

# Nordic Solar Sustainability Report 2021



# Contents

1. Letter from the CEO	3
2. Presentation of Nordic Solar A/S	5
3. Overview of our sustainability approach	9
4. The stakeholders	11
5. Value chain and stakeholder impact	12
6. Nordic Solar's focus areas and Sustainable Development Goals	15
7. Climate and environment	18
8. Caring company and diversity	22
9. Business innovation and governance	24
10. Reporting and governance approach	26
11. Appendices	30



## 01

## Letter from our CEO

This winter, accelerating energy prices are putting a heavy burden on many households across Europe. The reasons are many and highly complex, but they all call for the urgent expansion of investments into sustainable and affordable alternatives to fossil fuel, with solar energy as one of the most cost-effective solutions, for once because solar parks are fast to develop and build.

2021 saw a significant boost towards green energy transition: The European Union committed to the ambitious target of reducing greenhouse gas emissions by at least 55% by 2030. With the production and use of energy accounting for 75% of the European Union's total greenhouse gas emissions, the commitment is an essential step towards a sustainable future.

The year 2021 marked a year of development and growth for Nordic Solar. We expanded in several areas, including in the

number of new solar parks, shareholders and new employees. Furthermore, the company's overall structure has been prepared for future growth.

When we initially built our company, the purpose was more about conveying the message of solar energy being good business. Over the past years, solar energy has proven to be both good business and a vital key player in the green energy transition, not least because of its ability to be deployed quickly and cost-effectively.

Solar energy holds sustainability potential and involves challenges which are outside our direct control or what we can solve on our own. That is why we are joining forces with stakeholders within the ecosystem of solar energy to broaden and deepen our contribution. These include the solar industry associations in Denmark and Europe and our many partners in the ten countries in which we operate.

We embark on our sustainability (ESG) journey with pride – a journey, that will shape the DNA of our company for years to come. For us, sustainability is not a project. Sustainability is an integral part of the everyday life of the people and forces which shape Nordic Solar, and must be integrated into our culture and in the way we behave internally but also in the way we do business outside the company walls.

To ensure full integration of sustainability across our business and operations, we will work through three overarching focus areas to reduce our negative impact and accelerate our positive impacts as we pursue sustainable growth: 1) Climate and environment, 2) Business innovation and governance, and 3) Caring company and diversity – all of which are described in further detail in this report.

This report is Nordic Solar's first sustainability report. The purpose of the report is to establish a solid base for our ESG communication going forward and account for the progress we made in 2021. Among other things, we elaborate on our progress in building the foundation for our future governance processes, ensuring that our sustainability strategy is implemented seamlessly across our value chain and is integrated to work across the whole organisation. This report is a stand-alone report without subsections but with direct references to our annual report 2021 to recognise that sustainability and business go hand-in-hand.

This is a natural next step for Nordic Solar. We intend to embark on this next phase with the thoroughness that we always apply, taking a fact-based approach and striving for simplicity and transparency in the way we engage with stakeholders, communicate and account for progress. All critical values, which earned us a satisfaction rate of 93% among our shareholders in 2021.

I would like to take the opportunity to thank the many people – internally and externally – who have helped us evolve and progress this far. The first and most crucial step on any learning curve is recognising that the more you know, the more you realise you do not know. In Nordic Solar, we look forward to developing, expanding and learning, together with you and in the coming years ensuring our mission to make everyone benefit from solar energy.



CEO,  
Nikolaj Holtet Hoff

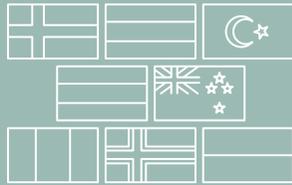


# Nordic Solar's key figures 2021

More than 11 years of experience with solar energy

Number of employees:

# 45



by 8 different nationalities

Revenue:

# 46.5

EURm



Number of investors:

# 500+

shareholders

Total MWp of solar parks:

# 326

MWp



Profit before tax:

# 2.5

EURm



Total investments:

# 105

MWp



Location of the solar parks & projects:

# 10

different countries in Europe



Equity:

# 254.1

EURm



Annual return:

# 9.7%

in the past seven years (2015-2021)



# 02

## Presentation of Nordic Solar

Nordic Solar is a solar company developing, constructing and operating industrial-scale solar parks all over Europe. The company is situated in Copenhagen and is in the end of 2021 owned by more than 500 shareholders and employs 45 employees with 8 different nationalities.

Since Nordic Solar was established in 2010, the company has focused on sustainable energy delivering target returns to our shareholders and green electricity to end-users. Nordic Solar has an expected return of 7-11% annually to our shareholders, with an average annual return of 9.7% during the past seven years. Today, Nordic Solar owns 326 MWp of solar parks - both in operation and under construction - all over Europe.

Additionally, Nordic Solar is continuously buying solar development projects building new solar parks across the continent and the company has a strong

development portfolio of over 1 GW that they plan to build over the next 3-4 years

Today, Nordic Solar is among the 50 largest solar energy portfolios in Europe with the ambition to become the leading pure play solar company in the Nordics.

In 2021, Nordic Solar merged three companies into one strong platform, under the company name Nordic Solar A/S. The aim is to create a growth platform more attractive to both shareholders and employees, with more strength to increase growth and value creation for the company, meeting the market needs for more solar energy.

This means that the ambition to own and operate a production of 1 GW by 2025 - equivalent to the electricity consumption of about half a million households - is within reach. Nordic Solar has come a long way since its establishment in 2010 and has acquired projects with an value of over EURm 537 (DKK 4 billion) in 10 different European countries with an expected additional expansion of our portfolio of up to EURm 671 (DKK 5 billion) in the coming years.

*Business with care*

*We think sustainability into  
our entire value chain*

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



## An integrated business and sustainability strategy

Nordic Solar's mission is to make everyone benefit from solar energy, and the company's vision is to become the leading solar company in the Nordics. The business strategy and our business model have been adjusted in the light of changing market dynamics and possibilities, which include:

