

Nordic Solar Sustainability Report 2022



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Foto: MasterMedia

This report constitutes Nordic Solar A/S's compliance with the statutory disclosure on corporate social responsibility with reference to section 99 a of the Danish Financial Statements Act.

Business with care

**We think sustainability
into our entire value chain**

**Our mission is to make
everyone benefit from
solar energy**

01

Letter from the CEO

2022 has in all respects been a changeable year for the energy sector. The energy crisis has accelerated energy prices and fast-tracked the green energy agenda to an even higher degree in 2022.

The world is in the midst of an energy crisis with impacts that will be felt for years to come. Russia's invasion of Ukraine in February 2022 has had far-reaching consequences for the energy system, disrupting supply and demand patterns, and fracturing long-standing trading relationships.

Europe is severely influenced by this, and it has underlined the need for changing to green energy - this calls for even more urgent expansion of green energy.

The matter was also emphasised by Charles Michel, President of the European Council, in his speech at COP27 held in Egypt in November 2022. President Michel emphasised the increased urgency

and EU's determination to step up the pace of change in climate action to protect nature, oceans and forests, which is vital for human life and biodiversity on our planet.

Massive, rapid deployment of renewable energy is at the core of the REPowerEU plan - the EU initiative to put an end to our dependency on Russian fossil fuels. Solar energy will be in the forefront of these efforts. Solar panel by solar panel, the infinite energy of the sun will help reduce our dependence on fossil fuels across all sectors of our economy, from residential heating to industrial processes. As part of the REPowerEU plan, this strategy aims to bring online over 320 GW of solar photovoltaic systems by 2025 (more than a doubling of the capacity compared to 2020) and almost 600 GW by 2030.

Also, in our native Denmark, climate and biodiversity challenges play an important part in the newly instated government's coalition agreement, stating that the national efforts to make Denmark independent of Russian gas and other fossil fuels are to be stepped up. The government expresses its plans for Denmark to be a key climate country, which sets and fulfills ambitious climate goals and actions.

Solar energy has several advantages that make it particularly suitable to meet today's energy challenges. Solar photovoltaics (PV) and solar thermal technologies can be rolled out rapidly and reward

citizens and businesses with benefits for the climate and their economies. The EU's renewable energy policies helped bring PV costs down by 82% over the last decade, turning it into one of the most competitive sources of electricity in the EU.

Nordic Solar has set the ambitious goal of becoming the leading solar energy company in the Nordic countries. To continue our growth journey, we have established a set of ambitious 2025 targets.

Nordic Solar encompasses the whole supply chain of designing, developing, constructing, and operating industrial-scale solar parks. 2022 saw tremendous growth for our company, not only in an increasing number of solar parks and their capacity of MWp production from 326 MWp to 359 MWp, but also an expansion of our organisation from 44 to 67 employees in 2022 alone.

This year we opened our first solar park with a particular and specialised focus on biodiversity. Biodiversity is high on the international agenda and, at December's COP15 UN Biodiversity Summit in Montreal, members of the UN agreed to a landmark deal, protecting a third of the planet for nature by 2030 aimed at safeguarding biodiversity. Nordic Solar is strongly focused on the biodiversity agenda and is working to implement initiatives protecting surroundings of all solar parks being built by Nordic Solar.

Nordic Solar has implemented sustainability as a key pillar in our overall business strategy and integrated it as a cross-company business area. This underlines how seriously we take sustainability in our business model and organisation.

Some of the key developments that have taken place during 2022 have been identifying ESG representatives in each business area. We have embarked on securing a cross-organisational collaboration culture, building processes for and learnings on how to measure the different ESG KPIs and targets for each department. Finally, we have been focusing on ensuring that we meet both EU legislation and Danish legislation - in our company as well as in our value chain. This is a big task for the whole organisation, but we believe it to be a vital and important process for our company's ability to grow and stay competitive in the marketplace.

It is a great privilege to present to you this year's Sustainability Report for Nordic Solar. Like our ESG efforts, the report has matured significantly since our first Sustainability Report in 2021. The efforts are reflecting Nordic Solar's will to always be thorough, open and fact-based, while striving for simplicity and transparency in the way we engage with our stakeholders.

Accordingly, in the following chapters, you will, among other things, be presented to our updated future ambitions for ESG, which will guide our path from meeting

basic requirements to taking industry leadership. Moreover, in chapters 7, 8 and 9, you will be able to explore the new way our organisation has worked with sustainability as well as the new initiatives we have taken in 2022, reading about concrete examples within each of our three focus areas: Climate & Environment, Caring Company & Diversity and Business Innovation & Governance. Finally, in chapter 10, you will be able to dive into some of our ESG performance data for 2022.

I would like to thank the many people - both inside our organisation and outside - who have helped us evolve and taken our ESG efforts to heart. Nordic Solar is growing fast, and we are looking forward to expanding even further in the most sustainable way possible. We want everyone to benefit from solar energy, and we want to do it right.

Welcome to our Sustainability Report 2022!




CEO,
Nikolaj Holtet Hoff

Our key figures 2022

Experience with solar energy since 2010

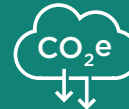
Number of employees:

67



8 different nationalities

CO₂e savings*:



123,507

tonnes

Gender diversity on the Board of Directors:

3



men

2



women

Total MWp of solar parks:

359

MWp



Biodiversity:



28,000

m²

Square metres with biodiversity elements

Policies implemented:

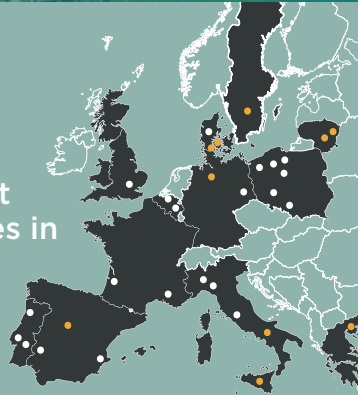
13



Location of solar parks and projects:

12

different countries in Europe



Gender diversity of the workforce:

34



men

33



women



Number of shareholders

700+

02

Presentation of Nordic Solar A/S

Nordic Solar is developing, designing, constructing, and operating industrial-scale solar parks all over Europe.

Based in Copenhagen, Denmark, the company is owned by more than 700 shareholders and employs 67 employees spanning 8 nationalities.

Since Nordic Solar was established in 2010, the company has focused on renewable energy, delivering returns to our shareholders and green electricity to end-users. Today, Nordic Solar owns operational solar parks of 359 MWp all over Europe.

Additionally, Nordic Solar is continuously acquiring solar development projects, building new solar parks across the continent. Nordic Solar is concentrating on spanning the full process of developing, designing, building and operating the company's own solar parks. By the end of 2022, Nordic Solar also owns a strong development portfolio of over 1.7 GW that the company plans to build over the next 3-4 years.

Nordic Solar is on an ambitious growth journey, and in line with the strategy, our aim is a portfolio of solar parks in operation totaling 2 GWp by the end of 2025. Since its establishment, Nordic Solar has expanded rapidly and with total investments of EUR 672 million, the company today operates among the 35 largest portfolios in Europe.

In 2022, Nordic Solar reports total revenue for the year of EUR 10 million, corresponding to a 60% increase compared to 2021.

For an elaboration on Nordic Solar's business model, key figures, etc., please refer to our Annual Report 2022.

* Carbon dioxide equivalent or CO₂e means the number of metric tonnes of CO₂ emissions with the same global warming potential as one metric tonne of another greenhouse gas



Nordic Solar's first Danish investment is the 25 MWp solar park Vollerup in Southern Jutland, Denmark. The facility was connected to the Danish electricity grid in December 2018.

2025 strategy

In 2022, Nordic Solar presented an updated business strategy towards 2025. The aim is to create a growth platform that is even more attractive to both shareholders and employees. The goal is to gain more strength to increase growth and value creation for the company, meeting the market needs for more solar energy.

Nordic Solar's ambition is to own and operate a production of 2 GWp and have a 4 GWp pipeline by 2025 - which is equivalent to the electricity consumption of approx. half a million households or 10% of Denmark's consumption.

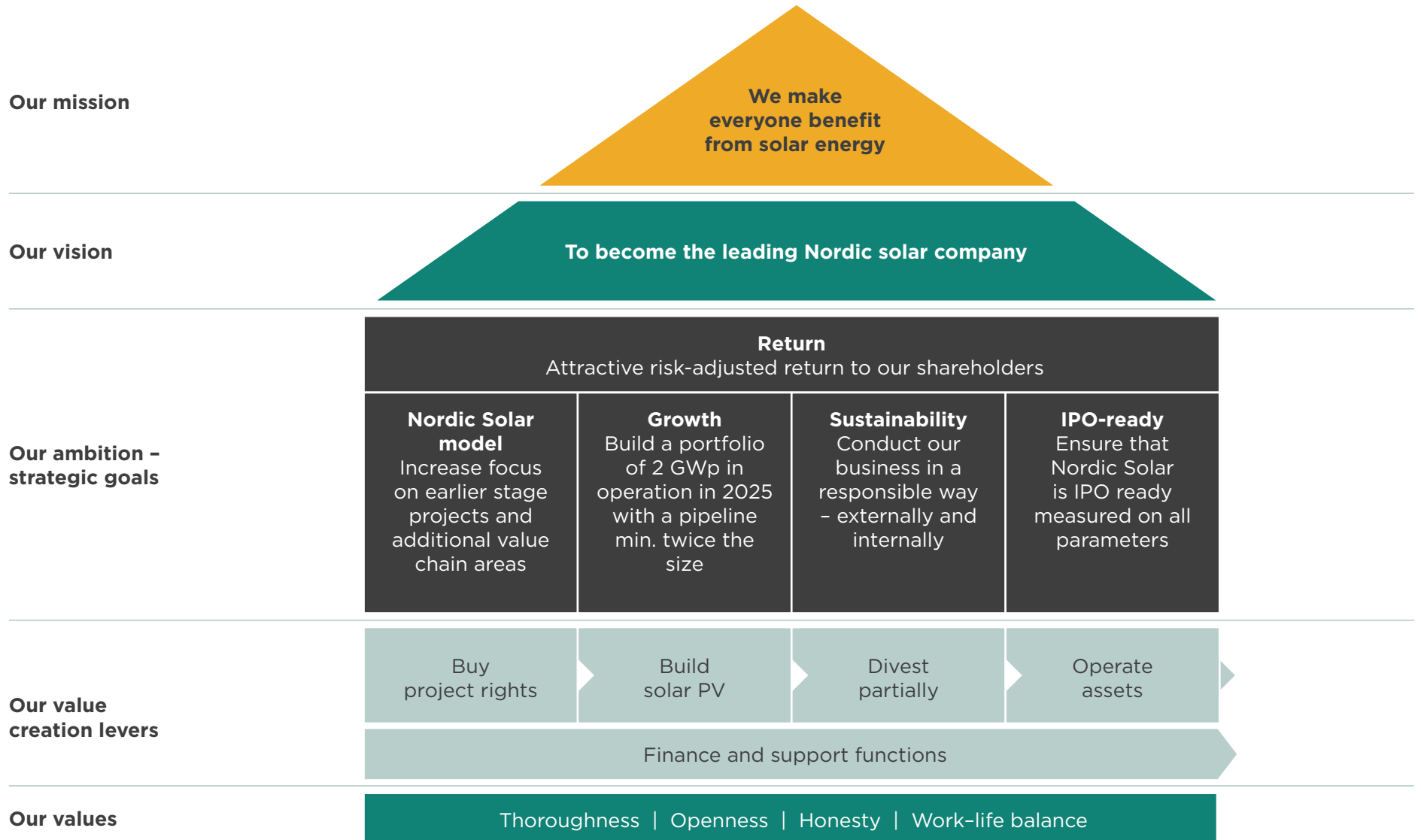
For an elaboration on Nordic Solar's 2025 strategy, please refer to our Annual Report 2022.

New: Strategy plan 2025

The Nordic Solar Model	Focus on expanding scope and scalability
Growth	Portfolio by 2025 2 GWp in operation and 4 GWp pipeline
Sustainability	External: Competitive on sustainability, ESG, biodiversity, etc. Internal: Scalability, onboarding and retention
IPO readiness	IPO ready - Scalable systems for managing growth

Vollerup solar park in Southern Jutland, Denmark.

