

Svea Renewable Solar AB
Corp. ID No: 556955-1350

SVEA
SOLAR

Sustainability Report 2022



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About Svea Solar

Svea Solar is one of Europe's leading solar energy companies. We enable more people to harness the sun's energy and share it, to create a brighter future and a fossil-free Europe. Svea Solar was founded in 2014 by Erik Martinson and Björn Lind, and since then we have contributed to avoiding 3.84 megatonnes of carbon dioxide emissions by installing 361 MW of solar energy. You can find out more about this in the 'Eliminate emissions from fossil fuels' section. We have operations in Sweden, Germany, Spain, Belgium, and the Netherlands, and aim to cover 80 percent of Europe by 2026.

We offer our customers a complete solution with solar panels, electric vehicle chargers, batteries, a fossil-free electricity contract, and a platform for optimizing energy consumption, both for private individuals and for companies and industries. Svea Solar is also the market leader in Sweden in the utility scale solar park segment, where we develop, build and own large-scale solar parks.

Svea Solar is pushing the development at a rapid pace to create an integrated, secure and sustainable energy system in Europe, where we both aggregate energy and optimize it to stabilize the electricity grid. We are on a strong growth journey and aim to become the leading solar energy company in Europe.

2022 in figures



1,069

employees



5

countries



361 MW

installed since the start



122 MW

installed in 2022



**approx. 3.84
megatonnes**

of avoided CO2 emissions
since the start



approx. 34,000

customers

A word from the CEO

2022 – a watershed moment for solar energy in Europe

In 2022, it became clear that solar energy is not only a valuable source of renewable energy, but also a guarantor of security and democracy. The war in Ukraine is a clear example of the use of energy as a weapon and a means of holding people to ransom. In the spring, the European Commission presented a solar strategy in which it was clear that solar is the energy source that can most quickly reduce the EU's dependence on Russian gas. Throughout Europe, solar energy is now being deployed at a very rapid pace. For us, the situation is clear – by becoming more self-sufficient in renewable energy, Europe will also become safer.

It is therefore positive that, in 2022, we saw that the number of installations in Europe almost doubled. Svea Solar installed 122 MW, which is equivalent to 1.43 megatonnes in avoided emissions. As one of the founders, it is fantastic to see that, once again, we managed to double our growth, both in terms of sales and the number of employees.

In addition to the energy crisis we are seeing in Europe, there are three major trends that are affecting our growth – electrification of transport, electrification of industry, and the need to make the electricity grid green. High electricity prices also mean that our customers are getting a better deal than ever when they produce their own electricity.

“In addition to the energy crisis we are seeing in Europe, there are three major trends that are affecting our growth – electrification of transport, electrification of industry, and the need to make the electricity grid green.”

Extremely high demand

We saw an explosion of interest in solar energy during 2022. For individuals who want to help influence the energy mix, their choice of options is largely limited to the installation of solar panels.

This enormous demand has resulted in the need for a significant increase in the number of solar installers. Last year, we trained 567 new colleagues in Sweden, Germany and Spain in our new training centers. New green jobs are being created at a record pace.

Harnessing and sharing the power of the sun

Today's energy infrastructure is undergoing a transformation, and new technology will change the way in which we look at energy in the future.

In 2023, we look forward to further optimizing our products to enable them to produce and consume energy at the right time – for the benefit of both individuals and society at large. Using energy in smarter ways will be crucial if we are to succeed in the ongoing process of electrification. In order to drive societal change as quickly as possible, there is a need for strong investors and specialist expertise.



Leading Europe through change

I am both proud and excited by the fact that Altor and CarVal Investors joined our growth journey as investors in 2022.

We realized that we have a unique challenge ahead of us. The growth of our company is important not only for us, but also for the sake of the climate. When the rate of our growth outstrips that of the market, we can really make a difference for climate change. A unique challenge requires unique solutions, and in 2022 we introduced an increased focus on the importance of attracting, retaining, and developing the employees who enable our growth journey. As Chief Human Resource Officer (CHRO), Hanna Mannberg has a unique role within the management team, with a full mandate for organizational development and leadership to ensure the company is as well-equipped as possible for our future growth.

“We realized that we have a unique challenge ahead of us. The growth of our company is important not only for us, but also for the sake of the climate. When the rate of our growth outstrips that of the market, we can really make a difference for climate change.”

A fast and safe energy transition

Together, energy, industrial manufacturing, and transport account for more than 80 percent of the world's greenhouse gas emissions. It is clear that renewable energy would bring enormous benefits to the climate.

But that is not enough. Throughout the year, we focused on mapping and calculating our own emissions so that we can be in a position to practice what we preach. We have several ongoing initiatives and have hired one of the most prominent sustainability talents in the industry – Malin Cronqvist, to whom I am now handing over the pen for the remainder of the report. We have started by evaluating our sustainability work, and it is our ambition to reduce the carbon footprint and to increase safety throughout the industry. We have a clear mission to phase out fossil fuels, and the biggest impact we can make is by expanding solar energy as quickly and sustainably as possible. We are also working intensively to reduce our carbon footprint, and I am convinced that we can make a decisive difference in Europe's energy mix.

There is a real momentum for the redrawing of Europe's energy map, and 2022 marked a watershed moment that we intend to make the most of. Fossil fuels belong underground – it's time to focus our attention on the sun.



“There is a real momentum for the redrawing of Europe's energy map, and 2022 marked a watershed moment that we intend to make the most of. Fossil fuels belong underground – it's time to focus our attention on the sun.”

To enable a successful growth journey, our CHRO Hanna Mannberg has a full mandate for leadership and organizational development.

A stylized, handwritten signature in dark ink, consisting of a series of connected loops and a long horizontal stroke.

Erik Martinson, CEO Svea Solar

Our approach to sustainability

Svea Solar's approach to sustainability is based not only on our vision of eliminating fossil fuels, but also on our core values. One of our core values is Work Sustainably, which means that we go to great lengths to have a positive impact on both people and the planet. As a market leader, we want to lead by example and inspire and push for the entire solar industry to work more sustainably.