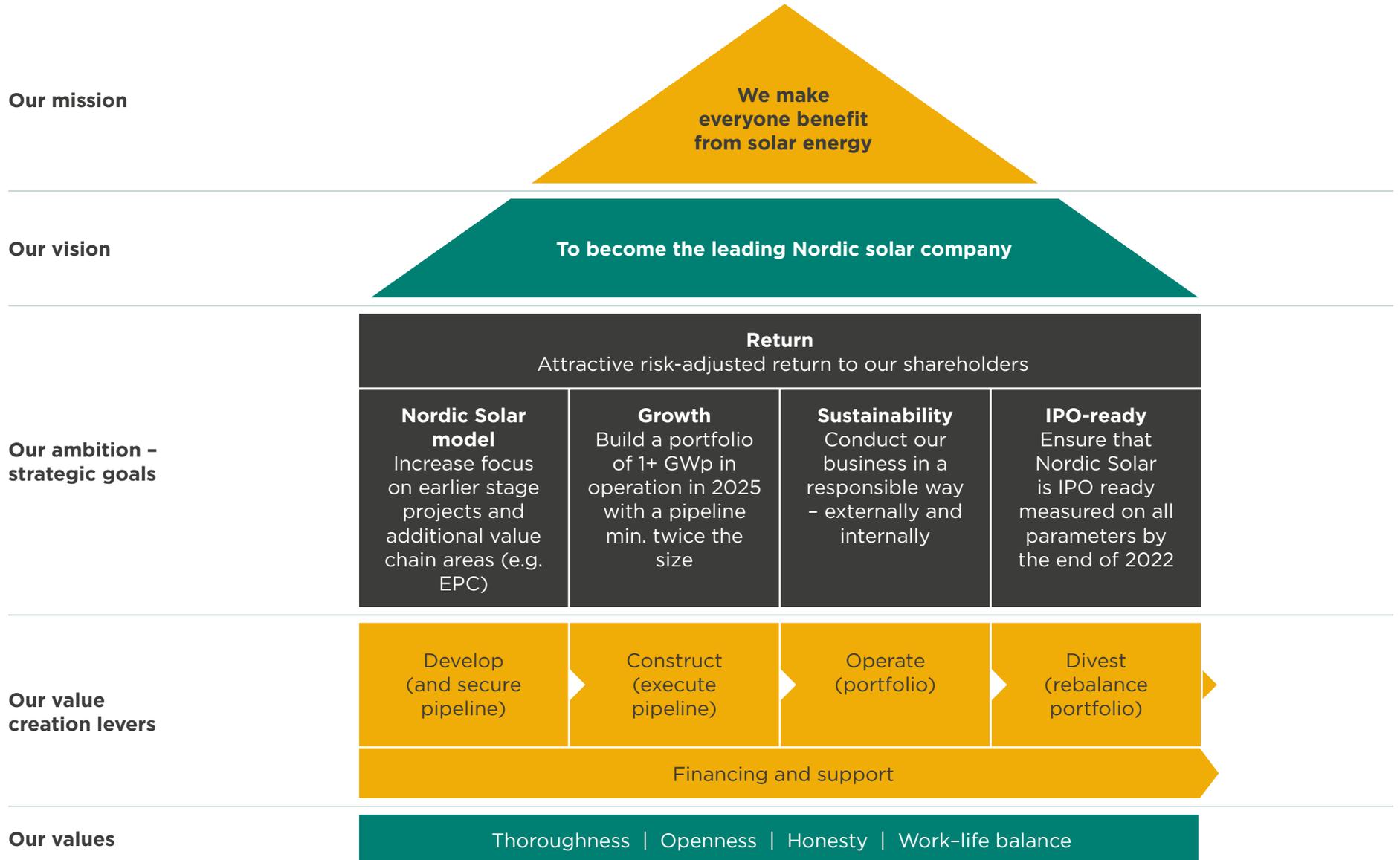
- An accelerating shift from fossil fuel-generated energy to green energy solutions is creating a supply gap that urgently needs to be resolved across the EU
- A growing competition and demand for operational solar parks
- A technological shift within the solar energy sector towards increased industrialisation, resource optimisation and higher-efficiency modules

- Increasing demands for ESG accountability and transparency of green energy providers from stakeholders (the EU, governments, shareholders, and consumers), exemplified through the EU Taxonomy.

Conclusively, sustainability is increasingly becoming a cornerstone of the Nordic Solar business strategy with the ambition of integrating ESG into the value chain and operations.



# 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

**1. Buy development rights**



- Invest in co-development projects
- Create a solid pipeline
- Ensure profitable growth

**2. Construct**



- Construct new projects
- Act as EPC provider
- Direct hardware sourcing

**3. Divest**



- Partial divestment
- Recycle capital
- Rebalance portfolio

**4. Operate assets**



- Operational excellence
- O&M
- Sale of power

**5. Generate cash**



- Dividends to shareholders
- Reinvest

Sustainability



# 03

## Overview of sustainability approach

In 2021, 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.

### Our sustainable roadmap

Looking forward to maturing our approach to sustainability and governance.

ESG: Sustainable on Environmental, Social and Governance areas  
 SDG: Sustainable Development Goals (FN´s verdensmål)  
 CO<sub>2</sub>e: Carbon Dioxide Equivalent (Drivhusgasser)  
 CSRD: Corporate Sustainability Reporting Directive  
 PRI: Principles for Responsible Investment  
 GRI: Global Reporting Initiative  
 CSRD: Corporate Sustainability Reporting Directive  
 SBTi: The Science Based Targets initiative



# The plan for 2021 and 2022

- Mapping relevant stakeholders – internally as well as externally
- Mapping stakeholder impact risks and opportunities
- Identifying key areas of materiality across the value chain
- Mapping focus areas where Nordic Solar must take action to minimise potential negative impacts and accelerate positive effects as an integrated part of the way of doing business
- Deliver long-term value to stakeholders and sustainable returns to shareholders
- Communicate in a transparent and accountable manner, in alignment with common ESG standards and sustainability reporting initiatives

These are further described on the following pages.

Nordic Solar’s stakeholder accountability may shift with the transitions to the new business model. In 2022, Nordic Solar will explore what economic, environmental and social stakeholder expectations, risks, and opportunities this will present in the effort to live up to the mission of ensuring that solar energy benefits everyone.



	Climate & Environment	Caring Company & Diversity	Business innovation & Governance
Purpose	<p>Nordic Solar’s biggest impact stems from the development of solar parks.</p> <p>We therefore work focused on mapping, measuring and reducing the impact of such development on the environment, the climate, biodiversity and on the use of resources.</p>	<p>The people of Nordic Solar are the most important resources for the company. As are Nordic Solar’s external partners.</p> <p>One of our key focus areas is therefore caring for employees and external partners.</p>	<p>Building a strong governance structure that deals with leadership of the company and external affairs.</p> <p>Making sure that we are doing business in an efficient, compliant and ethically correct manner.</p>
Areas of materiality	<ul style="list-style-type: none"> <li>• GHG emissions</li> <li>• Energy management</li> <li>• Water management</li> <li>• Ecological impacts</li> </ul>	<ul style="list-style-type: none"> <li>• Customer privacy</li> <li>• Labour practices</li> <li>• Employee health and safety</li> </ul>	<ul style="list-style-type: none"> <li>• Product design and life-cycle management</li> <li>• Business ethics</li> <li>• Critical incident risk management</li> </ul>
Areas of focus	<ul style="list-style-type: none"> <li>• Management systems to measure and audit supplier performance</li> <li>• Waste management concepts as part of EPC concept</li> <li>• Biodiversity project in parks</li> </ul>	<ul style="list-style-type: none"> <li>• Ensuring onboarding of local contractors</li> <li>• Focus on employees’ well-being, work/life balance and development</li> <li>• Local community support, e.g. job creation</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability strategy and politics</li> <li>• Shareholder information at all levels</li> <li>• Ensuring a compliance setup</li> </ul>
SDGs*	 	 	

