This mitigates financial risks and ensures the implementation thereof, including the last merchant package of 285 MW thanks to the recent agreement signed with Banco Sabadell.

Likewise, it is important to highlight that in terms of CAPEX, we are still one of the most efficient companies in Europe with a project return in excess of 12%.

What has been achieved so far is reflected in the income statements that we are submitting to the markets, with extraordinary quarterly growths in both EBITDA and profits. To be precise, we closed the year with turnover of 139 million euros and EBITDA of 147 million euros. We have a sound balance sheet showing equity of 344,7 million euros as at 31 December 2022, which is growing quarter by quarter.

Despite the turbulent times we are going through, Solaria appears strong and its prospects are good in terms of facing the new challenges awaiting our sector. Today we can say, with complete certainty, that we are facing a future of the energy sector that will be renewable and Solaria will be key in this energy transition.

As every year, I am grateful for the dedication, effort and commitment of all the company's employees who, together with the Board members, enable us to keep advancing day by day with excellent results



D. Enrique Díaz-Tejeiro Gutiérrez
Chariman Solaria

03 Managing Director's address

Dear readers,

As has been rightly repeated in recent times, we have to make radical changes in the way we treat the planet and in the way we create and use the energy and resources that power our industries, our cities, our homes and our world.

Solaria, aware of its role as a leading company in the energy transition, has argued that the ecological transition must be carried out quickly, through a rapid, massive deployment of technologies like solar photovoltaic.

Renewable energies, and specifically solar photovoltaic energy, bring with them an essential triad: to decarbonise our economies, electrify our societies and increase energy efficiency. In this regard, solar photovoltaic energy is undoubtedly the cornerstone of the three great challenges that we face as a society:

- The fight against global warming
- The need to achieve energy sovereignty for all nations through national security (avoiding dependence on foreign fuels).
- The need for cheap electricity prices.

Our business is fully aligned with European plans and regulations, the United Nations Sustainable Development Goals and the plans to combat climate change. Sustainable development is at the heart of our strategic plan and forms part of our values.

But we are not only committed to climate change and sustainability through our renewable energy generation business, but we also make every endeavour to provide additional value and contribute to the environment and society in our daily and corporate management.

This year we announced our goal of Carbon Neutrality by 2030. In this regard, it should be noted that the emissions we release at Solaria (mainly from the use of corporate offices) are considerably less than the emissions that we avoid through our activity.

In addition, we promote the harmonious coexistence of flora and fauna at our solar plants and we are committed to social and economic development, seeking synergies with the municipalities and territories where we are located.

At Solaria we are making major endeavours to be aligned with the market and meet the expectations of our stakeholders in the management of ESG factors. The publication of this report represents a huge effort and progress for the Company. It is the third consecutive year that we have drawn it up, though without having been under any obligation to do so. In fact, we are the only IBEX 35 company that is not required to submit the Non-Financial Information Statement for not complying with the requirements established by law.

One of the important milestones for 2022 has been the improvement of Solaria's position in ESG ratings. To be precise, we obtained the highest ESG classification in the MSCI rating, making us one of the most sustainable energy companies in the world, improving from "A" to "AAA". This recognition is the result of the great work we have carried out over the years and confirms that we are on the right track. Here at Solaria we are convinced that sustainability is at the core of our strategy and is the mainstay if we are to keep moving ahead with energy transition.

Our plan is to keep following this line and for sustainability to continue to be an essential pillar within our identity.



D. Darío López Clemente
Managing Director of Solaria

Solaria



04 Solaria in 2022

Solaria in figures

Operations data

	2022	2021
MW installed	1,000	700
Generation	1,401 GWh	862.53 GWh
Energy from renewable sources	49	38
Projects up and running	6	5
Countries where it operates	100%	100%

Economic data

	2022	2021
Income	€167 million	€110 million
Turnover	€139 million	€95 million
EBITDA	€147 million	€93 million
Net profit	€90 million	€48 million
Eligible activity for Taxonomy	100%	100%

The Environment

	2022	2021
CO_2 emissions avoided	363,000	216,000
Scope 1	295.92	254.41
Scope 2	3.69	60.58
Scope 3	71.52	28.14
Carbon footprint versus intensity[1]	0.21	0.39
Science Based Targets initiative	Yes	No

People

	2022	2021
Headcount	191	145
Total hours of training	2,375.5	2,362
New recruitments	114	82
Average age	42	41
Indefinite contracts	98%	96%

Good governance

	2022	2021
Directors	6	6
Female representation on Board of Directors	33.33%	16.66%
Fees	3	3
Internal committees	4	4
Number of Board meetings	6	8
Female representation on Management team	1	0

ESG Ratings and Indexes

	2022	2021
MSCI	AAA	A
Sustainalytics	Low risk	Medium risk
CDP	C	D
S&P	48	30
ISS	5 (less risk)	6
Bloomberg Gender Equality Index	Yes	No
S&P Global Green Energy Index	Yes	Yes

[1] *Scopes 1 and 2*



05 About Solaria

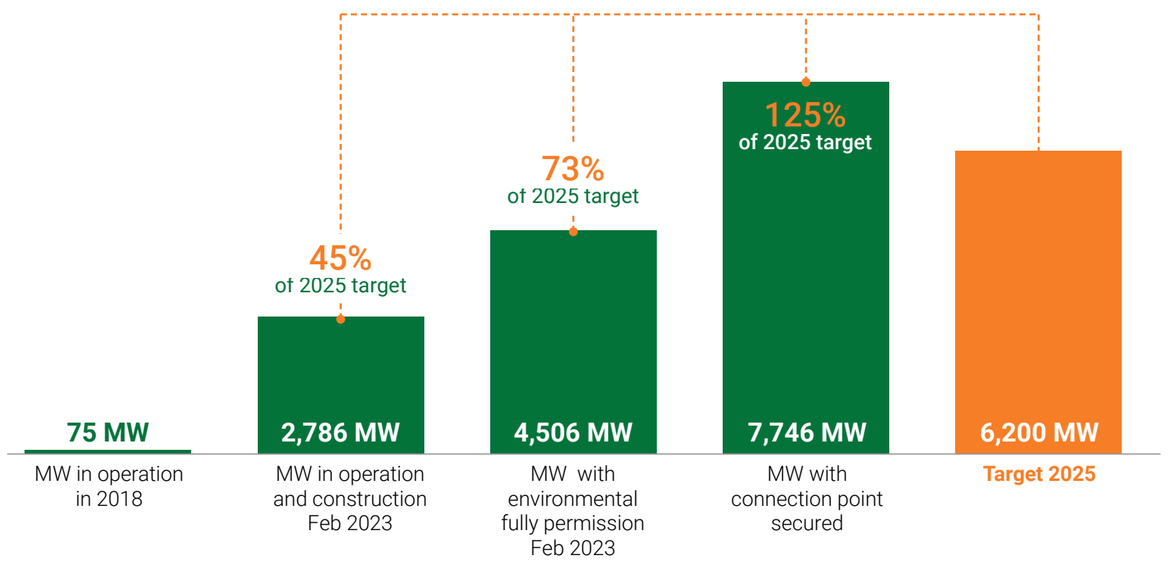
The time for green energy is now



Solaria is a leading company in the development and generation of solar photovoltaic energy in southern Europe, setting out to make an active contribution to decarbonisation and ensure that the global energy model is based on clean energy, including the sustainable approach in its business management and strategy.

The Company has the aim of having 18 GW of emissions-free energy installed by 2030, in line with the 2030 Agenda, the Sustainable Development Goals and the 10 Principles of the United Nations Global Compact, to which it is fully committed. In this way, it also promotes the reduction of electrical dependence as it uses everything within its power to make solar energy accessible to the entire population.

Its business management is based on ethics, transparency and sustainability, always seeking the maximum return for its investors. Furthermore, as the leader of the sector, it has both the experience and the resources to continue its growth, continually striving for innovation and excellence.



Since its outset in 2002, and during these 20 years of activity, it has specialised in renewable energy and, more specifically, in the implementation and development of solar photovoltaic technology. It has participated in the entire value chain of photovoltaic activity, from the manufacture of photovoltaic cells and panels to the development and management of solar plants. In recent years it has specialised in the generation of solar energy.

It has a long track record on the Spanish stock market, to which it has belonged and on which it has been listed since 2007. In 2020, this path culminated with its admission into the Spanish selective IBEX 35

2002 — Creation of Solaria

Specialized in PV power, specifically in the manufacturing of solar panels.

2007 — Initial listing

In 2007, Solaria becomes the first PV company to be listed on the Madrid stock.

exchange.

2014 — Withdrawal from manufacturing activity

Solaria opts to cease its manufacturing of solar panels to focus on PV generation.

2017 — Spanish energy auction and refinancing

Solaria is awarded 250MW in a renewable-energy auction in Spain and successfully completes refinancing of all its assets in Spain through the issuance of project bonds.

2018 — New Stategic Plan

Targeted installation of 1.3 GW by end of 2021.

First PPA signed

First PPA signed with Repsol.

Capital increase

Proceeds of €96.8mn raised at €5.80/share.

2020 — Prioritization of ESG

Solaria commits to and enhances ESG criteria as part of its strategy through diverse measures and objectives.

Solaria on the Ibex 35 Index

In October 2020, the Company is included on the index.

2021 — Updating of strategic plan

In line with its projected growth abroad, the strategic plan is updated to target 18GW by 2030.

Opening of offices in Italy

2022 — Milestones for the fiscal year 2022

For more information roll over

Solaria

Mission, vision and values

Mission

The Company's mission is to promote the development of the use of sunlight as a renewable energy source, through the transformation of knowledge and experience into innovative solutions that contribute to the well-being and progress of humanity, promoting, with a strategy based on sustainable economic development, a reduction in environmental impact and electricity dependence. To achieve this, it has announced a goal of having 18GW of solar energy up and running by 2030.

Vision

Solaria sets itself as a leading international company, fully aligned with global sustainable plans, European regulations and the highest sustainability standards, recognised by its stakeholders as a guarantee of quality, experience, profitability, innovation, flexibility and transparency through continuous analysis and an understanding of the renewable energies sector, thereby enabling it to offer value-added solutions that outstrip the expectations of its stakeholders and make solar energy available to the entire population as a clean, cheaper and inexhaustible alternative.

Values

Sustainability

Solaria is a company committed to the environment, its surroundings and society which is why it seeks to strike a balance between the resources used and the environment, always applying the motto that sustainability and profitability go hand in hand.

Leadership

Solaria, as a leading company in its sector, is a benchmark organisation, both in terms of capabilities and solvency, quality, technology, sustainable growth, ideas and people.

Ethics

Solaria is a transparent company with clients and shareholders who trust it because it always does what it says and it complies with its commitments, applying good business practice in all its actions and demanding the same behaviour both from its employees and from its other business partners.

Innovation

Creativity and intelligence are applied to the constant quest for new comprehensive solutions that adapt to a global, changing environment.

Excellence

For Solaria, the good is never enough and value-added solutions have to exceed the expectations of its customers. Excellence is the driving force behind the organisation.

Teamwork

Solaria is aware that each person has a unique talent, and that people are a company's best resource. This is why it does everything in its power to create a team culture and diversity amongst its professionals.

Business structure

We have a long-term vision to increase our project portfolio and meet the expectations of our stakeholders

Solaria's business model has evolved from the manufacture of photovoltaic cells and panels to the development, construction, management and operation of photovoltaic plants and it is currently a benchmark in the sector. Since its outset, the Company has been fully linked to photovoltaic solar energy as its only activity, fully eligible for Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 regarding the establishment of a framework for facilitating sustainable investments (hereinafter, "European Taxonomy").

Solaria is a company with a high degree of specialisation and decades of experience that contributes its knowledge to offer innovative solutions which contribute to a low carbon economy.

Thanks to its know-how and speed of implementation and decision-making, it is a much more nimble company than the major companies when it comes to negotiating with landowners or suppliers, with local and regional administrations and looking for connection points, always seeking the maximum local acceptance of the projects. In addition, it has a highly qualified team. These factors represent a considerable competitive edge in terms of timeframes and costs.

Solaria is the parent company of several independent companies that each operate a solar plant with its own income, expenses and financial debt. Behind each vehicle company there is a solid asset, with visible and recurring income, which finances Solaria with its dividends and provides it with the necessary resources to keep on the path towards growth.

The financing of the projects is carried out through Project Finance, a type of long-term financing which sets out to promote the development of specific projects and is thus limited to the evolution of the latter. Unlike corporate financing, the Project Finance perimeter remains in the assets, and in the case of Solaria, in its photovoltaic plants, constituting debt without recourse to the parent company. In other words, it does not weigh down the Company's balance sheet, but rather it is limited to the specific project it is geared towards.

In addition, Solaria carries out the development of its projects in-house, as well as the work of an EPC supplier and the operation and maintenance of its solar plants once they have been commissioned, thus reducing the investment cost and the operating cost.

Solaria sells energy through two modalities: long-term power purchase agreements (PPA - Power Purchase Agreement) or on the market.

Additionally, Solaria is beginning to diversify its lines business for the coming years.

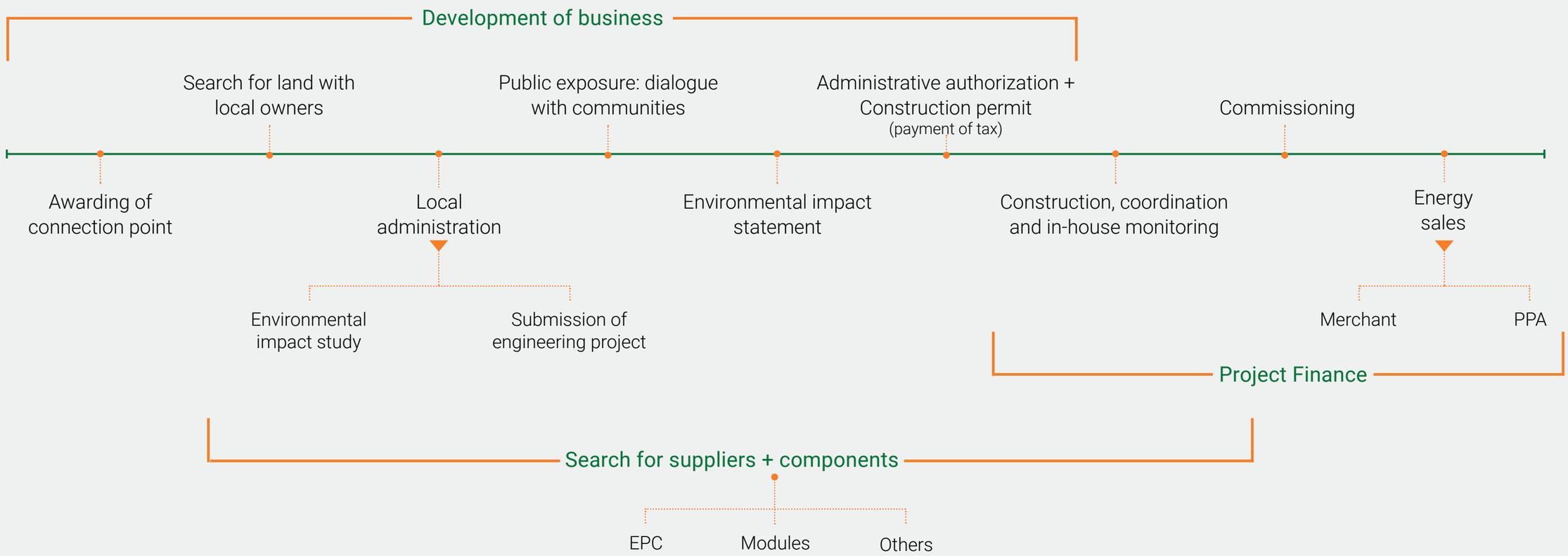
On the one hand, it will proceed with the development of hybrid energy storage projects with electricity generation facilities from renewable energy sources within the framework of the Recovery, Transformation and Resilience Plan financed by the European Union - Next Generation EU.

On the other hand, it will proceed to hybridise the photovoltaic installations with other technologies, mainly wind, which will entail the installation of an additional 1,200 MW of this energy source by 2030. Within the framework of Spanish legislation, Solaria will take advantage of the location of its plants in areas endowed with great wind potential to hybridise the projects in all those locations where possible.

Goal To increase the size of our project portfolio to be the leading solar energy generator in Europe

Workforce

Our most valued resource



Solaria, the solar leader in the European Union

International projection and favourable growth environment

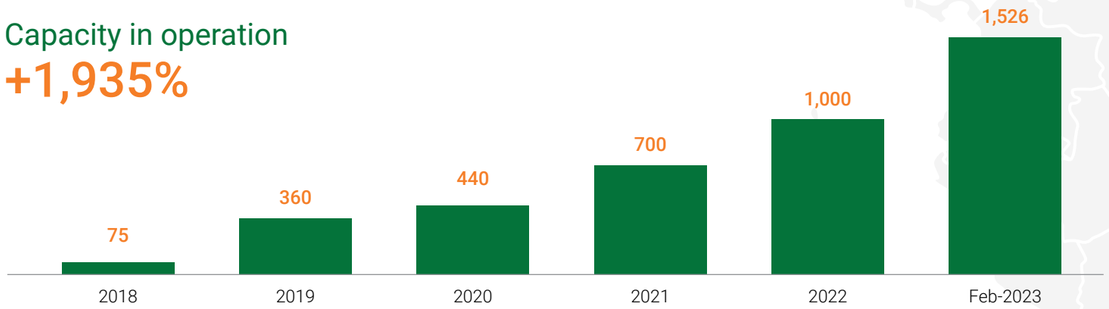
Solaria is a leading company in the development and generation of photovoltaic solar energy in southern Europe, with a presence in Spain, Italy, Portugal, Germany, Uruguay and Greece.

In 2021, Solaria updated its strategic plan, setting the goal of 18 GW of installed capacity by 2030 to become one of the leading solar power generator in the European Union.

Thus, Solaria has closed the year 2022 with 1,000 MW in operation and currently has a total of 2.8 GW in operation and construction, of which 1,526 MW are in operation.

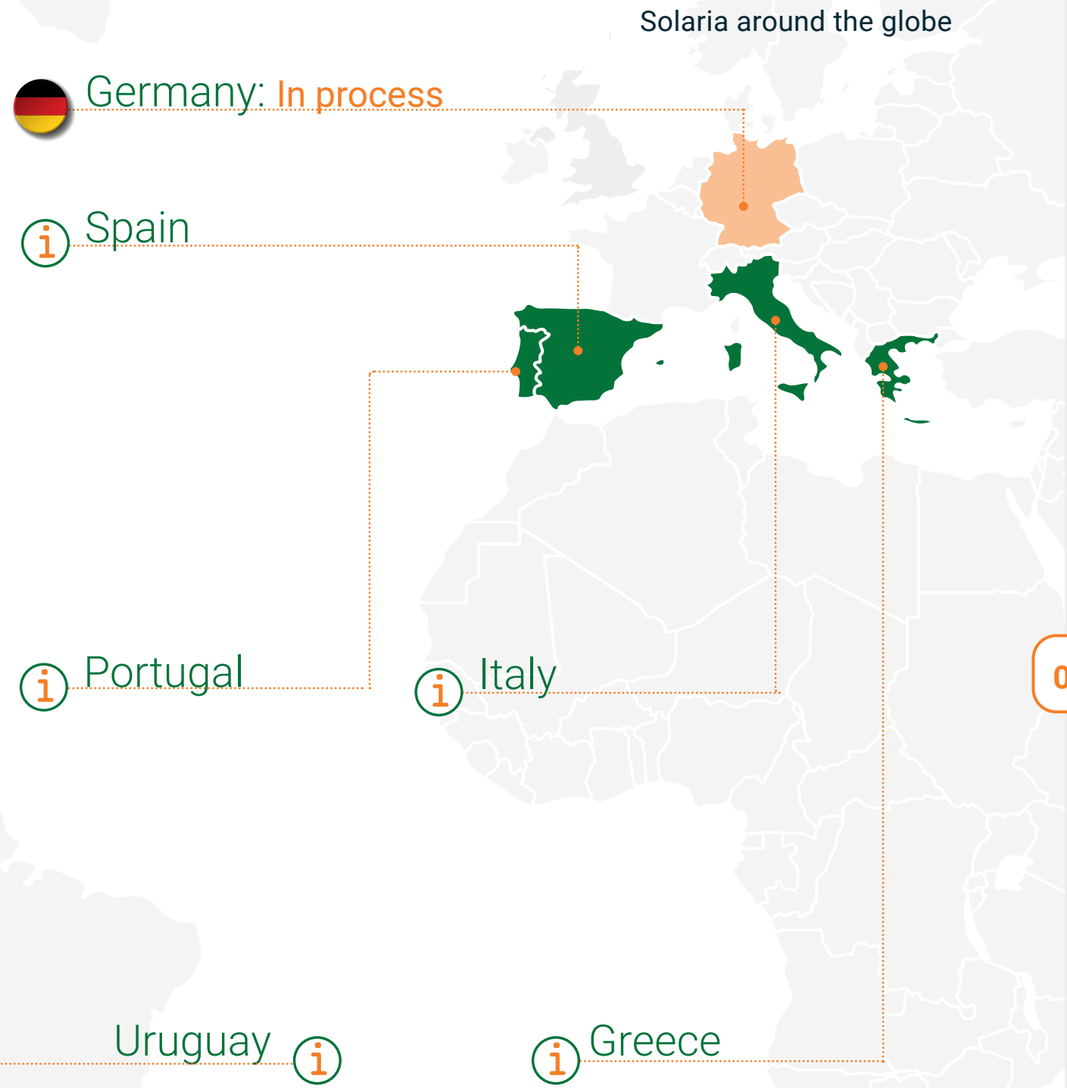
Capacity in operation

+1,935%



Additionally, Solaria is continuing its international growth with a focus on the European Union, fully aligned with the objectives of the European Union to reach 45% of renewables by 2030. As part of its growth plan in Spain, the company continues to increase the connection of new plants and to expand its projects pipeline. On the Italian market, the group is expanding its growth target from 3 to 5 GW by 2030 as a result of the good progress made and the favourable market situation.