The need for strategic direction

In 2022, we placed major focus on reviewing our sustainability work in order to ensure that our strategic directions for the future are as clear and relevant as possible. Taking our overall purpose, our values and a materiality assessment as a foundation, we have developed a sustainability strategy with focus areas and targets that extend from 2023 to 2027. We prioritize working with sustainability areas that create value and that are important to our stakeholders (customers, employees, investors, etc.), and with those areas where we as a company can have a major impact. More information about our materiality assessment follows on page 7.

The strategy will be completed in the first quarter of 2023. In several areas, work still remains to be done to identify the current situation, and to set baselines and more quantifiable targets.

Sustainability on the agenda for our Power Shifters

A large proportion of those who start working at Svea Solar – our Power Shifters – state that an important reason for joining us is to contribute to a more sustainable future. Such a high level of commitment provides our company with enormous opportunities to make a substantial impact. At Svea Solar, we do not have a specific department that works with sustainability issues – here everyone at the company works with sustainability every day, in one way or another. Our sustainability work is an integral part of the annual goals of all functions and markets, and these are followed up on a monthly basis.

Build from scratch, aim for the sun

We are a young company that has grown incredibly fast, which creates both opportunities and a certain amount of growing pains. We have fantastic conditions with a business that is fundamentally sustainable, but we are also well aware that sustainability work takes time and that we still have a great deal of room for improvement. But this does not prevent us from having ambitious and forward-looking aspirations. Over the next two years, the aim is to increase the focus on sustainability work throughout the organization so that we can achieve a solid and consistent level that will enable us to become a leader in selected areas.

Focus area 1:

A sustainable community of Power Shifters

Focus area 2:

Leading the European Power Shift

Focus area 3:

Contributing to making solar big, bold, and transparent

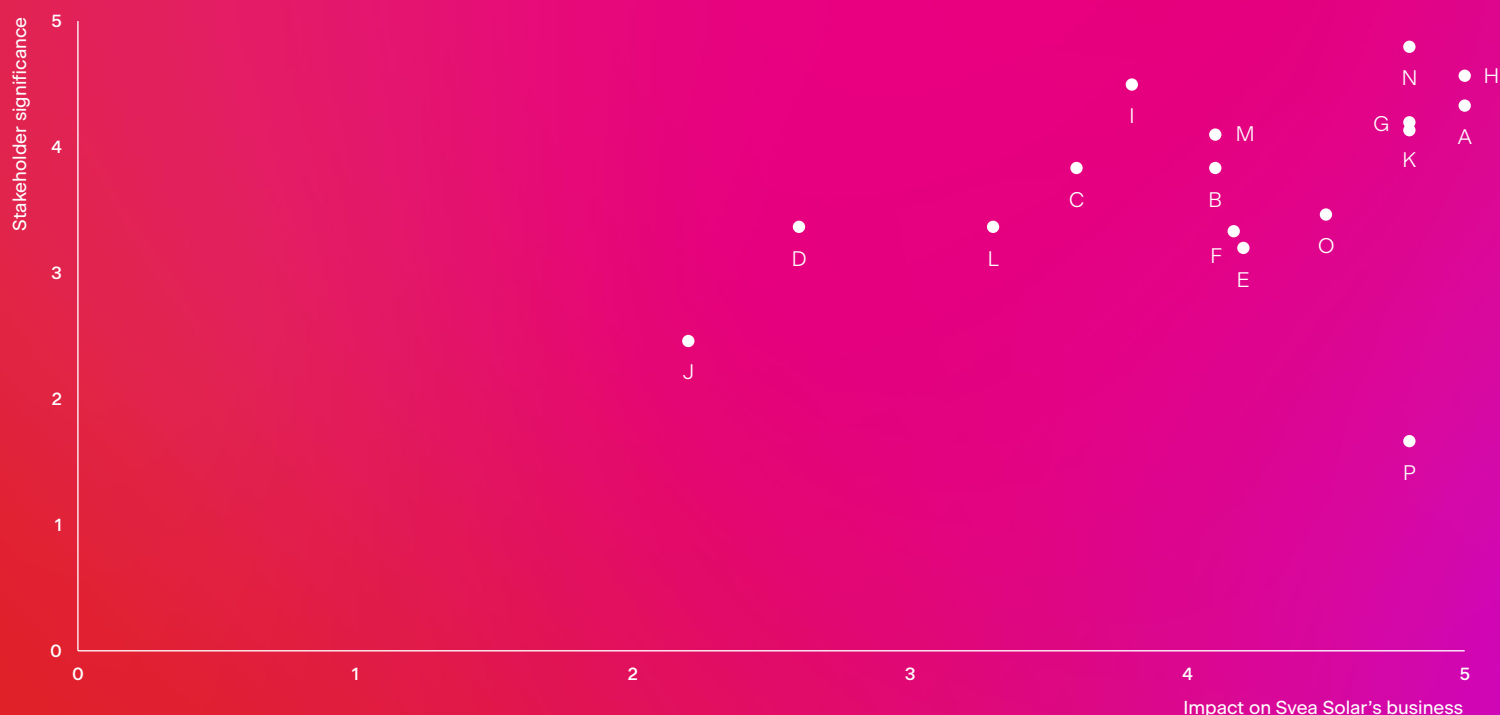
Areas in which we can make the biggest impact

In 2022, we conducted an initial materiality assessment that formed the basis for a new sustainability strategy to be launched in 2023 and which includes focus areas, targets and prioritized initiatives up until 2027.

The materiality assessment enabled us to identify those areas of sustainability that are most important to us and our stakeholders within an environmental, social and governance perspective. It also formed the basis for decisions about prioritized initiatives and allocation of resources, which are crucial for a fast-growing company like ours.

Areas with high impact and high engagement

The graph below presents 16 sustainability aspects according to their significance for our stakeholders and their impact on our business.



Identified material sustainability aspects

- | | | |
|-------------------------------------------|----------------------------------------------------------|----------------------------------------------------------------------------------|
| A. Greenhouse gas emissions | G. Human rights & fair labor practices | M. Customer privacy & data security |
| B. Energy consumption | H. Occupational health & safety | N. Responsible procurement practices & sustainability in the supply chain |
| C. Circularity | I. Product safety, customer rights & welfare | O. Management's approach to sustainability |
| D. Biodiversity | J. Community support & charity engagements | P. Transition and physical impact of climate change |
| E. Diversity, equality & inclusion | K. Corporate governance, ethics & anti-corruption | |
| F. Employee development | L. Government relations & advocacy | |

There are, of course, additional important sustainability aspects that we also need to consider. These are not included in the graph, however, because it is our conclusion that the work required to address those aspects is more a matter of compliance with basic laws and regulations, rather than strategically important investments for us as a company.