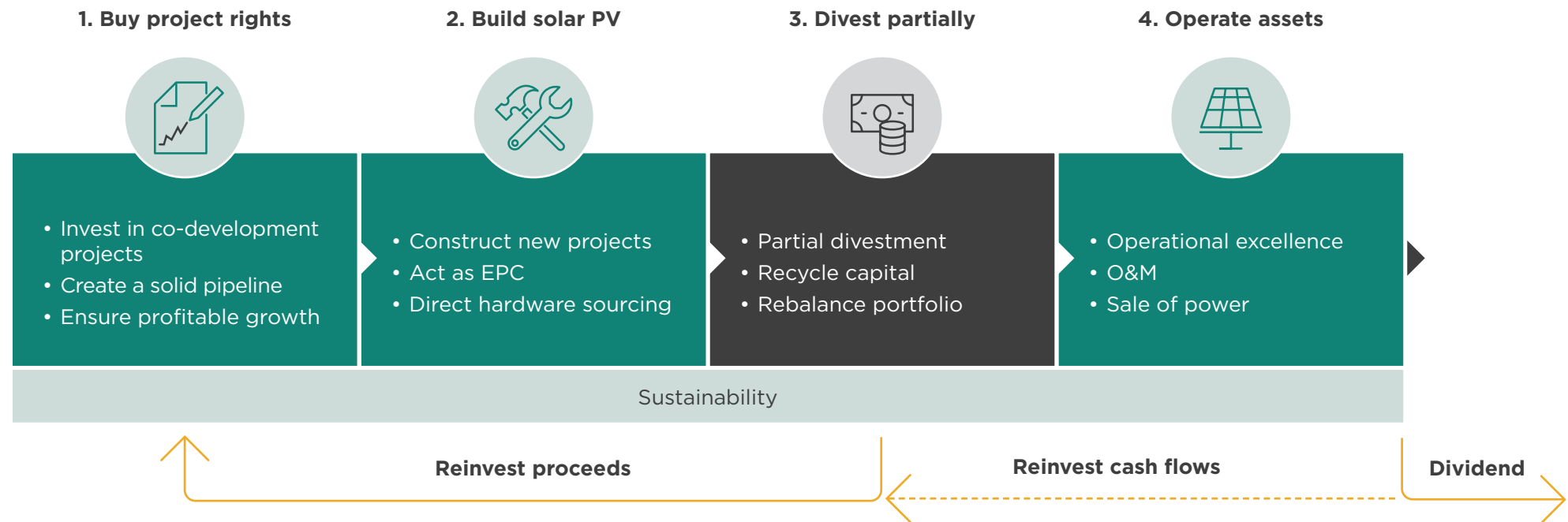
The Nordic Solar Strategy House



A BUSINESS MODEL POISED FOR GROWTH AND SUSTAINABLE IMPACT

The Nordic Solar business model is highly agile and allows the company to buy solar project rights, develop and build new solar parks, buy existing solar parks, operate solar parks and sell solar parks.

The Nordic Solar model



IPO readiness

Nordic Solar wishes to secure a strong foundation for our ambitious growth journey. Since the company was founded, it has been our ambition to build a company where size and purpose would allow us to pursue an initial public offering (“IPO”) of Nordic Solar’s shares. We firmly believe that Nordic Solar has better growth opportunities, no matter which financing routes are being sought, if the company is IPO ready.

A structured ESG effort across the organisation is a vital part of the foundation for operating as a listed company and a core strategic choice of Nordic Solar. We wish to be transparent in our approach to ESG and we have a continuous wish to evaluate how the company contributes positively to society. Consequently, we have worked hard to get policies in place, structuring processes for measure points and ensuring high-quality data. At the same time, we also wish to know the potential negative impacts we have on society, what we can do to minimise these and how to act in areas where we cannot minimise such negative impacts, etc.

Nordic Solar is taking this responsibility very seriously, and in 2022 we have expanded our focus and our ambition to be able to further document, quantify and

measure our impact on our surroundings. We strive for a high degree of transparency — both in terms of the market, public opinion and relevant legislation.

Generally, the ambition of being ready for an IPO remains, and this year, we made important strides on that journey. We have enhanced our investor relation capacities, upgraded our external reporting, and ensured the necessary governance standards are in place to match the standards of a listed company. Further, the process of finding a large co-investor has been a thorough test of our IPO readiness, and we have performed extensive due diligence procedures on relevant parts of the business, and, where relevant, we have changed our ways of working.

In all material aspects, Nordic Solar is ready to pursue an IPO of the company’s shares, if so decided. While we identify a need for a significant amount of capital in order to execute and construct the current project pipeline and continue growing the company, it remains of key importance to pursue the financing options that create the most value to our shareholders, and we recognise that the timing needs to be right and that there are also other financing opportunities available, including the potential listing of a tradeable bond.

For an elaboration on Nordic Solar’s 2025 strategy, please refer to our Annual Report 2022.



ESG – A cross-company business area

According to the EU Sustainable Finance Disclosure Regulation, Nordic Solar is an article 8 company, which means that the company integrates environmental and social characteristics into its investments. Accordingly, Nordic Solar has particular obligations regarding ESG.

Nordic Solar recognises that, in addition to delivering solar energy, the company needs to make sure that all processes and the entire value chain spanning the business are as sustainable as possible.

Nordic Solar has implemented ESG into our organisational structure and has made it one of the four pillars of the company strategy. This has been made possible because Management and the Board of Directors agree that for Nordic Solar to be as sustainable as possible, the company needs to implement ESG as a cornerstone in its strategy and as a key concept throughout the entire organisation.

Nordic Solar has been working to obtain this in 2022. Many resources have been involved in integrating the new cross-functional ESG organisation and making sure that different departments were able to define and build their own focus areas and agree on how to measure them.

At the end of 2022, the organisation was still in the process of developing ESG processes and implementing ESG into the company culture. In 2023, Nordic Solar will further expand the company's ESG focus with initiatives such as:

- Fulfilment of sustainability reporting requirements
- Implementation of PRI, GRI and UNGC
- Full CO₂e calculation
- IPO readiness routines and procedures
- Strengthening of partnerships
- Focus area performance measurement
- Upgrading of sustainability disclosure and communication platform

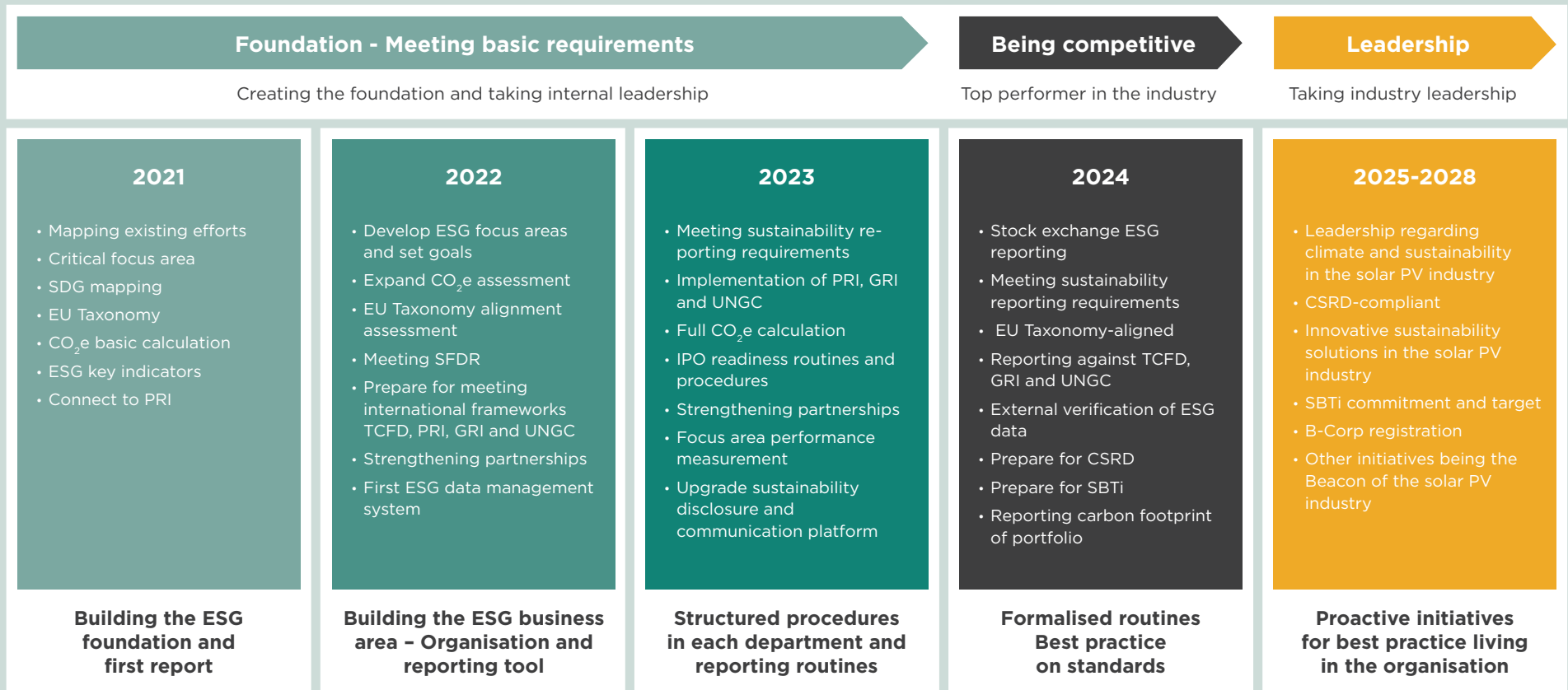
03 Nordic Solar's sustainability approach

In 2022, as part of the company's integrated business and sustainability strategy development process, Nordic Solar took the initial steps to develop an overarching framework for an ESG focus.

- ESG:** Environmental, Social and Governance areas
- CO₂e:** Carbon Dioxide Equivalent (drivhusgasser)
- SDGs:** Sustainable Development Goals (FN's verdensmål)
- SFRD:** Sustainable Finance Disclosure Regulation
- CSRD:** Corporate Sustainability Reporting Directive
- GRI:** Global Reporting Initiative
- PRI:** Principles for Responsible Investment
- SBTi:** The Science-Based Targets initiative
- TCFD:** Task Force on Climate-related Financial Disclosures
- UNGC:** United Nations Global Compact
- B-Corp:** Certification of companies non-financial performance

Our sustainability roadmap

Step-by-step roll-out approach



In the process of making ESG a formal business area in Nordic Solar, the company will be working systematically and methodically in 2023 to make sure that ESG will be fully integrated in all the company's procedures.

In 2021, when Nordic Solar published its first ESG report as a foundation for introducing ESG into the organisation, it outlined a *staircase model* showing how the company would work to implement ESG. This model has been adjusted in 2022 to reflect a more conservative timeline for how to build and launch a whole new business area. It also aims to make sure that the entire organisation is involved and engaged in developing a true ESG culture and governance, and make sure the processes and structures meet legislative requirements.

In 2022, Nordic Solar worked thoroughly with several focus areas to make them as precise, specific, transparent, tangible, and measurable as possible.

EXAMPLES OF KEY INITIATIVES IN 2022:

Expanding the Nordic Solar ESG organisation

2022 saw Nordic Solar continually expanding the ESG organisation to accommodate the ESG ambitions of the company by prioritising and allocating additional resources to this area. Nordic Solar for instance set up a steering group and ESG ambassadors representing the organisation across business areas. Nordic Solar recruited new employees for ESG reporting and communication.

Expanding focus areas across the value chain

Nordic Solar increased the number of focus areas to encompass the entire value chain and worked structurally to embed them into the entire ESG organisation. The focus areas were broken down into measurable areas with KPIs and targets to make sure all information is imported into our centralised reporting tool.

Gap analysis

Nordic Solar conducted a gap analysis to ensure that there are no gaps between the focus areas of Nordic Solar and ESG regulations. The aim of the analysis was also to look for further possibilities to go above and beyond regulations, meeting higher standards in the future.

System implementation and organisational integration

Nordic Solar built the data model on quantitative and qualitative data and took action to implement the model in the ESG backend. Also, the organisation has been involved specifically with regard to ESG ownership and responsibility to make sure that we walk the talk.

Updating general material and channels meeting legislation

Nordic Solar has updated its Sustainability Policy, Investor Memorandum and website regarding sustainability in order to communicate in a transparent and accountable manner and for the company to meet the EU's ESG legislation.



Nordic Solar's future efforts within ESG reporting

In 2022, Nordic Solar focused on broadening the scope of relevant ESG performance indicators, increasing data transparency, and anchoring the reporting practice across the company. In the coming years, Nordic Solar will have an increased focus on strengthening the accuracy, completeness and consistency of our ESG data as it is directly linked to our decision-making processes. Continuously working to improve the quality and robustness of our ESG data is furthermore a step towards complying with the increasing regulatory requirements such as the Corporate Sustainability Reporting Directive (CSRD) as well as enabling external assurance of our ESG data.