As for other European countries, Solaria has decided to start activities in Germany, a market on which the company has already developed and carried out projects in the past and where there is currently enormous growth potential due to the firm commitment that the country has made to solar energy and in April it announced a target of 215 GW by 2030.





06 Materiality analysis

Materiality analysis

Carrying out a materiality analysis is essential if we are to understand the stakeholders' expectations, plan an appropriate response and assume commitments in environmental, social, economic and governance issues.

For Solaria, the opinion of its stakeholders is essential and it always aspires to meet their expectations. For this reason, and for the first time, in 2021 it carried out a materiality analysis, which will be updated every two years or whenever new needs or changes arise that may affect the analysis.

The purpose of this analysis is to define what the key issues are for Solaria's stakeholders related with the business strategy and the sustainability strategy and to focus the present Report on this basis.

Methodology

The materiality analysis was carried out based on two scenarios: the external analysis and the internal analysis.

Through external (documentary analysis + questionnaires) and internal (questionnaires) analysis, the material issues have been identified which make up a list divided into 5 areas:

Economic-financial

Area

Identified key issues

1. Digital transformation, innovation and investment R&D+I
2. Sustainable financing
3. Financial and operational excellence
4. Economic durability of business

Environment

5. Management of climate risks
6. Use of water
7. Sustainable use of natural resources
8. Circular economy and end-of-life management
9. Waste management
10. Investment in environmental issues
11. Natural capital and protection of biodiversity
12. Land, light and noise pollution
13. Climate change and emissions in chain of value
14. Energy transition

Society

Supply chain

15. Responsible management of chain of value (suppliers, subcontractors, business partners, customers, etc.)
16. Health and safety of suppliers and subcontractors
17. Environmental and social impact on supply chain

Personnel

18. Health and safety of employees
19. Protection of human rights
20. Workplace environment and talent
21. Corporate culture and internal communication
22. Diversity and equality

Communities

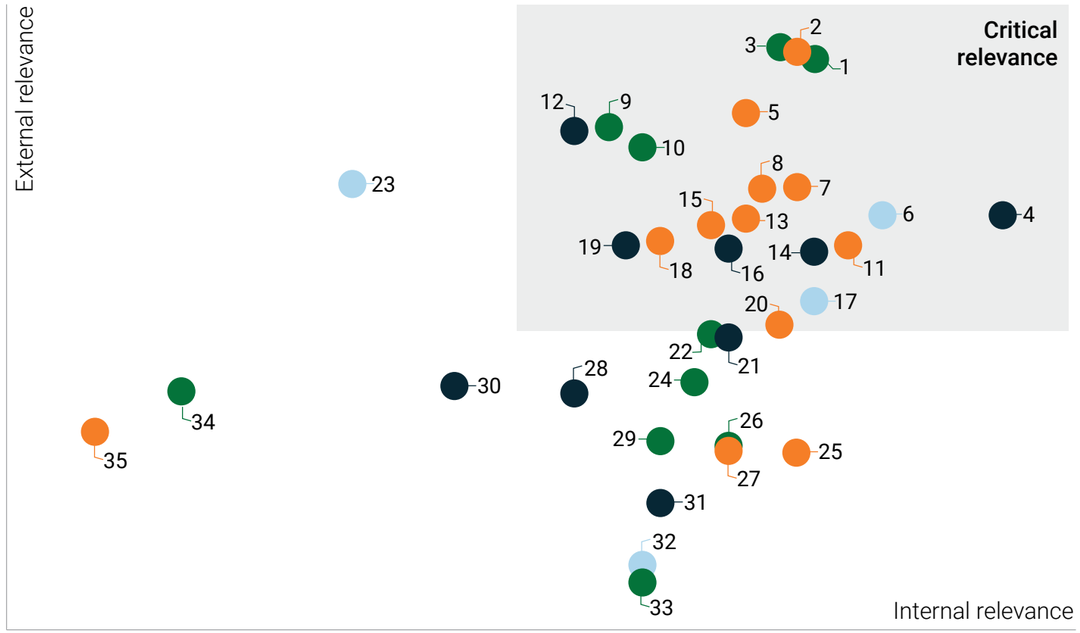
23. Impact on local community (sponsorship and association, agreements, self-consumption)
24. Respecting indigenous communities
25. Quality of external communication and reputation
26. Dialogue with local communities

Governance

27. Management of financial risk
28. Management of non-financial risk
29. Transparency and good governance
30. Ethics, anticorruption and bribery
31. Integration of ESG issues in strategy and decision-making
32. Alliances and partners (institutional, professional and scientific relations)
33. Compliance with legislation in force (compliance model)
34. System for claims of interest groups
35. Data protection (cybersecurity)

Within the universe of material topics, the materiality matrix has been prepared based on the data obtained, both in the external analysis and in the questionnaires, in which 50% of the weight has been assigned to the answers of the questionnaire which are of internal relevance for the horizontal axis and 50% for external relevance to build the vertical axis. After consolidating all the responses obtained in the questionnaires, the percentage of relevance was calculated taking into account the number of responses and their assessment (low= 1-2, moderate= 3-4, high= 5-6, very high). = 7-8, and critical=9-10).

As a result of crossing the scores obtained from the external and internal analysis, the 35 material issues are distributed in the following matrix which orders external priority on the vertical axis and internal priority on the horizontal axis.



- Economic-financial
- Environment
- Social
- Governance

Through the global matrix we obtain the 20 most relevant issues for Solaria, classified in terms of economic-operational, environment (E), social (S) and governance (G) for external and internal stakeholders. These are found inside the critical relevance box in the global matrix.

Issues to be analyzed		Ranking
	Energy transition	1
L	Quality of external communication and reputation	2
	Climate change and emissions in chain of value	3
	Ethics, anticorruption and bribery	4
L	Impact on local community (sponsorships and association, agreements, self-consumption)	5
	Digital transformation, innovation and investment in R&D+I	6
L	Health and safety of employees	7
E	Dialogue with local communities	8
	Circular economy and end-of-life management	9
	Management of climate risks	10
E	Protection of human rights	11
	Management of non-financial risk	12
E	Diversity and equality	13
	Compliance with legislation in force (compliance model)	14
S	Responsible management of chain of value (suppliers, subcontractors, business partners, customers, etc.)	15
	Integration of ESG issues in strategy and decision-making	16
	Financial and operational excellence	17
S	Environmental and social impact on supply chain	18
	Management of financial risk	19
S	Workplace environment and talent	20

Areas

Economic-operational · Environmental · Social (L Local communities, E Employees, S Suppliers) · Governance



07 Commitment to Sustainable Management

Driving the commitment to sustainability: the ESG policy

As a company in the field of renewable energies, Solaria is totally committed to the sustainable development of society, with special emphasis on the fight against climate change and the protection of the social environment in which it carries out its business, based on ethics and good business practice.

Solaria's business is 100% sustainable since it is dedicated to the generation of solar photovoltaic energy, fully in line with the international sustainability guidelines. The Company makes a substantial contribution to the environment, to be precise, to the mitigation of climate change, as well as to society and the local communities where it operates.

Solaria has been working for a few years and making every endeavour to ensure that corporate sustainability is one of its pillars. And so in 2022 the Company has continued working to reinforce its sustainability strategy, which is coordinated, as a mainstay, through the sustainability policy, approved during 2020 by the Board of Directors.

The current sustainability policy takes as its point of departure national and international reference recommendations and practices and it is structured around the environmental, social and good governance pillars, listing the commitments and principles of action that govern Solaria.

Solaria's progress regarding these commitments has been looked at throughout this report in which, in addition to the figures, the actions undertaken by the company during the year regarding ESG commitments can be seen.

ESG commitments and principles

Environment

Maximize Solaria's positive impact on its natural surroundings and contribute to sustainable development through:

1. Efficient use of resources
2. Reduction of environmental impact
3. Increased involvement of the Company as a whole
4. Leadership in the fight against climate change and reduction of emissions

Society

Promote socially responsible conduct through the creation of a safe and healthy workplace environment based on:

1. Ethics and respect.
2. Providing reliable, high-quality service, involving the whole of its supply chain
3. Involvement in the development of regions where the Company is present.

Good governance

Guarantee integrity and ethics in all areas of relations:

1. Management based on integrity and responsibility
2. Senior executives encourage the rest of the Company to promote an inclusive, equitable and ethical culture for the purpose of establishing trust-based relationships with interest groups.

A favourable environment for the sector



We live in a time of great difficulty and uncertainty. To be precise, 2022 has been a very intense year. Whilst we were still trying to recover from the consequences of COVID-19, Russia's invasion of Ukraine began, jeopardising the stability of the European continent.

The situation, which seems to be far from being resolved, has highlighted the great vulnerabilities of our economies, and in particular of the energy sector and its impact in our sector on the economy, society and well-being.

Energy has become one of the most important issues on the agendas of institutions and governments all around the world. And it takes up the front pages of the media on a daily basis. The European Union and its Member States, following a path that is not easy, have been (and are still) seeking solutions that ensure supply, cut energy prices and speed up the energy transition as a fundamental element to overcome the crisis.

It is essential to stop and reverse scientifically proven negative climate trends (devastating climate change) and eliminate dependence on pollutants and foreign fossil fuels.

The European Commission is very clear about this last point and it attended COP 27, held in Sharm El-Sheikh (Egypt) from November 6-18, demonstrating to the world that its role in the negotiations continues to be key and that, despite the difficulties, the drive to transition will not stop, but rather will gather more momentum. The conclusions of COP 27 were quite clear: the acceleration of the reduction of coal and the elimination of inefficient fossil subsidies, providing support to make it a fair transition.

The 2023 Global Risk Perception Survey of the World Economic Forum concludes that Climate Change continues to be the greatest risk facing the world in the next decade and so it is already the case that action must be taken to achieve global decarbonisation.

With this in mind, it is essential to promote and commit to renewable energies and, to achieve this, it has become vital to undertake an accelerated ecological transition politically and businesswise that puts renewable energies at the centre of the geopolitical tableau. In this regard, Solaria will be at the forefront of this change in the energy model that has already begun.

At European level, some progress has been made in the search for solutions and their implementation in aspects related with the joint gas procurement platform, the wholesale electricity markets, the acceleration of renewable energy projects, the cap on gas, the ETS markets or carbon border adjustment, to offset any possible imbalances in competitiveness and prevent carbon leakage. Also worthy of note is the recent political commitment to build a green hydrogen corridor between the Iberian Peninsula and France via the Mediterranean.



It is estimated that support for the renewable energy sector in Europe will double in the coming years thanks to the different initiatives and European regulations to promote the transition to an economy less intensive in carbon emissions, including the European Green Deal which forecasts investment of five hundred billion euros in green projects by 2027, the European Recovery Fund after the pandemic and other mechanisms. In Spain, the National Integrated Energy and Climate Plan (PINEC) which foresees a considerable increase in the implementation of renewable energies in the territory by 2030; around 24% of which will pertain to solar photovoltaic energy.

Additionally, it is worth noting the REPowerEU Plan, a European Commission plan in response to the difficulties and disruptions on the world energy market caused by the Russian invasion of Ukraine whereby the EU will promote the deployment of photovoltaic energy with the goal of reaching more than 320 GW of newly installed solar photovoltaic energy by 2025, more than double the current level, and 600 GW by 2030. This assumes the connection of 50 GW of solar photovoltaic energy per year.

According to data published by Red Eléctrica de España [2], in 2022, total Spanish generation capacity, according to available figures, could end the year exceeding 117 GW of installed capacity, 3.8% higher than that recorded in 2021. This year, Spain has added 4.6 new GW of renewables, specifically 1.2 GW of wind power and 3.4 GW of photovoltaic power. Photovoltaic energy is the technology that has posted the largest increase and this year it has already managed to surpass hydraulics, currently ranking third in the ranking of sources with the most power: it already accounts for almost 16%. The renewable generation capacity now amounts to more than 58% of the total capacity.

On the other hand, according to the New Energy Outlook published by Bloomberg, the coming years until 2030 are crucial in the path towards net zero emissions, which entails adding a total of 505 GW of new wind energy, 455 GW of new solar energy and 245 GWh of new battery storage on average every year until 2030.

Likewise, it is worth highlighting all the European regulations already in place and those which are to be implemented in the short-term in terms of sustainable finance and investment, namely European Taxonomy, making it increasingly necessary for the investment decision-making process to take into account environmental, social and good governance factors. This is an obvious advantage for Solaria, since the business model is fully aligned with sustainable and/or green investment and financing requirements.

[2] *Red Eléctrica de España, a subsidiary of Red Eléctrica Corporación SA, a multinational business group of Spanish origin that operates on the international electricity market as an electricity system operator. The source of the data mentioned is an article published by Red Eléctrica on 22 December 2022.*

Our contribution to the 2030 Agenda and the SDGs

In 2015, the United Nations Global Organisation adopted the 17 Sustainable Development Goals (hereinafter, "SDGs"), within the framework of the 2030 Agenda for Sustainable Development, with a view to eliminating poverty, reducing inequalities, combating climate change and protecting the environment.

The success of the 2030 Agenda depends on the efforts and collaboration of all society.

That's why, amongst other measures and initiatives, in March 2021 Solaria adhered to the United Nations Global Compact through the Spanish Network, since it is aware of the fundamental role that the business sector plays in achieving the SDGs and the need to implement ambitious actions which allow progress at the speed and on the scale required. The Company has recently renewed its commitment to the initiative and to the Ten Principles for another year.

The Company is fully aligned with the SDGs and respects them all, actively contributing, in the main, to 7 of the 17, and making sure not to harm any of the others.



Goal 5: To achieve gender equality and empower all women and girls

Solaria actively contributes to the fight for gender equality and it does not tolerate any discrimination on any grounds, be it sex, race, religion, disability etc. It makes every efforts to achieve gender parity in its workforce and eliminate the existing wage gap in the Company which in 2022 has been considerably reduced compared to previous years. As regards the measures implemented, in 2020 the Board of Directors of Solaria approved the Diversity Policy, the Anti-harassment Policy and a Selection Protocol which support the Company's Internal Diversity Plan 2020-2024 and the Equality and Diversity Commission of Solaria was created. Solaria set itself the goal of attaining a workforce which was 25% female, this being one of the main challenges it faces and it is making effort to achieve this.

It should be noted that Solaria has been included, in 2022, on the Bloomberg Gender-Equality Index, which has 484 companies worldwide, only 23 of which are Spanish companies, making it one of the companies most committed to gender equality, inclusive culture and information transparency.

Goal 7: To ensure access to affordable, reliable, sustainable and modern energy for all

Solaria's business is the generation of solar photovoltaic energy, 100% clean, renewable, inexhaustible and profitable, with the aim of reaching 18 GW connected by 2030, working to make said energy accessible to the entire population. And so in 2030 Solaria's renewable energy generation could supply some 9 million Spanish homes.

Goal 8: : To promote inclusive and sustainable economic growth, employment and decent work for all

Solaria's growth in recent years has been exponential, both financially, operationally and in terms of staff. In this regard, the Company has increased its workforce in the last three years by 162% and it plans to continue on the path towards growth, creating employment and sustainable economic growth.

In addition, Solaria promotes the economic growth of the local communities where it operates and the creation of local employment, since in its projects it prioritises the hiring of personnel from the area and, whenever possible, it looks for local suppliers for the purchase of goods and services.

Goal 9: To build resilient infrastructure, promote sustainable industrialisation and foster innovation

Solaria assumes its commitment to the environment and thus carries out the engineering of its projects looking for the most resilient, innovative and sustainable alternatives for the environment and requires its suppliers to supply components and solutions that adapt to this innovation and efficiency.

Other examples of Solaria's commitment to sustainability and resilience in its activity and supply chain are:

- The sites are compatible with grazing and farming activities.
- The Company looks for components which are the least polluting possible and which are not visually harmful to the environment. .

Goal 13: To take urgent action to combat climate change and its impacts

For Solaria, the fight against climate change and global warming is a reality. Solaria generates emissions-free energy that contributes to decarbonisation and the achievement of European Union's net zero emission plans. Solaria, per connected MW of solar photovoltaic energy, prevents the emission of approximately 479 tonnes of carbon dioxide into the atmosphere[3].

Goal 15: To sustainably manage forests, combat desertification, halt and reverse land degradation and stop biodiversity loss

Solaria is totally committed to the protection of biodiversity and the environment and seeks a way to make solar plants compatible with flora and fauna.

The Company's photovoltaic plants are designed for cultivated land that has low agrological capacity and no natural vegetation, and topsoil is always maintained. However, in the event that a project has a minimal impact on natural vegetation, Solaria establishes reforestation measures and forestry treatments for those mountains where the impact occurs or nearby mountains that need this type of action.

It should be noted that during 2022 the Company has participated in several reforestation projects, one in the province of Toledo, where the Company has solar plants, and the other in Peru, in the Cordillera Azul National Park. More details about these projects can be found on page 30 of the Environmental Commitments chapter and on page 54 of the Community Commitment chapter of this report.

Goal 17: To revitalise the Global Partnership for Sustainable Development

Solaria is aware that the need for change and transition at a global level is necessary. It also understands that this change can only be possible with the participation of society as a whole. For this reason, besides signing up to the United Nations Global Compact and communicating its sustainability strategy and the positive actions it carries out, it seeks alliances to improve society and the environment, collaborating whenever possible with both public and private organisations.

In addition, ethics and good business practices are fundamental values that begin within the organisation; one of the Company's commitments is thus to be at the forefront of the best corporate governance practices.

Amongst other alliances in which Solaria works and which can be consulted throughout this Report, Solaria is a member of the Board of Trustees of the Elcano Royal Institute in order to strengthen ties and alliances with major companies on the Spanish market.

[3] *Comparing the production of renewable energy with the Spanish electricity mix of generation without GoOs published by the CNMC.*

In addition to the contribution that Solaria's activity makes to the SDGs, the Company aligns its goals, short, medium and long-term, with the Sustainable Development Goals and the principles of the United Nations Global Compact. In this regard, the Company has set the following challenges, inter alia:

Environment



- Targeted 14% reduction of emissions by year-end 2021 to reach carbon neutrality.
- Energy-efficiency initiatives:
  - Renewable-energy plan: After having replaced electricity with renewable energy throughout its installations in Spain, Solaria intends to do the same at its installations in Italy and Portugal.
  - Hybrid-fleet plan: Gradual substitution of diesel vehicles with hybrid plug-in vehicles.
- Offsetting of its own emissions.

Society



- Diversity: Women must comprise over 25% of the workforce.
- Augment internal promotion and presence of women in middle management.
- Increase surveying of employees regarding workplace climate and employee satisfaction.
- Perform internal audits on health and safety at all installations and construction sites.
- Creation of a new health and safety committee.
- Exercise due diligence in relation to compliance with social and environmental requirements to be met by our suppliers.