Based on the materiality assessment, our management team has decided to give special priority to **two areas in which we have ambitions to become a leader in the solar energy industry:**

1. **Occupational health & safety**
2. **Greenhouse gas emissions and how we can help reduce them**



Collaboration for greater impact

We operate in markets where many different actors make up the solar ecosystem. We are therefore highly dependent on close collaboration with our stakeholders in order to achieve our sustainability ambitions. The solar energy sector is a relatively new industry that is developing and changing rapidly. Maintaining an ongoing dialogue with our stakeholders is therefore of the utmost importance for our ability to understand and proactively respond to expectations and to develop our value proposition.

Our main stakeholders and those who were involved in the materiality assessment are:

Customers and commercial partners, employees, suppliers and subcontractors, Board of Directors, banks and owners.

The materiality assessment was conducted through meetings, workshops and surveys, as well as through ongoing dialogues with our stakeholders. A special effort was made to capture perspectives and ideas from employees – our Power Shifters. Thoughts and opinions were collected by means of a survey, which was completed by just over 24% of employees in all markets. This amount of interest shows a high level of commitment to working with sustainability issues, which indicates that we have good opportunities to achieve a great deal in the future.

Stakeholder group	Sustainability aspect highlighted	Stakeholder dialogue
Customers & commercial partners	Greenhouse gas emissions Circularity Human rights & fair labor practices Occupational health & safety Product safety, customer rights & welfare Responsible procurement practices & sustainability in the supply chain	<ul style="list-style-type: none"> • Directly through Svea Solar's employees • Through a consumer survey • Through customer interviews
Employees	Greenhouse gas emissions Energy consumption Circularity Diversity, equality & inclusion Employee development Human rights & fair labor practices Occupational health & safety Responsible procurement practices & sustainability in the supply chain Management's approach to sustainability	<ul style="list-style-type: none"> • Employee survey concerning sustainability
Suppliers & subcontractors	Greenhouse gas emissions Energy consumption Circularity Occupational health & safety Corporate governance, ethics & anti-corruption Responsible procurement practices & sustainability in the supply chain	<ul style="list-style-type: none"> • Svea Solar's supplier evaluation process, including our sustainability evaluation • Directly in meetings with suppliers
Board of Directors	Greenhouse gas emissions Human rights & fair labor practices Occupational health & safety Corporate governance, ethics & anti-corruption Customer privacy & data security	<ul style="list-style-type: none"> • Board meetings • Informal meetings • Information meetings and training sessions
Banks	Greenhouse gas emissions Human rights & fair labor practices Occupational health & safety Corporate governance, ethics & anti-corruption Customer privacy & data security Responsible procurement practices & sustainability in the supply chain Management's approach to sustainability	<ul style="list-style-type: none"> • Direct contact via Svea Solar's management team and finance department • Through reports, analyses and meetings as part of the banks' due diligence processes prior to credit decisions and during continuous evaluation work
Owners	Greenhouse gas emissions Energy consumption Human rights & fair labor practices Occupational health & safety Product safety, customer rights & welfare Corporate governance, ethics & anti-corruption Government relations & advocacy Responsible procurement practices & sustainability in the supply chain Management's approach to sustainability	<ul style="list-style-type: none"> • Several Board members represent the largest shareholders, hence see 'Board of Directors' above. • Working meetings with Svea Solar's founders with the aim of anchoring the sustainability work with the company's mission, vision and the overall company development • Continuous work with Svea Solar's largest owner Altor This is mainly done in 3 ways: i) in direct collaboration with Altor's sustainability team, such as workshops together with Svea Solar's management team, ii) participation in Altor's ESG network where Altor's portfolio companies take part in ESG-related information and participate in focused workshops to learn from each other's sustainability work, iii) annual reporting of ESG data.

Focus area 1

A Sustainable Community of Power Shifters

Alone we will not get far, but together we can change the world. Our employees, customers and partners are all Power Shifters, with a desire to build a sustainable community both for people and for the planet.

We aspire to create a world-class workplace with a safe, inclusive and developing environment for our employees, in line with our values.