Nordic Solar is in the process of implementing cross-organisational data systems that can manage our ESG data so that we can continue to improve their reliability and accuracy.

In addition, we will strengthen the completeness of our ESG data by systematically including relevant information on the ESG indicators. Lastly, Nordic Solar will be focusing on consistency in our ESG reporting to ensure easy comparability of the data. We are currently looking into new tools and data platforms that can support the new initiatives to strengthen the collection, documentation and controlling of our ESG data going forward.

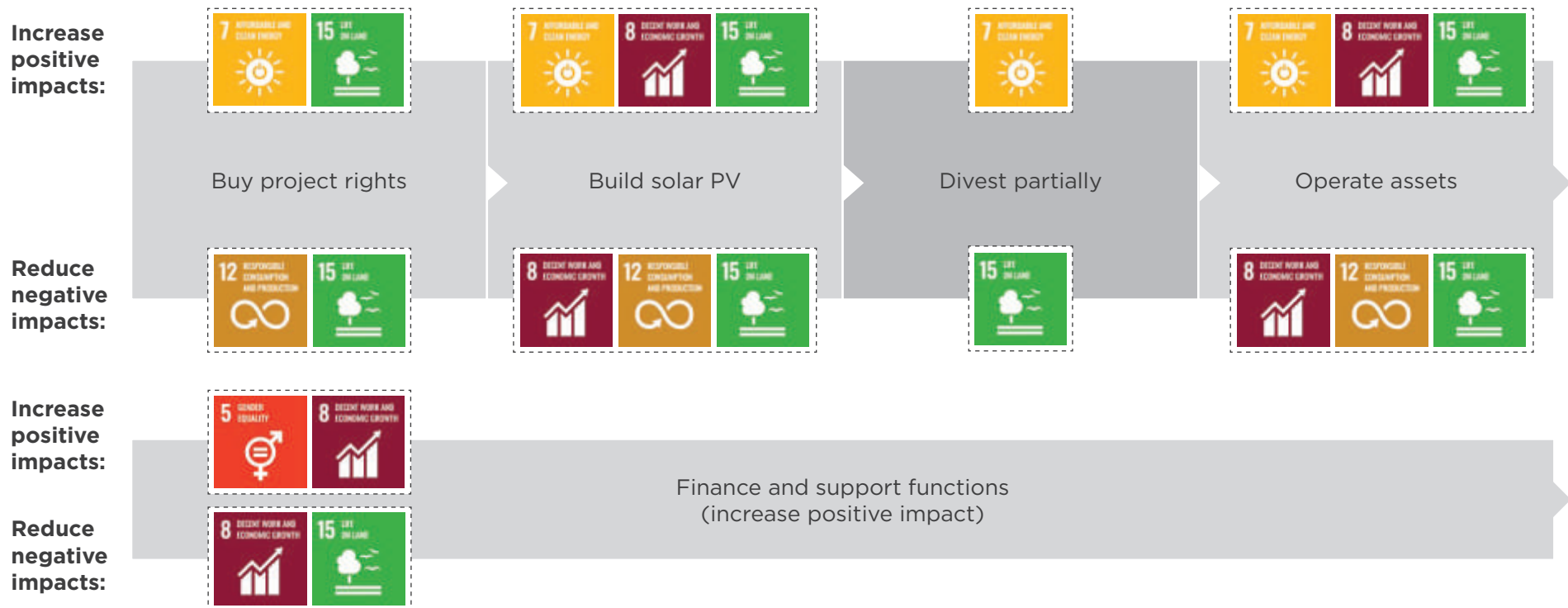
Nordic Solar A/S has developed an accounting practice for each reported ESG KPI, describing the data and explaining how the KPI has been calculated. The environmental, social and governance indicators cover the issues we have identified as material to Nordic Solar A/S, in terms of importance to our business and to our stakeholders. The accounting practices applied are presented on page 48.

SDGs in Nordic Solar's value chain






Nordic Solar has implemented the Sustainable Development Goals (SDGs) into the company's overall targets for the future. Five goals representing negative and positive impacts on the value

chain have been identified. All five goals impact at least one process step in the value chain. The specific goals are chosen because they represent how Nordic Solar works with material issues within

climate-related, environmental, and social aspects both internally and in operations. They also reflect how the company works with building a resilient and modern energy model.



*Please see more information about the SDGs chosen on page 17.

Sustainable Development Goals (SDGs) relevant to Nordic Solar	Focus areas E-S-G
<p>Goal 5. Gender equality</p> <p>5.5 Ensure women’s full and effective participation and equal opportunities in terms of leadership</p>	<p>Caring Company & Diversity</p> 
<p>Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all</p> <p>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix</p>	<p>Climate & Environment</p> 
<p>Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> <p>8.5 Full and productive employment and decent work for all women and men, young people and persons with disabilities, and equal pay for work of equal value</p> <p>8.7 Eradicate forced labour, end modern slavery and human trafficking</p>	<p>Caring Company & Diversity</p> 
<p>Goal 12. Ensure sustainable consumption and production patterns</p> <p>12.4 Environmentally sound management of chemicals and all waste throughout their life cycles</p> <p>12.5 Reduce waste generation through prevention, reduction, recycling and reuse</p> <p>12.6 Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycles</p>	<p>Business Innovation & Governance</p> 
<p>Goal 15. Life on land</p> <p>15.5 Reduce the degradation of natural habitats, halt the loss of biodiversity and prevent the extinction of threatened species</p>	<p>Climate & Environment</p> 



	Climate & Environment	Caring Company & Diversity	Business innovation & Governance
Purpose	Working strategically with minimising our negative impacts on the climate and environment, which primarily stem from the development of solar parks.	Focusing on our most important resources, namely our people and partners.	Building a strong governance structure that deals with leadership of the company and external affairs.
Top 3 materiality areas	<ul style="list-style-type: none"> • Avoided emissions • Ecological impacts • CO₂e emissions 	<ul style="list-style-type: none"> • Employee health, safety and well-being • Community engagement • Talent acquisition and retention 	<ul style="list-style-type: none"> • Supply chain management • Management of the legal and regulatory environment • Business ethics
Examples of initiatives in 2022	<ul style="list-style-type: none"> • Start building solar parks with biodiversity elements • Producing own optimised substructures • Decrease use of water consumption in solar parks 	<ul style="list-style-type: none"> • Focus on employees' wellbeing, work-life balance and development • Ensure onboarding of local contractors • Local community support, e.g. job creation 	<ul style="list-style-type: none"> • Implementing the ESG business area and organisation • Collaboration within industry associations, nationally and internationally • Ensuring structured procedures and a compliance setup
SDGs*			




* Sustainable Development Goals (SDG) - Please see more information about the SDGs chosen on page 17.

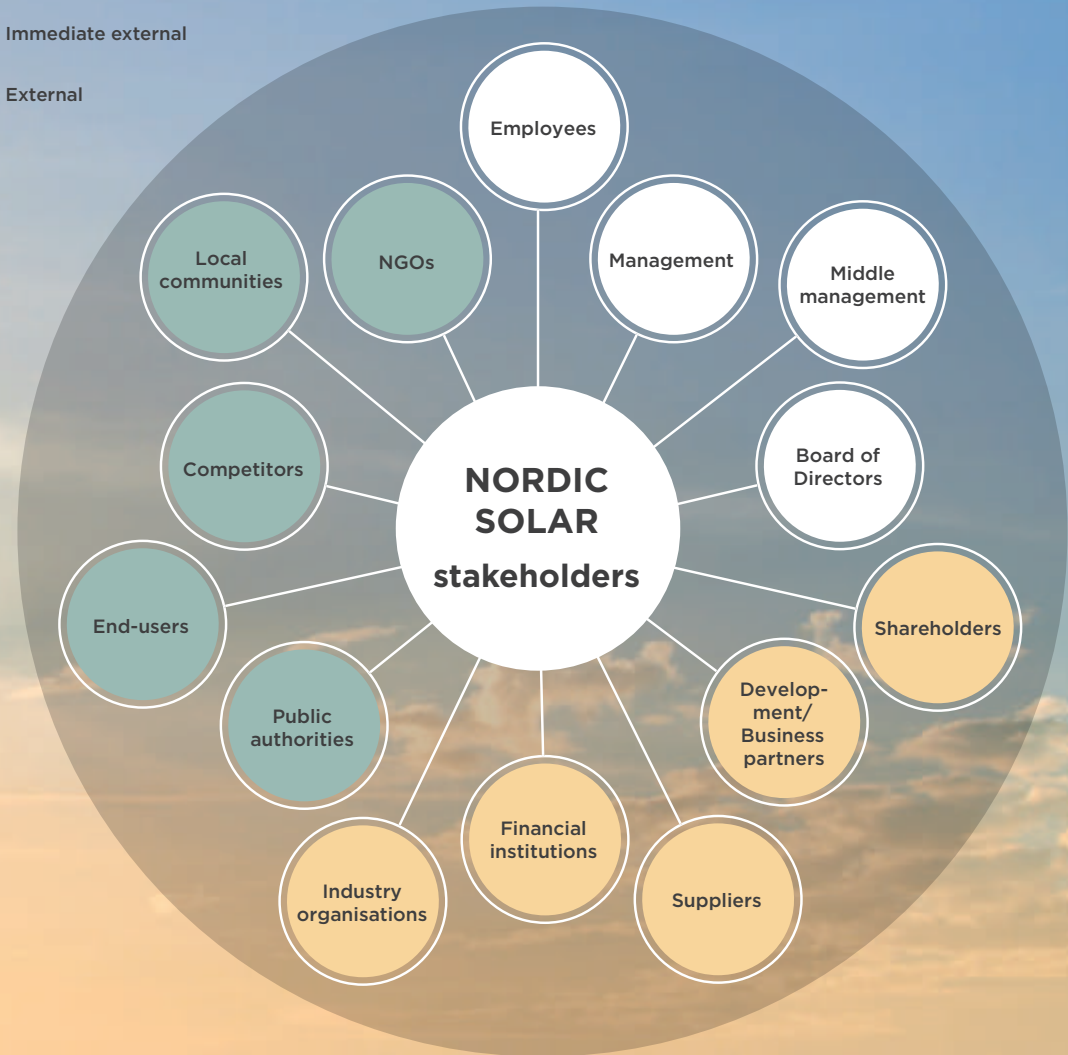
04 The stakeholders

Nordic Solar's business structure hinges upon a solid partner base across Europe. We work with partners who can assist us in the entire value chain, from the financing and acquisition of solar park projects to the development, designing, construction and operating of them. The life cycle of a solar park is 30-40 years; thus, Nordic Solar values long-term working and business relationships.

With a change in Nordic Solar's focus towards encompassing the complete and complex processes of developing, designing, constructing and operating solar parks, the company is aware of a changing stakeholder landscape due to the expanding supply chain and accountability.

NORDIC SOLAR'S STAKEHOLDERS ARE DIVIDED INTO THREE GROUPS:

-  Internal
-  Immediate external
-  External



Nordic Solar is becoming an energy production company that is actively engaged in every stage of the value chain.

The transformation from historically being a financial partner to having 'feet on the ground' creates a wide array of opportunities but also a higher degree of complexity both in the value chain and in relation to stakeholders. For instance, Nordic Solar will be much closer to the local stakeholders, when establishing solar parks around Europe. These stakeholders will represent a wide range of knowledge and different opinions regarding, for example, biodiversity, location of local solar parks etc.

Nordic Solar will work with these new, more local stakeholders as well as other stakeholders and take their input and our conversations into consideration, while working with them in a structured way, keeping a constructive dialogue and striving for the best collaboration.

Our existing and known stakeholders have also changed their opinions on sustainability. Today, there is much more focus on how an energy company reports and acts on ESG matters. Furthermore, key stakeholders have their own ESG agendas to take into consideration so that together we are able to meet external demands.

All in all, Nordic Solar has started to become more structured in its approach and collaboration with key stakeholders. The

company has also started the process of developing standards for agreements and contracts, meeting ESG legislation together with partners and suppliers.

Nordic Solar's workforce

Nordic Solar relies on its ability to attract, retain and develop a highly diverse and skilled group of employees to secure scalability of the organisation.

Nordic Solar, like the rest of our sector, faces a labour market, where it is becoming increasingly challenging to find new employees in an expanding green energy sector.

This increases the company's focus on retaining existing talent and making sure Nordic Solar is able to offer career opportunities and development, so that our employees want to stay and advance with the company and its corporate culture.