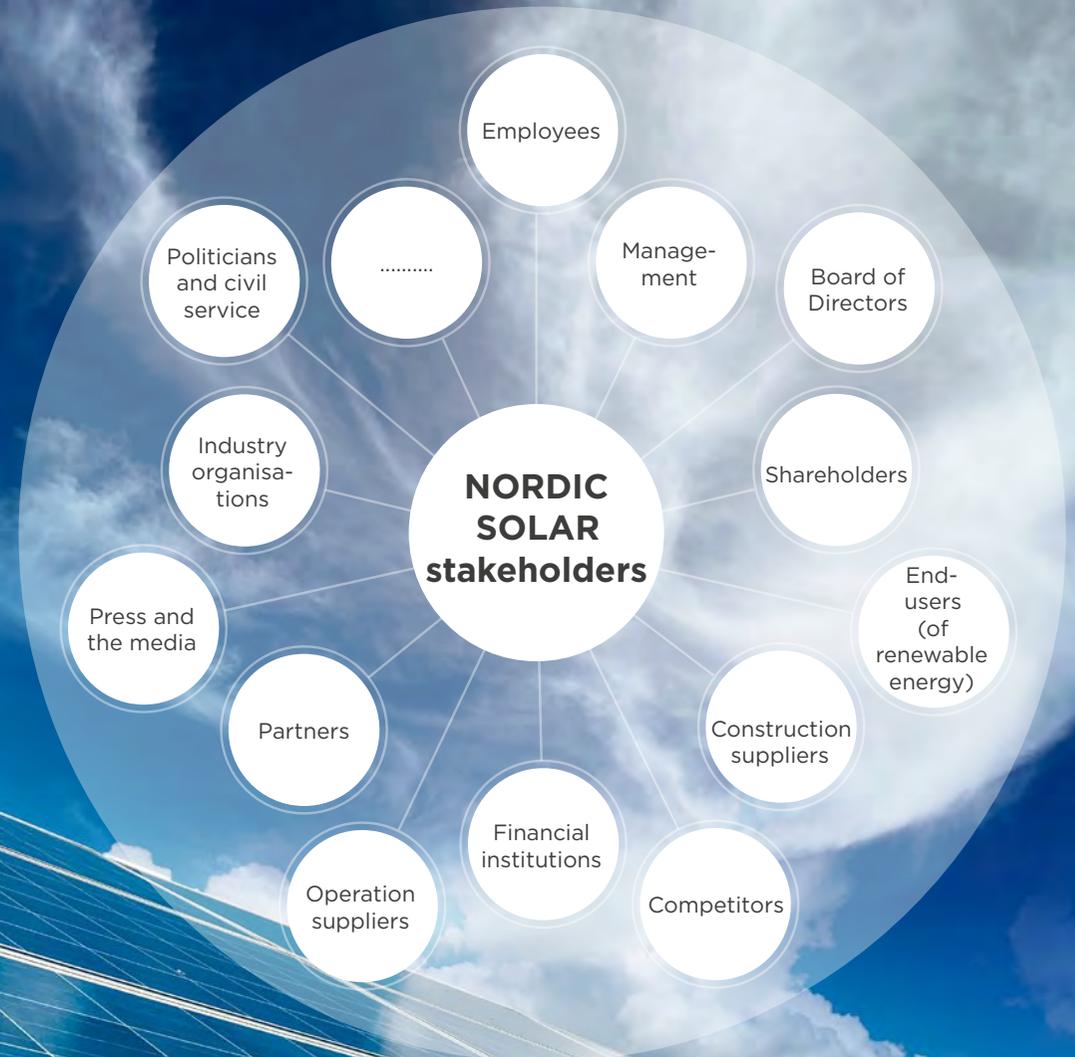
\* Sustainable Development Goals (SDG) - Please see more information about the chosen SDGs on page 17.

# 04 The stakeholders

Nordic Solar depends on its ability to attract, retain and develop a highly diverse and skilled group of employees. The business structure hinges upon a solid partner base across Europe. Nordic Solar relies on partners who can assist in the entire value chain, from buying solar park projects to developing, constructing, bringing them into operation and financing them. The life cycle of a solar park is 30-40 years; thus, Nordic Solar values long-term working and business relationships.

The ability to grow sustainably also hinges upon the ability to have a professional, open and honest dialogue and relationship with partners and internal/external stakeholders. These include people or groups of people who may be affected – directly or indirectly – by the decisions Nordic Solar make and who have the potential to impact the business materially.

The graph to the right shows Nordic Solar's key stakeholders, and, overleaf, a stakeholder materiality assessment is provided. This assessment ensures that Nordic Solar applies an *outside-in perspective* to grow the business sustainably and responsibly.



# 05

## Value chain and stakeholder impact

By analysing impact throughout the value chain, Nordic Solar can begin to understand where the company has a potential for adverse economic, environmental, and social effects and where the company has the most excellent opportunity to optimise its contribution to sustainable development. This gives an overview of Nordic Solar's relationships and processes to achieve sustainability goals.

### MATERIALITY ASSESSMENT

Nordic Solar has conducted a materiality assessment to define the most important issues for the company and its stakeholders from an economic, environmental, and social perspective. The materiality assessment gives an overview of what disclosures are of material quality to account for Nordic Solar's ability to reduce its most significant adverse impacts and enhance its positive effects on the business

and its stakeholders from an ESG perspective. This process has helped form a sustainable strategy, shape the business plans, set sustainability targets, and prioritise activities to make the most optimal impact.

Product and value chain	Development		Construct	Operations	Finance and support		Divest
<b>Control options by process step:</b>	● Low	● Medium	● Medium	● High	● High	● Low	● Medium
<b>Negative impact areas</b>	GHG emissions Health, safety and labour conditions	GHG emissions Habitat and ecosystems loss	Product design and life-cycle management systemic risk management Health, safety and labour conditions/Security and emergency preparedness	Water management Health, safety and labour conditions Product design and life cycle	Health, safety and labour conditions/ Security and emergency preparedness	Hazardous waste management Management Systemic risk management	Hazardous materials management / Product end-of life management
<b>Positive impact areas</b>	Minimise habitat and biodiversity loss	Business ethics/ Anti-corruption and integrity	Physical impacts of climate change	Local job creation and training	Employee diversity and inclusion	Transparent information and fair advice to Customers	Local job creation and training
<b>*SDGs</b>							

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

The materiality assessment builds on the concept of the double materiality first introduced by the EU Commission as part of the *Non-binding Guidelines on Non-financial Reporting Update (NFRD)* from 2019. Here companies must report on their business impact in respect of environmental and social aspects and about sustainability issues, i.e. climate and regulation affecting their businesses.

The two perspectives are often called the »outside-in« perspective or »financial materiality«. We call it »impact on the

company« It covers how sustainability issues affect the company's performance, position and development in regard to people and the environment through its operations and value chain. This assessment is made on the basis of the value chain and a risk assessment.

Nordic Solar has added a third dimension to the materiality assessment of matrices to explore what is essential in the opinion of stakeholders. To do this, a stakeholder survey and a series of interviews with internal and external stakeholders have

been conducted. These different engagements and analyses are conducted to understand how sustainability affects them.

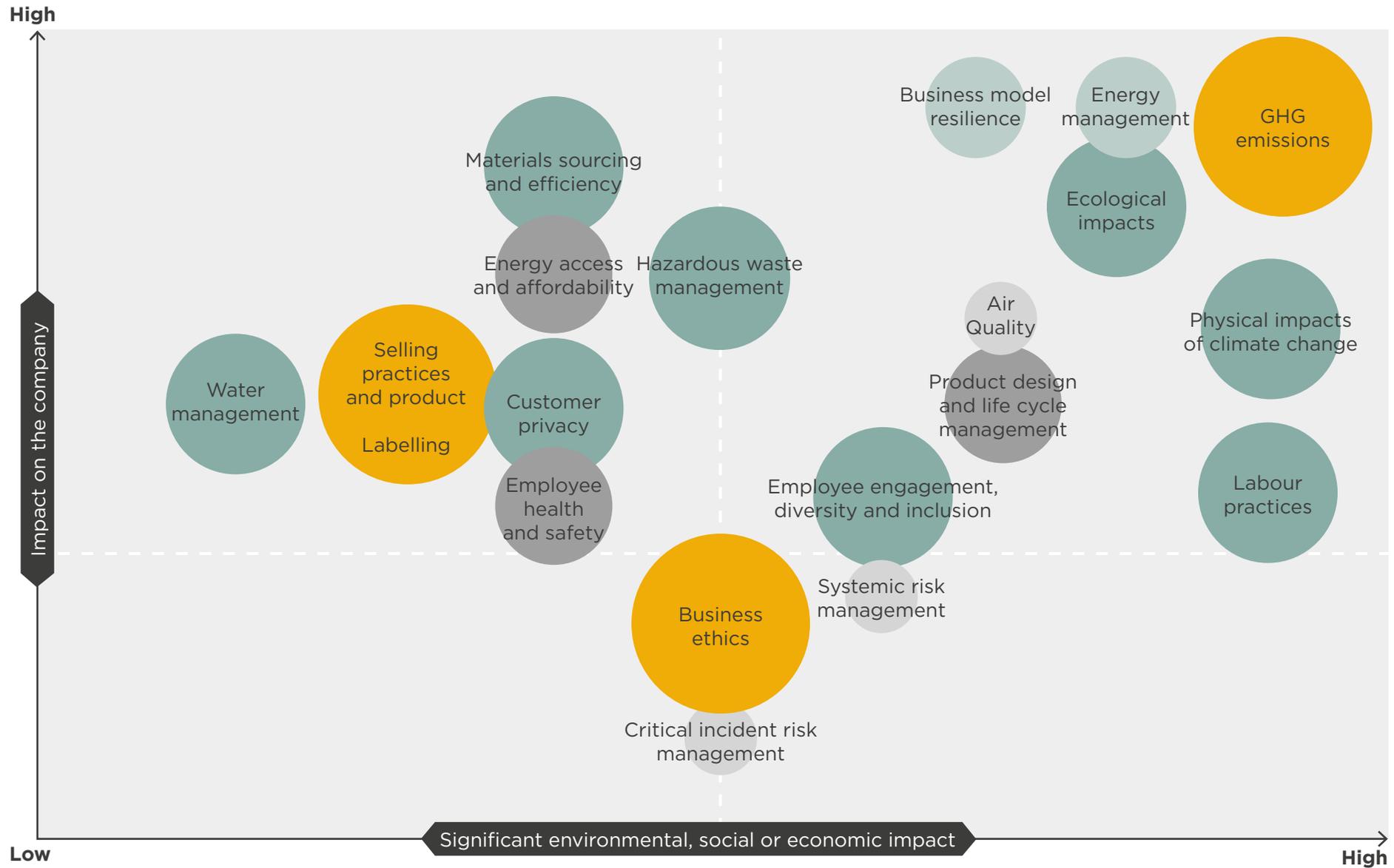
As this is our first materiality assessment, Nordic Solar has used the »SASB Materiality Map« as inspiration to make sure that all main sustainability issues that could be relevant in the industry across the value chain are addressed. More information on the use of the »SASB Materiality Map« can be found at [www.sasb.org](http://www.sasb.org).