Identified material sustainability aspects

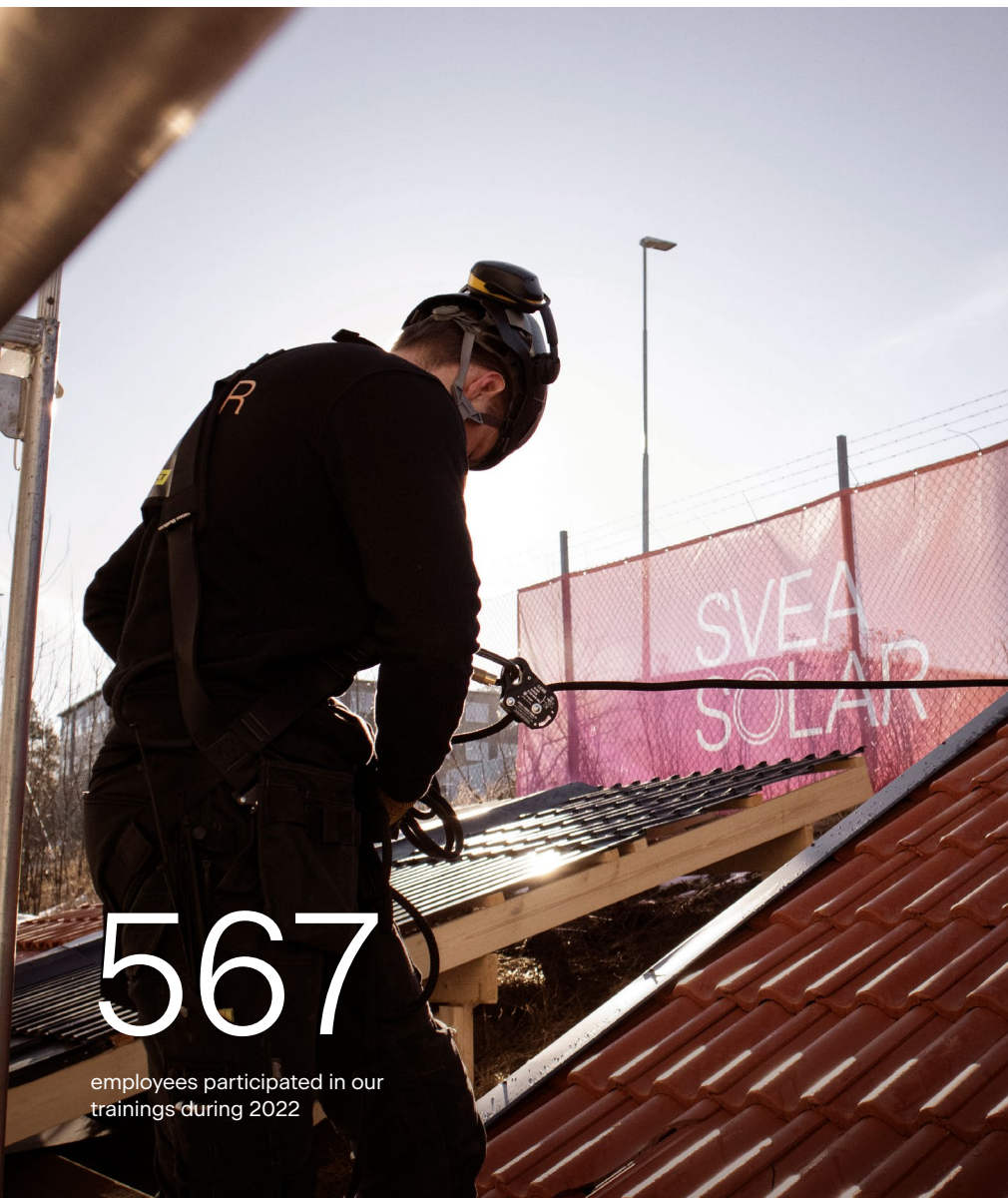
Occupational
health & safety

Diversity,
equality &
inclusion

Employee
development

A safe and healthy working environment

It is of the utmost importance to us that our employees feel safe and secure and are able to thrive in their workplace. Working at height with rooftop solar installations represents a hazardous work environment. We can see that the entire solar energy industry experiences failings in terms of standards, competence, and certification, and this is an area of major focus for us. The energy transition should not take place at the expense of our employees.



A clear focus on safety at our training centers

In 2022, we opened our own training centers in both Sweden and Spain. In Germany, we established trainings together with an external actor.

One of the main purposes of the training centers is to ensure that our staff acquire the knowledge and skills they need in order to carry out their work safely.

For a safer industry

Throughout 2022, and continuing in 2023, we have made safety an area of major focus, with the ambition to increase safety standards throughout the industry. The ultimate responsibility for occupational health and safety lies with the respective national organization. In these local working groups, goals are set and evaluations are carried out in accordance with the current Work Environment Handbook.

Evaluations and the improvement of routines and ways of working take place continuously. Incidents and accidents are reported via our CRM platform, and there are ongoing efforts to ensure reporting frequency and data quality to enable us to take the right measures and minimize risks.

In Sweden and Spain, we work with external partners on issues related to occupational health and safety. This includes, for example, health checks, CPR training and support in rehabilitation cases.

In Sweden, a committee for safety issues is driving the work forward on a strategic level. The committee consists of the Country Manager in Sweden and managers within HR, safety, operational support and installation. The committee meets every two weeks and discusses the reporting of accidents, incidents and risk observations, follows up on planned activities, and discusses measures and initiatives going forward. Our installation managers, together with the respective team leads for each team, are responsible for ensuring that the daily work is conducted in a safe manner.

In the Netherlands and Belgium, we work with subcontractors for installations, and they are responsible for safety within their scope of work. The contracts with the subcontractors include incentives that promote work safety, and each installation is followed up with pictures of how scaffolding has been built and how the work on the roofs has been carried out.

In Germany, the work is led by a safety coordinator together with an external expert. All employees must annually update their knowledge and complete the German authorities' safety training. Risk assessments are carried out both on our own premises and when working at the customer's premises. These are compiled and an overall risk assessment is reported to the authorities.

Highlights of 2022

In 2022, we took major steps towards contributing to a better safety culture in the solar industry. Among other things, this means that we:

1. Recruited a senior expert in occupational health and safety in Sweden with a solid background in the construction and installation industry. Consulted an external senior expert in Germany who, together with our internal safety coordinator, implemented major improvements
2. Expanded and improved our own safety training (including forklift and fall protection training) to ensure everyone working in installation has the right knowledge and skills. Conducted trainings in cooperation with the external expert for both installation and office personnel in Germany.
3. Increased our internal knowledge about the risks of quartz dust and how to prevent inhalation.
4. Expanded internal inspections of our own premises and the safety work at the customer's premises.
5. Developed tools and routines for reporting observations, incidents and accidents.
6. Started to work with so-called One Point Lessons to ensure that, as an organization, we learn from the incidents and accidents that occur.

In addition, Svea Solar in Sweden works closely with the industry organization Svensk Solenergi, of which we are members, to further contribute to better industry standards. Svea Solar has actively worked to ensure that Svensk Solenergi has implemented a certification program that will raise the bar when it comes to safety throughout the entire industry. Many of Svea Solar's installers are now certified according to that program. In 2023, Svea Solar will significantly increase the number of certifications.

The reporting of workplace accidents in the table below only includes those markets that use own employees in installation. One reason for the major difference between the countries is that we in Sweden launched a new reporting system in 2022, and have worked actively to increase the reporting frequency. We know that there are a significant number of unreported cases in other markets, and we will make substantial efforts to increase both the frequency and the quality of safety data for all markets. The main type of accident is electric shock. As awareness of this has developed, increased training efforts and monitoring of the use of protective equipment have been introduced.