During 2022, Nordic Solar introduced a middle-management level in the organisation. The organisational decentralisation has increased the company's opportunities for working across the organisation with internal stakeholders, securing collaboration and culture development, and ultimately meeting our goals.

05

Materiality assessment and the value chain

Materiality assessment

Nordic Solar has conducted a double materiality assessment for 2022 to define the most important material risks for the company and our stakeholders from an economic, environmental and social perspective. Through qualitative interviews with key stakeholders and quantitative surveys with Nordic Solar stakeholders, research, peer analysis and industry standards, the materiality assessment has provided an overview of which ESG aspects are of material significance to Nordic Solar's stakeholders.

Furthermore, the analysis has uncovered valuable knowledge about the company's ability to address its most significant adverse impacts and enhance the positive effects on the business and its stakeholders. This process has helped form a sustainability strategy, shape the business plans, set sustainability targets and prioritise activities to make the most optimal impact.

The SASB's (Sustainability Accounting Standards Board) Materiality Map was used in the process of making the materiality assessment in our first sustainability report (the Nordic Solar Sustainability Report 2021) and has also been used as the starting point of the updated materiality assessment in this report. This is to make sure that all sustainability issues of material urgency to the company were addressed. Moreover, we have applied the approach of double materiality to align with the CSRD (Corporate Sustainability Reporting Directive). The approach of the GRI (Global Reporting Initiative) Standards guided the process.*

Double materiality was first introduced by the EU Commission as part of the non-binding guidelines on the Non-Financial Reporting Directive (NFRD, 2019).

According to the guidelines, companies must report on their business impact with respect to environmental and social aspects as well as sustainability issues, i.e., climate and regulation affecting their businesses.

The double materiality methodology includes two ways of thinking about materiality. The two perspectives are often referred to as the outside-in and the inside-out perspectives.

The outside-in perspective can be thought of as the impacts on the company. It covers how sustainability issues may affect Nordic Solar's performance, position and development.

The inside-out perspective, on the other hand, covers how the operations of Nordic Solar and its value chains may positively or negatively impact the environmental and social systems in which they are embedded.

Since our first Sustainability Report in 2021, Nordic Solar has expanded its materiality assessment to better capture material sustainability risks from both perspectives included in the concept of double materiality.

As part of updating the materiality assessment, we have identified additional

relevant stakeholders to Nordic Solar, such as representatives from the different parts of the value chain and public authorities, and we have engaged them through a survey and a series of interviews. This has increased the understanding of the outside-in materiality in 2022 as additional and non-financial stakeholders' perceptions of materiality were included.

From the materiality assessment, we see that the environmental materiality areas emerging as the most significant aspect are emission-related topics, i.e., the emissions avoided as a result of the green energy produced by Nordic Solar and the emissions associated with the company's activities. Additionally, ecological impacts, especially biodiversity resulting from Nordic Solar's activities, are identified as being of material significance, while also being regarded as highly important by stakeholders.

For the social materiality areas, employee health and well-being as well as talent management, i.e., the acquisition and retention of talent, are identified to be among the areas of material significance to Nordic Solar. Similarly, community engagement is recognised to be of great importance to Nordic Solar's financial and sustainability performance. Community engagement pertains to Nordic Solar's ability to engage with local communities

* More information on the use of the SASB Materiality Map can be found at www.sasb.org. Likewise, information on the reporting standards CSRD and GRI can be found at finance.ec.europa.eu.

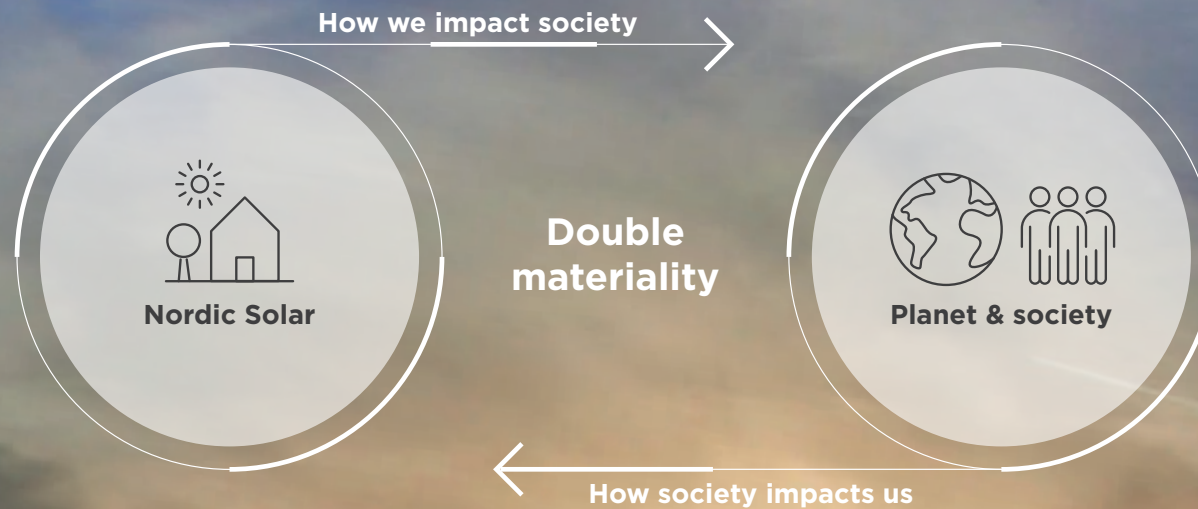
to provide energy in underserved markets and local economic opportunities.

Among the governance materiality areas identified as the most important areas is supply chain management, incl. human rights, sourcing of raw materials, etc. Business ethics, the company's approach to managing risks and opportunities surrounding ethical conduct of business, and

management of the legal and regulatory environment, i.e., the company's approach to engaging with regulators in cases where conflicting corporate and public interests may have the potential for long-term adverse direct or indirect sustainability impacts, are also identified as significant financial and impact materiality areas.

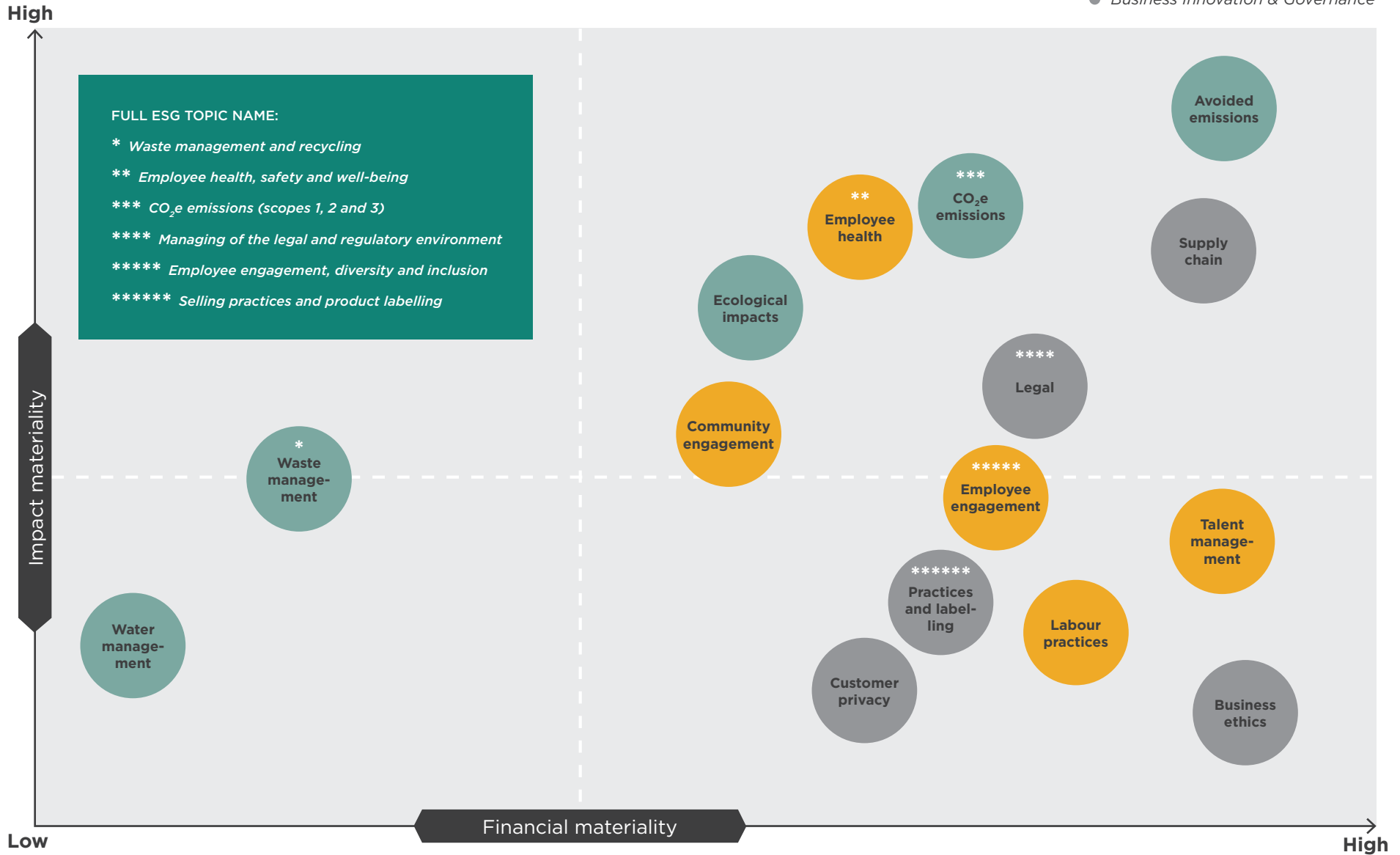
To internal stakeholders, i.e. Nordic Solar's shareholders and employees, the emission-related topics are regarded as the most important materiality area. Nearly half of the shareholders assign crucial importance to the level of avoided emissions for their decision to become a shareholder in Nordic Solar. Supply chain management is regarded as the biggest risk factor.

Nordic Solar's external stakeholders place importance on many different ESG areas. Avoided emissions, business ethics and community engagement were emphasised as especially important.



Double materiality matrix

- Climate & Environment
- Caring Company & Diversity
- Business Innovation & Governance



Material areas in Nordic Solar's value chain

By analysing the company's value chain from an ESG perspective, Nordic Solar is able to understand where the company has potential risks for creating and influencing adverse environmental and social

impacts. It also shows where Nordic Solar has the most obvious opportunities for optimising positive impacts and help bringing about sustainable development. Subsequently, the value chain assessment

enables Nordic Solar to understand the relationships and processes relevant to Nordic Solar to achieve its sustainability objectives.

** Please see more information about the SDGs chosen on page 17.*

Nordic Solar's value chain	Develop		Construct	Divest	Operate	Financing and support functions
	Product sourcing	On-site				
Level of leverage in value chain	● Low	● Medium	● Medium	● Low	● High	● High
ESG risks	<ul style="list-style-type: none"> CO₂e emissions Supply chain management, incl. human rights, sourcing of raw materials, anti-corruption, etc. 	<ul style="list-style-type: none"> CO₂e emissions Supply chain management, incl. health, safety, labour rights, working hours, discrimination, anti-corruption, etc. 	<ul style="list-style-type: none"> Ecological impacts CO₂e emissions Labour practices Supply chain management, incl. health and safety 	<ul style="list-style-type: none"> Waste management and recycling Community engagement <p>(This is from a life cycle perspective dependent on the behaviour of new solar park owners)</p>	<ul style="list-style-type: none"> Water management Ecological impacts Community engagement 	<ul style="list-style-type: none"> Employee health, safety and well-being Business ethics Customer privacy Managing the legal and regulatory environment Selling practices and product labelling
ESG opportunities	<ul style="list-style-type: none"> Supply chain management, incl. human rights, sourcing of raw materials, anti-corruption, etc. 	<ul style="list-style-type: none"> Community engagement Ecological impact 	<ul style="list-style-type: none"> Community engagement 	<ul style="list-style-type: none"> Avoided emissions <p>(This is from a life cycle perspective dependent on the behaviour of new solar park owners)</p>	<ul style="list-style-type: none"> Avoided emissions Water management Ecological impacts Community engagement 	<ul style="list-style-type: none"> Employee engagement, diversity and inclusion Talent management Supply chain management, incl. partnerships, CoC etc.
*SDGs						

Assessment of Nordic Solar's potential influence on and leverage of the material areas in the value chain

The figure above illustrates Nordic Solar's ESG risks and opportunities mapped out at the relevant steps of our value chain.

Further, Nordic Solar has rated the potential level of influence we have on these risks and opportunities for each part of our value chain.