Applying the SASB Materiality Map has provided Nordic Solar with input to the materiality baseline from the perspective of the business/financial relations. The understanding of the outside-in materiality will be expanded by including other and non-financial stakeholders' perceptions of materiality (e.g. project-specific affected stakeholders) in alignment with 2021 GRI standards.



# Materiality matrix

The size of the bubble = importance to stakeholders



# 06

## Nordic Solar's focus areas and sustainable development goals

Sustainability (ESG) is an integrated part of Nordic Solar's business strategy. The **E** for Environmental, **S** for Social and **G** 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.



### Climate & Environment

**MATERIALITY**

- GHG emissions
- Air quality
- Energy management
- Water management
- Hazardous waste management
- Ecological impacts
- Energy access and affordability
- Physical impacts of climate change



### Caring Company & Diversity

**MATERIALITY**

- Customer privacy
- Labour practices
- Employee health and safety
- Employee engagement, diversity and inclusion



### Business Innovation & Governance

**MATERIALITY**

- Selling practices and product labeling
- Product design and life-cycle management
- Business model resilience
- Materials sourcing and efficiency
- Business ethics
- Critical incident risk management
- Systemic risk management



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

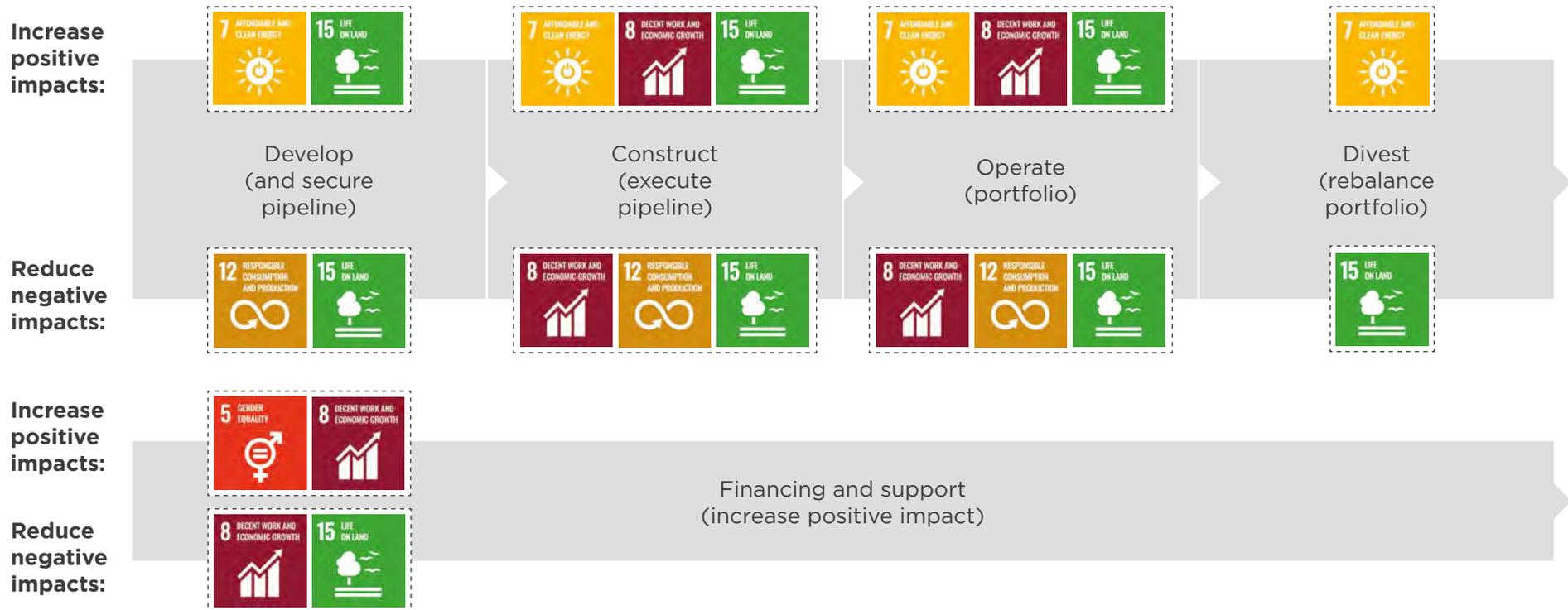
**LINKING WITH SUSTAINABLE DEVELOPMENT GOALS**

Nordic Solar has used the sustainability development goals to set the company's targets for the future. Five goals representing negative and positive impacts on

the value chain have been identified. All five goals impact more than one process step in the value chain. The 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, and how the company works with building a resilient and modern energy model.

**SDGs in Nordic Solar's value chain**



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

In the following chapters, it is described how Nordic Solar works with sustainability within each of the three focus areas in detail. Concrete case examples that illustrate Nordic Solar as a company and workplace are provided while giving

realistic and nuanced insights into the maturity of the company's priority areas.

Although Nordic Solar produces green energy, the company also strives to improve sustainability throughout the

company and externally. Nordic Solar has taken steps to becoming more aware, concise, transparent, and fact-based in the sustainability processes.

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

Sustainability Development Goals (SDGs) relevant to Nordic Solar	Focus areas E-S-G
<p><b>Goal 5. Gender equality</b></p> <p>5.5 Ensure women's full and effective participation and equal opportunities in terms of leadership</p>	<p>Caring Company &amp; Diversity</p> 
<p><b>Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all</b></p> <p>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix</p>	<p>Climate &amp; Environment</p> 
<p><b>Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</b></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 &amp; Diversity</p> 
<p><b>Goal 12. Ensure sustainable consumption and production patterns</b></p> <p>12.4 Environmentally sound management of chemicals and all waste throughout their life cycle</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 cycle</p>	<p>Business Innovation &amp; Governance</p> 
<p><b>Goal 15. Life on land</b></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 &amp; Environment</p> 



## Climate & Environment

### MATERIALITY

- GHG emissions
- Air quality
- Energy management
- Water management
- Hazardous waste management
- Ecological impacts
- Energy access and affordability
- Physical impacts of climate change

7 AFFORDABLE AND CLEAN ENERGY



15 LIFE ON LAND



# 07

## Climate & Environment

Nordic Solar's most significant environmental and climate-related sources of impact are transportation and the construction and development of solar parks. The second-most significant source of impact is maintenance of solar parks. In this connection, the company is focussing on reducing energy and water consumption and promoting biodiversity at the sites.