GRI 403-9 Workplace accidents by market, 2022	Number			Share
	Fatal accidents	Serious accidents	All accidents	All accidents per 100 employees
Sweden	0	0	84	13.5
Germany	0	0	7	7.7
Spain	0	0	11	12.5
Total	0	0	102	12.7

Goals & ambitions

Long-term goals

- Our goal is to become a leader in safety in the photovoltaic industry in Europe. We will continue to work towards our goal of having zero serious or fatal accidents and a greatly reduced number of common accidents by 2027. We have a lot of work left to do, both as an individual player and together with the entire industry.

2023 – a continued focus on safety

Safety remains a major focus area for Svea Solar in 2023. In the short term, one of the goals is to expand our training with certification for team leads where safety is a very important aspect. Among other things, this certifies that the person has demonstrated both theoretical safety knowledge and the practical application of that knowledge over the course of several weeks. In 2023, we will train leaders in all functions to increase the total sum of knowledge within the company.

A further objective is to increase the reporting rate of observations, incidents and accidents, and to further improve guidelines and procedures related to occupational health and safety to ensure that they are accessible, easy to understand and useful.

Safety will increasingly become an area for which both managers and employees are monitored. The introduction of weekly and monthly meetings with safety on the agenda will ensure that we can make major advances towards the achievement of our long-term goals.



Priority risks

- Workplace accidents in connection with work on roofs, work on live systems and forklift operation in warehouses.
- The limited reporting of incidents and accidents gives unclear pictures of the problem and the current situation.



Risk management

- Continued training for both installation and office personnel.
- Close monitoring of the use and maintenance of collective and personal protective equipment.
- Training of leaders to carry out safety inspections.
- Further development of processes and routines, and creation of a culture and incentives to report unsafe behaviors and events.

An inclusive workplace for Europe's best talent

Our goal is to grow to have 5,000 employees by 2025, which means that we will increase the number of employees fivefold in the coming years. To achieve this, we need to recruit the best Europe has to offer from as broad and diverse a talent pool as possible.

An inclusive culture for increased innovation

Research shows that the most innovative companies in the world also have a high level of diversity and actively work to create and maintain an inclusive culture. Our ambition to be the leading solar energy company in Europe requires a high innovation capacity, and this can partly be achieved with several different internal perspectives. Working with diversity, equality, and inclusion is therefore a strategically important priority for Svea Solar.

Diversity and inclusion are already integrated into our core values, and both our employees and other stakeholders expect us to act in accordance with these. One important element in our work with diversity, equality, and inclusion is our recruitment process. All recruitment, both internal and external, must go through Svea Solar's official recruitment process, both for quality assurance reasons and to reduce the risk of nepotism and bias. We also use several digital tools in our recruitment process to ensure the objective evaluation of candidates.

To ensure that we recruit people who share our core values, we have developed a self-assessment tool for candidates based on these. This enables us to evaluate candidates on the basis of whether their personal values are aligned with our values and culture. Although we have conducted several initiatives during the past year, we are aware that we have great development potential and that there is still much to learn and that can be done better.



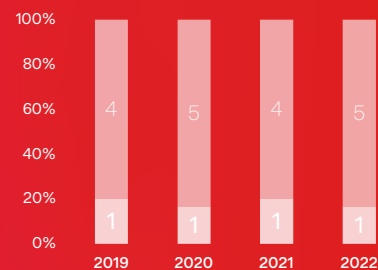
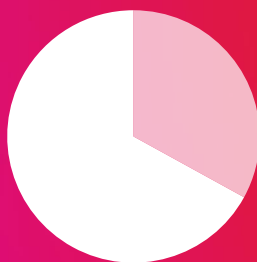
Highlights of 2022

A new HR system was implemented in 2022, and this provides us with good opportunities to work in a more structured and data-driven manner with issues of diversity, equality, and inclusion.

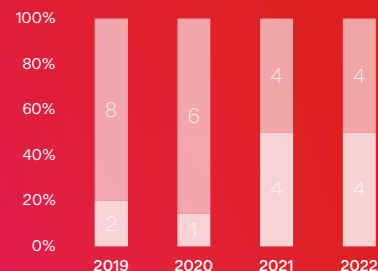
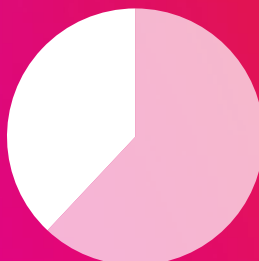
In our recruitment process, we have introduced clearer requirement profiles for all new positions, and these are now openly published in the advertisements. All recruiting managers have been trained in the best ways to avoid unconscious bias, and how to increase the degree of diversity and inclusion.

In our external communication campaign aimed at potential employees, we have highlighted the stories of a range of Power Shifters to provide a broader picture of those skills and personalities that we at Svea Solar want to recruit.

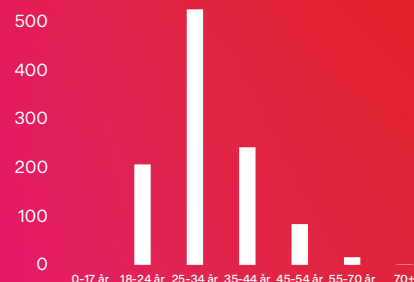
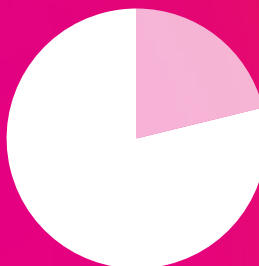
Directors of the parent company, on balance sheet date
GRI 405-1



CEO and other managerial positions in the parent company, on balance sheet date
GRI 405-1



Demographic breakdown of Svea Solar's employees in Sweden, Germany, the Netherlands, Belgium and Spain, at balance sheet date
GRI 405-1



469.6

Number of employees as of 01-01-2022 incl. part-time and hourly employees

1,069.8

Number of employees as of 12-31-2022 incl. part-time and hourly employees

37%

Staff turnover

834

Number of new hires during the year

The main reason for the high staff turnover is that there is a high turnover of installation personnel throughout the solar energy industry. The demand for installation skills was very high in 2022, which means that more people change jobs frequently. Our training center and our investment in a solid and welcoming onboarding are representative of our efforts to attract, retain, and develop our employees in the long term.

All employees in our installation operations in Sweden are covered by collective bargaining agreements. A total of 526 people were covered by collective agreements as of 12-31-2022.