Corporate governance



- Ongoing improvement of compliance systems, rules and corporate policies.
- Updating of risk map and crime-prevention model.



External initiatives and alliances

Sustainability is an essential part of Solaria's business model. The Company makes a very positive contribution to the fight against climate change and electricity dependence thanks to the generation of clean, renewable, profitable and inexhaustible energy.

Besides its support for the SDGs and its signing up to the United Nations Global Compact, Solaria is committed to sustainable development and proper environmental and social management in the development and operation of its projects.

The Company's activities are carried out in accordance with local laws, its corporate Rules and Policies and the requirements defined by international standards, inter alia, the Equator Principles, a set of standards adopted by some financial institutions to identify, evaluate and manage the social and environmental risks deriving from projects at a financing stage or the Green Loan Principles whose purpose is to promote the development and integrity of the green loan product.

In addition, the Company seeks to apply its sustainability standards on its supply chain.

During the year, Solaria has signed up to major initiatives regarding sustainability and climate change, as well as other initiatives to expand institutional and corporate relationships. The following are worth mentioning:

- Green Bond Transparency Platform. The platform is a public tool that supports the harmonisation and standardisation of green bond reporting and provides granular, credible and comparable data for evidence-based decision-making.
- European Climate Pact. The European Climate Pact, as part of the Green Deal, is an initiative at European Union level that was launched in December 2020 and which invites people, communities and organisations to take part in the fight against climate change, in the ecological transition and in building a greener Europe.
- Science Based Targets Initiative: An initiative created by CDP, the United Nations Global Compact, the World Resources Institute and the World Wide Fund for Nature in order for organisations to set ambitious emission reduction targets in order to achieve zero emissions.
- Participation in various external United Nations initiatives, such as the SDG Accelerator, in order to improve and increase the efforts made in matters related with the achievement of the Sustainable Development Goals.
- Membership of the Board of Trustees of the Elcano Royal Institute, a non-profit foundation, in order to strengthen ties and alliances with major companies on the Spanish market.
- Participation, for the first time, in the UN Climate Change Conference (COP27) held in November in Sharm el Sheikh (Egypt) at an event organised by the Elcano Royal Institute and the London School of Economics & Political Science under the title "Climate governance towards Net Zero and resilience: strengthening cooperation between Latin America and Spain in the current context", stating the need to place renewable energies at the forefront of the strategic reconstruction of the European Union and reasserting the Company's position as leaders in the fight against climate change and decarbonisation.

Additionally, the Company anticipates, for the coming years, the preparation of a Sustainable Financing Framework, in line with the Green Bond Principles of the International Capital Market Association. The main characteristic of sustainable financing lies in the commitment to commit the funds obtained to environmentally and socially responsible activities, contributing directly to the achievement of the 2030 Agenda, promoting the use of materials, designs, technologies and construction processes which are environmentally friendly and respectful towards people. Though Solaria has already carried out some of its financing operations as green financing.

In this regard, during 2022 the Company:

- Has a line of green guarantees with Société Générale for the sum of 31 million euros.
- Has signed a green financing agreement with the European Investment Bank, CommerzeBank and ABN, through Project Finance, for the construction of 736MW of solar photovoltaic energy worth €372M. In the Bank's words, "the financing of this project is in line with the Bank's priority energy loans related with renewable energies and climate action."
- Has signed a financing agreement worth €133M for 290MW with Banco Sabadell under the criteria of the Green Loan Principles.

Sustainability ratings

Solaria participates in and is evaluated annually by various sustainability indices and ratings which measure the performance and progress of the Company in environmental, social and good governance matters.

Solaria has made considerable progress in its ESG Rating in 2022:

- Solaria obtained the highest ESG classification under the MSCI (Morgan Stanley Capital International) rating, up from "A" to "AAA" and ranking in the Top 15 utilities worldwide.
- This rating is backed up by Solaria's sound governance practices in relation to its global counterparts and by its commitments to sustainability, decarbonisation and people's well-being, positioning itself as a leading company in its sector in terms of risk management and ESG opportunities.
- Solaria has improved its Rating issued by Sustainalytics, improving from medium risk (21.3) to low risk (17.1) thanks to its risk management capacity. This Rating evaluates Solaria's exposure to ESG risks and its ability to manage and react to said risks, providing both figures.
- Finally, it is worth highlighting that Solaria has remained in the ISS Governance Ratings, improving its score from 6 to 5, in the S&P ESG rating, going from 30 points in 2021 to 48 in 2022 and in CDP, the main agency for measuring the factors in the fight against climate change of companies, improving its rating from "D" to "C".

In addition, in 2022 Solaria was included on the Bloomberg Gender Equality Index. This index has 484 companies, representing 45 countries and regions around the world, of which only 23 are Spanish. This index is made up of the companies most committed to gender equality in the world and it measures gender equality, inclusive culture and data #transparency, amongst other factors.

Additionally, Solaria has remained on the S&P Global Green Energy Index, on which there are 75 participants in total, of which only 3 participants are Spanish companies.





08 Commitment to the Environment

The nature of Solaria is based on sustainability in line with its activity and as one of the values on which the growth of the Company is coordinated.

For Solaria, a company dedicated to renewable energies since its origins in 2002, the fight against climate change and the protection of the planet is crucial.

This chapter provides relevant quantitative and qualitative information in relation to Solaria's environmental commitment, examining the challenges and advantages that affect the Company.

A 100% renewable business which is committed to the environment

Solaria's business activities are essentially geared towards contributing to sustainable development and the fight against global warming, promoting the transition to a less carbon-intensive economy through the generation and sale of 100% renewable electricity from solar photovoltaic technology.

Its business model is eligible for European Taxonomy[4], which carries out a classification of economic activities that are regarded as environmentally sustainable. For an activity to be environmentally sustainable, it must actively contribute to one of the environmental objectives established by the United Nations; mitigation or adaptation to climate change, sustainable use of water, circular economy, prevention of pollution and protection of biodiversity, and not harm the rest. Specifically, Solaria business actively contributes with the plans to combat climate change and decarbonization., since its income, as well as its CAPEX and OPEX are wholly bound to the generation of solar photovoltaic energyc[5].

100%

Solaria activities eligible for the European Taxonomy

The energy that Solaria generates is emissions-free, so the Company avoids the emission of more carbon dioxide into the atmosphere than it emits. Specifically, during 2022 the generation of renewable energy was 1,401 GWh, 63% higher than the same period of the previous year, thus avoiding the emission of 363,000 tons of carbon dioxide into the atmosphere. This is equivalent to the energy consumption of approximately 428,100 Spanish homes.

The protection of the environment and the fight against climate change are the essence of Solaria, they are included in its Business Code of Ethics and are developed through the Environmental Policy. This policy, approved in 2020, as well as strengthening the Company's commitments in relation to its business activity and environmental impact, focuses on the relationship with the environment, addressing issues such as the fight against climate change, the efficient use of resources, the protection of biodiversity and the promotion of a circular economy.

The policy – applicable to all the Company's subsidiaries over which Solaria exercises control – is coordinated around the following commitments and principles of action.

[4] *Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments.*

[5] *For further details, consult the Consolidated Annual Accounts for 2022.*



1 Environmental management and strategy

To develop a strategy in the Company to facilitate monitoring, performance evaluation and decision-making in this area.

2 Fight against climate change

Through the development and promotion of the use of renewable ener-gies – specifically solar photovoltaic energy – as fundamental elements in the reduction of emissions and the decarbonisation of the current energy model.

3 Biodiversity protection

Respect for ecosystems, biodiversity and cultural heritage in the natural environments in which the company's facilities are located.

4 Responsible, efficient use of resources

To minimise the environmental impact of the Company's activities and to contribute to the circular economy by optimising the use of resources.

5 Response to stakeholders

To promote mutual and social benefit in the relationship with stakehold-ers in order to protect the environment and share experiences and synergies.

The environmental policy is based on an integrated management strategy, over and above mere compliance with regulations. The Board of Directors is the ultimate, maximum party responsible for its management, updating and compliance.

In this regard, in 2020 the Board of Directors appointed an Ethics, Compliance and ESG Committee which was responsible for the Company's sustainability strategy and, inter alia, issues related with climate change and environmental protection, as well as supervising the degree of compliance with the objectives set, the review and updating of the risks and the controls implemented and any other relevant issue that may arise in relation thereunto.

Solaria's responsibility structure in terms of environmental management and climate change can be broken down as follows:

- The Board of Directors: has the highest responsibility for ESG and climate issues.
- Ethics, Compliance and ESG Committee: it is responsible for evaluating and approving policies and targets, in addition to periodically supervising the global integration of environmental and climate issues into the company's strategy. It is also responsible for proposing to the Board any measures that need to be adopted or approved in relation to ESG issues and climate related issues.
- Ethics, Compliance and ESG Committee: The Ethics, Compliance and ESG Committee is responsible for verifying the effective application of environmental and climate issues, in addition to promoting, supervising and periodically reviewing the alignment of current environmental and climate challenges with the Company's activity and strategy. This Committee periodically reports to the Ethics, Compliance and ESG Committee.
- Management Committee: the Management Committee promotes compliance with all the policies, commitments and objectives that the company has determined. Solaria has determined that 15% of the variable remuneration of the Management Committee should be linked to the accomplishment of the goals set by Solaria, including climate and sustainability objectives.
- Sustainability and ESG Officer: responsible for the daily management of climate-related issues, the reporting of figures, policies, training and any other matter that is required in relation to sustainability, climate and the environment, relying on the cooperation of the various areas of the Company, amongst which the environment area stands out.

In addition to Solaria's evident contribution to the fight against climate change and decarbonisation, the Company puts all its endeavours into protecting the environment and biodiversity. This is why, amongst other measures, it should be noted that, for each of its projects, it carries out an environmental impact study that considers the current and foreseeable effects of Solaria's activities on the environment, both at the construction stage and at the operating and decommissioning stage.

The impacts are analysed on a case-by-case and project-by-project basis, carrying out an analysis of the environmental risks associated with the project, the vulnerabilities and the measures to eliminate, minimise or offset the negative environmental effects that the project may generate during its construction or operation. In addition, the Company observes and complies with all applicable environmental regulations. In this regard, neither during 2021 nor during 2022 has the Company had to face any fine or environmental sanction.

Furthermore, as an additional measure, Solaria requires all outsourced companies involved in the construction of a solar plant to prepare and submit an environmental management plan and a waste management plan which Solaria evaluates, validates and supervises throughout the construction stage.

Solaria applies the **precautionary principle**, anticipating the risks and possible negative impacts, implementing precautionary and mitigation measures and enhancing opportunities.

Our role in the fight against climate change

Management of risks and opportunities deriving from climate change

Solaria is aware that it is subject to various inherent risks that may prevent it from accomplishing its objectives and successfully implementing its strategies.

For Solaria, the identification, management and control of risks is the means of anticipating them in decision-making and in business strategy through a series of preventive measures.

The risk control and management process kicks off with the identification of risks and its aim is the preparation of an exhaustive list of risks based on the events that could prevent, degrade or delay the achievement of the goals, analysing their possible impact on economic figures in the short, medium and long term and the factors that could affect the achievement of Company objectives and its strategy.

For Solaria, the time horizons are defined as follows:

- Short-term: Solaria analyses the short term as a two-year period.
- Medium term: up to 10 years. Solaria is focused on the year 2030, since its business plan has been drawn up until 2030.
- Long-term: The long-term horizon is mainly related with the working life of the assets.

Solaria has a risk control system that is based on the existence of a series of processes and procedures whose ultimate objective is to carry out an ex ante preventive control of risks to avoid their occurrence.

The structure of the Solaria control environment is organised into three levels:

- General corporate rules and policies and documentation related with the organisational and corporate structure: those which establish the ethical principles and values that set the guidelines for action at a corporate level, for all members of Solaria in the performance of their professional duties.
- Rules, manuals and internal procedures that regulate operations: those which, following the general guidelines contained in the global Corporate Rules and Policies, describe the specific framework of action that must be observed in the implementation of specific tasks.
- Operating procedures and controls: this category includes those controls and procedures, both manual and automatic, whose purpose is to limit the occurrence of events, errors or irregularities that may lead to the commission of a criminal act in Solaria or non-compliance with the control criteria included in the internal standards and manuals.

Regarding environmental issues and climate change, Solaria promotes the adoption of ambitious global objectives for the decarbonisation of the economy, considering in its business model the management of climate change risks and opportunities, which is conveyed in accordance with the recommendations of the Financial Stability Board, through its Task Force on Climate-Related Financial Disclosures (TCFD).



It should be noted that Solaria has signed up to the TCFD, with a view to improving its risk and opportunity management model and the way in which the Company and the governing bodies deal with issues arising from the need to fight climate change.

Solaria also participates annually in the CDP questionnaire, reporting all the information related with the risks and opportunities deriving from climate change. Additionally, since 2022, the Company has been a member of the Climate Pact, an initiative of the European Commission in the fight against climate change and the path towards carbon neutrality, as its ambassador.

Solaria, after identifying the risks and opportunities related with climate change, puts in place the necessary measures to mitigate the risks and enhance the opportunities. In this regard, the entire organisation must be aligned, including the Board of Directors and Committees, the Management Committee, internal committees and all Company personnel. For Solaria it is clear that the identification of risks and opportunities is vital since they could directly affect Solaria's financial statements: sales, balance sheet, CAPEX, cash flow or financing.

Once the risks have been identified, Solaria estimates the probability and impact that could be produced if the risks materialise, both at a corporate level and in each and every one of its projects, taking into account the location and other circumstances.

Based on the established recommendations, Solaria has identified the risks and opportunities that are relevant in relation to climate change. All of them may have, if they occur, an impact on the Company's financial statements.

Risks

- **Acute physical risks**

  Acute physical risks due to changes in climate which may have financial implications for Solaria, for example, extreme weather events such as cyclones, hurricanes and floods or gradual increases in temperature, sea level or rainfall.

  These may affect the environment, the supply chain or its own operations and they may thus have a material impact on the financial statements.

- **Chronic physical risks**

  Chronic physical risks owing to changes in climate, which may have financial repercussions for Solar-ia, for example, changes in the level and frequen-cy of rainfall or changes in solar radiation.

  These may affect the environment, the supply chain or its own operations and they may thus have a material impact on the financial state-ments.

- **Regulatory or legal risks**

  Viewed as risks due to the evolution of regulations in those countries where the Company operates. Above all, in terms of GHG, since there are more and more legal obligations to measure, publish and set ambitious goals.

- **Operational risks**

  This is taken to mean any risks deriving from the availability rate of the facilities and potential acci-dents with an environmental impact.

- **Reputational risks**

  This is taken to mean any risks deriving from the increase in public awareness and the raising of awareness about climate change. Reputational damage can be very damaging to the Company..

- **Technological risks**

  This is taken to mean any risks that affect the Company's systems or the possibility of seeking innovative, sustainable solutions.

- **Market risks**

  This is taken to mean any risks deriving from the evolution of energy prices on short-term markets or carbon pricing. .

Opportunities

- **Resource efficiency**

  Solaria promotes the efficient use of resources through energy efficiency measures or the use of more efficient transport.

  The Company also generates renewable, non-polluting and affordable energy, which contrib-utes to the efficiency of the population and to lowering the cost of the electricity mix.

- **Source of energy**

  Increase in the demand for renewable energy if there were to be a tightening of the regulations relating to fossil fuels..

- **Products and services**

  Increase in income due to alternative energy activities.

- **Markets**

  Increased pressure from lobbies to establish measures against climate change owing to the maturity of collective awareness in environmen-tal terms, which would promote Solaria's busi-ness.

- **Resilience**

  Participation in renewable energy programmes and adoption of energy efficiency measures.

Additionally, Solaria performs an analysis of climate-related scenarios to support its strategy, as described below:

As for the physical scenarios, Solaria uses the IPCC (Intergovernmental Panel on Climate Change) scenarios. to assess climate-related physical risks, identifying the most relevant chronic and acute risks and evaluating potential impacts on their energy generation since physical risks require long-term analysis to identify any structural changes in their pattern or frequency/severity of occurrence.

Solaria's business strategy has been configured in order to mitigate chronic risk through a diversified generation portfolio in terms of technologies and geographic areas. An example of this is hybridization with other renewable sources (for example, hydroelectric and wind) and the entry onto new European markets. To manage acute risk, Solaria has strengthened its business continuity and crisis management capabilities, it has implemented a set of preventive measures and has defined a wide range of insurance policies which cover damage owing to contamination or pollution to the atmosphere or damage to the Company's facilities owing to meteorological phenomena, inter alia.

For transition scenarios, Solaria uses Bloomberg New Energy Finance's New Energy Outlook (BNEF NEO), which looks at the global energy sector until 2050 and focuses on technologies that are driving change on the markets and business models throughout the sector, such as solar, wind and battery technology. BNEF NEO assesses the impact of energy transition on the demand for fossil fuels and materials. This analysis also includes a two-degree scenario based on the electrification of heating and road transport and an updated coal phase-out scenario.

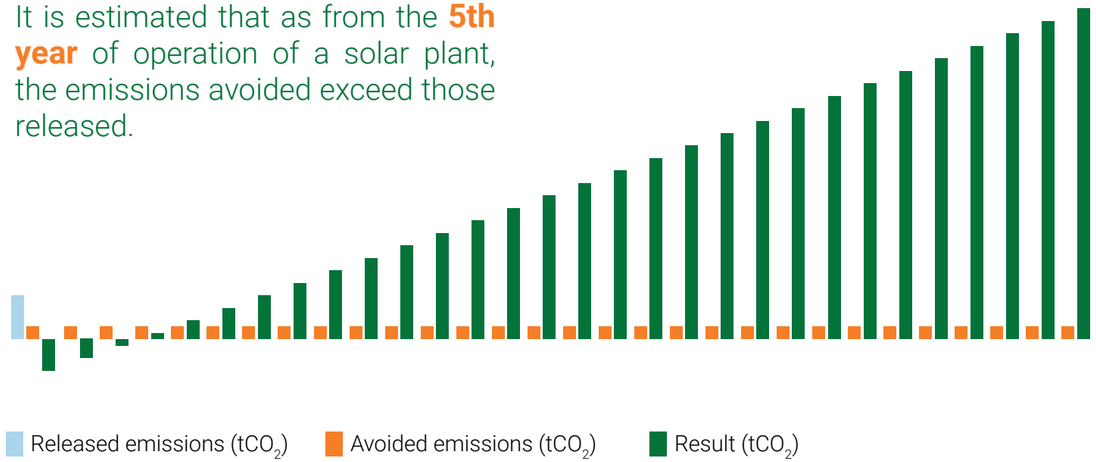
The scenarios analysed by BNEF NEO are, in all cases, very positive for the achievement of Solaria's objectives, since in all of them they are committed to the growth of renewable, solar and wind energy, and ambitious plans have been established for these technologies.

Carbon footprint

Solaria, in line with its constant endeavours to be fully aligned with the integration of sustainability into its business strategy, has been measuring its internal carbon dioxide emissions since 2019[6] and part of the external ones and objectives have been set to reduce them. It should be noted that the Company has signed up to the initiative of Science Based Targets Initiatives (SBTi[7]) in 2022, aligning its emissions reduction targets with this initiative. .

Solaria estimates the emissions generated, both during the construction stage and during the working life of the solar plants it develops, and the emissions avoided by the generation of solar energy. The graph with the approximate balance of emissions released and avoided throughout the working life of a plant has been provided below.

It is estimated that as from the **5th year** of operation of a solar plant, the emissions avoided exceed those released.