The ESG risks and opportunities of Operations, Finance and Support are the areas where Nordic Solar's potential influence can be leveraged the most.

06

Nordic Solar's focus areas and the process

The following chapters describe in detail how Nordic Solar works with sustainability within each of the three focus areas. Specific case examples show the maturity of the company's priority areas through realistic and nuanced insights.

Nordic Solar has taken steps to become more aware, concise, transparent and fact-based in its sustainability processes. It is

acknowledged that while Nordic Solar produces green energy, the company also strives to improve sustainability throughout the company and externally.

In the coming years, Nordic Solar aims to make a difference within areas that positively impact employees, people whom the company work with and more broadly, the world we all live in.



Climate & Environment

TOP 3 MATERIALITY AREAS

- Avoided emissions
- Ecological impacts
- CO₂e emissions



Caring Company & Diversity

TOP 3 MATERIALITY AREAS

- Employee health, safety and well-being
- Community engagement
- Talent acquisition and retention



Business Innovation & Governance

TOP 3 MATERIALITY AREAS

- Supply chain management
- Management of the legal and regulatory environment
- Business ethics



*These areas of materiality represent the areas with the highest ratings in the double materiality matrix on page 20.

*Please see more information about the SDGs chosen on page 17.

In 2021, the Nordic Solar ESG Steering Committee analysed which ESG related areas would give the clearest, broadest and most diverse indications of how the company is working with sustainability across the entire value chain.

In 2022, these focus areas were expanded and further integrated into the Nordic Solar organisation by a deeper involvement of the appointed ESG Task Force groups. During the year, the groups have been working with the focus areas, relating them specifically to their business areas, and splitting them up into more tangible and measurable actions. The progress of these actions is to be measured by defined KPIs and future targets for each focus area.

Nordic Solar believes that engaging the company's employees deeply in the process related to the focus areas, allows Nordic Solar to be transparent, specific and measurable in terms of how the company is working with ESG and the actions related to the process.

This process is still ongoing, and Nordic Solar will go from the development phase in 2021-2022 to implementing it into its operations in 2023.



Vollerup solar park
in Southern Jutland,
Denmark.

Nordic Solar's focus areas and the UN's Sustainable Development Goals

Sustainability (ESG) is an integrated part of Nordic Solar's business strategy. The E in ESG represents *Environmental*, S is for *Social*, and G is for *Governance*. The company works through our own defined E, S and G focus areas to reduce negative impacts and accelerate positive impacts on the environment, climate, social aspects, and business ethics.

In 2021, Nordic Solar defined the company's Sustainable Development Goals (SDGs), which are defined as the most relevant and important to the company and the business, while at the same time trying to address the whole value chain as best as possible. The Nordic Solar SDGs derive from the original 17 SDGs as defined by the UN in 2015.

Nordic Solar has begun to integrate the company SDGs into the organisation so that all employees will understand why these specific SDGs have been chosen, and what they mean to our company and business. It remains an ongoing task to keep the company updated, and the SDGs are clearly visible to each employee. It is the company's belief that – like the company values – Nordic Solar needs to bring the SDGs alive and use them for them to be known, understood and integrated into the company culture.



Climate & Environment

TOP 3 MATERIALITY AREAS

- Avoided emissions
- Ecological impacts
- CO₂e emissions



07

Climate & Environment

The COP27 held in Sharm el-Sheikh in November 2022 consolidated the global consensus that human activities drive climate change with increased rapidity. The summit's agreement to set up a *loss and damage fund* to compensate the countries that are impacted the most by a changing climate indicates a widening acceptance of the human responsibility to tackle climate change and to base the global efforts on solidarity.

The key message is that we need to take radical and ambitious action to stop runaway climate change and reach net-zero emissions by 2050. It will require a total transformation of the energy systems that underpin our economies to transform the global economy from one dominated by fossil fuels into one powered predominantly by renewable energy sources like solar and wind.

Nordic Solar sees itself as part of the solution driving renewable and accessible energy change. But, at the same time, the company is very much aware of its own impact on the climate, the environment, water, land use and biodiversity, among many other things.

Nordic Solar's most material impact on the environment and climate stems from transportation, development, and construction of solar parks. However, maintenance of solar parks also represents an impact. The company is aware of these factors' impact and is reducing the negative impact as much as possible, for instance, by reducing energy and water consumption while also increasing the positive impact, for instance, by promoting biodiversity at the sites. In 2023, Nordic Solar will carry out life cycle assessments to determine further initiatives that reduce negative impact or increase positive impact.

BUILDING SOLAR PARKS

In 2022, Nordic Solar started to encompass the whole supply chain of developing, designing, constructing and operating industrial-scale solar parks. This gives the company full control over the entire process and works to Nordic Solar's benefit in several ways, for example by saving costs, ensuring a higher building quality and hands-on control over supplies and procurement, creating local job opportunities and supporting workforce ethics, etc. It also allows Nordic Solar a higher degree of

control over ESG-related matters and enables the company to implement its ESG philosophy directly along with various initiatives from the very start of the projects, i.e., biodiversity. Finally, by focusing even more on R&D, the company evolves and opens up new opportunities like producing our own substructures, optimising the design, and being able to work with less steel, possibly resulting in fewer CO₂e emissions.

SOLAR PARK OPERATIONS

By the end of 2022, Nordic Solar had industrial solar parks with a joint capacity of 359 MWp in 12 European countries. Consolidating the business and adjusting its business model, Nordic Solar is on a steep development curve with respect to becoming more structured at handling ESG impacts and opportunities.

Due to the fact that Nordic Solar has adjusted its strategic focus to deleveling, designing, constructing and operating solar parks, the company potentially has better control over project dynamics, which means that Nordic Solar may shape them in the most sustainable way possible.

ZERO TOLERANCE TO PESTICIDES

Nordic Solar's operating processes are governed by a clear strategy to avoid pesticides, proactively finding alternative solutions with partners in the individual countries. With zero tolerance towards the use of pesticides, Nordic Solar has taken a clear stance to keep its solar parks free

of chemistry. Instead, the company uses alternatives that have been used in organic farming for many years.

For instance, Nordic Solar's new Danish solar park construction, Lysabild in Southern Denmark, is placed on former organically farmed agricultural land.

Approximately half of the fields used for solar parks have not been sprayed with pesticides for 20-30 years, but Nordic Solar strives to achieve a zero percentage in this regard. Where possible, and increasingly so in future, the company also seeks to minimise its use of machines to reduce CO₂e emissions. Nordic Solar is conscious of integrating sustainability considerations by design when building solar parks, starting early in the construction phase.

MINIMISING WATER USAGE

Across the 12 different countries in which Nordic Solar operates, there are significant variances in water use due to different weather and operating conditions. In Denmark, for example, the temperate and humid climate implies that there is generally no need to use water to wash the panels, as dust is removed by rain.

Nordic Solar tries to minimise water consumption in other countries in cooperation with local partners. Still, Nordic Solar is not yet able to avoid it altogether. The company only uses clean water without added chemicals.



Biodiversity

During 2022, Nordic Solar started an exciting and innovative development by starting to not only construct our own solar parks but also develop, design and construct the solar parks with elements contributing to biodiversity.

From 2022 onwards, it is Nordic Solar's ambition to implement biodiversity initiatives into all new solar park projects where it makes sense to nature and the local environment. We, humbly and realistically, expect these initiatives to contribute positively to the nature of the solar parks.

By focusing on biodiversity initiatives, Nordic Solar aims to make sure that its parks do no harm to the nature and environment in which the parks are built, and to do a little better for local nature and the environment.

These are long-term solutions, and Nordic Solar expects to see the results of the initiatives in approx. five years after commissioning of the solar park. When establishing our solar parks, we and our external partner mark a baseline of the current biodiversity status on

the premises. In the future, we will measure the effect every year. Nordic Solar has already implemented this process in our new solar park in Lysabild, Southern Denmark in 2022.

Nordic Solar is working with a team of external specialists with many years of experience with biodiversity. This is done in order to ensure both the right implementation for each solar park and the local environment, but also to make sure Nordic Solar can measure the effects of the different biodiversity initiatives in the right and professional way.

The process is that Nordic Solar, together with its external partner, reviews the land and prepares a custom-made biodiversity project and design. This design is implemented in different phases, usually *before* construction starts, *during* construction and *after* construction. It is Nordic Solar's experience from working with the first biodiversity solar park that if planning is done properly, it will not cause the project to extend its timeline, and the project can expect a high degree of local support.

Preliminary experiences with biodiversity in the Lysabild project do not indicate a financial ROI on implementing biodiversity. But there are definitely benefits for the local area in the planting of trees and bushes around the park. It makes the solar park blend in more easily in the local areas, and it affects the environmental contribution to insects, birds and other animals. And on another note, the company generates small financial savings and earnings from the biodiversity initiatives as the grass that is cut is sent to a biogas company. In addition, the company saves resources and reduces waste by driving biowaste, like branches, to landfill areas.

During 2022, Nordic Solar also started a minor initiative testing biodiversity implementation in existing solar parks in operation. We will be able to make a better assessment of the outcome of this project during 2023 and will consider whether to implement biodiversity in the company's other solar parks across Europe.



**Nordic Solar's
solar parks will
be designed with
biodiversity
from 2022***



*From 2022 and onwards, it is Nordic Solar's intention to implement biodiversity initiatives in all new solar park projects where it makes sense to nature and the local environment.

CO₂e emissions

As a green energy provider, it is paramount that Nordic Solar aims to decarbonise the company's entire value chain to the highest degree possible.

Nordic Solar began calculating and reporting on CO₂e* emissions in 2021 for its own operations and energy consumption (Scopes 1 and 2). Since then, the company has steadily increased its effort and has expanded to more areas, which are being calculated and reported on. This process is still ongoing, and we are continuously expanding the processes to increase our ability to measure and report, as well as to make reported data as valid and transparent as possible.

Nordic Solar is calculating its emissions using the framework of the GreenHouse Gas Protocol (GHGP), where possible, to define scopes 1, 2 and 3. For its calculations, Nordic Solar uses the Danish Business Authority's CO₂ Calculator available on: klimakompasset.dk

In 2022, we focused on structuring our internal processes on data collection and initiated a data management system to better capture the data necessary for calculating our CO₂e emissions. Nordic Solar regards the task of disclosing our emissions as a high-priority step on our journey to become an industry leader within solar energy.

SCOPE 1 EMISSIONS are the direct emissions that occur from sources that are controlled or owned by Nordic Solar. Nordic Solar's Scope 1 emissions are set to zero because the company does not own any vehicles.

SCOPE 2 EMISSIONS are indirect CO₂e emissions associated with the purchase of electricity, steam, heat or cooling. The 2022 figure for Scope 2 emissions includes the emissions associated with the purchase of energy for the Nordic Solar HQ in Copenhagen. The HQ has transitioned to a green energy solution through its electricity supplier and has been provided with district heating since takeover of the premises.

Over the past year, Nordic Solar's employee count has increased by 52%, which is reflected in the increase in Nordic Solar's Scope 2 emissions. Nordic Solar aims to prevent a significant increase in energy expenditure and takes the precautions needed to do so. The electricity expenditure has not risen significantly, despite the substantial increase in employees. Nordic Solar's Scope 2 figure for 2022 does not include energy consumption associated with the operation of Nordic Solar's solar parks, as the process to obtain this data started in 2022 and have not yet been finalised. During 2023, we will develop a structured process regarding the collection of this data.

SCOPE 3 EMISSIONS are the emissions associated with Nordic Solar's value chain. The figure for Scope 3 emissions for Nordic Solar includes purchased goods and services, business travel, and employee commuting, but does not yet include emission figures for materials (solar panels and steel) used for building solar parks. This is natural since the first solar park, Lysabild, built by Nordic Solar, was completed at the end of 2022. All other solar parks owned by Nordic Solar were built by partners before 2022 and are therefore not included in the 2022 report.

2023 will see us starting a structured reporting process for new solar parks built in or after 2023. Nordic Solar will build a solid data basis for this purpose. This includes carrying out life cycle assessments, so that calculations and data that are as correct and reliable as possible can be presented in future reports.

Regarding emissions from the manufacturing of solar PV, the approach is that such actions must either:

1. Be proven to be aligned with an internationally recognised method for determining low carbon transition pathways or,
2. Have lower emissions than the average global emissions (based on internationally recognised emission performance standards) for such economic activity.

The purpose of the approach is to ensure that there is a solid signal to the manufacturing sector of improving energy efficiency and reducing emissions ambitiously. Nordic Solar will ensure internal auditing and control systems in respect of suppliers. Nordic Solar is implementing regular audits and questionnaires for contractors. Accepting our limited ability to influence suppliers directly, we apply the best possible focus upon this topic.

