

# General risk management policy

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## 1. Objective

Solarig's risk control and management policy is established to identify the Group's main risks and organize suitable internal control and information systems, as well as regular monitoring of these systems.

The objective of the Risk Management Policy is to define the basic principles of action and the reference framework for the management and control of all kinds of risks faced by the Company in achieving its profitability objectives, its operations, sustainability, reputation, its purpose, and values, thus providing guarantees to its shareholders, customers, and other interest groups.

The Board of Directors is responsible for developing specific policies in relation to certain risks, corporate functions, or Group businesses in which the acceptable risk and the level of tolerance per risk factor are established.

These policies set the general framework for action for the control and management of all kinds of risks that the management team may encounter in achieving business objectives.

From that moment on, it will be the Group's companies and business units that will adopt these risk policies set by Solarig in general, and will specify their application through the continuous control of the Company's Risk Management and Control Committee.

## 2. Purpose

This policy will apply to Solarig in all group companies and their subsidiaries, whenever possible and in accordance with any law and regulation, always prevailing what these latter establish.

This Policy applies to all companies that are part of the Solarig Group, regardless of whether they are under the control of Solarig or not, as established by Article 42.1 of the Commercial Code, to its employees, directors, and representatives, as well as to joint ventures, consortia, temporary business unions, and other associations without legal personality that a Group company is part of and to its employees, directors, and representatives.

## 3. Factors of risk - definitions

A risk is considered as the uncertainty before future events, the action or omission that may have financial and non-financial impacts, or on the expectations of the company's development over time, its operations, its sustainability, its image and, therefore, that prevent achieving the objectives set by the Company.

The risk factors that Solarig faces in the development of its activity are grouped into:

- Strategic risk: risk arising from possible losses of value or results due to strategic uncertainties, the competitive environment, and macroeconomic, social or political conditions and changes in the regulatory framework (regulatory risk), including those related to climate change, that guarantee Solarig's sustainability and its attractiveness to stakeholders.

- Financial risk: risk arising from variations in prices, market variables, including access to financing, exchange rate, interest rate, inflation, cost of raw materials, fuels, energy, goods, and services, as well as credit risk and counterparty risk that can affect both the results and the value of the Society's assets and liabilities.
- Digital technology risk: risk related to the drive for digitization in all areas of our activity as a key driver for efficiency improvement, including, among others, cybersecurity, digitization, automation, decision-making based on data, and the availability of systems.
- Operational risk: risk of incurring losses as a result of the non-existence or inadequate existence of procedures, contractual disputes, human errors, technological obsolescence, or unforeseen external events, including social risks related to the protection of people who work for Solarig, talent management, diversity, as well as the difficulty in maintaining a suitable work environment and the protection of Human Rights.
- Compliance risk: risk arising from the infringement of mandatory rules, legal risk, or the uncertainty of third-party legal actions, particularly from customers and Public Administrations in the fulfillment and interpretation of obligations, contracts, or norms. This risk is associated with both compliance with current regulations and changes in its interpretation (civil, commercial, criminal, tax, etc.).
- Corporate governance, reputational, and cultural risks: risk of possible breaches in the areas of transparency in the information provided to stakeholders and their expectations, harm to the social interest, and lack of business ethics in all decision-making processes by the Company's governing bodies. Also, in the reputational area, risk derived from the fact that the perception, valuation, or opinion about the company by Solarig's main stakeholder groups with which it interacts are seriously deteriorated by actions carried out by the company itself, by facts that are wrongly or unjustly attributed to it, by events of a similar nature that affect the entire sector and that are projected in a more pronounced or harmful way on the company or in general, the non-compliance with non-mandatory rules dictated by third parties or the company itself.
- Regulatory risks, risk-opportunity: whose origin is in the change of the conditions to promote renewable energy generation projects. These conditions can affect supply conditions, environmental, social, investment, and even tax conditions.

#### **4. Policy principles**

The Board of Directors of the Company, aware of the strategic relevance for the achievement of the organization's objectives, commits to promoting the development of internal capacities so that the significant risks of all the Group's activities and businesses are adequately identified, measured, managed, and controlled. The Board also commits to establish, through this Risk Management Policy, the mechanisms and basic principles for proper management of the risk-opportunity balance with a level of risk that allows:

- Minimize the effects of detected risks that may jeopardize the achievement of the group's objectives and provide maximum guarantees of objective achievement to shareholders, defending their interests within the Sustainability framework in which Solarig is included;
- defend the interests of Stakeholder Groups without endangering business sustainability;
- safeguard Solarig's results and reputation;
- ensure business stability and financial solidity in a sustainable manner over time, and
- Promote the risk-opportunity culture among the Group's employees and collaborators.

The Basic Principles in Risk Management define the strategy to follow in their treatment, as follows:

- Incorporate the risk variable in strategic and operational decisions, at the Senior Management level.
- Maintain independence between risk management areas and risk-taking areas.
- Ensure the support of risk coverage instruments as control measures for them.
- Ensure transparency about the Group's risks and the functioning of the systems developed for their control to regulators and main external agents, in compliance with the corporate governance policy.

## **5. Risks control and management system**

Solarig's commitment is materialized through the Risk Management and Control Committee, which is responsible for supervising and informing the Management Committee about the proper identification and management of significant risks, as well as dealing in detail with the risks that are considered appropriate.

The Risk Management and Control Committee is composed of risk experts from the various areas that make up the company, as well as the Country Managers, who identify and evaluate the risks in their areas of responsibility.

The tool for risk management will be based on a Risk Matrix, in which measurements will be reflected with homogeneity criteria and whose objective is to identify in advance the risk events and assess them based on their probability of occurrence and their possible impact on the strategic objectives of the company and the basic principles mentioned in the fourth section of this Policy.

The risk matrix will provide updated information on the progress of risk mitigation plans and will provide the key indicators for the proper management of the process.

The Risk Control and Management Committee will also establish risk indicators and approval and implementation mechanisms, in accordance with the risk appetite annually assumed and

approved by Solarig, within the framework of its risk strategy from a qualitative and quantitative point of view.

Similarly, the Risk Committee will ensure the maintenance of a system for monitoring and controlling compliance with this Risk Policy through the development of appropriate procedures and systems, including the necessary contingency plans to mitigate the impact of the materialization of risks.

The Risk Committee will define the most appropriate management indicators to ensure proper control of the process.

The Board of Directors, at the request of the Risk Committee, will review the policy and adjust it based on the evolution of the Company's objectives and strategy.

In this way, Solarig can make key decisions (profitability/risk) in addition to the specific measures to mitigate the risk of protection and risk management most suitable in each case according to the nature of the risk and its location and ensure at all times the connection between the risk assumed and the resources needed to operate the businesses always respecting an adequate balance between the risk taken and the objectives defined in its Strategic Plan.

## **6. Approval and modification**

The Board of Directors is responsible for approving and introducing modifications to this risk management policy

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This General Risk Management Policy has been approved by the Solarig Board of Directors in March 2022.

This policy is communicated and understood within the organization and is available on the Solarig website and is available to all its stakeholders.