[6] *Solaria's activity does not generate other polluting gases (NOx, SOx, PM10 etc.) so their measurement is not relevant.*

[7] *An initiative created by CDP, the United Nations Global Compact, the World Resources Institute and the World-Wide Fund for Nature in order for organisations to set ambitious emission reduction targets in order to achieve zero emissions.*

Solaria's carbon footprint can be broken down as follows:

Absolute domesctic emissions

Scope 1

2022: **295,92**
2021: **254.41**

Scope 2

Market based:
2022: **3.69**
2021: **60.58**
Location based:
2022: **1,294.53**
2021: **754,05**

Absolute external emissions

Scope 3

Staff business trips, outsourcing of some maintenance services for solar plants and water consumption at corporate offices

2022: **71.52**
2021: **28.14**

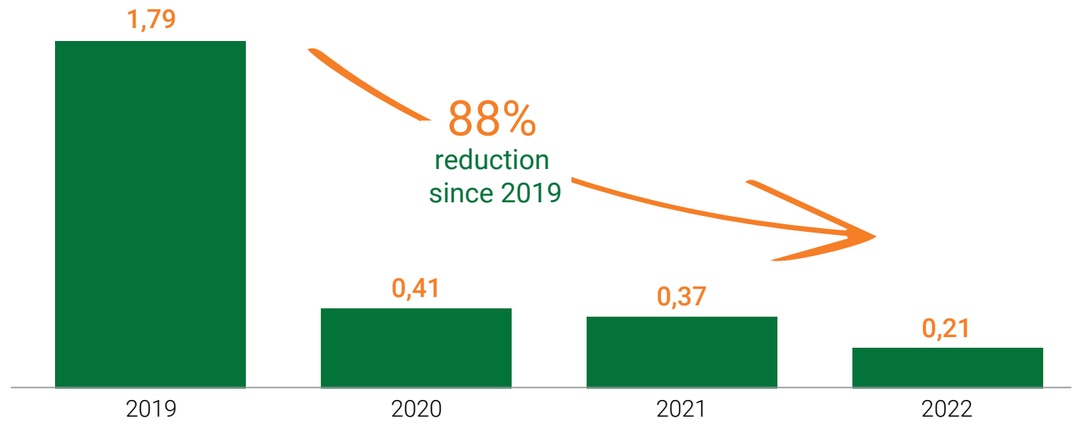
Total own emissions
(scopes 1 + 2):
2022: **299.61**
2021: **315**

5% reduction

TOTAL CARBON FOOTPRINT CALCULATED:

2022: **371.13**
2021: **343.14**

Direct emissions intensity (tn/GWh)[8]



Como novedad, en relación con el transporte de materiales, Solaria ha comenzado a trabajar en 2022 con compañías comprometidas con el cambio climático. En este sentido, durante el año 2022, el transporte de los módulos fotovoltaicos necesarios para la construcción de los nuevos proyectos de Solaria se ha realizado con compañías de transporte que usan combustibles menos contaminantes que los fósiles, que suponen hasta un 25% de reducción de las emisiones de dióxido de carbono.

Por último, cabe destacar que Solaria se ha establecido metas de reducción de emisiones, enfocadas en la eficiencia energética, que se detallan en el siguiente apartado.

Como se ha indicado anteriormente, la Compañía se ha adherido a *Science Based Targets Initiatives* durante 2022 y se ha establecido nuevos objetivos climáticos. En concreto, los siguientes

- Neutralidad en carbono de emisiones directas en 2030.
- Reducción de las emisiones propias unitarias un 50% en 2025.
- **Plan Renovable:** el 95% del total del consumo de electricidad en todas las instalaciones de la Compañía procederá de fuentes 100% renovables en 2025.
- **Plan Flota Híbrida:** el 99% de la flota de vehículos será ELÉCTRICA en 2030.
- Solaria compensará las emisiones residuales propias con **proyectos de reforestación certificados.**

[8] *Scope 1 and 2 unitary emissions from renewable energy generation.*

Emissions compensation

In addition to the emission reduction initiatives, Solaria has offset the tons of carbon dioxide emitted during the year 2022 by signing up to a project called "VCS-VCU - CORDILLERA AZUL NATIONAL PARK REDD+ PROJECT" located in Peru.

This project prevents deforestation over a wide expanse of lowland and mountainous forests in four departments of central Peru: San Martín, Ucayali, Huánuco and Loreto. The area covers 1,351,964 hectares within the national park.

The park, owned by the Peruvian government, is managed and financed by the Peruvian NGO Centro de Conservación, Investigación y Manejo de Áreas Naturales (CIMA) through a public-private partnership headed up by the Peruvian government.

The project's aim to avoided deforestation is achieved by boosting the protection of the park, involving local communities and other stakeholders in land use management which is compatible with conservation and improving the quality of life of park residents. Approximately 180,000 people from more than 200 communities - immigrants and indigenous people - are residents of the park. The inhabitants of the villages near the park mainly practice subsistence farming and commercial activities.

The biodiversity of the project area is amazing. The forests extend from the lowlands (150 metres) to the rugged mountain tops (2,400 metres). This eastern end of the Andes has been isolated long enough for speciation to occur: more than 35 species new to science have been discovered in the park to date. The forests are the home to rare, threatened species, as well as abundant populations of animals and plants that are crucial for the well-being of the park's neighbours.

In addition, by way of this type of action Solaria collaborates on the creation and/or protection of global CO_2 sink areas, thereby contributing to a reduction in carbon dioxide emissions into the atmosphere and the fight against climate change.

The project complies with the VCS standards (Verified Carbon Standard) of Verra, a non-profit organisation founded in 2007 by environmental and business leaders to ensure quality on voluntary carbon markets and which currently runs the world's leading voluntary carbon markets programme, known as VCS.



Efficient use of resources

In line with its commitment to carry out an efficient, responsible use of resources, in 2020 Solaria implemented - and it is still working on - some initiatives that contribute to energy efficiency and the reduction of carbon dioxide emissions, in order to attain the targets set by the Company to achieve carbon neutrality, such as:

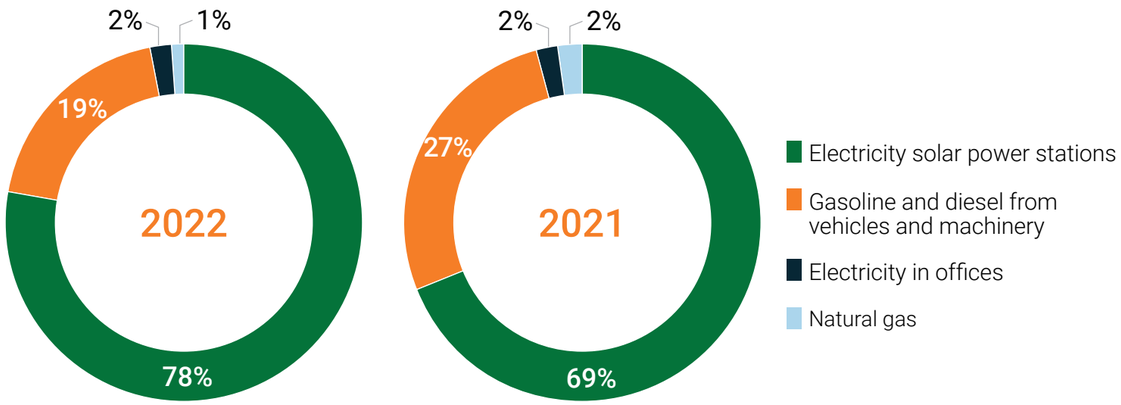
- **Renewable Plan:** 95% of the total electricity consumption at all the Company's facilities will come from 100% renewable sources by 2025.

  At present, electricity consumption from renewable sources already accounts for 96.71% of Solaria's total electricity consumption.

- **Hybrid Fleet Plan:** 99% % of the vehicle fleet will be ELECTRIC by 2030.

  At present, 45% of Solaria's vehicle fleet is less polluting, with hybrid vehicles and 0 emissions.

In 2022, Solaria had total energy consumption of 6,106.28 MWh, compared to 4,283.29 MWh in 2021 owing to the high growth it is experiencing. The breakdown of energy consumption is as follows:



The consumption of electricity used at all the Company's facilities amounts to 4,893.79 MWh, of which 96.71% comes from renewable sources (all the solar plants in Spain, the solar plants in Italy, the solar plants in Portugal, the Spanish corporate office and the Italian corporate office). The new solar plants are being connected since their start-up with a renewable energy supply. In 2021, electricity consumption was 3,068 MWh, 90% of which came from renewable sources.

As far as vehicles and petrol and diesel consumption are concerned, total consumption for the year was 1,158.59 MWh. The majority of consumption, 97.91%, derives from the Company's fleet of vehicles, 45% of which are zero emissions or hybrid vehicles. The rest of the consumption in this category comes from the vehicles that the Company rents for business trips and the use of machinery for the clearing and maintenance of the solar plants. In 2021 petrol and diesel consumption was 1,215 MWh. The majority of consumption, 99%, derived from the Company's fleet of vehicles, 13% of which are zero emissions or hybrid vehicles. As can be seen, there has been a 246% increase in non-polluting vehicles, in line with the Company's commitments and efforts to become a carbon neutral company.

Finally, Solaria's natural gas consumption, deriving from the use of heating in the corporate offices, was 53.90 Mwh in 2022 and 68.45 MWh in 2021.

Energy audit

During 2021, Solaria was subject to an energy audit by an independent auditor in order to optimise the use of its resources.

Its results have been positive and the recommendations made by the auditor are in line with Solaria's emission reduction plans. To be precise, the substitution of vehicles with hybrid or electric cars and the change of all electricity consumption to electricity from renewable sources, whenever possible. Every four years Solaria will carry out a new energy audit and so the next one is set for 2025.

Consumption of raw materials



For Solaria, the consumption of raw materials is not relevant due to their low volume. Solaria's consumption in relation to water and paper has been broken down below.

Water consumption

It should be noted that Solaria's business is not a business that requires high water consumption. In fact, no type of water consumption is required either for the generation of energy or for the maintenance of the solar plants and this is why there is no water supply or installation at the solar plants.

The Company's only water consumption is the water used in the corporate offices for the daily life of Solaria employees (mainly, use of the toilets) whose supply comes from Canal de Isabel II in Madrid.

During 2022 consumption amounted to 489 m3. In 2021, water consumption was 440 m3.

The Company does not deem it necessary to put measures into place to reduce water consumption in light of the above as water consumption is negligible.

Paper consumption

As regards the consumption of paper, the Company does not have high consumption besides the paper required for the daily life of the office and printing by employees. In this regard, it should be noted that during 2021 the Company set in motion the paperless office challenge whereby it incorporated recycled paper in all office printers and another series of measures to reduce printing to the minimum necessary through communication and awareness campaigns.

Protection of the environment and biodiversity

aspect. In this way, in all the projects that the Company carries out, it acts respectfully, avoiding the construction of photovoltaic plants in areas or on sites endowed with environmental protection (natural, agricultural or archaeological).

It is important to highlight that in 2022 the Board of Directors approved the Biodiversity Protection Policy, thereby boosting Solaria's commitment to these issues.

For each of the projects, Solaria always carries out an environmental impact study prior to the construction of the solar plant. This looks at the current and foreseeable effects of the Company's activities on the environment and biodiversity, both at the construction stage and at the operating stage and the decommissioning stage, as well as an environmental and landscape integration plan which sets out the guidelines to govern the environmental and landscape integration and restoration of the projects, thereby mitigating the negative effects on the landscape, integrating them into the environment.

All Environmental Impact Studies, in addition to including a complete bibliographical study of the fauna associated with or present at the locations where the facilities are planned as well as their immediate surroundings, are complemented by an in-situ fauna study lasting 12 months and in which the species present during all the main stages of the biological cycle (pre-nuptial migration, reproduction, post-nuptial migration and wintering) would be inventoried.

Once the environmental impact has been assessed, Solaria proposes measures aimed at eliminating, minimising or offsetting any potential negative environmental effects that the project may generate in its construction or operation and which remedy any potential impacts that the construction of a photovoltaic plant may have on the environment.

The maintenance of the land in the case of Solaria is very simple. The land is not affected in any way, nor are solar plants built using concrete or other heavy materials. It is important to note that no phytosanitary products, pesticides, biocides, rodenticides (herbicides in general) are used, engendering a major benefit since there is no contamination of the soil or aquifers (the plants are located on land where rainfed agriculture has traditionally been developed which suffered from this type of product) and no poisoning is caused to the fauna that inhabits the land. As indicated above, nor is there any water consumption at the solar plants, thereby avoiding the installation of pipes.

The consequence of not using herbicides is that vegetation grows, providing shade and reducing the efficiency of the solar panels, in addition to increasing the risk of fire. To avoid grass or scrub there are two options: mechanical clearing (through the use of machines, which entail pollution and cost) or the option that Solaria is committed to: clearing with sheep, promoting extensive cattle breeding in rural areas, affording protection to livestock and peace of mind to farmers, in addition to avoiding the costs of transporting animals and feeding them, creating positive synergies in rural areas.



As well as sheep, solar plants are perfectly compatible with the fauna and flora of the territories which are inhabited by everything from bird species, installing their nests at the solar plants, to terrestrial mammals such as foxes, rabbits, wild cats, roe deer etc. Lodges for insects or bats have even been established. The Company has also signed partnership agreements with beekeepers in the areas where it is present to allocate areas of the solar plants for beekeeping. The Company is also involved in the development of other agricultural projects compatible with solar plants, for example, lavender plantations. All these initiatives that the Company is developing fall under what is commonly referred to as "agrovoltaic technology".

Solaria is totally geared towards assuming commitments in the areas where it is located and one of them is the promotion of the traditional uses of the territory both in agriculture and livestock, prioritising farmers and ranchers who apply these practices.

Benefits of agrovoltaics:



1. Increased productivity of the land
2. Organic farming without the use of chemicals
3. Promotion of traditional agricultural and livestock farming uses
4. Temperature balance of solar panels
5. Creation of local synergies and socio-economic development

Finally, it is worth highlighting that prior to the start of the projects, the Company puts into place a public exposure period during which all the organisations and people affected by the project are informed, giving them all the chance to put forward any claims.

Furthermore, and in the event that any significant environmental problem is detected, the Company has a large number of agreements on the land adjoining – or close to– that initially used for which, in the event of a significant risk, there would be the possibility of partially modifying the implementation using these lands to avoid any negative impacts.

Furthermore, Solaria does not cause any light pollution and it puts every measure into place to avoid any noise in its activity, including not working at night, not working during the nesting period, the setting of maximum permitted speeds, machinery control (official periodic inspections, periodic overhauls and others) etc. as regards light pollution, the plants are not illuminated at night so the Company does not cause any light pollution.

Waste

For Solaria, the circular economy and waste management are crucial for the protection of the environment and biodiversity. Due to its activity, just as it does not have a high consumption of raw materials, Solaria hardly generates any waste except at two stages of the projects: at the construction stage and at the decommissioning stage.

- **Construction of the solar plant:** it is during the construction stage of a solar plant that the most waste is generated. This waste is managed by the outsourced companies responsible for construction which prepare the environmental management plan and the waste management plan for each project, which are validated and supervised by Solaria. Throughout the construction stage of a solar plant, clean points and waste collection points are located on site, in order to carry out the complete management of the waste generated.

Solaria has made an estimate of the main waste generated per MW during the construction stage of a solar plant[9] :

Waste type	Works waste per MW (t)
Concrete	1.61
Metals (including their alloys)	0.25
Wood	0.42
Plastic	0.31
Paper and cardboard	0.69

[9] *The table refers to an estimate, taking into account Solaria project under construction during 2022. In 2021, an estimate was made of the waste generated per MW, taking as its reference a different project that was under construction in 2021. This estimate can be consulted on page 33 of the Sustainability Report 2021. In the coming years, Solaria will seek to report all the actual waste generated during the year in the coming years.*

- **Operation and maintenance:** During the operating stage of solar plants, the waste generated is minimal, mainly when a breakdown occurs and a part must be replaced. Damaged parts are managed by waste managers who are responsible for recycling them.

  At present, the Company is starting to implement its own clean points at its solar plants in order to optimise the recycling of materials during the working life of the solar plants.

- **Decommissioning:** Solar plants have a working life of about 30 years. For each project Solaria prepares a decommissioning and recycling plan for each project, which is put into operation once the working life of the plant has expired in order to restore the area where the project is located to its original state. Said plan establishes recycling and reusage measures, as well as land treatment to return it to its original state.

  Based on said decommissioning plans drawn up by Solaria, once the activity has been permanently completed, all the facilities will be removed and all the remains of material, waste or excess land will be delivered – including the perimeter enclosure, the foundation of the transformation of the solar parks and the rest of the existing plant infrastructures to authorised managers according to the nature of each waste, finally restoring the occupied land to its original state, leaving the field of action in a perfect state of cleanliness within a maximum period of one year after the end of the activity.

1. Decommissioning of project actions:

- Decommissioning of photovoltaic panels, structures, transformation centres and perimeter fencing.
- Restoration of the new internal roads and their ditches.
- Removal of underground wiring and restoration of earthworks' trenches.
- Decommissioning of the electrical substation.
- Decommissioning of the supports of the evacuation line.
- Removal of overhead wiring and restoration of the foundations of the supports.

2. Recovery of occupied land and revegetation:

- Land recovery.
- Revegetation, planting or seeding

3. Recycling of materials and waste management.

Upon cessation of activity, it is expected that once the solar plant reaches the end of its working life, the solar plant sites will have suitable plant development, in other words, a sufficient herbaceous cover will have developed. In the same way, the roads must be kept in perfect condition during the operation of the park since they are considered necessary for the operating work. It is thus assumed that the road system at the time of decommissioning will have more or less appropriate conditions for the transit of the necessary machinery (cranes, trucks with trailers…) or will need slight improvements.

In light of the above, the removal and recovery of the land will include the following actions:

- Removal of fixed structures (fencing, structures, wiring, manholes, profiles, foundations etc.), avoiding the abandonment of any element to be found there.
- Reuse or recycling of the components removed, transferring them to Authorised Managers so that the latter can seek their recovery as far as possible.
- Environmental recovery or restoration of the affected surfaces after the decommissioning of the facilities.
- Installation of systems or structures that promote the rapid colonisation of fauna in the area.

The steps to be followed to adapt the land where the solar plant has been located will be the following:

- The initial decompaction must be carried out prior to the provision of the topsoil which will be carried out by mechanical means (subsoilers, grates etc.). The ground will be prepared by means of ploughing to loosen the ground, avoid the formation of trickles or gullies, as well as to eliminate any compaction crusts, leaving the soil with a good tilth.
- The volume of land necessary for the total covering of the surfaces altered by the decommissioning works will be evaluated, as well as for the restoration of those areas that housed different infrastructures.
- The existing profiles on the affected land will be conditioned and levelled in order to achieve smooth, moderate slopes, as well as rounded profiles, not sharp and not discordant with the prevailing topography in the area. These surfaces will be located around the infrastructures, as well as roadsides to be restored (individual access branches).
- The surfaces or areas of extraction of topsoils will be identified, and these must have the corresponding environmental permits. The agrological characteristics must be similar to the soils affected (same texture, colour, permeability...)
- There will also be a contribution of manure and subsequent turning with a motorised cultivator.

Environmental investments

Solaria, with the constant desire to act sustainably and knowing that protecting the environment and combating climate change are essential for the future of the planet, makes major efforts to ensure responsible management and it earmarks part of its income to the implementation of measures aimed at mitigating or eliminating any possible damages that may be caused to the environment. Sola'ia's CAPEX is 100% allocated to the Comp'ny's business, the construction of solar plants that generate renewable energy, contributing to the fight against climate change.

In addition, Solaria makes economic investments[10] related with environmental impact studies, revegetation and reforestation plans, archaeological impact, the study of environmental effects and monitoring, the study of birds in the projects, agrovoltaics and the recycling of materials, inter alia.

[10] *The real economic data for 2022 of the investments made related with the environment are not available. Solaria will try to report the economic data of environmental investments during the year in the coming years.*





09 Commitment to People

Solaria is a company **fully committed to society and, in particular, to its employees**. For Solaria, its personnel is its best resource and for this reason it is fully aware of the respect for human rights, diversity, equal opportunities, equal treatment and non-discrimination, which, of course, are inalienable and fundamental rights of people.

Solaria strives to build an inclusive culture with a work dynamic based on the following principles

Career development

As Solaria is amid a period of surging growth, it is able to offer different kinds of opportunities for career development, allowing employees to learn about different departments and to achieve personal and professional growth.

Integrity and responsibility

The responsibility and sound practices of our employees are among the main reasons for our consolidation as a sector leader. For this reason, SOLARIA seeks committed, responsible individuals who are always willing to take on new challenges and whose ultimate goal is excellence.

Human capital

At Solaria, we are interested in different kinds of candidates. Our most valuable assets are those with technical profiles (engineers in the fields of industry, environment, renewable energies, etc.) and others such as corporate, construction and maintenance for our installations.