The first step is to focus on mitigating, measuring and reducing impacts of the development and maintenance of solar parks on the environment, the climate, resource consumption and waste, and biodiversity.

### SOLAR PARK OPERATIONS

Nordic Solar has industrial solar parks with a capacity of 326 MWp in 10 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.

### ZERO TOLERANCE FOR 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 to the use of pesticides, Nordic Solar has taken a clear stance to keeping its solar parks free of chemistry. Instead, the company uses alternatives that have been used in organic farming for many years.

Leading up to the COP26 Summit in 2021, the Intergovernmental Panel on Climate Change, IPCC, called out that it is beyond discussion that human influence has warmed the atmosphere, ocean and land and that global warming and its severe impacts are accelerating exponentially.

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 like solar and wind.

Nordic Solar sees itself as part of the solution driving renewable and accessible energy change. But Nordic Solar must also make sure to handle its own impact on the climate, the environment, water, land use and biodiversity.

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 respect. Where possible, and increasingly so in future, the company also seeks to minimise its use of machines, to reduce CO<sub>2</sub> emissions. Nordic Solar is conscious of integrating sustainability considerations by design when building solar parks, starting early in the construction phases.

### MINIMISING WATER USAGE

Across the ten 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 in a position to avoid it altogether. The company only uses clean water without added chemistry.

### INCREASED FOCUS ON BIODIVERSITY

In selected solar parks, Nordic Solar uses unused areas to create biodiversity oases, regenerating habitats that benefit plants

and animals. For example, Nordic Solar has earmarked a large area at the new Danish solar park for biodiversity, which includes old tree trunks, sandbanks, trees, hedges and flowers benefitting plants and animals. In future, Nordic Solar will secure biodiversity oases in all the solar parks that we are building and possibly also in solar parks that have already been constructed. Nordic Solar wants to increase the number of biodiversity areas in the years to come.

Nordic Solar is now looking into how to measure the effect on the habitats. One of the priorities is to register species in the areas affected by operations to ensure that parks do not affect species on the IUCN Red List of Threatened Species and protected areas on national conservation lists.

### DECARBONISING THE VALUE CHAIN

It is paramount that, as a green energy provider, Nordic Solar seeks to decarbonise its value chain. Nordic Solar is targeting emissions using the framework of the GreenHouse Gas Protocol (GHGP) in defining scopes 1, 2 and 3. For its calculations, Nordic Solar has used the Danish Energy Agency's CO<sub>2</sub>e calculator for 2019 available at [virksomhedsguiden.dk](http://virksomhedsguiden.dk).

Scopes 1, 2 and 3 are used by companies splitting emissions to generate a simple overview and calculate the different areas of emissions:

**Scope 1:** Scope 1 emissions are direct greenhouse (GHG) emissions that occur from sources that are controlled or owned by organisations (for example emissions associated with fuel combustion in boilers, furnaces and vehicles).

**Scope 2:** Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat or cooling. Although scope 2 emissions physically occur at the facility where they are generated, they are accounted for as part of an organisation's GHG inventory because they are a result of the organisation's energy use.

**Scope 3:** Scope 3 emissions are the result of activities from assets not owned or controlled by the reporting organisation, but that the organisation indirectly impacts in its value chain. Scope 3 emissions include all sources not within an organisation's scopes 1 and 2.

As a starting point, Nordic Solar has analysed Scopes 1 and 2, and in future the company will take steps to analyse scope 3 emissions.

Nordic Solar has used the calculation figures of the CO<sub>2</sub> calculator for both 2020 and 2021. For future calculations, the company will use the Climate compass.

The calculation of Nordic Solar's emissions for this first report falls within Scope 2 of the greenhouse gas protocol. The calculation covers the indirect emissions related to Nordic Solar's purchased electricity consumption and heating for the past three years.

### Overview of the company's CO<sub>2</sub>e emission for scopes 1 and 2

	Tonnes of CO <sub>2</sub> e	Tonnes of CO <sub>2</sub> e	Tonnes of CO <sub>2</sub> e
	2019	2020	2021
Scope 1	0.0	0.0	0.0
Scope 2	3.4	4.7	2.4
Total	3.4	4.7	2.4

*Please see the appendices*



Nordic Solar's Scope 1 is set to zero because the company does not own any vehicles. All emissions at the facility fall under Scope 2 as purchased electricity and heating.

Future reports may focus on broadening the scope to include Scope 3 regarding employee commuting and business travel, material transporting, and later a strategy for the end-life treatment of materials.

The Nordic Solar HQ in Copenhagen has transitioned to a green energy solution through its electricity supplier and has been provided with district heating since taking over the premises at the current location.

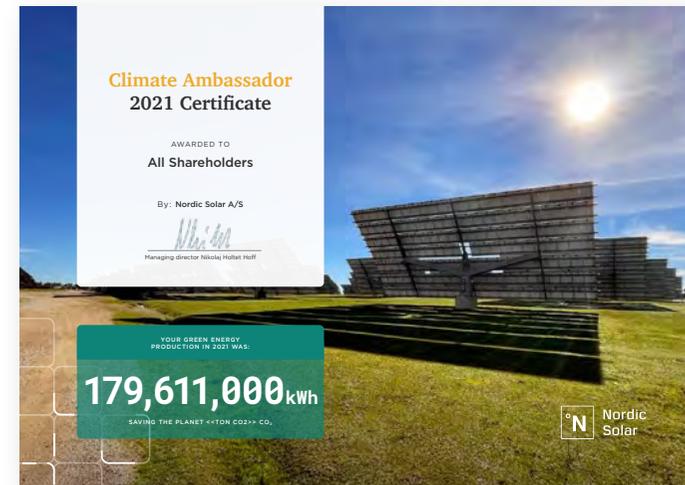
Over the past year, Nordic Solar's employee count has risen by almost 40%, which explains the increase in Nordic Solar's Scope 2 emissions. Nordic Solar aims to prevent a significant increase in energy expenditure and takes all precautions needed to do so. The electricity expenditure has not risen significantly, despite the substantial increase in employees.

Regarding GHG emissions from manufacturing economic activities, the approach is that such actions must either:

(1) be proven to be aligned with an internationally recognised method for determining low carbon transition pathway or

(2) have lower emissions than the average global emissions (based on emission performance standards determined by internationally recognised data) for that economic activity.

The purpose of the approach is to ensure that there is a solid signal to the manufacturing sector to improve energy efficiency and reduce emissions ambitiously. Nordic Solar will ensure internal audit and control systems towards 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.



In 2021, Nordic Solar produced 239,656 MWh (240 GWh) solar electricity, equivalent to the annual electricity consumption of 64,772 households or energy savings of 71,462 tons of non-emitted CO<sub>2</sub>. In comparison, the average European household consumes 3.7 MWh of electricity a year.

(The sources for the CO<sub>2</sub> emission factor and average electricity consumption come from internationally recognised sources that vary from 2020 report).

An aerial photograph of a large-scale solar farm. The solar panels are arranged in neat, parallel rows across a green field. In the background, there are rolling hills, a road, and some trees. The overall scene is bright and sunny, with a yellowish tint overlaid on the central part of the image.

Nordic Solar has  
a zero-tolerance  
policy for the use  
of pesticides



## Caring Company & Diversity

### MATERIALITY

- Customer privacy
- Labour practices
- Employee health and safety
- Employee engagement, diversity and inclusion

5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



# 08

## Caring Company & Diversity

The staff of Nordic Solar strive to take care of each other in the busy and rapidly changing environment of our fast-growing organisation. In the past two years, Nordic Solar has grown from 19 to 50 employees, which is an indicator of the changing needs of the organisation. The organisation and employees have adapted as well as possible, with some hard-earned learnings along the way.