In 2022, 26 cases were reported where employees felt they had been subjected to unfair treatment, bullying or discrimination. To manage this and to prevent it from happening, we perform a lot of work with leadership development. This

will not only help us to achieve our vision but also to build a strengthening and inclusive culture. Leaders continuously follow up on comments and trends via our HR system to ensure that everyone's voice is heard in a way that is accessible and inclusive. Employees can always choose to remain anonymous in our HR system, whereby data is presented to the leader at team level (only for teams with at least three respondents). Any employee who does not wish to report or discuss events directly with their manager may contact HR directly or via our whistleblower function.

Goals & ambitions

Long-term goals

- Reduce staff turnover, primarily in installation
- We will work to achieve an equal gender distribution in all managerial positions, including Svea Solar's Board, by 2027.
- By 2027, the proportion of women in installation shall be at least 12%, which is just above the average for the construction industry.

Initiatives in 2023

For 2023, our focus is on reducing staff turnover in installation. We will do this by securing the recruitment process, onboarding, appointing leaders, and increasing the opportunities for career development and training. We are also focusing on increasing both the proportion of women in installation operations and the proportion of female managers. The goal is to increase the proportion of women in installation from 4 to 10 percent, and to double the number of female managers.

We will also develop a clear strategy for diversity, equality, and inclusion, and strengthen how we collect and process data in order to be able to follow up results in relation to the strategy in the future.



Priority risks

- Uneven gender distribution on the Board and among employees in managerial positions.
- The proportion of women in solar energy installation differs negatively from comparable industries
- Limited knowledge of diversity, equality, and inclusion in the business as a whole.



Risk management

- Set clear goals to recruit and retain more female managers and leaders.
- Targeted initiatives during both the recruitment and hiring phase to increase the proportion of women in installation.
- Integrate diversity, equity, and inclusion into training for recruiting managers.

Growth through Power Shifters

'Grow as we grow' is a term that we widely use, and it means that our employees grow and develop as Svea Solar grows – and vice versa. Given our high growth rate, there is a constant need for new skills and roles. We are convinced that learning and development is a crucial factor in accelerating our growth journey – a journey that involves responsibility and that begins on an employee's first working day at Svea Solar.

All employees in our installation operations in Sweden are covered by collective bargaining agreements. A total of 526 people were covered by collective agreements as of 12-31-2022.

Svea Solar's automated onboarding journey

In 2022, we welcomed around 830 new employees to Svea Solar. Once the contract has been signed, the onboarding journey begins, where the new employee receives automated emails before the start date (pre-boarding) containing information about Svea Solar and things they need to know as a new employee. These informative emails then continue once the new employee has started (on-boarding). A strong onboarding journey has contributed to the following:

eNPS – Month 3	eNPS – Month 6	The onboarding journey has contributed to
50	50	70% increase in efficiency 12% increase in support from leaders

Learning culture

Our belief in building a learning culture is based on the idea that everything we do is learning. It means that every person owns their own development and learning based on their role description in order to ultimately achieve their goals. The quarterly Milestone discussions between leaders and employees involve the use of ready-made templates, ensuring that these issues are discussed and individual, developing learning goals are defined.

Learning management system (LMS)

In 2022, our work in this field was supported by the implementation of the Sana Labs LMS, which enabled us to develop digital and physical forms of training together with experts in the organization. The digital training consists of both compulsory and voluntary courses, which are adapted to different roles within the business. The system enables us to create digital and physical journeys, such as the onboarding journey for installers, which also includes practical elements at the Training Center.

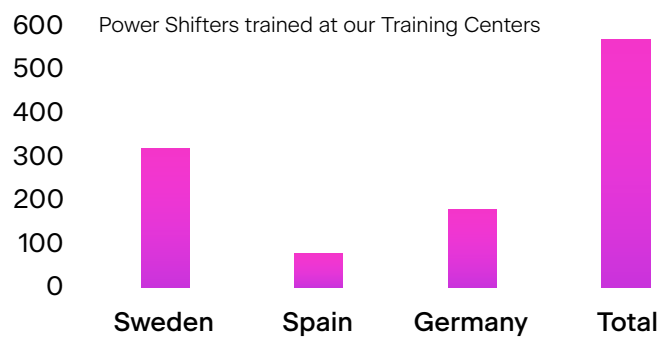
Engagement tools

To understand how employees experience the workplace, we use a digital feedback tool. Among other things, this is used to take the pulse of the organization, to measure eNPS and goal and development discussions, which helps our leaders to catch trends at an early stage and support employees in a structured way. The tool also includes an anonymous whistleblowing function. The abbreviation eNPS stands for employee net promoter score, which measures loyalty and engagement by, every five weeks, asking our employees whether they would recommend Svea Solar to friends or acquaintances.

Highlights of 2022

Training for a stronger solar energy industry

In 2022, to reduce the skills shortage in the solar energy sector, we opened our own training centers in Sweden and Spain, and in Germany we have a collaboration with an external actor who conducts training on our behalf. Our training centers provide courses for installers, team leads, electricians, and sales staff. The purpose is to ensure that our employees gain the practical and theoretical skills that are required to perform safe, qualitative, and efficient work, and to understand and be able to contribute to Svea Solar's culture and values. In 2022, a total of 567 people were trained, which corresponds to 10,033 training hours.



Empowering our leaders

If we are to succeed in scaling Svea Solar at a rapid pace, we need strong leaders who can facilitate this. In 2022, we launched our completely internal 6-month 'Lead to Win' program, which aims to train and support our leaders. This is being rolled out to all leaders throughout the company, at all levels.

The program is based on our leadership values and internal company processes, and consists of two parts. The first part has an individual focus, with individual coaching based on the data collected. The second part involves joint learning in workshops, where participants share experiences, reflect, and work together, with a focus on building high-performing teams and understanding how to best and most effectively lead through others.

Goals & ambitions

Initiatives in 2023

We are constantly evaluating how we should develop our training centers and our work with learning and employee development in general. In 2023, we plan to open our own training center in Germany, we will strengthen our certification of installation team leads, and continue the further development of our internal leadership training – all to ensure that our employees grow at the same rapid pace as the company.



Priority risks

- High turnover of installation personnel in the solar energy industry in general, which also affects us.