Teamwork

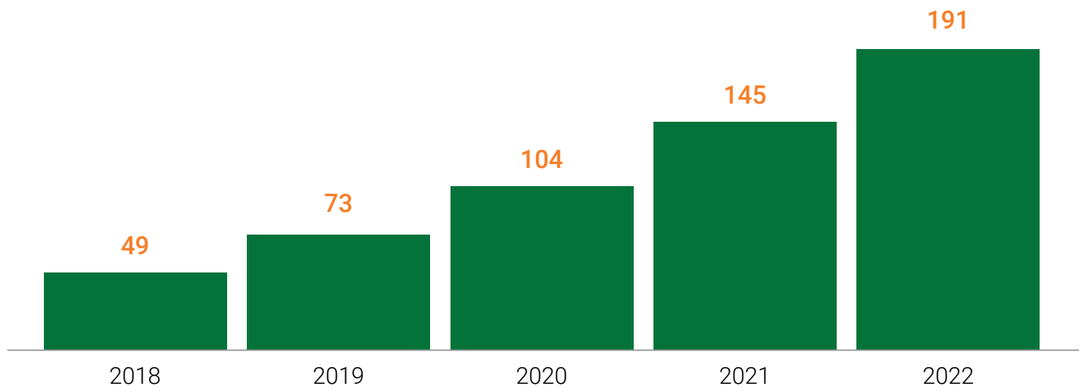
We firmly believe in teamwork. The keys to our success lie in coordination, a healthy competitive spirit and responsibility in the performance of combined tasks, along with excellent workplace conditions.

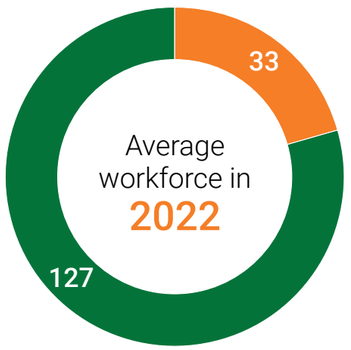
This chapter provides relevant quantitative and qualitative information in relation to Solaria's workforce, examining the challenges and advantages that affect the Company.

Solaria's team

At the end of 2022 Solaria's team totalled 191 employees, 32% higher than in 2021 and 162% higher than in 2019. The average headcount during the year amounts to 160 people.

Total employees



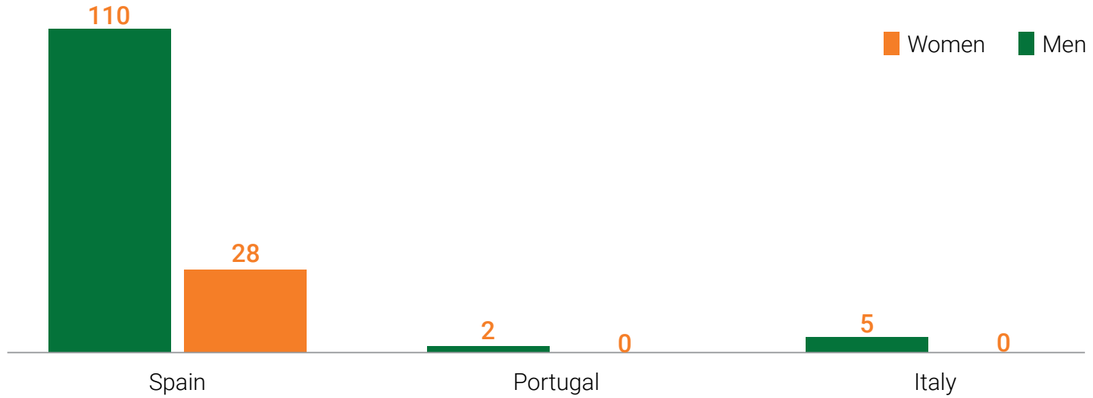




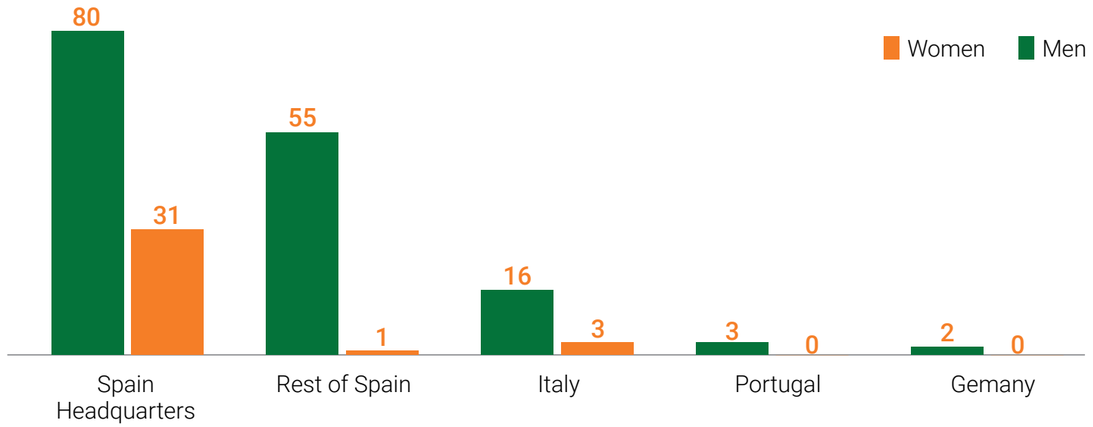
Women Men

The Solaria team is located in four areas which are strategic to the Company's activity, with Spain - where its head offices and most of its current business are located - being the location where the majority of the workforce is located, 87.5% . The rest of the staff is divided between Italy, Portugal and Germany. More than half the workforce is concentrated in the Solaria corporate offices in Madrid. To be precise, 58% of all employees.

Distribution of the workforce by gender and country at the end of 2021

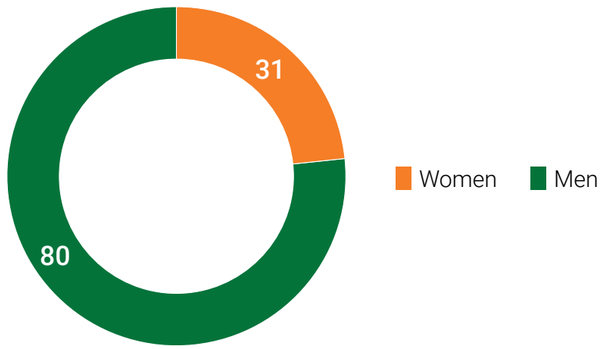


Distribution of the workforce by gender and country at the end of 2022



In terms of its composition, the average female representation during the year was 20.72% and female representation at the end of 2022 amounted to 18.32%. Along these lines, and in accordance with the diversity and equality policies promoted by the Company since 2020, Solaria set itself the goal of reaching 25% female representation in its workforce and this is one of the main challenges to be met and it is making every endeavour to achieve it. It is worth highlighting that at the Solaria corporate offices, at year-end women accounted for 28% of the workforce.

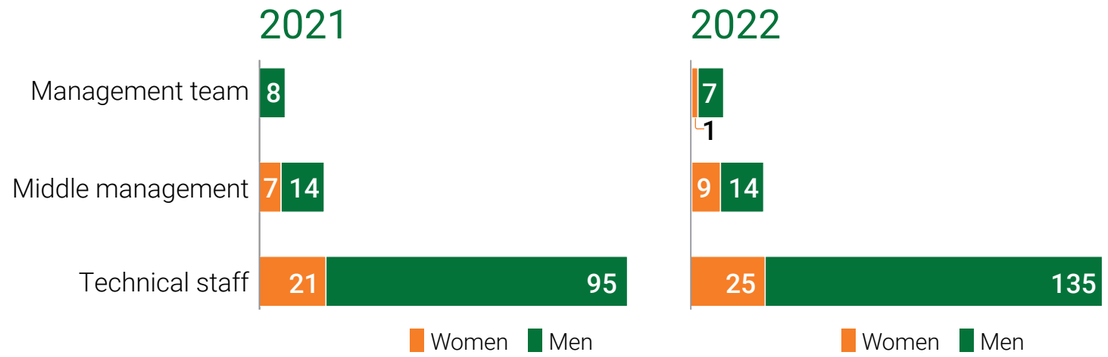
Distribution of the workforce by **gender** at Solaria's central services at the end of **2022**



The Solaria workforce is divided into three categories: Management team, middle managers and technical staff. The technical staff category is the one that covers the largest number of employees, including site managers, operating and maintenance staff, engineering positions, business development, finance and internships or scholarships, inter alia.

Solaria's employee profile means that the workforce is mostly young since the average age is 42 years old, making Solaria a company endowed with a flexible, dynamic culture. The average length of service of the workforce is 2.4 years.

Employees by **category and gender** as at 31 December **2022**



Employees by **category and age** as at 31 December **2021**

Employees by professional category and age	Men	Women	Total employees
Management Team	8	0	8
< 30	0	0	0
between 30-50	8	0	8
>50	0	0	0
Middle managers	14	7	21
< 30	0	1	1
between 30-50	12	6	18
>50	2	0	2
Technical staff	95	21	116
< 30	15	9	24
between 30-50	62	12	74
>50	18	0	18

Employees by **category and age** as at 31 December **2022**

Employees by professional category and age	Men	Women	Total employees
Management Team	7	1	8
< 30	0	0	0
between 30-50	7	0	7
>50	0	1	1
Middle managers	14	9	23
< 30	0	1	1
between 30-50	11	7	18
>50	3	1	4
Technical staff	135	25	160
< 30	17	5	22
between 30-50	90	18	108
>50	28	2	30

Solaria is committed to providing fair working conditions, favouring permanent contracts, as well as internal promotion. At year-end 2022, 98% of the workforce had an indefinite contract, compared to 96% in 2021.

Employees by **type of contract** at the end of **2021** and **2022**

2021	Full-time	Part-time	Total
Indefinite	138	1	139
Temporary	6	0	6
Total	144	1	145

2022	Full-time	Part-time	Total
Indefinite	186	1	187
Temporary	4	0	4
Total	190	1	191

Annual average of contracts by **gender** - **2021**

	Indefinite contract					Temporary contract				
	Full-time		Part-time		Total	Full-time		Part-time		Total
	Men	Women	Men	Women	121	Men	Women	Men	Women	7
Management										
<30	0	0	0	0	0	0	0	0	0	0
30-50	8	0	0	0	8	0	0	0	0	0
>50	0	0	0	0	0	0	0	0	0	0
Middle Management										
<30	0	1	0	0	1	0	0	0	0	0
30-50	11	6	0	0	17	0	0	0	0	0
>50	1	0	0	0	1	0	0	0	0	0
Technical Staff										
<30	9	5	0	1	15	3	4	0	0	7
30-50	54	14	0	0	68	0	0	0	0	0
>50	11	0	0	0	11	0	0	0	0	0

Annual average of contracts by **gender** - **2022**

	Indefinite contract					Temporary contract				
	Full-time		Part-time		Total	Full-time		Part-time		Total
	Men	Women	Men	Women	154	Men	Women	Men	Women	6
Management										
<30	0	0	0	0	0	0	0	0	0	0
30-50	7	0	0	0	7	0	0	0	0	0
>50	0	1	0	0	1	0	0	0	0	0
Middle Management										
<30	0	1	0	0	1	0	0	0	0	0
30-50	11	7	0	0	18	0	0	0	0	0
>50	3	1	0	0	4	0	0	0	0	0
Technical Staff										
<30	12	3	0	0	15	2	3	0	0	5
30-50	71	16	0	0	87	0	0	0	0	0
>50	20	1	0	0	21	1	0	0	0	1

As for internal promotion is concerned, 48% of the average workforce was promoted during the year. It should be noted that, of the total average number of women in the Solaria workforce during 2022, 58% of them have been promoted internally.

Of the people who have received promotion, 10% have been upgraded. Additionally, in the category of middle managers, the number of women at the end of 2021 rose from 7 to 9 women at the end of the period, meeting the objectives established by the Company in this regard. It should be noted that a woman has also been incorporated onto the Management Team, increasing its diversity.

Throughout the financial year of 2022, and due to the major growth of the Company, a total of 114 new people have been hired, 22% of whom were women, in line with the diversity and equality plans. In addition, the Company has incorporated 9 people on internships or scholarships during 2022, thanks to the Internship and Scholarship Programme that Solaria has up and running, through the signing of an agreement with universities, 23% of whom were hired by the Company after the internship period. In relation to disability, the Company currently has one disabled person on its staff, with no change compared to 2021.

Solaria's turnover rate during 2022 was 40,69%, 25,5% of whom involved voluntary turnover.

Employee turnover 2021		Employee turnover rate	Voluntary employee turnover rate
< 30 years old	Women	50%	30%
	Men	31%	25%
Between 30-50 years	Women	44%	33%
	Men	17%	11%
> 50 years old	Women	0%	0%
	Men	57%	36%

Employee turnover 2022		Employee turnover rate	Voluntary employee turnover rate
< 30 years old	Women	75%	13%
	Men	68,75%	37,50%
Between 30-50 years	Women	41,86%	32,56%
	Men	37,89%	27,37%
> 50 years old	Women	50%	50%
	Men	27,45%	11,76%

As far as layoffs were concerned, in 2022 there was a total of 15, all of them involving the professional category of technicians and which can be broken down as follows:

2021	Women	Men
Technicians		
<30	0	1
Between 30 y 50	1	9
>50	0	4

2022	Women	Men
Technicians		
<30	0	1
Between 30 y 50	1	5
>50	0	2

Finally, in relation to employment contracts, 100% of Solaria's workforce located in Spain is under the Madrid Collective Bargaining Agreement for the Metal Sector[11]. At the rest of the locations, the current employment legislation and the collective labour agreements or similar instruments of each country are applied.



[11] *RESOLUTION issued on 16 September 2021 by the Directorate-General of Employment of the Regional Ministry for the Economy, Finance and Employment on the registration, filing and publication of the collective bargaining agreement for the Metal Installations and Services Industry (code number 28003715011982).*

Talent management

Its team is one of the mainstays of the Company and this is why it makes every effort to ensure that the workforce feels proud to belong to Solaria.

Selection processes

The selection and hiring procedure carried out by Solaria's Human Resources department is characterised by being:

Objective	Impartial	Transparent
Confidential	Thorough	Respectful of the principles of equality and non-discrimination

Solaria assumes its commitment to diversity and this is why in its selection processes it seeks, whenever possible, to prioritise access to the least represented gender.

The basic principles of action in Solaria's selection processes are the following:

- To ensure a selection process that respects equal opportunities and direct or indirect non-discrimination on the grounds of sex, race, nationality, language, origin, personal beliefs, marital status, disability or health, or for any other reason of whatsoever type, setting great store by internal talent and guaranteeing objectivity and impartiality.
- To ensure that the selection is carried out based exclusively on criteria which involve merit and ability, including all professionals who fit the profile in terms of knowledge, aptitudes, skills and competencies required for the different jobs and guaranteeing that all candidates are treated equally throughout the process.
- To comply with current employment legislation on recruitment and selection.
- To guarantee absolute confidentiality to all applicants in accordance with the regulations for the protection of personal data.
- To promote job stability through permanent contracts as far as proves possible.

The Company understands that a diverse, equitable workforce is essential and so increasing female representation is one of its main challenges.

This is why, amongst other initiatives, Solaria measures participation and the type of profile that applies to its job offers through an external management tool, evaluating the gender of the applicants, age, experience etc. In terms of the overall calculation, the share of participation in job offers at the end of the year can be broken down as follows: 37% women and 63% men.

Training

Solaria promotes and fosters the professional development of its employees by creating an environment imbued with progress, motivation and integration. For the Company, training, information, training and awareness are essential elements in sustainable development as a company and as part of society. In this regard, the Company has set the target of increasing training hours per employee by 10% by 2025 compared to 2021.

With this in mind, during 2020 Solaria launched a new Training Plan with the aim of annually establishing the necessary training and subjects so that employees can carry out their work effectively.

In terms of the training given to Solaria's employees, priority is given to training in business sustainability, diversity and non-discrimination or harassment, human rights, ethics and Compliance, anti-corruption, the fight against climate change, occupational health and safety, training courses pertaining to the company's activity and other more specific ones that are analysed according to requirements.

In 2022, training hours increased to a total of 2,375.5 hours, compared to 2,362 hours in 2021. This number of training hours represents an average of 14.85 hours received by each employee[12] .

The training hours can be broken down as follows[13] :

Professional category	Hours	%
Management team	112	4.71%
Middle Managers	329	13.85%
Technical staff	1,934.5	81.44%

Of the hours of training given during the year, 34% pertain to training in occupational health and safety, which represents a total of 799 hours of training. 27% have been external training, through courses or certifications. The rest of the training hours, 945 hours, have been internal courses on different subjects, including training related with ethics in the Company, the way in which employees should act and anti-corruption, given to 100% of the workforce. Furthermore, all corporate employees have received additional training related with the Code of Ethics and the way in which they must use the Company's whistleblowing channel. Likewise, 100% of the workforce has received training in corporate sustainability and inclusive culture, since Solaria places special emphasis on expanding the knowledge of its employees in this area.

With these training courses, the Company intends to raise awareness of the importance of working with a sustainable approach and the mitigation of any possible risks and impacts on the carrying out of the activity, as well as promoting the identification of new opportunities.



[12] *Taking into account the average number of employees during the year.*

[13] *In 2021 the Company did not break down the hours of training by professional category and so it is not possible to make a comparison by category.*

Diversity and equal opportunities

Respect for human rights, diversity, equal opportunities, equal treatment and non-discrimination are inalienable and fundamental rights of people. Solaria respects all these rights of its current and potential employees, knowing that it is the only way to create a safe, open and trusting work environment, setting great store by its best resource, people.

Solaria follows a Code of Business Ethics in which equality is guaranteed and there is zero tolerance for any direct or indirect discrimination on the grounds of sex, race, nationality, language, origin, personal beliefs, marital status, disability or health, or for any other reason of whatsoever type.

As part of its commitment to people, in 2020 Solaria's Board of Directors approved, in addition to the Diversity Policy, the Anti-Harassment Policy and a Selection Protocol that support the Company's 2020-2024 Internal Diversity Plan. Solaria is currently undergoing the updating of the Internal Diversity and Equality Plan in order to adapt it to the requirements of current legislation.

In the same way, during the year 2020 the Equality and Diversity Committee of Solaria was set up, the body responsible for ensuring compliance with the principles, commitments, internal policies and applicable legislation in social matters, protection of the rights and fundamental freedoms of people and effective equality between men and women, as well as the achievement of the objectives set.

In this regard, it should be noted that Solaria has set the target of having 25% female representation in its workforce and this is one of the main challenges it faces and it is making every endeavour to achieve it, having already accomplished this at the head offices where women represent 28%.

Solaria is aware of the importance of universal accessibility for people to its facilities and so it has measures in place to guarantee this, adapting its facilities so that anyone, including disabled people, can access them. By way of example, corporate offices have lifts on all floors or access ramps in areas where there are stairs.

In relation to the employment integration of those people with disabilities that Solaria has on its staff, an exhaustive evaluation and analysis of the abilities of the applicants is carried out in order to assign them the job according to their situation and so that they can successfully carry out the tasks they have been assigned.

During 2022, no discriminatory conduct or harassment of any kind was detected, nor has any complaint or grievance been received in relation to any breach of the Company's social policies.

Remuneration [14]

In terms of remuneration, Solaria sets salary levels linked to the position held in the organisation and to abilities, regardless of gender, race, nationality, language, origin, personal beliefs, marital status, disability or health. The average remuneration of the workforce amounts to €56,826 broken down as follows: €58,572 for the average male remuneration and €49,045 for the average female remuneration, with a 16% variation. The average remuneration of the workforce in 2021 amounted to €56,915, broken down as follows: €59,172 for the average male remuneration and €38,777 for the average female remuneration, with a 34% variation.

Solaria makes every effort to attract and retain talent and so all employees receive a variable annual remuneration, regardless of their job position, which is linked to the achievement of the targets set and the professional performance of the employees during the year, being determined in line with periodic performance evaluations.

In this regard, it should be noted that the management and some positions considered to be more exposed to the risks identified by Solaria have signed as an annex to the employment contract a clause related with the achievement of the Company's sustainable objectives, as well as clawbacks and malus clauses which penalise bad practices and unethical or illegal conducts.