### EMPLOYEE DIVERSITY

In Nordic Solar, there is a high level of diversity of nationalities from the Faroe Islands, Poland, Russia, Germany, Italy, Turkey, India, and Denmark, plus some highly diverse work experiences and educational backgrounds. This makes Nordic Solar a genuinely international company, considering its size. Although 95% of shareholders are Danish-speaking and prefer communication to be in Danish, Nordic Solar has employed people from all over the world. The corporate language is therefore English.

### TAKING CARE OF EACH OTHER

One of Nordic Solar's core values is work-life balance, which is taken very seriously. Nordic Solar has initiated a programme to prevent stress-related issues throughout the team at Nordic Solar.

### DIFFERENT ACTIONS INITIATED DURING 2021

The first step was to create awareness of stress symptoms. The next step was to initiate a programme with preventive action during 2020 and 2021. Management launched a number of initiatives: hiring a psychotherapist in April 2021 and hiring a functional trainer to do physical training with all employees twice a week.

On top of the employee initiatives, the management group embarked on a leadership development program in 2021 with the ambition of developing even better leadership skills for all managers. This is done with the understanding that leadership plays an active and vital role in the well-being of all employees and the company culture.

### STRIVING FOR CONTINUOUS IMPROVEMENT

It has been important to Nordic Solar to have a clear picture of the extent of the challenges related to stress issues and employee well-being and to assess the concrete initiatives that could help the most.

**Three different surveys have supported this:**

- APV (Workplace assessment)
- Health screening
- Employee satisfaction

In 2020, Management initiated its second employee satisfaction survey. Because of Covid-19, the results were delayed until January 2021. Results showed some focus areas related to employee well-being:

- To regard the management group as one united voice
- Employees wanted more information from Management
- Building better relationships between the employees

An APV and health screening were made at the beginning of 2021 – results were published in April 2021.

The effect of the activities has not yet been measured since the initiatives need to sink into the organisation and be integrated into everyday life. The employee satisfaction survey will be carried out every year. The APV, including health screening, will be conducted every second year for continuous follow-up and improvement.





## Business Innovation & Governance

### MATERIALITY

- Selling practices and product labeling
- Product design and life-cycle management
- Business model resilience
- Materials sourcing and efficiency
- Business ethics
- Critical incident risk management
- Systemic risk management

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, also translated into how Nordic Solar engages with external stakeholders and partners. To ensure this, the company will introduce ongoing audits, internal controls and staff training, and advocate partnerships in the entire value chain.

One of Nordic Solar's focus areas within »business innovation and governance«, is about securing a professional compliance setup to mitigate ESG risks and evaluate supplier networks. Audits and questionnaires will be part of the due diligence processes in this regard.

With a substantial compliance and reporting system in place, Nordic Solar secures transparency and the best possible

documentation for all investments. This will allow the company to effectively manage risks across the value chain and facilitate reliable stakeholder communication based on valid data and information.

### FOCUS ON ANTI-CORRUPTION

Nordic Solar has not been exposed to corruption, but we have focus on anti-corruption measures to ensure a stable environment for long-term business relations. Non-compliance with anti-corruption principles and regulation presents a legal and reputational risk for the business and shareholders. Nordic Solar focus on addressing systemic risks and strengthening compliance management to mitigate and ensure that this does not take place and undermine the business. . Non-compliance with anti-corruption principles and regulation presents a legal and reputational risk for the business and its shareholders. Nordic Solar focuses on addressing systemic risks and strengthening compliance management to mitigate and ensure that this does not take place.

### SUPPLY CHAIN PARTNERSHIPS

Nordic Solar works with a broad and diverse group of partners in each country across multiple areas of responsibility and varying levels of engagement – from 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 also apply here.

A best-practice example is our zero tolerance for pesticides and other chemicals. From time to time, Nordic Solar is by new partners being offered solutions with pesticides; however, these are immediately rejected as we refuse to use pesticides at any solar parks.

#### INTERNATIONAL COLLABORATION

For many years, solar power in Denmark has constituted a small part of the green energy supply. Today, solar power is rapidly growing both in Denmark and the rest of the world. Globally, solar power is the largest, newly established energy source and, by experts, solar power is announced as the one green energy source that can help solve the energy challenges of the future.

It has become clear that the solar energy industry needs to join forces to ensure better and equal terms for the green energy sector while at the same time making sure to have common standards and guidelines on ethical and environmental issues. Nordic Solar is a founding member of a coalition of solar energy companies that, in 2021, launched a Danish business association in Denmark, *Green Power Denmark*, in which Nordic Solar is actively involved. Together with the members of Green Power Denmark, Nordic Solar

is part of the European solar association, *SolarPowerEurope*. Nordic Solar has also joined the Swedish solar association, *Svensk Solenergi*.

The goal is to be a more proactive player with the rest of the green energy associations and industries in Denmark and Europe through SolarPowerEurope. Different challenges are solved better together, and Nordic Solar must join forces to make a positive difference worldwide for everyone. As part of this plan, Nordic Solar hopes to stand united to address irregularities and unethical behaviour related to solar energy, for example, the use of forced labour.

In 2021, NGOs and media raised the issue of forced labour in connection with solar panel production plants in Xinjiang, China. Such human rights violations are unacceptable and need to be addressed by a united sector.



# 10

## Reporting and governance approach

### GOVERNANCE OF NORDIC SOLAR'S ACTIONS

Nordic Solar's sustainability governance and related actions are based on internal policies, compliance frameworks, risk mapping and due diligence investigations following international standards, legislation and best practice. A detailed overview can be found in the appendices: Governance of our actions.

This first report aims to build the foundation for sustainability reporting and governance following standards and best practice. Nordic Solar decided on a 3-4 year compliance roadmap allowing the company to mature into a sustainability approach.

To support this approach, Nordic Solar has structured the report so that it is already now – as a framework – aligned

with international principles and conventions and global reporting standards such as *PRI*, *GRI* and the EU taxonomy.

To set the framework for the report, Nordic Solar has applied the *Global Reporting Initiative* (GRI) guideline and disclosure methods. Using the ten standard reporting principles, Nordic Solar has assured both content and quality. The report itself has been prepared in accordance with the GRI reporting standards from 2016.<sup>1</sup> GRI comes with several recommendations for disclosures that build on international conventions and agreements such as the *UN Global Compact Ten Principles on the Environment, Labour, Human Rights and Anti-Corruption*, and *OECD Guidelines for Multinational Enterprises*.

To ensure that all impact areas are relevant to the industry, we have used the »*SASB Materiality Map*« [See [www.sasb.org/standards/materiality-map/](http://www.sasb.org/standards/materiality-map/)].

The Materiality Map has identified how 26 general sustainability issues are relevant across 77 different industries. In this connection, Nordic Solar has focussed on the three sectors that are relevant to describe our business areas:

1. Solar technology and project developers

2. Asset management and custody activities

3. Electric utilities and power generators

This has resulted in the identification of 11 negative impact areas and 11 positive impact areas, as shown in the core value chain on page 16. Nordic Solar's ESG key indicators are based on the guidelines of Danish Auditors (FSR).

The calculations of our carbon footprint observe the Greenhouse Gas (GHG) Protocol and enable the company to be compliant with the EU taxonomy.

<sup>1</sup> Nordic Solar is considering applying the GRI 2021 version for future reporting of our continuous commitment to sustainability.



## PRI - Principles for Responsible Investment

### **PRINCIPLE 1:**

We will incorporate ESG issues into investment analysis and decision-making processes.

### **PRINCIPLE 2:**

We will be active owners and incorporate ESG issues into our ownership policies and practices.