Risk management

- We work in a structured manner to create a strong, value-based, and inclusive culture, to offer competitive salaries, to provide education and training, and to ensure that all employees are aware of the development opportunities that are available with us.

Focus area 2

Leading the European Power Shift

Our customers and partners are also Power Shifters, who, by switching to clean solar energy and optimizing their energy use, benefit the planet by preventing a large amount of fossil emissions.

As a company, we also aim to practice what we preach. By reducing our own carbon footprint, we are further contributing toward Europe's energy transition. We have progressive ambitions to convert to fossil-free energy and fuel consumption within the framework of our own operations. We also work actively to contribute to circular material flows, and we aim to have a positive impact on biodiversity in our solar parks.



Identified material sustainability aspects

Greenhouse gas emissions	Energy use	Circularity	Biodiversity
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Eliminate emissions from fossil fuels

Our vision is to eliminate fossil fuels by replacing them with clean and sustainable solar energy – thereby providing a concrete solution to the climate crisis.

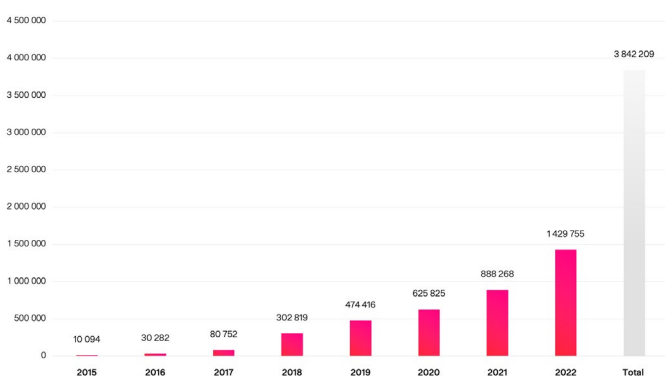
Towards a brighter future

Our greatest contribution to a sustainable future is to continue to drive the transition to a renewable European energy system. In 2022, we installed 122 MW of solar energy at our customers' sites. Calculated over 30 years, which is the life expectancy of the solar energy systems we install, the planet has been saved 1.43 tonnes of carbon dioxide emissions. The calculation is based on a European energy mix (attribute mix 2021), expected average power in Europe, and lifecycle data for solar systems including monocrystalline silicon solar cells, cabling, assembly device, inverter, and system installation.

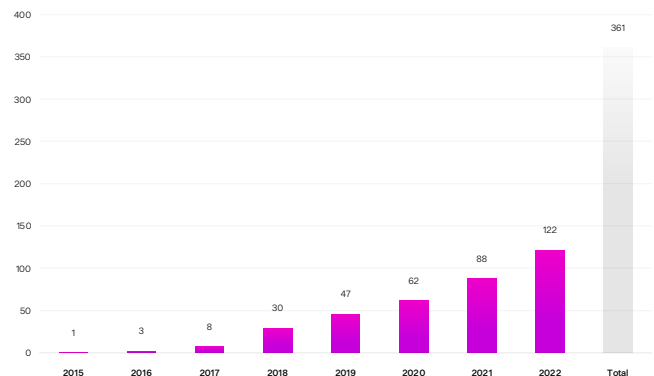
Since 2015, we have installed 361 MW, which corresponds to 3.84 megatonnes of carbon dioxide savings. This is equivalent to 3.8 billion people taking a 12-minute¹ shower, or driving a distance of 5.9 billion kilometers in an average gasoline-powered car². Almost every year, we have doubled our capacity and our ability to replace fossil energy with solar energy.

We not only install solar panels, but also offer complementary products, such as electric vehicle chargers, batteries, and a fossil-free electricity contract, to make the best possible use of the solar energy generated and to enable the transition to a fossil-free energy system. At the same time, we also develop solutions for energy optimization at household and grid level, where the ambition is to control when our customers consume, produce, and store energy. This results in reduced energy use and costs for our customers, while also further maximizing the potential of solar energy within the energy system.

We add solar energy at the end of the grid, where it is needed most, and with increased storage and optimization services, our customers – and ultimately the whole of Europe – can become more self-sufficient in solar energy.



Avoided emissions per year, 2015-2022



Total installed capacity, 2015-2022

Solar energy available to more people

In order to accelerate the energy transition, the switch to solar energy needs to be affordable for more people. In 2022, we launched the opportunity for private customers to lease a photovoltaic system for their house. At Svea Solar, we own and are responsible for servicing the facility at the customer's house. The customer is given easy and affordable access to clean solar energy, and can reduce both their electricity costs and carbon footprint while also contributing renewable energy at the end of the grid, where it is needed most.

¹ Deutsche Welle, (<https://www.dw.com/en/a-day-in-co2e-emissions/a-18892482>), 2023

² United States Environmental Protection Agency, (<https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>), 2022

Goals & ambitions

⊙ Long-term goals

- Our goal for 2025 is that we will have installed 2-2.5 GW, which would correspond to us, together with our customers, saving the planet about 23-30 megatonnes of greenhouse gas emissions.

⊙ Initiatives in 2023

Our overall goal for 2023, which is also communicated to the entire organization, is to install 328 MW. This would represent a saving of greenhouse gas emissions equivalent to 3.84 megatonnes.

In 2022, we began work on our first virtual power plant, which enables more people to share their energy locally, without burdening the electricity grid. In 2023, this will become a reality, and we will also continue to develop our energy optimization services. This will enable us to reduce peaks in energy consumption during the morning and evening, and to spread out energy consumption throughout the day, thereby providing a great service for the stability of the electricity grid.

Increased investment in solar energy is an important contribution to tackling climate change, which is one of the EU's six overarching environmental objectives and a key element of the EU Green Deal. In 2023, we will conduct an analysis of how our business meets the criteria in the EU Taxonomy. You can find more information about this in the 'Regulatory development at the EU level contributes to the energy transition' section.

Our own carbon footprint

It is important for us to also measure and follow up our climate impact and carbon footprint. Beginning in 2022, we now compile direct emissions from our operations and indirect emissions from our energy consumption every year, as these are emissions we have a major impact on and can optimize over time. Another initiative launched in 2022 was to also measure emissions backwards in our value chain, because we know that this is where a large part of our total environmental impact originates.