[14] *Average remunerations include the following items: fixed remuneration and variable remuneration established in the contract. Other remuneration items such as allowances, compensation, payments to long-term savings pension systems, or any other item have not been considered in the calculation*

Average remunerations by professional category and gender 2021

Category	Men	Women	Totals	% variation
Management Team	€154,488	-	€154,488	100%
Middle managers	€87,554	€55,271	€142,825	36.87%
Technical staff	€47,844	€37,225	€85,069	22%

Average remunerations by age and gender 2021

Category	Men	Women	Totals	% variation
< 30 years old	€30,284	€30,850	€61,134	-1.87%
Between 30-50 years old	€65,766	€46,722	€112,488	28.96%
> 50 years old	€54,680	-	€54,680	100%

Average remunerations by professional category and gender 2022

Category	Men	Women	Totals	% variation
Management Team	€197,886	€178,100	€375,986	10%
Middle managers	€103,504	€68,889	€172,393	33%
Technical staff	€51,031	€36,739	€87,770	28%

Average remunerations by age and gender 2022

Category	Men	Women	Totals	% variation
< 30 years old	€ 31,688	€ 29,117	€ 60,805	8%
Between 30-50 years old	€ 65,465	€ 46,331	€ 111,796	29%
> 50 years old	€ 48,802	€ 95,900	€ 144,702	-97%

Non-wage benefits:

Besides the salary received by Solaria employees, the Company offers them a package of social benefits with tax advantages that include, in addition to training, medical insurance or life insurance, covering double the gross annual salary agreed between the company and the employee, a travel card, a restaurant card or childcare for employees' children.



Care and protection of people

Guaranteeing the safety of the Company's employees is essential for carrying out Solaria's activity. The Company complies with the current health and safety legislation of those countries in which it operates and it carries out all the necessary measures to protect its employees and all the people involved, in one way or another, with Solaria. Likewise, the Collective Bargaining Agreement, which applies to 100% of employment contracts in Spain, includes specific measures and regulations aimed at protecting their own safety and health and that of other people.

This commitment is also extended to those contractors and suppliers whose activity is carried out at the workplaces where the responsibility lies with Solaria. This is why Solaria addresses occupational risk prevention issues with a preventive approach based on carrying out training actions on health and safety as well as audits to ensure strict compliance with all safety measures.

Solaria has the target of achieving “Zero Accidents” starting off with the implementation of a Preventive Culture in which all employees, whatever their position, are responsible for their own safety and contribute to the safety of the whole. The Company has a Health and Safety Policy that applies to all Solaria employees, both direct and outsourced, which establishes the main commitments and responsibilities.

In 2022, a total of 799 hours of training were provided related with occupational health and safety, distributed amongst various courses in which issues related with the prevention of accidents were addressed, both at the plant and in the office, provided to 100% of the workforce, as well other more specific issues such as the procedures and modus operandi when required to perform first aid or extinguish fires, as well as the prevention of those activities characteristic of the construction of solar plants.

In addition, Solaria informs all its contractors and suppliers about its Health and Safety Policy and it carries out risk assessments on all its contractors in this regard. To be precise, during the year 100% of Solaria's facilities passed an internal audit on occupational risk prevention.

Furthermore Solaria carries out random audits on some of its contractors during the construction of the solar plants.

Own staff

As of 31 December of the year, Solaria had recorded a total of three accidents involving three men among its own employees, none of which required any leave, the same number as in 2021 and three accidents amongst its own employees, without requiring leave, which included one woman and two men.

The comparative data for 2021 and 2022 have been provided below.

	2021		2022	
	Women	Men	Women	Men
Frequency rate	0	0	0	0
Incidence Rate	0	0	0	0
Severity rate	0	0	0	0
Hours of absenteeism due to work accidents	0	0	0	0
Occupational diseases	0	0	0	0
Hours of absenteeism due to occu-pational diseases	0	0	0	0

Outsourced staff

In relation to contractors and suppliers, the number of outsourced employees rose to 3,831 in 2022, with a total of 960,876 hours worked. The data recorded in relation to outsourced employees are the following:

	2021		2022	
	Women	Men	Women	Men
Frequency rate[15]	0	24,85	0	6,24
Incidence Rate	0	314,88	0	92,74
Severity rate	0	0,52	0	0,07
Hours of absenteeism due to work accidents	0	3.168	0	576
Occupational diseases	0	0	0	0
Hours of absenteeism due to occu-pational diseases	0	0	0	0

Como se puede apreciar en la tabla anterior, los datos son considerablemente más bajos que los datos registrados a 31 de diciembre de 2021. Esto se debe al compromiso de Solaria con la seguridad y salud laboral como una de sus prioridades, la implantación de medidas preventivas y las formaciones realizadas, concienciando a todo aquel relacionado con la Compañía para actuar de manera responsable, tanto con ellos mismos como con los demás.

[15] *Rates well below the average levels for construction (frequency rate: 49.1; incidence rate: 6,097; severity rate: 1,28).*

Corporate culture and work environment

Solaria offers its employees a flexible, open, inclusive, collaborative and dynamic culture, thanks to the young age of its workforce and its medium size, within a company in a sector whose relevance is growing, not only as a result of its positive economic evolution, but also due to the importance that renewable energy generation has for the future of the planet in the midst of the climate crisis.

This culture has been boosted thanks to the shared vision that employees and Solaria have on issues relevant to both, such as environmental protection or the general welfare of workers.

This is why Solaria has managed to generate a feeling of unity not only between the Company and its workers, but also between the latter.

The Board of Directors is the highest authority responsible for safeguarding the corporate culture and preserving ethics in the Company so that it continues to be a company to which employees feel proud to belong. The Management Committee and area managers also play a vital role in creating a sound, successful corporate culture.

During 2021, and as part of the strategy of sustainability and commitment to employees, the Company launched its TELL US ABOUT IT PLAN, whereby work environment surveys began to be carried out amongst employees, with the ultimate goal of making Solaria a company where its people feel satisfied and proud.

The first work environment survey, carried out in July 2021, had 61% participation, and the general results were very positive in terms of the feeling of belonging and ambition with regard to the project. These surveys are carried out periodically and the most notable result was the staff's feeling of belonging and ambition with regard to the project, as well as satisfaction in terms of remuneration.

In terms of the way of organising work, Solaria establishes a differentiated professional schedule between office personnel and construction or plant maintenance personnel, due to the specific needs of each project. The professional schedule that Solaria has established respects the rest times of the staff. In addition, Solaria has implemented a flexible entry and exit policy for work and lunch hours, thereby contributing to the employees' work-life balance.

Another relevant issue for Solaria in terms of the work-life balance is that all employees can experience motherhood and fatherhood at the same time as having a successful professional career. In this regard, during 2022 six employees took parental leave. As regards those who took advantage of said leave, 4 were men and two were women. 100% of them continued in the Company after the maternity/paternity leave ended.

Solaria plans to implement additional measures in relation to employment disconnection and the work-life balance in the coming years.

Additionally, and as part of the corporate culture, Solaria carries out team-building exercises with a view to promoting teamwork and cohesion amongst colleagues in a relaxed environment outside the workplace. In 2022 Solaria participated for the first time, and as one of the teambuilding initiatives, in the Business Race held in Madrid, where sport, good atmosphere and camaraderie prevailed.



Internal communication

Within Solaria's culture, communication, both external and internal, is one of its priorities.

Employees are the main stakeholder for the Company. This is why Solaria sets out to convey a sound, unified and periodic message which guarantees the correct internalisation of the vision, mission and values and in such a way that the employees know the relevant information and milestones of the Company before the information becomes public, as well as promoting the commitment of workers to the management of the Company, in terms of information, consultation and participation.

There are different tools and formats that can help achieve this objective, both through channels internal and external to the organisation.

The main channels that Solaria makes available to its employees are detailed below, thereby guaranteeing fluid, solid communication and that messages and milestones reach the entire workforce:

- Employee portal at which, in addition to the management of different employment aspects, internal communications etc. are published.
- Visits to the Company's solar plants so that all employees learn about the operation and modus operandi of a solar plant on the ground.
- Internal newsletter.
- Corporate style and brand manual.
- Website.
- Corporate e-mails.
- Periodic meetings between the areas.

Additionally, Solaria has channels on which employees can submit their queries, concerns or suggestions. Including the Compliance Channel (*canalcompliance@solariaenergia.com*), the communications mailbox (*comunicacion@solariaenergia.com*), the human resources mailbox (*hr@solariaenergia.com*) and the specific mailbox for issues related with sustainability (*greenmatters@solariaenergia.com*).



10 Commitment to the Communities

Respect for human rights

For Solaria, the respect for and protection of human and employment rights in all relationships with stakeholders is essential. It does not tolerate forced or compulsory labour in any of its forms and it guarantees the elimination of any discrimination in employment and occupation and the effective abolition of child labour, as well as the respect, integrity and dignity of all people in the work environment.

Solaria is a signatory to the United Nations Global Compact and it promotes compliance with the principles contained in the United Nations International Bill of Human Rights, the OECD Guidelines for Multinational Enterprise, the International Labour Organisation (ILO) Declaration) and its fundamental conventions, and the European Convention on Human Rights.

In 2021 the Company approved the policy of respect for human rights. In addition, Solaria has other Corporate Standards and Policies in force that support and complement respect for human and employment rights, both amongst its employees and with the third parties with which it interacts.

Solaria's actions in the field of human rights are based on minimising the risks associated with human rights through:

- Commitment and awareness of compliance with international standards and regulations in the field of human rights vis-à-vis all its stakeholders.
- Analysis of the risks associated with human rights, based on the probability of occurrence of harm or violation, distinguishing between low risk, if the probability is remote, medium risk, if there is a probability of it occurring or high risk if it is detected that there is a high probability of occurrence.
- Enabling communication, complaint and/or claim channels.

In addition, in 2020, with the aim of extending Solaria's sustainability and ethics commitments, including respect for human rights, to its suppliers, the Board of Directors approved the Supplier Code of Ethics, demanding their acceptance, adherence thereunto and compliance by contract for all suppliers and/or business partners with which Solaria works.

Likewise, the Company has carried out due diligence evaluations and on-site inspections of its main suppliers, ensuring their compliance with all international standards and regulations on human rights.

During the financial year of 2022, the Company did not receive any complaints owing to cases of the violation of human rights, nor has it detected that any practice was being carried out contrary to its Corporate Rules and Policies or to the international reference regulation. In 2021, no complaints were received owing to cases of human rights' violations.

For these purposes, Solaria has an established channel for the communication of any unethical or illegal action that is being detected: *canalcompliance@solariaenergia.com*.



Contribution to local development

Solaria maintains a business strategy based on value creation. Local communities are a key interest group for the Company and, in the main, for the success of its projects. This is why it dedicates the necessary resources to ensure a good relationship and fluid, constant communication with the communities.

Local development is key to Solaria's activity. The Company provides important socio-economic benefits to local communities and it seeks a positive impact on municipalities through job creation as well as through social initiatives based on the assessment of the needs of each area, promoting local and rural development.

Before starting any project, Solaria carries out an environmental and social impact assessment in the territory in order to avoid and mitigate any negative impact and enhance the positive ones.

Local job creation:

The Company prioritises the hiring of local resources, both the staff required for construction and the purchase of supplies, whenever possible, which constitutes a major asset for the revitalisation of the economy and local employment. To be precise, during the construction period of a photovoltaic plant[16], Solaria mobilizes an average of 300 people directly, in addition to the indirect employment that is generated in the neighbouring municipalities of the solar plant, constituting a major asset for the revitalisation of the economy and local employment. In addition, the Company's Operation and Maintenance teams have their habitual residence in the area where the solar plant is located, thus contributing to the creation of local employment throughout the working life of the plants.

Specifically, during 2022 Solaria created 6,470 jobs besides its direct employees, through the contractor companies with which Solaria has worked in the construction of its solar plants.

Environmental benefits:

At an environmental level, there are also clear benefits since, in addition to the reduction in carbon dioxide emissions, the reduction of electricity dependency and the lower cost of the electricity mix, Solaria collaborates with different associations or local entities to integrate agriculture and livestock at the solar plants that coexist in harmony with the solar panels, for example, lavender plantations, beekeeping or sheep, currently responsible for clearing most of the brush from the solar plants, thereby avoiding the pollution caused by brushcutting machines. It should also be noted that the Company looks for sites with little farming capacity, thereby trying to ensure that there have been no previous conflicts on or because of said land.

Economic development:

Additionally, and from the point of view of economic development, Solaria contributes significant income to local communities due to taxes and fees. By way of example, during the development of a project, the neighbouring local communities obtain access to the so-called ICIO (Construction Tax) whose value can account for up to 4% of the project budget. This is a very significant amount which, along with the payment of Real Estate Tax and other taxes and fees, also linked to the value of the project, constitutes an important source of funds for the municipalities where the Company's projects are located. .

This wealth creation directly and indirectly in the municipalities or regions where Solaria is located significantly promotes the activation of rural life and prevents depopulation.

[16] *Taking as the reference a standard 50MW Solaria plant.*

Fluid communication and active dialogue

For Solaria, transparency with its stakeholders is essential. One of its main commitments is open, fluid and permanent communication.

Solaria wants to ensure that all stakeholders, including local communities as one of the priority stakeholders, have access to up-to-date Company information.

This is why the Company has different information and communication mechanisms which ensure the availability, immediacy, veracity and transparency of the information. In this regard, Solaria has a Communications Policy with stakeholders where you can learn more about the guidelines that govern Solaria's external communication.

Some of the Company's communication mechanisms are:

- The website, where it publishes and makes available all the relevant information and documentation such as periodic income statements, policies and procedures, commitments in terms of sustainability, contact information with the different areas of the Company etc.
- Presence on social media: LinkedIn, Twitter, Instagram and YouTube.
- Presence on mainstream, local and sectorial media.
- Events, forums and round tables, with the purpose of exchanging ideas, theories and opinions and making the Company's stakeholders aware of Solaria's strategy and milestones.
- Mailboxes open to all stakeholders: *comunicacion@solariaenergia.com* and *greenmatters@solariaenergia.com*.

In addition to these publications, Solaria maintains fluid communication right from the outset of the projects through formal and informal meetings, training sessions and making the Company's different communication channels available to the communities.

The Company's aim is to establish two-way communication that is beneficial to all, in dialogue with the local community during all stages of the project, development, construction, operation and maintenance.

Social initiatives

SOLARIA FORMA PLAN:

Solaria, as a specialist and leader in solar photovoltaic energy, launched the SOLARIA FORMA PLAN in 2021, which includes various training-related initiatives:

- Collaboration with schools in different locations where the Company manages solar plants, with the aim of training people in solar photovoltaic energy and the maintenance of solar plants, through certified courses, promoting the ease of training and learning of people from rural Spain, as well as promoting STEM vocations amongst women since one of the aims is that, whenever possible, at least 50% of the students should be women.
- Partnership agreements with different training centres in municipalities close to the areas where the Company manages solar plants so that they carry out workshops or practical training for their students in situ at the solar plants.
- Educational training at the solar plants. During 2022, the Company carried out three internship days at its solar plants, with a total of 67 students from different vocational training courses or university master's degrees related with renewable energies.
- Donation of material to institutes or universities that teach courses or professional certificates in solar energy, so that students can train with real materials.

Reforestation days:

In collaboration with the Provincial Delegation for Sustainable Development of Toledo, Solaria has reforested a total of 27 hectares at a series of Forest Parks (located in Toledo and Olías del Rey) affected by the unusual abundance of snow last winter, with a view to counteracting the modification of the landscape caused (reduction in forest mass), recovering the vegetation in said areas and facilitating its evolution.

Solaria staged these reforestation days with students from nearby institutes, raising awareness of the importance of caring for and protecting the environment and the natural environment, in order to enhance environmental values and promoting recreational-environmental interest in said areas.

During the implementation of these reforestation projects, a total of 2,963 plant specimens were used according to the existing vegetation in the field of action, and according to the climatological and geological characteristics of the environment that promote their integration and rooting.

Solaria also takes part in other reforestation projects in underdeveloped countries, in order to collaborate on the creation and/or protection of CO_2 sink areas, thereby contributing to the reduction of carbon dioxide emissions into the atmosphere and the social development of those areas where reforestation is carried out thanks to the creation of employment and the well-being of the environment that this entails. Specifically, during 2022 Solaria worked on a reforestation project located in the "Cordillera Azul" Natural Park in Peru[17].

Other initiatives:

Other initiatives that Solaria has carried out during 2022 and which are very beneficial to the municipalities in which the Company manages projects have been collaborations with sports, cultural, health associations or sponsorships etc.

During 2022 Solaria made the following monetary donations through agreements with non-profit making entities:

- Partnership agreement with the bishopric of Sigüenza to carry out upkeep and restoration tasks in the parishes that go to make up the diocesan artistic and architectural heritage of the Diocese of Sigüenza-Guadalajara. The donation amount was €50,000.
- Partnership agreement with the Eusebio Sacristán Foundation, through which Solaria has granted scholarships to 56 students from various municipalities in Burgos to participate in a bilingual English camp with various sports and training activities at the "La Roca" facilities in Palencia. This camp has had a specific module on solar photovoltaic energy so that the younger people in rural areas could learn about the renewable energy sector. The donation amount was €7,000.
- Partnership agreement with the Elcano Royal Institute Foundation for International and Strategic Studies whereby Solaria made a financial contribution of €150,000 to the Foundation for foundational purposes and became a member of the Board of Trustees.

Other examples of local initiatives and actions carried out by Solaria during 2022 in the areas where it is located are:

- Partnership with Cifuentes City Council for the restoration of several landmark buildings in the municipality.
- Sponsorship of the regional festivals of Yunclillos Local Council.
- Sponsorship of the regional festivals of Usanos Local Council.
- Sponsorship of the Alcarria Fishing Club.
- Partnership with the Down Madrid Foundation.



17 *For further details, see page 30 of the Environmental Commitments section of this report.*



11 Commitment to the Supply Chain

Supply chain management model

Risk management on the supply chain and the involvement of government bodies is increasingly relevant for the reputation of companies. Solaria is aware of the need to carry out due diligence of its supply chain and it thus identifies, evaluates and manages the risks related therewith.

As an initial mitigation measure and with the aim of extending the ESG commitments acquired by Solaria to its supply chain and suppliers, during 2020 Solaria carried out the preparation and approval of its Supplier Code of Ethics which is included in all contracts with suppliers and published at the Company's website. In this way, Solaria sets guidelines for the control and management of risks associated with the activities of its suppliers. Solaria requires all of its suppliers to adhere, accept and comply with the Code by way of a contract.

During 2022, Solaria has maintain relationships with a total of 1,603 suppliers to which it has allocated a total of 331,469 million euros for purchases of goods and services. Of the total amount of purchases made by Solaria, 50.24% pertains to the purchase of goods and services from national suppliers[18].

Of the total number of suppliers with which Solaria maintains a relationship, two groups can be distinguished between:

- Suppliers of goods and supplies. The most relevant suppliers in this group are those from which Solaria purchases the components of the solar plants, which are, in the main, modules, inverters or transformers.

  The number of suppliers of the main components of Solaria during 2022 (modules, inverters and trackers) was 9, to which a total of 186.6 million euros was allocated.

  All the main suppliers of Solaria are ranked amongst the Top 10 manufacturers on the market. For example, the module manufacturers from which Solaria purchases solar modules are classified as Tier One according to the classification of *Bloomberg New Energy Finance*.

Solaria has evaluated and verified that they have in force the ISO 14001 certification, an international environmental management standard. The Company also verifies that its component suppliers meet the technical and quality specifications required by the Company, comply with current legislation, analyze their economic capacity and solvency, reputation in the market, etc. To be precise, during 2022 this evaluation was carried out on the 9 suppliers of the main components indicated.

Likewise, as indicated on page 51 of this report, the main component suppliers are subject to an evaluation and due diligence process in terms of respect for human rights. Specifically, during 2022 evaluations of respect for human rights were carried out on the 9 suppliers.

In addition, with regard to the transport of the aforementioned main components, in 2022 Solaria started working with companies committed to climate change. In this regard, during 2022 the transport of the photovoltaic modules necessary for the construction of the new Solaria projects has been carried out with transport companies that use less polluting fuels than fossil fuels, accounting for a reduction of up to 25% in carbon dioxide emissions.

- Service providers. In this group, the most relevant suppliers for Solaria's business are the Contractors, companies that are dedicated to the construction of solar plants and substations. It should be noted in this regard that Solaria performs EPC work since the development, engineering and purchase of supplies and materials are carried out internally.

  All construction companies are subject to an environmental assessment and the monitoring of compliance with the Environmental Impact Statement and corporate environmental standards. Thus, during 2022 there were 197 construction companies which, directly or indirectly, worked with Solaria and they have all been subject to an environmental and occupational health and safety assessment.

  In 2021, the number of contractors and subcontractors with which Solaria worked was 134. All of them were subject to an environmental and occupational health and safety assessment.