Avoided emissions refer to the emissions avoided by providing energy from solar parks as a replacement of energy from other energy sources. In 2022, Nordic Solar produced 406,794 MWh (406.79 GWh) of solar electricity. In comparison, the average Dane consumes 3.6 MWh of electricity a year. Nordic Solar's energy production is equivalent to the annual electricity consumption of 109,944 households or energy savings of 123,507 tonnes of non-emitted CO₂e.**

**CO₂e is a metric used to compare the emissions from various greenhouse gases based on their global-warming potential, by converting amounts of other gases to the equivalent amount of carbon dioxide with the same global warming potential. (Source: EEA).*

***The sources of the CO₂e emission factor and average electricity consumption come from the following internationally recognised sources: Odyssee-mure, AIB, & NREL. For more information, see chapter 10.*

Nordic Solar's CO₂e emissions reported for 2022

SCOPE 1

Emissions are direct CO₂e emissions from sources controlled or owned by Nordic Solar



Company cars

SCOPE 2

Indirect CO₂e emissions from purchased energy generated off-site and consumed by Nordic Solar



Nordic Solar HQ energy consumption

SCOPE 3

All indirect CO₂e emissions that occur in the value chain of Nordic Solar



Business trips



Employee commute



Work equipment

Note: In 2023, Nordic Solar will build a solid data basis that ensures a structured reporting process for new solar parks built in or after 2023. This includes carrying out life cycle assessment so that calculations and data that are as correct and reliable as possible can be presented in future reports. This will include an expansion of more areas within scopes 2 and 3.

See the actual numbers reported for CO₂e emission for 2022 in chapter 10.



Caring Company & Diversity

TOP 3 MATERIALITY AREAS

- Employee health, safety and well-being
- Community engagement
- Talent acquisition and retention

5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



08 Caring Company & Diversity

In 2022, Nordic Solar has been focusing on growing the business, developing and scaling the organisation, as well as securing the operational part of the business.

Accordingly, the year saw a substantial development in the characteristics of the Nordic Solar organisation. The company further developed its efforts in becoming more established, obtaining a higher degree of structure, and implementing new or altered routines to reflect a growing and ambitious company. Nordic Solar also welcomed many new employees to help the company on its journey and the Nordic Solar team went from 44 to 67 people in just one year. The organisation and employees have adapted as well as possible to this expansion.

In 2022, the company went through many changes, which had a tremendous impact both on the business and the ESG process. Changes that aimed to professionalise Nordic Solar even further, but

also changes that meant a high workload and the need to observe the organisation closely in order to support the staff, and make sure that everybody is on board our journey and thriving in our company. In relation to work conditions for the company's own employees, Nordic Solar meets the legal requirements both in Denmark and Europe.

With the introduction of a middle-management level to the organisation, the company will be even more attentive to the expanding group of employees in 2023.

Management and the staff of Nordic Solar strive to take care of each other in the busy and rapidly changing environment of our fast-growing organisation. One of Nordic Solar's core values is work-life balance, which is taken very seriously. Nordic Solar has started initiatives to prevent stress-related issues throughout the team at Nordic Solar.

EMPLOYEE DIVERSITY

The Nordic Solar team represents eight different nationalities with highly diverse work experiences and educational backgrounds. This makes Nordic Solar a genuinely international company, considering its size.

In 2022, the Board of Directors was composed of Christian Sagild, Iben Mai Winsløw, Frank Schyberg, Christian Dulang Hoff and Vibeke Bak Solok, who holds a Global Competent Board Certificate and Designation in ESG.

WORK ENVIRONMENT

In April 2022, Nordic Solar completed an employee survey. Here, employees indicated great overall satisfaction with Nordic Solar as a workplace. Clear strategic goals, social aspects and focus on professional development were emphasised by employees as positive factors for their well-being. However, employees indicated a need for greater focus on work-life balance and ranked work-life balance as one of the most important factors for an attractive workplace.

In collaboration with TopDanmark, Nordic Solar also completed a health screening in 2022. The purpose of the screening is to map current challenges and risks, aiming to identify areas where active action

can be taken in terms of health-promoting and preventive measures, as well as forming a decision-making basis for the forward-looking strategic work with health and well-being. According to the screening, 17% of employees indicated that they rarely or never had enough time for their work assignments, while 27% indicated that they had the necessary time for assignments only sometimes. Likewise, 29% of employees expressed that they felt stressed more than half of the time, and 46% indicated that they felt stressed some of the time. Overall, the general health score of Nordic Solar decreased slightly from 77 in 2021 to 74 in 2022, which is a bit lower than industry standards.

The results of the employee survey and health screening indicate a need for continued focus on work-life balance. This is an area that Nordic Solar is especially attentive to, and a range of initiatives focused on work-life balance and general well-being were introduced in 2021 and 2022. During 2022, the creation of a work-life balance universe has been a priority. This implies a continued focus in 2023 on our proactive strategy of preventing stress, as well as adding more initiatives that aim to improve the health and well-being of employees, including physical health and stress-related issues.



Initiatives and approach

Nordic Solar wishes to be proactive in its efforts to increase the work-life balance of its employees. To support the team and make sure everyone copes with the ongoing changes and ambitious goals, Nordic Solar has launched several initiatives to support well-being and minimise stress by building more structure, increasing capacity, employing more staff, increasing management capacity, setting expectations, etc.

Generally, Nordic Solar advocates and supports a positive constructive process, which aims to create a high level of work-life-balance and avoids focus on negative stress and a stressful culture. The company seeks to offer guidance and help and prevent stress by addressing issues before they turn into stress. The company also has procedures in place for employees with stress, as well as for people who have had stress in the past to avoid negative stress again.

EXAMPLES OF INITIATIVES IN 2022:

Dialogue programme

In line with the efforts to create systems and initiatives that work to increase the work-life balance of employees, an expanded dialogue programme was introduced in 2022. The dialogue programme updates the EDC (Employee Development Conversation) programme by increasing the scope and frequency so that it now includes annual talks, semi-annual talks, and regular 'one-on-one' conversations. The purpose of the talks is to have a continuous dialogue with employees about performance and well-being. This is part of Nordic Solar's proactive strategy that aims to promote health by preventing health-related issues rather than treating them.

New leadership forum

The C-level group meets frequently with the newly implemented middle management team to create a 360-degree insight into the well-being of the organisation and discuss necessary actions.

Sustainable Family Project

External consultant Søren Ballegaard (MD/PhD in neuro physiological stress measurement and treatment) leads the stress management programme called the Sustainable Family Project to prevent stress among the Nordic Solar staff.

The programme consists of an initial stress screening followed by an individually designed programme aimed at preventing negative stress. This includes daily stress exercises for those with normal stress levels, and consultations with a doctor and stress expert, in addition to the exercises for those who had above-normal stress levels. The impact of the programme was assessed through a survey at the end of 2022. Here, 60% of employees who participated in the programme expressed that the programme had had a positive effect on their health and well-being.

Other initiatives

The list of initiatives now includes a health screening, workplace assessments, stress treatment via the Sustainable Family Project, the dialogue programme, functional training, ergo therapist treatment, psychotherapist treatment and physiotherapist treatment. However, as the health screening and employee survey indicated a continued risk of negative stress, Nordic Solar will maintain focus on this issue throughout 2023 and likely launch additional initiatives.

Workplace assessments are conducted every two years. The next one will be made in 2023. An employee survey is conducted yearly. Additionally, the company offers voluntary health screenings yearly. A health screening was made in December 2022.



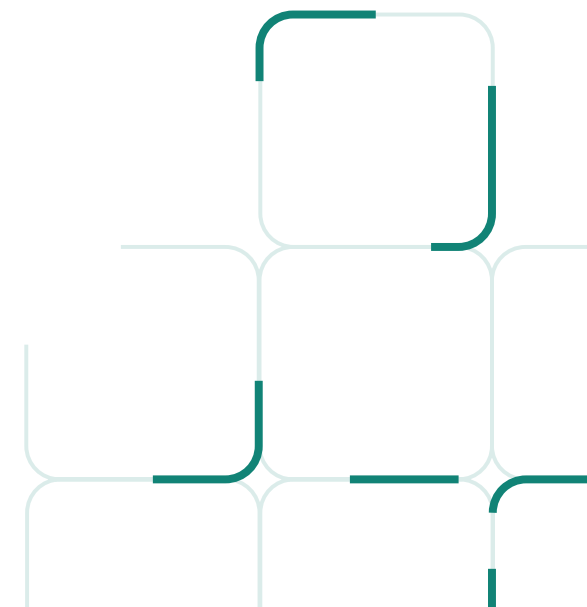


Lysabild solar park is designed with biodiversity providing animals and plants with better conditions. The 33 MWp of solar energy will be provided to Skjern Paper, a sustainable paper manufacturer in Denmark.

Nordic Solar's care for partners and suppliers

In Nordic Solar's collaboration with external partners and suppliers, the company has an ongoing focus on decent and ethical work conditions in connection with solar park projects.

The efforts, which Nordic Solar started up in 2022, have not yet been formalised as such. The company will proceed with this development and implementation in 2023.





Business Innovation & Governance

TOP 3 MATERIALITY AREAS

- Supply chain management
- Management of the legal and regulatory environment
- Business ethics

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



09 Business Innovation & Governance

Nordic Solar always strives to achieve ongoing business innovation and a governance structure for how to lead the company efficiently, ethically and sustainably. This is of course also translated into how Nordic Solar works and engages with external stakeholders.

To ensure this, the company has internal controls and will introduce ongoing audits, staff training, and advocate for partnerships in the value chain.

One of Nordic Solar's focus areas within Business Innovation and Governance is securing a professional compliance setup to mitigate ESG risks and evaluate supplier networks. Audits and questionnaires will be part of the processes in this regard.

With a substantial compliance and reporting system in place, Nordic Solar aims to secure transparency and the best possible documentation. This will allow the company to effectively manage risks across the value chain and facilitate reliable stakeholder communication based on valid data and information.

In 2022, Nordic Solar expanded our structural foundation with several policies covering the different lines of business in the company. Two of the policies are the ESG policy and the Investment policy, meeting the legislative demands from EU. The new policies were approved in 2022 and will in 2023 be implemented and integrated in the company.

Structuring the ESG foundation across the company

In 2022, Nordic Solar focused on building the ESG organisation and expanding the reporting areas.

Nordic Solar has structured the ESG organisation across the company with an ESG department and a representative from each business area as ESG ambassador in 2022. This has made it possible for the company to represent the whole value chain and build a more homogeneous understanding of the ESG work, legislation and reporting across the company.

Being the first Nordic Solar cross-company business area, the ESG department is meeting different approaches from the other departments, and this needed to be taken into consideration and aligned.

A great effort has been made to create an aligned approach together with the ESG ambassadors and the whole ESG organisation finding, measuring and reporting on Nordic Solar's different focus areas of the business in 2022. It has been a tremendous task for everyone involved.

The reporting development process was initiated at the beginning of 2022 by identifying the focus areas together with the steering committee of key C-level management members. Following this, the focus areas were validated according to a few important criteria covering the whole value chain: Considering also the importance of the double materiality assessment in order to meet legislation, market demands and public opinion.

Having the focus areas in place, ESG ambassadors of each department/business areas were identified, involving them in the whole ESG universe, process and focus areas.

The ESG ambassadors then began working with the different focus areas within their own departments/business areas, reviewing and customising the focus areas with the goal of finding KPIs and targets for 2022 and setting the ambitions for the coming years.

This process of understanding a new business area outside one's own, finding extra time in an already busy day and creating a cross-organisational collaboration culture has taken up most of the year and has been a demanding task for everyone involved.

The focus areas have been unfolded across the value chain and the business, creating a transparent and both deep and broad perspective. This we will further develop and put into procedures and structured routines in 2023, where each ESG ambassador is also to take the lead on their own areas.

The journey building across organisational ESG culture and business areas with each ESG ambassador having a different foundation and objectives regarding ESG has only started and will continue over the next years.

Read more in chapter 3 on Nordic Solar's sustainability approach.



This new solar park from 2022, Ínsua, is Nordic Solar's largest solar park to date. Ínsua spreads across 80 hectares in the south-eastern part of Portugal and will be supplying electricity to approximately 35,000 households throughout the Iberian peninsula.

The Nordic Solar model – Building own solar parks

With the new approach of developing, designing and building our own solar parks with a biodiversity design, Nordic Solar has a new role and a new business model that sets new demands for the company, while influencing the value chain. The ESG area is obviously also influenced by this, and the ESG department and ESG ambassadors on each business area are aware of the new demands on their own processes and in relation to the different ESG legislative demands.