### **PRINCIPLE 3:**

We will seek appropriate disclosure on ESG issues by the entities in which we invest.

### **PRINCIPLE 4:**

We will promote acceptance and implementation of the Principles within the investment industry.

### **PRINCIPLE 5:**

We will work together to enhance our effectiveness in implementing the Principles.

### **PRINCIPLE 6:**

We will each report on our activities and progress towards implementing the Principles.

Used as a framework for Nordic Solar's ESG work

From [www.unpri.org](http://www.unpri.org)

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

Nordic Solar is in the process of becoming a *Principles for Responsible Investment (PRI)* signatory company by preparing to fulfil PRI's three minimum requirements and incorporating the ESG considerations into investment practices through PRI's *Six Voluntary Principles for Responsible Investment*. PRI is supported by the United Nations and is the global advocate for responsible investment by integrating environmental, social and governance (ESG) issues into investment decisions.

Nordic Solar's target is to meet PRI's minimum requirements:

1. *Investment policy that covers the company's responsible investment approach, covering >50% of AUM.*
2. *Internal/external staff responsible for implementing responsible investment policy.*
3. *Senior-level commitment and accountability mechanisms for responsible investment.*

- From the PRI guideline (<https://www.unpri.org/>)

To make sure Nordic Solar addresses the climate-related disclosures of material impact, the company is in the process of incorporating and aligning risk assessment with the recommendations made by the *Taskforce on Climate-Related Financial Disclosures (TCFD)*.

Nordic Solar plans to become a signatory to the UN Global Compact, committing to the ten principles of the UNGC in the areas of human rights, labour, the environment and anti-corruption, and communicating on progress on an annual basis.

Setting up a robust reporting and governance model for ESG disclosures with standards for accounting and measurement on emissions in the whole value chain, Nordic Solar prepares to sign up for the Science-Based Targets initiative (SBTi) in future.

SBTi is a coalition established in 2015 between the Carbon Disclosure Project (CDP), the United Nations Global Compact (UNGC), World Resources Institute (WRI) and World Wildlife Fund (WWF). SBTi will help Nordic Solar strive for zero emissions by certifying climate reductions, making them transparent and visible.

Nordic Solar is striving to comply with the EU's plan for sustainable financing. In 2021, Nordic Solar started implementing policies on and requirements for company and pre-contractual levels according to the Sustainable Finance Disclosure Regulation (SFDR) (EU 2019/2088). In future, Nordic Solar will define and implement information on product level, following the directive described in the Final Report on draft Regulatory Technical Standards (RTS) and the regulation (EU 2020/852) on establishing a framework

to facilitate sustainable investment. These are the first steps in being compliant with the EU taxonomy. The taxonomy offers a science-based classification system for determining whether an economic activity can be considered sustainable and is expected to become the global standard for defining sustainable investments.

Nordic Solar's ambition is to report according to CSRD for the financial year 2023. That includes an obligation for companies to disclose how they respect fundamental human rights and ILO conventions. The most important place to start is focussing on due diligence processes in the development phases. Here, Nordic Solar is going to incorporate the guidelines provided by the EU to EU businesses to address the risk of forced labour in their operations and supply chains, which are based on OECD Guidelines for Multinational Enterprises, OECD Due Diligence Guidance for Responsible Business Conduct, and the UN Guiding Principles on Business and Human Rights.

### INDEPENDENT ASSURANCE REPORT

This report is designed to follow the life-cycle of Nordic Solar's annual reporting cycle, as figures and data utilised in each report will interconnect and complement each other. Relating to the audit process of this report and the connection to the annual report, an audit of the ESG table and GRI index employed may be considered. However, given the low volume of data available to Nordic Solar on

GHG scopes, the index will not be audited for this particular report.

Nordic Solar aims to have the report audited in 2023 or 2024. In the meantime, sustainability measures, parameters, and controls identified throughout Nordic Solar will be covered by the annual Compliance Monitoring Plan headed by Nordic Solar's Compliance department.

Furthermore, Nordic Solar has conducted a self-assessment using GRI's ten reporting assessment principles to define report content and quality. This has been supplemented by three best-practice principles for report design.

See the appendices for details.