[18] *National suppliers are taken to mean those that operate in Spain where Solaria has practically 90% of its business.*

Consumers

Solaria focuses 100% of its activity on the generation of renewable energy thanks to the construction and operation of solar photovoltaic plants. In this regard, the Company is not dedicated to the distribution or commercialisation of energy to the end consumer, nor to individuals, commercial or industrial consumers, but it sells it to the market or on a PPA (Power Purchase Agreement) basis to large companies. This is why it does not deem it relevant to carry out satisfaction surveys with end consumers.

As of today, the Company has 6 PPA energy sales agreements in force. As these are long-term contracts, Solaria maintains fluid, constant communication with its counterparties. Neither during 2022 nor during the previous period have any formal complaints been received from the aforementioned counterparties.

The Company strives to ensure a quality service and complies with all its energy delivery commitments and proof of this has been that several of the counterparties have increased the energy capacity contracted with Solaria which demonstrates the degree of satisfaction of the latter with the company.





12 Fiscal Management

Fiscal Management

Solaria is highly committed to good governance, business ethics and integrity and it is aware of the importance that transparency and internal control activities represent in the current economic environment for market operators.

For this reason, and as part of the corporate sustainability strategy, Solaria has the Tax Policy in force, with a view to establishing Solaria's tax strategy and regulating compliance with the Company's tax obligations as well as the management and control of tax risks and establishing the basic principles of action in this regard, guaranteeing respect for current national and international regulations, the Code of Business Ethics and the rest of Solaria's Corporate Regulations and Policies.

Solaria's tax strategy is based on the following principles of action:

- Solaria undertakes to comply with current tax regulations, adopting at all times a reasonable interpretation thereof and trying to avoid, based on said interpretation, any inefficiencies and undue tax costs for Solaria.
- Solaria waives the following actions:
  - Operations or structures that solely pursue a tax advantage and do not pertain to business reasons or are not related with the location of material and personal resources, activities and business risks of the Company.
  - The structuring of operations of an artificial nature or unrelated with the Company's own activity, carried out for the sole purpose of reducing the tax burden.
  - The use of opaque structures in order to reduce its tax burden.
  - Making investments in or through non-cooperative jurisdictions[19] for the sole purpose of reducing the tax burden.
- Transactions between related parties carried out by Solaria companies are in line with the arm's length principle provided for in the OECD Guidelines, the EU Joint Transfer Pricing Forum and the specific regulations of the countries in which it operates.

In accordance with applicable regulations and recommendations, the pricing methodology that must be used to verify whether a transaction complies with the arm's length principle is the one that, based on the facts and circumstances of the transaction, is capable of justifying that it has been carried out in accordance with that which had been agreed by independent parties under arm's length conditions.

The Fiscal Policy identifies the responsibilities in relation to the control of fiscal risks and the areas involved.

The Tax Policy also addresses the identification, management and control of tax risks for the Company. Solaria identifies its tax risks as follows:

- Risks owing to non-compliance with tax obligations in a timely manner.
- Risks owing to the adoption of incorrect or inappropriate decisions of a tax nature or for not implementing tax optimisation alternatives.
- Risks due to a lack of internal communication between the areas of the Company, carrying out operations without the advice and review of the tax area.
- Risks due to non-compliance with current tax regulations.
- Risks of misinterpretation by the market of the tax information that Solaria makes public, bringing about a negative assessment of the Company by economic agents or the Tax Administration.

[19] *Those territories regarded as such by Spanish tax regulations in accordance with Royal Decree 1080 enacted on 5 July 1991 which determines the countries or territories referred to in article 2, section 3, number 4 of Act 17 enacted on 27 May 1991 regarding Urgent Tax Measures and article 62 of Act 31 enacted on 27 December 1990 regarding General State Budgets for 1991.*

Solaria's activity not only generates an important direct contribution to the Administration through the payment of taxes, but also a notable contribution through the collection of taxes from third parties generated as a result of the company's activity.

In line with Solaria's commitment to tax management, the most relevant tax payments are voluntarily published, demonstrating its commitment to transparency in tax payments.

Tax	Amount
Tax on Economic Activities and Tax on Real Estate	1.05 million €
ICIO and public domain fee	5.7 million €
Payments made to Social Security	1.909 million €
Work income withholdings	3.028 million €
VAT received	5.039 million €

Pre-tax profits	Income tax accrued	Subsidies received
101.07 million euros	11,022,000€	0€

The breakdown in 2021 was as follows:

Pre-tax profits	Income tax accrued	Subsidies received
56.2 million euros	8,218,241€	0€

The perimeter of companies included can be consulted in Annex I "Companies that go to make up Solaria", of the Consolidated Annual Accounts for 2022.

Finally, it should be noted that as a sign of its social commitment and commitment to equality and social cohesion, Solaria allocates 0.7% of the net tax liability of the Corporate Tax return to the Tertiary Sector, contributing to the financing of social projects.





13 Corporate Governance

In addition to strict compliance with current legislation, the values of Solaria, as a listed company, include ethics and good business practice, applying them in its day-to-day activities and in its corporate strategy.

Solaria aligns the operation of its governing bodies with the guidelines and recommendations emanating from the Code of Good Governance for Listed Companies of the National Securities Market Commission (CNMV) of Spain.

During 2022 Solaria continued to work on improving and strengthening its governance model, strengthening the Company's regulatory framework in line with the best market practices and its ESG strategy, and adapting its governing bodies for this purpose. .

Furthermore, and in order to promote communication and transparency with its stakeholders regarding ESG matters, Solaria has established an online communication channel (*greenmaters@solariaenergia.com*) available to employees and third parties where stakeholders can make enquiries related with the Company's performance in the field of sustainability and good governance.

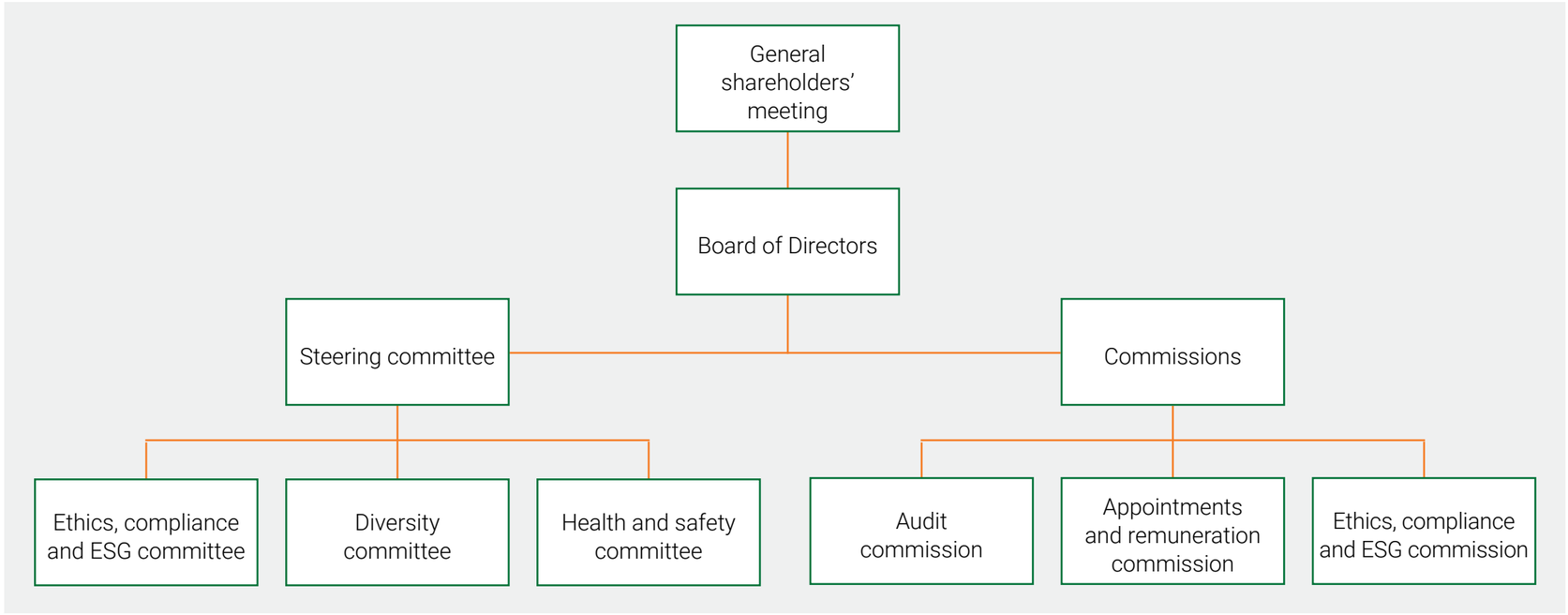
Governance model

Solaria has different governing bodies, each of them with duties and powers attributed by virtue of the provisions of the Company's Corporate Articles of Association, the Regulations of the General Meeting and the Regulations of the Board of Directors.

They are all related with the achievement of the Company's strategic objectives, the assurance of the corporate culture and risk management and ESG aspects.

Additionally, every year the Company publishes, both at the website of the National Securities Market Commission (CNMV) and at its own website, the Annual Corporate Governance Report.

The structure of the Solaria governance model is as follows:



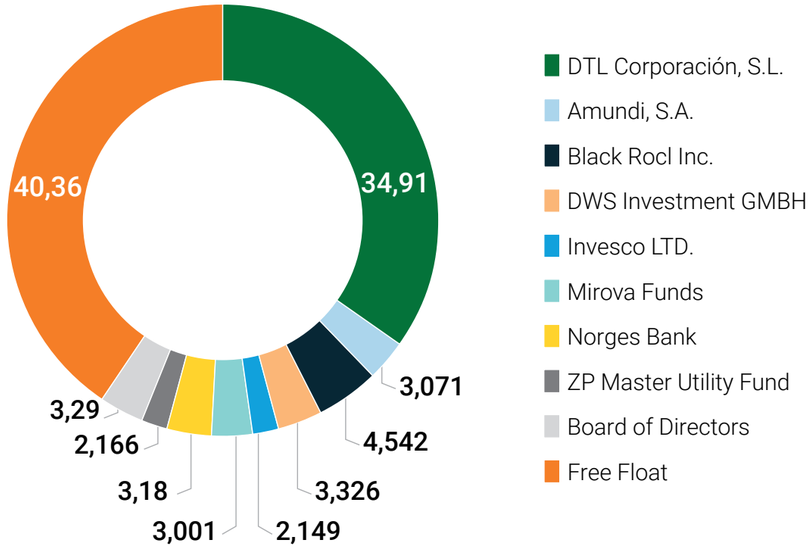
General Shareholders' Meetings

The General Meeting is the highest governing body of the Company and it represents all shareholders. It is subject to the provisions of the Law, the Corporate Articles of Association and the General Meeting Regulations which complement and implement the legal and statutory regulations in those matters pertaining to its convening, preparation, staging and implementation, as well as to the exercising of rights to information, attendance, representation and votes by shareholders.

The General Shareholders' Meeting holds ordinary meetings once a year, without prejudice to any extraordinary meetings that need to be held.

In 2022, Solaria's General Shareholders' Meeting took place on 30 June with a 76.27% stake of the share capital.

Distribution of **Solaria's capital** as at 31 December **2022**[20]



[20] *The share capital of Solaria Energía y Medioambiente, S.A. is 1,249,508.76 euros and it is made up of 124,950,876.00 shares with a nominal value of 0.01 euros each, being wholly subscribed and paid up.*

Board of Directors

Solaria's Board of Directors is made up of six members, two of whom are independent.

Its duties include the approval of the Company's strategy and its implementation, as well as ensuring compliance with the targets set. In terms of ESG, it is responsible for approving and supervising the Company's policies and strategies in the field of sustainability.

It should be noted that during 2022 there was a change in the composition of Solaria's Board of Directors owing to the resignation tendered by the Board member, Inversiones Miditel, SAU, appointing Ms. María Dolores Larrañaga Horna as its replacement. This modification was approved by the General Shareholders' Meeting on 30 June 2022.

The composition of the Board of Directors is as follows:

Board of Directors	First appointment	Position	Commisions	Experience	Salary
D. Enrique Díaz-Tejeiro Gutiérrez	24/05/2007	Chairman of the board (proprietary director)			€ 150.000
D. José Arturo Díaz-Tejeiro Larrañaga	30/06/2021	Executive director			€ 0
Dña. María Dolores Larrañaga Horna	30/06/2022	Dominical			€ 75.000
D. Manuel Azpilicueta Ferrer	24/05/2007	Otro consejero externo			€ 75.000
D. Carlos Francisco Abad Rico	28/06/2019	Independent director	Presidente		€ 75.000
Dña. Elena Pisonero Ruiz	26/06/2019	Independent director	Presidente Presidente		€ 75.000
D. Alfonso López Iglesias	15/04/2014	Non-voting secretary			-

Audit commission · Ethics, compliance and ESG commission · Appointments and remuneration commission

Energy/PV · Engineering · Finance · Legal

The average remuneration of the members of the Board of Directors was €75,000. Directors are only awarded a fixed remuneration, broken down as follows: average male remuneration: €75,000 and average female remuneration: €75,000. The average remuneration of the directors has not changed with respect to 2021.

The Company has not established variable remuneration or other remuneration items for directors. Solaria has the Director Remuneration Policy in force and every year it publishes the Director Remuneration Report which is submitted to a consultative vote at the General Shareholders' Meeting.

The members of the Board of Directors are subject to re-election of the position every two years or whenever deemed necessary according to the provisions of the Corporate articles of association or the Regulations of the Board of Directors. The re-election of directors' posts is submitted to a vote at the General Shareholders' Meeting.

- **Management Committee:** This is the internal body with the highest authority and its mission is to drive the Company forward into the future and develop the business strategy, to lead the team and evaluate compliance with the targets set.
- **Ethics, Compliance and ESG Committee:** This is the internal body with the highest authority in terms of the monitoring and operational compliance of aspects related with ethics, Compliance and ESG. It is responsible for reporting key issues to the Ethics, Compliance and ESG Committee.
- **Equality Committee:** This is the body responsible for ensuring compliance with the principles, commitments, internal policies and legislation on social matters and the protection of the fundamental rights and freedoms of people, as well as the achievement of the targets set.
- **Occupational Health and Safety Committee:** This is the body responsible for ensuring compliance with health and safety-related issues and supervising the Company's actions in terms of risk prevention.

Other governing bodies

- **Audit committee:** It is made up of three non-executive directors, two of whom are independent. Their duties, which are defined in article 13 of the Regulations of the Board of Directors, include that of putting forward the appointment of external auditors, supervising the Company's audit plan, the effectiveness of internal control or the truthfulness of the financial information.
- **Appointments and Remuneration Committee:** this is made up of three non-executive directors, two of whom are independent. This committee is responsible for defining the duties and skills required by candidates for board members to fill each vacancy, establishing the goal of gender representation on the board of directors and how to achieve them, inter alia. The details of the duties assigned to the Appointments and Remuneration Committee can be found in article 14 of the Regulations of the Board of Directors.
- **Ethics, Compliance and ESG Committee:** This is made up of three non-executive directors, two of whom are independent. It is the committee responsible for proposing to the Board of Directors the approval of the Ethics, Compliance and ESG strategy and policies, as well as its periodic review and update. In addition, it supervises the non-financial risk management and control systems and their reporting. The details of the duties assigned to the Ethics, Compliance and ESG Committee can be found in article 15 of the Regulations of the Board of Directors.



Risk management system

For Solaria, risk management is the means of anticipating them in decision-making and in business strategy through a series of preventive measures.

"Risk" is defined as the threat that an action, omission or circumstance causes or may cause harm. The harm can occur in different ways: judicial or administrative sanctions, economic or financial losses or damage to reputation.

The Company monitors the main risks to which it is exposed as it knows the importance of risk identification and management for excellence. This approach thus avoids considering risk management solely from the perspective of its possible impact on economic figures in the short-term, but rather as a system based on the identification, analysis and management of factors that could affect the achievement of the Company's objectives and its strategy.

In 2018 Solaria approved the Company's Risk Management System which analyses both the impact and the probability of occurrence of the different risks it faces. The Risk Management System is updated whenever it is required, either by legal requirement, by a change in the Company's structure or at the request of one of the directors. New risks for the Company have recently been identified and so during 2022 Solaria updated the risk system and published the Risk Management Policy, approved by the Board of Directors.

The Risk Management System is part of the set of internal corporate rules and policies in order to minimise the risks to which Solaria may be subject. The Risk Management System applies to the entire Solaria workforce, the Board of Directors, Committees, the Management Committee, internal Committees and other staff belonging to the Company. The Board of Directors is the ultimate body responsible for risk management of the Company.

The risk control and management process begins with the identification of risks and it aims to draw up an exhaustive list of risks based on events that could prevent, degrade or delay the accomplishment of objectives. Solaria has carried out an identification and evaluation of the risks to which it is exposed, having detected the following risks:

- **Financial risk:** uncertainty deriving from the evolution of prices, exchange rates and interest rates which may affect the balance sheets of the company and the financing capacity on the capital markets. See Annual Accounts 2022 for more details.
- **Business risk:** Uncertainty associated with the development and achievement of the Company's objectives due to factors that hinder or delay strategic operations, which may affect the value of the Company or the financial statements.
- **Market risk:** uncertainty of the financial markets in relation to any potential adverse effects on the financial profitability of the Company, which uses derivatives to hedge against exchange rate and interest rate risk.
- **Credit risk:** taken to mean the financial solvency risk of the company's commercial portfolio. This risk is not relevant for Solaria since its clients are the CNMC or large multinationals under PPA agreements.
- **Regulatory risk:** taken to mean the potential impact on the achievement of strategic objectives brought about by the modification of the regulatory frameworks where the Company operates.
- **Tax risk:** deriving from the uncertainty as to whether the tax authorities will accept the tax treatment adopted in the tax returns filed or to be filed. See page 59 of this sustainability report for further details.
- **Operational risk:** uncertainty associated with losses resulting from a lack of adaptation or a failure in processes, staff performance, availability of operating assets or the impact of any external event.
- **Environmental risk:** associated with the possibility of environmental damage or damage to ecosystems and biodiversity, due to natural or human causes.
- **Climate change risk:** deriving from the energy transition (regulation, market, technologies...) and the physical impacts of climate change. See page 26 of this sustainability report for further details.
- **Reputational risk:** uncertainty about the perception of stakeholders regarding the Company's reputation as a result of the behaviour of the company or its employees, including those related with corruption and their influence on short, medium and long-term results.
- **Cybersecurity risk:** deriving from malicious attacks or accidental events with an operational impact, affecting data, computer networks or technology. See page 71 of this sustainability report for further details.
- **Fraud Risk:** Deriving from any intentional illegal action carried out by an employee or a third party, to achieve their own benefit or that of the company, directly or indirectly, through the incorrect use of the Company's resources or assets.

Ethics and compliance

The ethics and integrity framework defined by Solaria is the pillar on which the behaviour of the entire organisation is based with its environment and in accordance with the existing regulatory environment.

For Solaria, the compliance model goes further than strict regulatory compliance, which of course is essential. In this regard, in 2018 Solaria approved its Crime Prevention Model. But the Company wishes to go further, ensuring ethical behaviour in all its operations.

In recent years the Company has boosted its ethics and compliance model through the publication and updating of corporate standards and policies, all of which are aimed at guaranteeing that the actions of everyone at Solaria are based on business ethics and corporate sustainability. .

Solaria has also set up the internal bodies, regulations and tools necessary for the supervision and success of the compliance model. In this way, the internal control of the effective application of environmental, social or good governance policies pertains to the Ethics, Compliance and ESG Committee, which also works to promote, monitor and periodically review the alignment of the challenges related with the sustainability strategy and the Company's activity. The Ethics, Compliance and ESG Committee is responsible for reporting periodically, or whenever necessary, to the Ethics, Compliance and ESG Committee or directly to the Board of Directors, any relevant issues that have occurred.

Likewise, during 2020, the management team decided to become even more involved in the sustainable and ESG strategy, setting aside 15% of its variable remuneration to the achievement of the sustainable and ESG targets set by the Company. In addition, the management team signed "malus" and "clawback" clauses to avoid malpractice and thus guarantee compliance with the best ethical standards and good business practices. These clauses have been extended to other positions within the Company, under the middle managers category, who may be more exposed to risks or who may influence, in one way or another, the achievement of the ESG targets set by Solaria.

Compliance model

- **Corporate articles of association**

Document that embodies the set of coordinated rules that govern the corporate operation of the Company. The corporate articles of association regulate, in particular, the basic aspects of the company, the rights of partners and relationships with third parties.