One of the large structural processes Nordic Solar has initiated in 2022 is the collaboration with our suppliers and partners building and developing an overview of the suppliers and partners Nordic Solar that needs ESG reporting from; what, when and how they should report; and how to facilitate additions to existing and new suppliers and partners on collaboration processes, contracts and agreements. This process will commence in 2023 focusing on building procedures and routines in 2023.

Another area that Nordic Solar has started is the process of mapping biodiversity design elements of the solar parks built by Nordic Solar. This work was initiated simultaneously in 2022 when Nordic Solar built its first solar park, also consisting of biodiversity elements from the beginning of the design process. The biodiversity design was developed by external specialists who also created an evaluation report of how, when and what Nordic Solar can measure regarding the effect of the biodiversity elements in future. Biodiversity is a long-term investment, and the effects will be visible within the next approximately five years. However, we have already started measuring the effect of 2022, creating a baseline and then we will measure the effect every year going forward.

*Read more on biodiversity in chapter 7, **Climate & Environment.***



Supply chain and human rights

Nordic Solar works with a broad and diverse group of partners in each country across multiple areas of responsibility and varying levels of engagement – including assisting with the search for new solar park projects, carrying out parts of the due diligence investigations and participating in building and operating the solar parks.

In our collaboration with different partners, Nordic Solar focuses on ensuring that our ethics and standards apply.

ANTI-CORRUPTION AND BRIBERY

Nordic Solar has zero tolerance for corruption and bribery, or anything that could be perceived as such. Corruption and bribery damage trust and are inconsistent with our commitment to ensure integrity and respect for all our internal and external stakeholders and our society. Building a strong company culture that promotes trust is a shared responsibility, which we take seriously.

Our Code of Conduct represents the backbone of our culture and the behaviour that is characteristic of Nordic Solar. We believe that transparency in business involves openness, honesty, integrity and

strong ethical behaviour. Through ethical decision-making and strong guiding principles, our Code of Conduct is designed to support our mission: “To make everyone benefit from solar energy” and to become a leading Nordic solar company.

We expect our employees to speak up and report ethical concerns, so that we continue to earn and maintain the trust of our stakeholders and society. Our Code of Conduct underlines that we build trust through openness, which requires us to speak up when things are wrong or do not work.

In addition, our whistle-blower scheme is a supplement to the ordinary communication channels in Nordic Solar. The scheme is specifically intended to encourage and foster a “speak-up” culture and to report any breaches of law, regulation and other serious matters. Any reports will be processed anonymously, with confidentiality and through a third-party whistle-blower system. In 2022, we had zero reported cases.

In 2022, our Board of Directors signed a new Financial Crime Policy. The purpose of the policy is to define the overall

principles for how to prevent money laundering and terrorist financing. The policy also helps to ensure that we comply with the legal requirements applicable in the area.

Annual assessments will be carried out to confirm that all employees are familiar with our policy and its content. Assessments take place at internal meetings, either department by department or collectively for the entire organisation, and in the form of presentations, trainings etc.

HUMAN RIGHTS

We believe that all people deserve to be treated with dignity and respect and recognise the importance of protecting human rights. We respect workers’ rights, including, but not limited to, equal opportunity and freedom from discrimination. Nordic Solar supports global human labour rights and does not tolerate disrespectful treatment, discrimination or harassment of employees, stakeholders, subcontractors, business partners, etc.

Our highest risk concerning human rights breaches comes from our interactions with third parties. We have continued to focus on mitigating this risk by requiring

and including rights and guidelines in our construction contracts. In 2022, we received zero reports on breaches concerning human rights related to our activities.

For 2022 and the coming years, Nordic Solar will continue to focus on human rights by initiating as well as evaluating the need for further initiatives to enforce human rights and equality and embrace diversity within the company.

In 2022, we signed our new Diversity, Equality and Inclusion Policy to help us foster a more diverse and inclusive culture and, at the same time, protect human rights. All managers at Nordic Solar are dedicated to raising awareness of the importance of diversity, equality and inclusion. More information about the policy can be found in the annual report for 2022.

At department level, managers will, with the support of the Executive Management team, guarantee operational focus, development and delivery on the agenda.

When talking about human rights in the supply chain, an important observation is the fact that most solar panels are manufactured in China. In March 2022, Danish

media covered a story about China's treatment of Uighurs in the Xinjiang province. The publication follows in the wake of several reports from international observers that unequivocally conclude that China has violated, and probably still violates, a number of human rights conventions. The reports mention, among other things, that there are signs of forced labour in connection with quartz mining, and the production of silicon and polysilicon in the Xinjiang province.

This issue presents serious challenges to the whole solar industry, and Nordic Solar works together with our industry association, suppliers and partners to help create a change.

Additionally, Nordic Solar has taken the necessary precautions ensuring that the agreements with our contractors follow existing legislation and regulations in the area. In addition, the following activities have been initiated:

- Nordic Solar has increased its resources to ensure increased transparency of the agreements and underlying production chains with the individual suppliers and partners.

- Nordic Solar only works with the very largest suppliers (Tier 1), who have the most comprehensive and advanced focus on creating increased transparency and extended guarantees.
- Nordic Solar continuously audits the production of components for our solar park projects with the assistance of third-party advisers.
- Nordic Solar follows guidelines from our European and Danish industry associations with a view to unifying efforts.
- Nordic Solar is currently investigating the possibility of further expanding third-party auditing of the supply chains.
- Nordic Solar is actively working on building a small portfolio of good and trust-filled partnerships so that, with fewer partners, the company will have closer relationships, in order to ensure transparency and compliance with both ethical and legislative frameworks.

Collaboration across the industry

Nordic Solar believes that cross-industry challenges are best solved jointly at industry level. Especially regarding international suppliers, in relation to whom the entire industry sets common requirements.

In 2002, this became even more crucial especially owing to the current energy crisis. Therefore the company concentrated its efforts on working together in the industry associations both on a national and international level – for the purpose of achieving better working conditions at suppliers, and for the industry to be able to meet the critical demand for more green energy.

The industry is taking the situation very seriously and has worked to create greater transparency in the supply chain over the past years. Based on this work, our Danish industry association, Green Power Denmark, has initiated work with the European industry organisation SolarPowerEurope, which looks at how solar power developers can ensure

the best possible working conditions throughout the supply chain, as well as transparency in the supply chain to the greatest possible extent.

As part of this development of guidelines and inspection methods, the European industry organisation, SolarPowerEurope, has entered into a dialogue with the EU Commission, and a corresponding analysis is currently ongoing with a view to establishing a common European set of rules designed to address the challenges of forced labour.

The industry is actively working together to ensure that there is more transparency and traceability in the sub-suppliers' supply chain. In this way, the industry seeks to ensure that everyone affiliated with the energy sector works in a responsible manner.

The broader collaboration between the industry associations taking a common approach to the whole renewable sector contributes to a more relevant and knowledge-based discussion, creating more political influence with more usable agendas for renewables, both nationally and internationally.



EU leads on
sustainable finance
and ESG disclosure
policies compared to
the rest of the world

Source: BloombergNEF



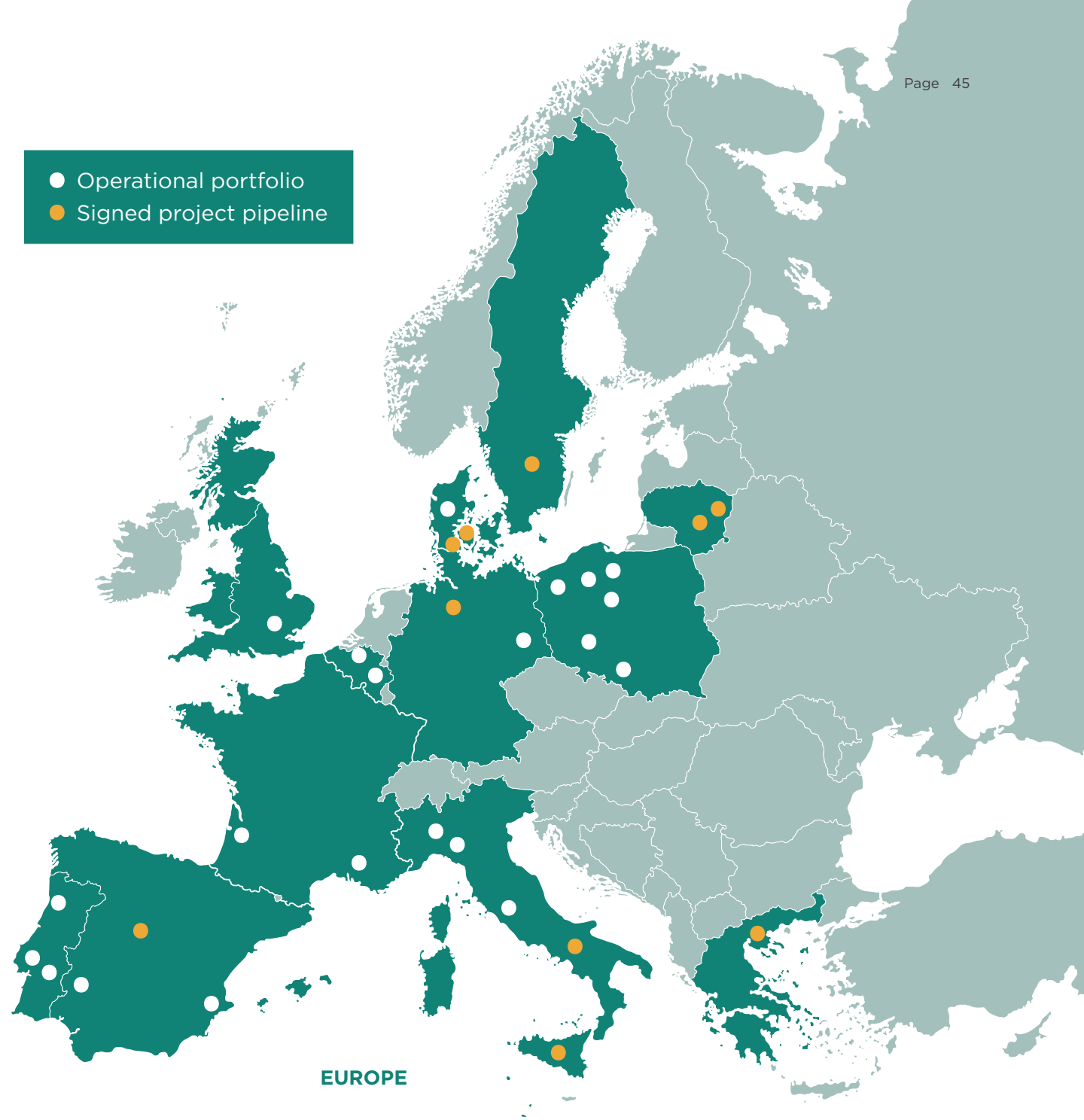
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Reporting

Performance data – ESG table

The datasheet on the following pages shows Nordic Solar's most important reporting areas for the year 2022. Nordic Solar has made great efforts in terms of measuring and reporting on even more parameters in 2022 than before.

To see all the reporting areas measured in 2022, please visit www.nordicsolar.eu



Focus categories	Subject	Targets	Units	2022	2021	SDG
Climate and Environment	Energy consumption (Hellerup)	Renewable energy share	Percentage	100%	100%	12
	CO ₂ e avoided emissions	CO ₂ e avoided emissions	In tonnes	123,507	71,462	7.12
	CO ₂ e, scope 1	CO ₂ e emissions	In tonnes	0	0	12
	CO ₂ e scope 2 ●	CO ₂ e emissions	In tonnes	9.44	2.4	12
	CO ₂ e scope 3 ●	CO ₂ e emissions	In tonnes	114.89	0*	12
	Energy consumption Scope 1	Number of company cars	Percentage	0%	0%	12
	Energy consumption (Hellerup)	Energy consumption	GJ	410.5	56,71**	12
	Biodiversity	Biodiversity: Solar parks with biodiversity areas	Square metres	28,000	0*	7.15
	Ecological impacts	Biodiversity: Solar parks free of pesticides	Percentage	100%	100%	7.15
	Biodiversity	Biodiversity for all new parks	Percentage	100%	0*	7.15
Caring Company and Diversity	Employees	Average full time equivalents during the year	Average FTE	51	36.2	8
	Employees	Headcount at year-end	Headcount	67	44	8
	Employees	Average seniority	Years on average	1.97	2.03	8
	Employees	Employee health score	Topdanmark Benchmark	74***	76***	5, 8
	Diversity	Share of women	Share of total in %	49%	45%	8
	Diversity	Share of men	Share of total in %	51%	55%	8
	Diversity	Age distribution	Headcount	<30 years = 26 30-50 years = 32 >50 years = 9	<30 years = 17 30-50 years = 27 >50 years = 11	8

● **Scope 2** figure for 2022 does not include energy consumption associated with the operation of Nordic Solar's solar parks, as the process to obtain this data started in 2022. During 2023, we will develop a structured process regarding the collection of this data.