**Global renewable  
electricity capacity  
is forecast to expand  
by over 60% between  
2020 and 2026.**

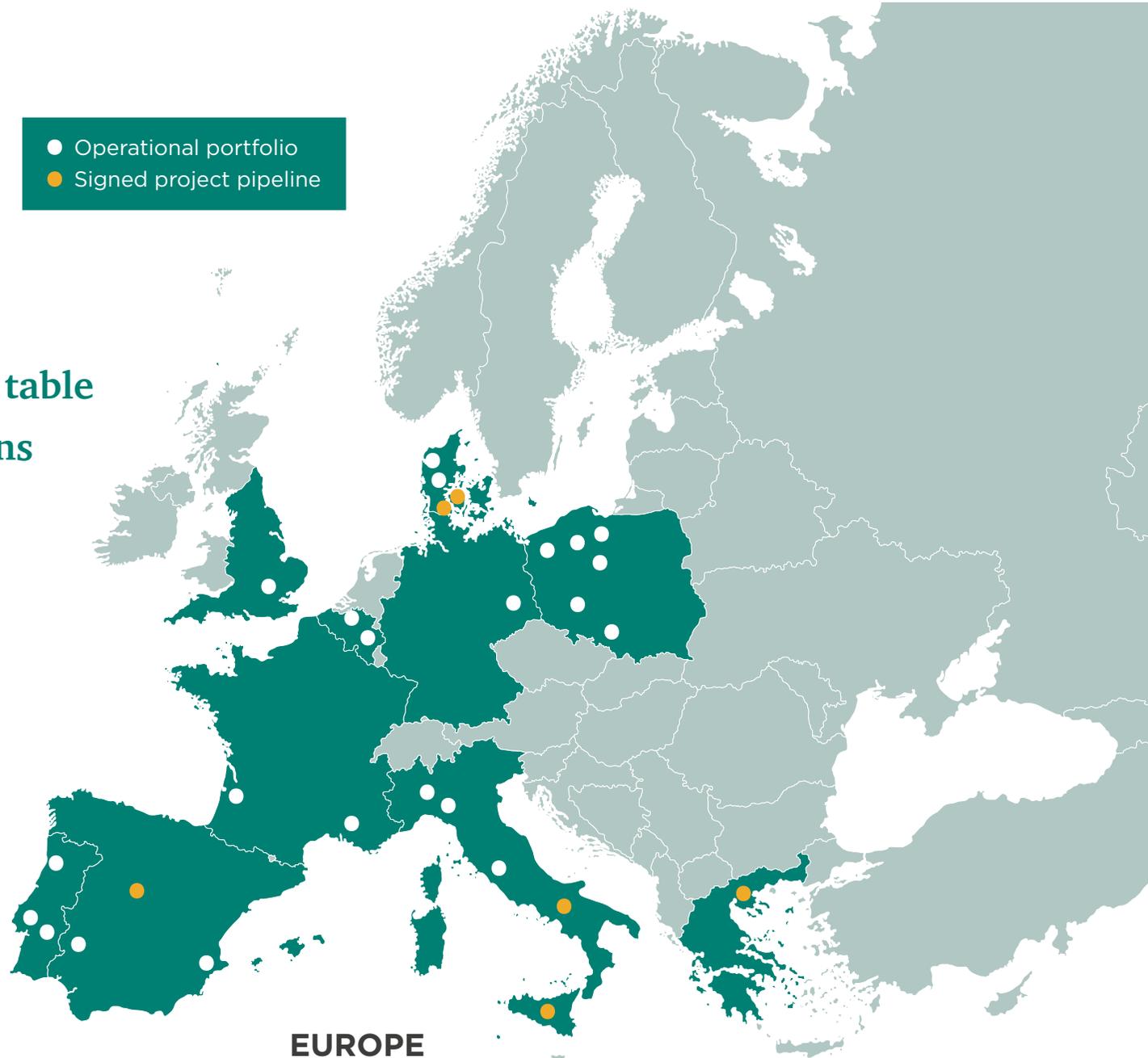


# 11

## Appendix

- Performance data – ESG table
- Governance of our actions

● Operational portfolio  
● Signed project pipeline



## Performance data – ESG table

Focus categories	Subject	Targets	Units	2021	2020	SDGs
Nordic Solar in general	Company information	Revenue - Nordic Solar Energy A/S	EUR in millions	46,463	31,862	8
	Company information	Profit before tax - Nordic Solar Energy A/S	EUR in millions	2,450	1,398	8
	Company information	Equity - Nordic Solar Energy A/S	EUR in millions	253,598	85,178	8
	Company information	Total investments - Nordic Solar Energy A/S	EUR in millions	105	94.4	8
	Company information	Location of operations	<b>See map on page 31</b>	Map	-	7, 15
	Company information	CO2e volume sold *The sources for the CO2e emission factor and average electricity consumption come from internationally recognised sources that vary from 2020 report.	Tonnes	71,462*	94,466	7, 12
	Company information	Capacity of the solar parks	MWp	326	166	7, 12, 15
Climate & Environment	CO2e emissions	CO2e, scope 1	Tonnes	0	0	12
	CO2e emissions	CO2e scope 2 (*District heating is not yet included)	Tonnes	2.4*	4.7	12
	Energy consumption	Energy consumption (Hellerup) (*District heating is not yet included)	GJ	56.71*	159.55	12
	Waste	Waste (Hellerup)	Tonnes	-	-	
	Case – Solar park maintenance	Water: Cleaning without the use of water or water savings	m <sup>3</sup>	-	-	15
	Case – Solar park maintenance	Biodiversity: Percentage of solar parks free of pesticides	%	100	-	15
	Case – Solar park maintenance	Biodiversity: Percentage of solar parks with biodiversity areas	%	5.8	-	15

Focus categories	Subject	Targets	Units	2021	2020	SDGs
<b>Caring Company &amp; Diversity</b>	Employees	Number of FTEs	Full Time Equivalents (FTEs)	36.2	-	8
	Empl. Satisfaction	Employee turnover	Years on average	2.03	-	8
	Diversity	Share of women	Share of total in %	45	-	8
	Diversity	Share of men	Share of total in %	55	-	8
	Diversity	Age	% <30, 30-50, >50	17, 27, 11	-	8
	Diversity	Country of origin	Number of countries	8	-	8
	Empl. Satisfaction	Employee Satisfaction Survey	Criteria (1-6) * 2020 figure differs in method, from future surveys	-	79%*	8
	Sickness	Sick leave	%	3.1	-	8
	Accidents	Accidents at work - Nordic Solar Denmark	Average per year	0	-	8
	Accidents	Accidents at work - Operating sites	Average per year	0	-	8
<b>Business Innovation &amp; Governance</b>		Fund grants	EUR	-	-	8
		Workers per park	# per park, list	-	-	8

## Governance of our actions

Materiality	Governance	Standards, best practice, recommendations and frameworks
GHG emissions	Nordic Solar's business strategy	The Paris Agreement The Danish Business Authority's CO2 calculator Greenhouse Gas Protocol (GHG protocol) Sustainable Development Goals - SDG 7 TCFD - Task Force on Climate-related Financial Disclosures
Air quality	Nordic Solar's business strategy	UN Global Compact (UNGC)
Energy management	Nordic Solar's business strategy	The Paris Agreement Erhvervsstyrelsens CO2-calculator Greenhouse Gas Protokol (GHG protocol) Sustainable Development Goals - SDG 7
Water management	Operating policies	UN Global Compact (UNGC) Sustainable Development Goals - SDG 12
Hazardous waste management	Nordic Solar's business strategy	UN Global Compact (UNGC) Sustainable Development Goals - SDG 12"
Ecological impacts	Nordic Solar's business strategy	Sustainable Development Goals - SDG 15
Customer privacy	GDPR compliance policy	General Data Protection Regulation (EU GDPR 2016/679)
Energy access and affordability	Nordic Solar's business strategy	Erhvervsstyrelsens CO2 calculator Greenhouse Gas Protokol (GHG protocol) Sustainable Development Goals - SDG 7
Selling practices and product labeling	Nordic Solar's Code of Conduct	EU ESG disclosures (EU 2020/2088)
Labour practices	Operating policies	UN Guiding Principles on Business and Human Rights International Labour Organisation (ILO) convention Sustainable Development Goals - SDG 5, SDG 8
Employee health and safety	Staff policy	UN Global Compact (UNGC) UN Guiding Principles on Business and Human Rights International Labour Organisation (ILO) Sustainable Development Goals - SDG 5, SDG 8
Employee engagement, diversity and inclusion	"Focus areas for employee diversity and inclusion Staff policy"	UN Global Compact (UNGC) UN Guiding Principles on Business and Human Rights International Labour Organisation (ILO) convention Sustainable Development Goals - SDG 5, SDG 8 OECD Guidelines for Multinational Enterprises UN Guiding Principles on Business and Human Rights

Materiality	Governance	Standards, best practice, recommendations and frameworks
Product design and life-cycle management	Nordic Solar's business strategy	Sustainable Development Goals - SDG 8
Business model resilience	"Nordic Solar's business strategy Nordic Solar's Code of Conduct Environmental, financial, legal and technical due diligence"	Sustainable Development Goals - SDG 12 Sustainable Development Goals - SDG 15 OECD Guidelines for Multinational Enterprises UN Guiding Principles on Business and Human Rights"
Materials sourcing and efficiency	"Enterprise risk map framework Nordic Solar's Code of Conduct"	Sustainable Development Goals - SDG 12 Sustainable Development Goals - SDG 15
Physical impacts of climate change	Nordic Solar's business strategy	The Danish Business Authority's CO2 calculator Greenhouse Gas Protocol (GHG protocol) Sustainable Development Goals - SDG 12 TCFD - Task Force on Climate-related Financial Disclosures
Business ethics	"Nordic Solar's business strategy Anti-corruption policy Whistleblower policy Nordic Solar's Code of Conduct Environmental, financial, legal and technical due diligence"	UN Global Compact (UNGC) UN Guiding Principles on Business and Human Rights Sustainable Development Goals - SDG 12
Critical incident risk management	"Nordic Solar's Code of Conduct Enterprise risk map framework "	EU ESG disclosures (EU 2020/2088) Sustainable Development Goals - SDG 15
Systemic risk management	"Nordic Solar's Code of Conduct Enterprise risk map framework Environmental, financial, legal and technical due diligence"	EU ESG disclosures (EU 2020/2088) Sustainable Development Goals - SDG 12

## Report contacts

### **NAME**

Nordic Solar A/S

### **HEADQUARTERS**

Strandvejen 102E, third floor  
DK-2900 Hellerup  
+45 70 26 44 44  
info@nordicsolar.eu  
nordicsolar.eu

### **EDITORIAL STAFF**

### **RESPONSIBLE**

Camilla Rose, Head of  
Communications  
and Sustainability (ESG)

### **STEERING COMMITTEE**

CIO Holger Bang,  
CFO Jes Venggaard,  
COO Glenn Aagesen,  
Compliance Manager  
Anika Siobhan Donaldson

### **LAYOUT**

Westring kbh

### **MANAGEMENT**

CEO Nikolaj Holtet Hoff &  
CSO Anders Søgaard-Jensen

### **CONSULTANTS**

Nana Foxby-Jacobsen,  
Blue Tree ApS & HANSEN &  
ERSBØLL AGENDA

### **CONTACT PERSON**

Camilla Rose,  
Head of Communications  
and Sustainability (ESG)  
Mobile: +45 28 19 29 09  
Email: car@nordicsolar.eu