- **Code of Business Ethics and Conduct**

Action guide for employees, managers and directors, as well as third parties related with the Company and which establishes the principles and commitments that must be respected and fulfilled during the exercising of their activities.

- **ESG Policy**

This lays down the general bases for the action and activities to be carried out to the benefit of social well-being, respect for the environment and the generation of value that transcends in the long term, also meeting the expectations of its stakeholders.

- **Supplier Code**

This establishes the main principles and values that Suppliers who wish to establish commercial relations with the Company must adhere to, establishing the guidelines for the control and management of risks that could be generated by material procurement activities (or any other supply) as well as by the contracting of works and services.

- **Human Rights' Policy**

This formalises Solaria's zero tolerance for any violation or practice contrary to people's human and employment rights.

- **Anti-corruption Policy**

This sets out to help employees and people associated with Solaria so that they are aware of the anti-corruption and anti-bribery regulations and can thus make the right decisions.

- **Environmental Policy**

This formalises the Company's commitment to the fight against climate change, the efficient and responsible use of natural resources and the protection of biodiversity and the definition of emissions reduction targets.

- **Biodiversity protection Policy**

Approved in 2022. It formalises Solaria's commitment to the natural environment which ranges from the efficient and responsible use of natural resources, the preservation of biodiversity and the promotion of the circular economy.

- **Equality and diversity Policy**

It determines a set of objectives and measures that Solaria has established and that promote diversity and equal treatment and opportunities between women and men in the workplace.

- **Occupational health and safety Policy**

This defines the Company's commitment to the health and well-being of people through the continuous improvement of working conditions and the integrated, appropriate management of safety in activities.

- **Anti-Harassment Policy**

This policy identifies what is understood by workplace, sexual and gender-based harassment and it establishes the investigation and response protocol in the event that any conduct constituting said harassment is detected.

- **Risk Management system**

Approved in 2022. This formalises the basic principles and the general framework of action for the control and management of all kinds of risks that the Company faces.

- **Internal Control System for financial and non-financial information**

Updated in 2022. This defines the process for preparing financial information, the bodies involved and financial risk management.

- **Fiscal Policy**

This policy determines Solaria's tax strategy and regulates compliance with the Company's tax obligations, as well as the management and control of tax risks.

- **Director remuneration Policy**

Updated in 2022. This formalises Solaria's commitment to good governance, business ethics and transparency and the inclusion of requirements and best practices in the field of good governance and director remuneration.

- **Diversity policy on the Board of Directors**

It develops Solaria's commitments assumed in the Regulations of the Board of Directors in relation to the diversity of its composition and transparency in the director selection process.

- **Manager remuneration policy**

The purpose of this policy is to have transparent management in the remuneration system for the Company's managers.

- **Other policies**

In relation to stakeholders, Solaria has the Group's Communication Policy, the Selection and Hiring Protocol and the Security and Information Policy..

Bribery and corruption

Solaria declares its zero tolerance for bribery and corruption and it is committed to the regulations in force regarding the prevention and fight against these practices. In this regard, the Company has in force the Anti-Corruption Policy that regulates the Company's commitments in this regard, as well as that which is regarded as acceptable and not acceptable in terms of gifts, presents and invitations. It also regulates the procedure in the event of a conflict of interest.

In this regard, Solaria has informed all its employees about the existence of the policy, including new admissions and it conducts periodic training courses for the entire workforce. In addition, 100% of the suppliers with which Solaria works are required to accept Solaria's policies in writing, including anti-corruption and bribery regulations.

During 2022 the Company did not detect any case of corruption nor did it suspect that any could be occurring, either amongst its employees or with business partners. Nor was any claim or complaint received through the Compliance Channel.

Furthermore, Solaria does not tolerate any practice that is assumed to be or may be understood to be money laundering, taken to mean any operation carried out in order to legalise, or give the appearance of legality, to any property or assets deriving from illegal or criminal activities and so determined in the Business Code of Ethics. Solaria prohibits any payment in cash, unless there is specific, justified authorisation thereof.

Compliance Channel

In addition to the communication channel with the Company's corporate sustainability area (*greenmatters@solariaenergia.com*), Solaria has a communication and complaints channel (*canalcompliance@solariaenergia.com*) which both employees and third parties that maintain a relationship with the Company can contact, even anonymously, in order to communicate any query or suggestion regarding compliance, as well as to report any unethical or illegal behaviour they may be aware of.

Use of this channel is mandatory for any Company stakeholder who detects that a breach of the law is taking place or who suspects that unethical or questionable actions of any kind are being carried out.

Solaria's Compliance Channel guarantees the total confidentiality of the communications received, as well as the absence of any retaliation.

It should be noted in this regard that during 2022 no complaints or inquiries from third parties have been received. No complaints have been registered internally either.

Operation of the Compliance Channel:

The Ethics, Compliance and ESG Committee is the body responsible for processing complaints, communications and/or enquiries received through the Compliance Channel.

Solaria carries out communication and training actions so that all its employees are aware of the existence of the Channel and understand its operation. Likewise, anyone who is not a Solaria employee but who is interested in learning more about the Compliance Channel, can request training.

The Compliance Channel considers the following general operating principles and characteristics:

- It is open to employees, suppliers and business partners.
- Anonymous communications will be taken into account as long as the absence of bad faith is proven.
- It guarantees the confidentiality of the data included in the notifications, particularly those related with the identity of the complainant and any other personal data.
- It ensures that there are no reprisals or any type of negative consequences for the complainant, as long as they act in good faith.
- The complaints received are analysed in an equivalent manner, regardless of who the complainant is.
- Decisions about how to initiate an investigation or when to dismiss notifications are adopted in a traceable (documented) and scheduled manner.
- The decision-making procedures related with the management of complaints are clearly defined, inter alia: who in the organisation will decide to investigate or dismiss each complaint, who will carry out the investigation, to which body the conclusions of the investigation will be submitted and what the procedure will be for submitting a draft resolution and corrective measures to the Ethics, Compliance and ESG Committee or to the Board of Directors.
- It guarantees compliance with the deadlines set in the applicable legislation, depending on the different reporting areas.
- The processing of personal data in accordance with the provisions of the legislation and Solaria's data protection policy. For this in mind, a Notification Management System has been established and predefined models have been designed to carry out the communications that pertain to the accused, the complainant, possible witnesses and other people who collaborate in the investigation. The decisions made must be properly documented.

At the Solaria website (www.solariaenergia.com) you can consult the Regulations for the operation of the Compliance Channel for further details.

Innovation and digitalisation

Solaria believes that innovation is a key driver for the success of the strategic plan and long-term sustainability.

Solaria's digital strategy focuses on making use of technology to improve operational efficiency, increase profitability and improve the experience of its stakeholders, promoting and streamlining daily activity, improving macro and micro processes, cybersecurity, and promoting the deployment and commissioning of photovoltaic plants.

In addition, in the technology and/or digitalization of its processes Solaria seeks the achievement of its strategic plan as well as the highest levels and standards of sustainability.

Digitalisation and technology are key factors for the growth and competitiveness of Solaria, which understands that companies that invest in technology have the ability to innovate and improve processes, products and services, which allows a better adaptation to market changes and meet the demands of society, stakeholders, etc. In addition, technology helps to reduce costs and increase operational efficiency, which translates into greater profitability and a better position in the market.

Solaria is committed to leading digitalisation in the industry through the implementation of innovative and disruptive technologies in daily activities and processes. In recent years, the Company has made different investments in technology and digitalisation, amongst others, automation, data analytics etc.

These technologies have made it possible to improve efficiency in the Company's operations, cut costs and increase productivity. In addition, digital platforms have been developed for procedures which has improved and resulted in a better experience for users.

Going forward, the Company will continue to invest in emerging technologies such as the Internet of Things and augmented reality to further improve its operations.



Information Security

Solaria considers that the information it handles is a resource of great importance. This is why it has the duty and commitment to protect said information, offering stakeholders - which include its employees, contributors, suppliers, clients, shareholders, investors or any other third party with which it is related - a secure environment through the application of security measures and suitable operational processes that ensure the proper functioning of the Company.

The lines of action are based on continuous planning, implementation, control, monitoring, audits and improvements and specific action plans, with a view to continuously improving operational processes to ensure business continuity, its resilience and the smooth functioning thereof.

The Information Security principles for Solaria are:

Non-disclosure

The information must be known solely by authorised persons

Integrity

The information must be complete, accurate, valid and not subject to manipulation

Availability

The information must be accessible by authorised users at all times and its persistence guaranteed in the face of any eventuality

The information that the Company manages can be found on different supports: in printed format or on hard copy, stored electronically, transmitted by post or by electronic media, shown in projections or verbally in conversations.

Regardless of the format and support on which the information is found at the source and destination, a system needs to be established that manages its security from end to end, reducing and protecting risks from all types of threats.

Solaria regards the security of information as the safeguarding and protection of (i) the information owned by Solaria, regardless of whether it is on its own systems or those of third parties; and (ii) the information owned by third parties to be found on Solaria's systems.

For the protection of information and the deployment and improvement of security, Solaria has a decalogue, as well as various mechanisms to carry out and confirm the actions and results of the projects and tasks related with cybersecurity. The most prominent include:

- In 2020 Solaria's Board of Directors approved the Information Security Policy which determines the commitments and measures that the Company applies in order to minimise or eliminate cybersecurity risks. The ultimate party responsible for compliance with the policy, and its updating if necessary, is the Board of Directors.
- Solaria seeks to prioritise the guaranteed continuity of the company, paying due attention and diligence in its various departments and areas, with the corresponding contingency and disaster recovery plans.
- Solaria affords great weight to cybersecurity which is defined and deployed by default for all new service projects, IT and OT infrastructures, development etc.
- Solaria continuously works on plans to improve the resilience of services and infrastructures and continually reviews technologies, services and infrastructures to detect and prevent attacks, intrusions, anomalous behaviour etc.
- Solaria establishes plans to improve the governance of new and recurring data.
- Solaria promotes training and initiatives to raise awareness and create a culture of cybersecurity amongst its employees.
- All Solaria employees have signed contractual clauses whereby they undertake to treat Solaria's information with due diligence and the utmost confidentiality.

- Solaria is committed to implementing a culture of privacy in the organisation and this requires that those parties authorised to process personal data need to be informed of the data processing and take responsibility for it, acting with the utmost confidentiality and diligence, to which end the Company keeps in force the personal data protection and privacy policy and it has designated a Personal Data Protection Officer (dpdatos@solariaenergia.com), who is responsible for ensuring compliance with current legislation in this regard, specifically Regulation (EU) 2016/679 enacted on 27 April 2016 (GDPR), and Organic Law 3 enacted on 5 December 2018 (LOPDGDD), as well as carrying out the relevant training and the corresponding risk assessments.

Placing the emphasis on information that is in digital format, as for Solaria cybersecurity is a fundamental priority. We understand that the security of our systems and data is essential to maintain internal trust, as well as that of our clients, society, stakeholders etc., protecting our reputation and complying with applicable regulations and laws.

The Company's cybersecurity strategy is based on a multi-layered approach which includes preventive, detection and response measures. Some of the measures that Solaria has implemented are:

- **Risk management and assessment:** Periodic risk assessments are conducted to identify and prioritise cybersecurity risks.
- **Perimeter protection:** Network and system security measures are implemented to protect Solaria's infrastructures from external attacks, such as firewalls, intrusion detection and intrusion prevention systems and continuous monitoring.
- **Access control and authentication:** Measures are implemented to control access to systems and data such as multi-factor authentication and identity and access management.
- **Threat monitoring and detection:** Monitoring and analysis tools are used to detect and respond to security threats in real time.
- **Incident response:** There is a well-defined incident response plan that allows you to respond quickly and minimise the impact of any security incident.





A Annexes

A Annex I Table of Contents in accordance with Law 11/2018 on Non-Financial Information and Diversity

This table links the sections of this Non-Financial Information Statement which respond to the contents required by Law 11/2018 regarding non-financial information and diversity.

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Consumption of raw materials	34	GRI 303-1 **Water consumption is not relevant due to the type of activity carried out by the company and, as a consequence, the low consumption of raw materials.*
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Occupational diseases by gender	49	GRI 403-2
Social Relationships		
Organisation of social dialogue	55	GRI 402-1
Percentage of employees covered by collective bargaining agreements by country	44	GRI 102-41
Balance of agreements in the field of health and safety	49	GRI 403-4

Contents according to Law 11/2018	Page	Reporting criteria
Training		
Policies implemented in the field of training	46	GRI 404-2
Total number of training hours by professional category	46	GRI 404-1 ** During the year, it has measured the total training hours received by its employees, without distinguishing between professional categories since the training hours are the same between professional categories.*
Universal accessibility for people with disabilities	47	GRI 405-1
Equality		
Measures adopted to promote equal treatment and oppor-tunities between men and women	47	GRI 405-1
Equality plans (Chapter III of Organic Law 3 enacted on 22 March 2007 for the effective equality of men and women) and measures adopted to promote employment, protocols against sexual and gender-based harassment	47	GRI 405-1
Integration and universal accessibility of people with disabil-ities	47	GRI 405-1
Policy against all types of discrimination and, where appro-priate, diversity management	47	GRI 406-1
Information about respect for human rights		
Application of due diligence procedures in the field of human rights	53	GRI 102-16
Prevention of risks of violation of human rights and, where appropriate, measures to mitigate, manage and redress any possible abuses committed	53	GRI 102-16, GRI 414-1
Complaints about cases human rights' violations	53	GRI 102-17
Promotion of and compliance with the provisions of the fun-damental ILO conventions regarding the respect for freedom of association and the right to collective bargaining	53	GRI 102-16, GRI 407-1
Elimination of discrimination in employment and occupation	53	GRI 406-1
Elimination of forced or compulsory labour	53	GRI 409-1
Effective abolition of child labour	53	GRI 408-1

Contents according to Law 11/2018	Page	Reporting criteria
Information related with the fight against bribery and corruption		
Measures to prevent bribery and corruption	69	GRI 102-16
Measures to combat money laundering	69	GRI 102-16
Contributions to non-profit making entities and foundations	56	GRI 201-1 ** During 2021 Solaria did not make any monetary donation.*
Information about the company		
Company commitments to sustainable development		
Impact of the company's activity on employment and local development	54	GRI 102-8, GRI 413-1
Impact of the company's activity on the local populations and the territory	54	GRI 102-8, GRI 413-1
Relationships maintained with local community stakeholders and the forms of dialogue with the latter	54-55	GRI 102-43
Association or sponsorship actions	55-56	GRI 102-13

Contents according to Law 11/2018	Page	Reporting criteria
Outsourcing and suppliers		
Inclusion in the procurement policy of social, gender equali-ty and environmental issues	58	GRI 308-1, GRI 414-1
In relationships with suppliers and subcontractors, due con-sideration of their social and environmental responsibility		GRI 308-1, GRI 414-1
Audit and supervision systems and their results		GRI 308-1, GRI 414-1
Consumers		
Measures for consumer health and safety	59	GRI 416-1, 416-2 **The Company is not involved in the distribution or sale of energy to final consumers, but rather it sells it to the market or on a PPA basis. This is why it does not deem it relevant to carry out satisfaction surveys with end consumers.*
Claim systems		
Complaints received and their resolution		
Tax information		
Profits obtained country by country	62	GRI 201-1
Tax on profits paid		Tax on profits paid based on accounting criteria
Public subsidies received		GRI 201-4



A Annex II Eligibility under the European Union's Sustainable Finance Taxonomy Regulation

Eligibility under the European Union's Sustainable Finance Taxonomy Regulation		
Proportion of turnover (Net Turnover - NTI) that comes from products or services related to economic activities that can be considered environmentally sustainable according to the Taxonomy regulation.	26	Delegated Act of the European Commis-sion implementing Article 8 of the Taxonomy Regulation on Corporate Transparency in non-financial state-ments.
Proportion of total fixed assets (CAPEX) related to assets associated with economic activities that can be deemed to be environmentally sustainable under the Taxonomy regula-tion.		Delegated Act of the European Commis-sion implementing Article 8 of the Taxonomy Regulation on Corporate Transparency in non-financial state-ments.
Proportion of operating expenses (OPEX) related to assets or processes associated with economic activities that may be considered environmentally sustainable under the Taxonomy regulation.		Delegated Act of the European Commis-sion implementing Article 8 of the Taxonomy Regulation on Corporate Transparency in non-financial state-ments.

Annex III Independent verification report

Independent Limited Assurance Report of the Consolidated Non-Financial Statement for the year ended December 31, 2022

SOLARIA ENERGIA Y MEDIO AMBIENTE, S.A., and SUBSIDIARIES

INDEPENDENT LIMITED ASSURANCE REPORT OF THE CONSOLIDATED NON-FINANCIAL STATEMENT

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the Shareholders of SOLARIA ENERGIA Y MEDIO AMBIENTE, S.A:

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Consolidated Non-Financial Information Statement (hereinafter NFS) for the year ended December 31, 2022, of SOLARIA ENERGIA Y MEDIO AMBIENTE, S.A and subsidiaries (hereinafter, the Group), which is part of accompanying Sustainability Report of 2022.

The content of the NFS includes additional information to that required by prevailing mercantile regulations in relation to non-financial information that has not been subject to our verification. In this regard, our assignment has been exclusively limited to the verification of the information shown in the Annex I "Index of Contents in accordance with Law 11/2018 on Non-Financial Information and Diversity" of the accompanying NFS.

Responsibility of the Board of Directors

The preparation of the NFS included in the Sustainability Report of the Group and its content is the responsibility of the Board of Directors of SOLARIA ENERGIA Y MEDIO AMBIENTE, S.A. The NFS was prepared in accordance with the content required by current commercial regulation and in conformity with the criteria outlined in the Global Reporting Initiative Sustainability Reporting Standards (GRI standards) selected, as well as other criteria described in accordance with that indicated for each subject in the Annex I "Index of Contents in accordance with Law 11/2018 on Non-Financial Information and Diversity from the accompanying NFS.

The Board of Directors are also responsible for the design, implementation and maintenance of such internal control as they determine as necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

They are further responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFS is obtained.

Our independence and quality management

We have complied with the independence and other ethics requirements of the International Code of Ethics for Accounting Professionals (including international standards on independence) issued by the International Standards Board on Ethics for Accounting Professionals (IESBA) which is based on the fundamental principles of integrity, professional objectivity, competence and diligence, confidentiality and professional behaviour.

Our firm applies current international quality standards and maintains, consequently, a quality system that includes policies and procedures related to compliance with ethical requirements, professional standards and legal provisions and applicable regulations.

The engagement team consisted of experts in the review of Non-Financial Information and, specifically, in information about economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work. Our review has been performed in accordance with the requirements established in the current International Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the guidelines for verifying Non-Financial Statement, issued by the Spanish Official Register of Auditors of Accounts (ICJCE).

The procedures carried out in a limited assurance engagement vary in nature and execution timing and are smaller in scope than reasonable assurance engagements, and therefore, the level of assurance provided is likewise lower.

Our work consisted in requesting information from Management and the various Group units participating in the preparation of the 2022 NFS, reviewing the process for gathering and validating the information included in the NFS, and applying certain analytical procedures and sampling review tests as described below:

- Meetings with Group personnel to know the business model, policies and management approaches applied, the main risks related to these matters and obtain the necessary information for our external review.
- Analysis of the scope, relevance and integrity of the content included in the NFS for the year 2022 based on the materiality analysis made by the Group and described in section "Materiality Analysis", considering the content required by prevailing mercantile regulations.
- Analysis of the processes for gathering and validating the data included in the 2022 Non-Financial Statement.
- Review of the information on the risks, policies and management approaches applied in relation to the material aspects included in the 2022 NFS.
- Check, through tests, based on a selection of a sample, the information related to the content of the 2022 NFS and its correct compilation from the data provided by the information sources.
- Obtaining a representation letter from the Board of Directors and Management.

Conclusion

Based on the limited assurance procedures conducted and the evidence obtained, no matter has come to our attention that would cause us to believe that the Group NFS for the year ended December 31, 2022 has not been prepared, in all material respects, in accordance with the contents required by current commercial regulation and the criteria of the selected GRI standards, as well as other criteria, described as explained for each subject matter Annex I "Index of Contents in accordance with Law 11/2018 on Non-Financial Information and Diversity" of the NFS.

Use and distribution

This report has been prepared as required by current commercial regulation in Spain, thus it may not be suitable for any other purpose or jurisdiction.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Alberto Castilla Vida

February 27th, 2022

Solaria

Oficinas centrales

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