● **Scope 3** emissions do not yet include emission figures for materials (solar panels and steel) used for building solar parks. This is only natural since the first solar park, Lysabild, built by Nordic Solar, was completed at the end of 2022. All other solar parks owned by Nordic Solar were built before 2022 by partners and are therefore not included in the 2022 report. District heating was not included in 2021

Focus categories	Subject	Targets	Units	2022	2021	SDG
Caring Company and Diversity	Diversity	Country of origin/Nationalities	Headcount	8	8	8
	Sickness	Sick leave - long term	Percentage	3.5%	3.1%	8
	Accidents	Accidents at work - Nordic Solar Denmark	Percentage	0%	0%	8
	Accidents	Accidents at work - Operating sites	Percentage	0%	0%	8
	Employees' well-being	First-aid course (Red Cross) for employees - participants	Percentage	53%	0*	5, 8
	Employees' well-being	Functional Training Programme for employees - subscriptions	Percentage	80%	0*	5, 8
	Employees' well-being (coaching/therapy)	External therapist/coaching for employees	Hours	66	0*	5, 8
	Employee development and education	Personal development (EDC)	Headcount	55 EDC 58 MINI-EDC	0*	5
	Executive Management	Creating gender diversity	Percentage	100% men (2 executives)	100% men (1 executive)	5
	Other management	Creating gender diversity	Percentage	36% women 64% men	29% women 71% men	5
	Board of Directors	Creating gender diversity	Percentage	40% women 60% men	40% women 60% men	5
Business Innovation and Governance	Board of Directors	Board meeting attendance rate	Percentage	100%	97%	7.15
	IT security	Continuity and emergency plan	AON security score rating inspired by NIST and ISO 27001	1.5	0*	8
	IT security	Endpoints included in our security setup	Percentage	100%	0*	8
	IT security	Roll-out of multi-factor authentication for all O365 accounts	Percentage	100%	0*	8
	GDPR	Identification of areas where we are not fully compliant with GDPR	Percentage	100%	0*	12

* New areas/measurement for 2022

** District heating was not included in 2021

*** Industry benchmark (2022: 77, 2021: 77)

Appendix – Accounting practices

This note describes the accounting policies applied to the Nordic Solar Sustainability Report 2022. The sustainability report covers the period 1 January 2022 to 31 December 2022. The accounting practices describe the environmental, social and governance indicators presented on page 46.

FRAMEWORK FOR CLIMATE ACCOUNTING

The CO₂e emissions presented on page 46 represent Nordic Solar's emissions associated with the financial year 2022. The calculations have been performed in line with the guidance described in the Greenhouse Gas Protocol ("GHG Protocol"), which is the globally recognised standard for accounting and reporting on greenhouse gas emissions. More specifically, the GHG Protocol Corporate Accounting and Reporting Standard and the Corporate Value Chain (scope 3) Accounting and Reporting Standards were applied. These have provided a standard for how to scope, account for and report on GHG emissions tied to Nordic Solar's operations in 2022.

Scope 1, 2 and 3

The GHG Protocol distinguishes between three scopes of climate accounting:

- **Scope 1:** Direct emissions comprise emissions from the combustion from on-site energy production (e.g. boilers, furnaces and gasses used in the company's own operations) and emissions from vehicles that are owned and/or leased by the company.

- **Scope 2:** Indirect emissions related to the production of energy purchased from external sources but consumed by the reporting company in its own operations (e.g. consumption of electricity, district heating and cooling).
- **Scope 3:** Indirect emissions related to the reporting company's upstream and downstream value chain and other activities necessary for the company to operate (e.g. purchased goods and services, business travels and employee commuting). Scope 3 includes 15 categories within which the reporting company must account for its emissions. All 15 categories will not necessarily be applicable to every company.

2021 was the baseline year for Nordic Solar's sustainability reporting, and the 2021 sustainability report presented Nordic Solar's first ever account of scope 1 and 2 emissions. The disclosure of the emissions was backed by the commitment of expanding our GHG accounting towards 2024, when complete GHG accounting will expectedly be published. Due to the complexity of Nordic Solar's value chains, we acknowledge that time is required to obtain adequate and comprehensive

information and data about the emissions of our value chains, set up data-collecting systems and produce data where needed. Nordic Solar regards the task of disclosing emissions as a high-priority step on the journey to becoming a leading Nordic solar company.

The table below presents the scoping of this year's GHG reporting and the methodology applied to determine the emissions under each scope.

SCOPE 1 CO₂e EMISSIONS

Scope 1 emissions represent direct emissions from the company's own energy production for assets owned by Nordic Solar. No scope 1 emission sources have been identified for disclosure in 2022, as Nordic Solar has no on-site energy producing units, nor does the company own or lease any vehicles.

SCOPE 2 CO₂e EMISSIONS

Scope 2 emissions were calculated based on the actual electricity consumption (kWh) for 2022. The consumption of district heating was estimated based on the previous year (2021) and adjusted for inflation.

The emissions were calculated using www.klimakompasset.dk, which applies generic emission factors (2021) based on the national average share of renewable energy in the Danish electricity supply grid. The emission factors (2021) associated with Nordic Solar's consumption of district heating were obtained from the supplier (HOFOR).

SCOPE 3 CO₂e EMISSIONS

To calculate the emissions from the value chains related to the development of solar parks (including the lifecycle of purchased solar PV modules, steel frames and emissions from transportation and landscaping machinery, etc.), more specific data sets are required. Identification of potential data sources and product-specific emission factors will be necessary, and Nordic Solar will work towards disclosing these in the 2023 sustainability report.

Emissions from purchased electronics

In 2022, Nordic Solar hired 23 new employees. It has been presumed that each new employee has been set up with one computer/laptop and one smartphone. The emissions associated with the purchased electronics have been calculated using www.klimakompasset.dk. The emission factor sources used in the calculation are based on Apple iPhone X (2017) and HP (2020).

Emissions from purchased office furniture

It has been presumed that an office chair and a desk have been purchased for each new

colleague. The emissions associated with the purchased office furniture have been calculated using www.klimakompasset.dk and assuming that a total of DKK 200,000 was spent on furniture. The emission factor source used in the calculation is Exiobase v.3.

Capital goods

Emissions (cradle-to-gate) related to machinery, equipment, buildings, etc. procured by the company in the reporting year. No capital goods purchases were identified for disclosure in 2022.

Fuel and energy-related activities

Emissions from the extraction, processing and transportation phases of fuels and energy produced in relation to the activities of the reporting company. It has not been possible to obtain the information required to disclose this category.

Upstream transportation and distribution

The upstream transportation and distribution of materials used in the development of solar parks have not been included in the 2022 climate accounts as it has not been possible to obtain the information required to disclose this category.

Waste generated in operations

With a relatively larger portfolio of solar parks owned and developed by Nordic Solar, the generation of waste may increase in the years to come. Nordic Solar was not able to obtain sufficient data on the waste footprint for 2022 but will continue

to work towards mapping the waste streams and account for their footprint accordingly.

Business travel

Emissions related to the transportation of employees for business-related travel (air, rail, road, etc.) are included in our calculation. Nordic Solar organises all its travel activity through a travel agency from which emissions related to the company's combined travel activity were obtained.

Employee commuting

As part of the employee survey (2022), Nordic Solar collected information on every employee's approximate distance from home to the company address in Hellerup, Denmark, as well as information on the predominant means of transportation. Applying the information per employee, the CO₂e emissions were calculated for cars (petrol and diesel in a 50/50 split), electric vehicles (EV) and train/bus using data from www.klimaberegneren.dk.

The emission factor sources used in the calculation are cars (petrol and diesel): DEFRA (2022), EV: Energinet (2022) and DEFRA (2022) and trains: DSB (2022).

Upstream leased assets

This refers to emissions from operating assets leased upstream. In 2022, Nordic Solar did not lease upstream assets.

Downstream transportation and distribution

Since Nordic Solar does not sell products for onward distribution, downstream transportation is not considered applicable.

Processing of sold products

Nordic Solar does not sell intermediate products that require processing.

Use of sold products

Nordic Solar does not sell products the use phase of which should be reported.

End-of-life treatment of sold products

No solar parks were decommissioned in 2022.

The emissions from the disassembly and end-of-life treatment of installed modules will expectedly be reported in the year of decommissioning.

Downstream leased assets

In 2022, Nordic Solar did not lease any downstream assets.

Franchises

Nordic Solar is not franchising any of its business activities.

Investments

Emissions will typically fall within either scope 1 or scope 2.

For 2022, Nordic Solar was unable to obtain the energy consumption from its portfolio of solar parks. However, we aim to include such information in the sustainability report for 2023.

RENEWABLE ENERGY SHARE (%)

Electricity from renewable energy sources is based on the supplier's statement.

AVOIDED EMISSIONS

To calculate the avoided CO₂e emission per year for every country in which Nordic Solar has operational solar parks, a CO₂e emission factor (kg-CO₂/kWh) was adopted from public sources (data source: Association of Issuing Bodies). From these values, an assumed life cycle emission factor for solar PV of 0.04kg of CO₂/kWh was deducted (data source: The National Renewable Energy Laboratory (NREL)). The resulting figure is multiplied by the kWh production of each country in order to determine the avoided CO₂e emissions in kilogrammes. The final avoided CO₂e emissions for 2022 are a sum of all avoided CO₂e emissions for each country in which Nordic Solar has operations.

In terms of the calculations of the number of households provided with green electricity by Nordic Solar, the total kWh production in 2022 is divided by the EU average for the annual electricity consumption per household in kWh (data source: Odyssee Mure).

BIODIVERSITY

The indicator is based on the total area used for biodiversity initiatives, where initiatives have been installed and completed. Nordic Solar has a clear strategy of implementing biodiverse initiatives in all new parks starting from 2022 and onwards. The target was reached for 2022.

As our solar parks are free of pesticides, the calculation is based on this strategic agenda.

AVERAGE FULL-TIME EQUIVALENTS

The average number of employees is calculated as an average number of the full-time equivalents ("FTEs") in the reporting period. This calculation is the same as that used in the 2022 annual report.

HEADCOUNT AT YEAR END

The calculation of FTEs at year end is based on total full-time equivalents at the end of the reporting period.

EMPLOYEE HEALTH SCORE

The data is gathered through surveys, calculated by Topdanmark and compared to industry benchmarks.

AVERAGE SENIORITY

Average seniority is calculated as the estimated time from the start of the employment and to the end date of the reporting year. The average number of years is then determined based on those calculations.

GENDER DIVERSITY

Indicator relating to diversity tracks the gender diversity on our Board of Directors, in Executive Management and other management, respectively, at year end. The data is based on a headcount of the members and genders at each level, and then calculated as a percentage of the total number of employees.

AGE DISTRIBUTION

The age distribution of Nordic Solar employees is based on a headcount figure and data on the employees. Age groups consistent with those used in previous years have been applied.

NATIONALITIES

The data on nationalities is based on a headcount of the different nationalities represented in Nordic Solar.

SICK LEAVE - LONG TERM

This indicator represents the percentage of long-term sick leave during the reporting year. Factors included in the calculation are average number of FTEs, total possible workdays, holiday and number of sick days. The calculation does not include general sickness absence, maternity/paternity leave or other types of leave.

ACCIDENTS

Accidents are reported to the local health and safety organisation ("arbejdsmiljøorganisation") representatives, and data is provided through the registrations. The data is only a reflection of own employees; employees of our partners are not included. Nordic Solar will expand this indicator in 2023 and include data from our partners.

FIRST AID

First aid training is calculated as a percentage of those participating in first-aid training compared to the average number of FTEs.

FUNCTIONAL TRAINING

The functional training indicator is calculated based on the number of subscriptions compared to the average number of FTEs.

EXTERNAL THERAPIST/COACHING

The hours for this indicator have been provided directly from the external therapist.

DEVELOPMENT - MUS/EDC

The indicator for personal development (MUS/MINI-MUS) is calculated as the total number of meetings held by all managers during the year.

BOARD MEETING ATTENDANCE RATE

The attendance rate is calculated as the number of meetings each board member attended compared to the total number of meetings held during the reporting year.

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