Results in 2022

Scope 1 – direct greenhouse gas emissions from our daily operations

In order to be able to install solar systems at our customers' sites, our installers drive long distances by car every day. Scope 1 covers all emissions from transportation between our local warehouses and the customers' sites, as well as other journeys using company cars.

Scope 2 – indirect greenhouse gas emissions from our energy consumption

We do not have any energy-intensive production, but we do have offices and local warehouses that give rise to energy consumption. Our total energy consumption has been calculated based on the area of the premises when supplier-specific data was not available.

Scope 3 – other indirect greenhouse gas emissions in our value chain

The production of the goods we offer – solar panels, batteries, inverters, and other components that make up a complete solar system – accounts for the absolute majority of our total emissions.

In addition to the production of the goods, transport from production to our warehouses constitutes a significant part of our emissions. The goods that we purchase are largely produced in Asia and transported by ship to Europe, where they are transhipped for road transport to our warehouses in each relevant country.

Emission calculations, tonnes of carbon dioxide equivalent (CO₂e)

2022

Scope 1: GRI 305–1

1,449

Direct greenhouse gas emissions

1,449

Scope 2: GRI 305–2

536

Indirect greenhouse gas emissions (Location-based)

536

Scope 3: GRI 305–3

113,815

Purchased goods and services

110,675

Transportation and distribution

3,140

Total amount of greenhouse gas emissions, Scope 1–3

115,801

Emission intensity: GRI 305–4 (tonnes CO₂e per installed MW)

949.2

Emission intensity: GRI 305–4 (tonnes CO₂e per MSEK in net turnover)

62.3

For more information, see Appendix.

Outlook:

The environmental impact of solar energy

From a lifecycle perspective, the majority of a solar panel's environmental impact emanates from the manufacturing stage. Particularly energy-intensive is the raw material extraction of silicon, which constitutes the main component of the solar cell itself. In the countries that account for the majority of all production today, that is China, Germany and South Korea, the national energy mix still largely consists of fossil fuels, which affects the carbon footprint of the solar panel.

Despite this, solar panels have an energy payback time (i.e., the time it takes for the solar cell to produce the amount of energy equivalent to what was used during the manufacturing phase) of 2 to 3 years. After 3 years, a solar panel contributes positively to the climate for the rest of its 30-year lifespan by producing clean solar energy.

Average greenhouse gas emissions from different energy sources:

41 g

Solar energy
CO₂-equivalents per kWh.

820 g

Coal-fired power
CO₂-equivalents per kWh

490 g

Natural gas-fired power
CO₂-equivalents per kWh³

In Sweden, the carbon footprint is 28-35 g CO₂-equivalents per kWh⁴.

³ IPCC, 2014
⁴ Swedish Society for Nature Conservation, (<https://www.naturskyddsforeningen.se/artiklar/vanliga-fragor-om-solceller-och-solenergi/>), 2023

Goals & ambitions



Long-term goals

- By 2027, we will have significantly reduced our carbon footprint per installed MW.
- What 'significantly' means in absolute terms has not yet been decided, as we want to set a goal that is relevant and realistic, and that can be traced to ensure that substantial results are achieved compared to the current level. A first step in setting an absolute goal is to develop our own reporting methods in order to set a relevant base year.



Initiatives in 2023

Measuring emissions in the value chain (Scope 3) is a challenge that requires continued efforts to broaden the calculations in order to include more than the production of purchased goods and services, and transportation and distribution in the value chain.

In the coming years, we will place a lot of focus on improving our own processes for reporting data, but also on increasing the quality of the most important data that is needed to provide an accurate picture of our carbon emissions. We welcome the regulatory changes that are now coming at European level to declare the environmental impact of products imported into the region in a standardized way. This will most likely increase the precision of our calculations and provide a more accurate picture of the environmental impact of different products.



Priority risks

- Solar cell production still largely takes place in countries with a more fossil-based energy mix.
- We are currently dependent on a fossil fuel-based vehicle fleet in our operations.



Risk management

- We request data on the carbon footprint of specific products as well as suppliers' overall greenhouse gas emissions, and we follow up on how they work to reduce these.
- In 2023, a first study will be conducted to identify how we can transition to a fossil-free vehicle fleet.

Outlook:

What does a solar panel consist of?

95% of the world's solar module sales consist of silicon-based solar cells, which is also the product type that we at Svea Solar offer our customers. Silicon is the second most common element in the earth's crust, and can be extracted from ordinary sand, for example. Today, China accounts for about 80% of the world's silicon extraction. Silicon is not only used for solar cells, but is also an important material in the semiconductors that are used in virtually all electronics.

In addition to silicon extraction, China dominates the global production of solar cells. In 2018, 8 out of 10 of the largest solar panel manufacturers in the world were Chinese.

During the COVID pandemic, it became apparent just how dependent the solar energy sector is on silicon and electronic components from China. Factory and city shutdowns, container shortages and staff shortages disrupted global supply chains, leading to component shortages and very long lead times. We too were affected and have faced challenges with material supply, which has forced us to expand our storage capacity with several new warehouses, and our customers have had to wait longer for their installation to be completed.

We therefore take a very positive view of the initiatives now being taken, including by the industry association Solar Power Europe, to diversify supply chains in the solar energy industry, for example by promoting the extraction of silicon and the production of solar cells in Europe. In 2022, the USA significantly increased its own extraction of silicon and the production of American solar panels. We are convinced that diversification will benefit the entire industry, further reduce the environmental impact of solar panels, lead to new innovations, and ultimately improve the offering to our customers.

95%

of the world's solar module sales consist of silicon-based solar cells

80%

Today, China accounts for about 80%⁵ of the world's silicon extraction.

8 / 10

In 2018, 8 out of 10 of the largest solar panel manufacturers in the world were Chinese.

Recycling with enormous potential

The solar systems we at Svea Solar install have a life expectancy of 30 years. This means that in about 10-15 years we will replace the first systems we installed when we started up in 2014. Gradually, the solar energy industry will generate large volumes of panels, batteries and inverters that have reached end-of-life. These are products that contain valuable and sometimes rare materials that can be recycled.

Increased recycling in the EU

We work in accordance with the WEEE Directive – the legislation that regulates the recycling of electronic equipment and ensures that we collect, treat and recycle the products that we sell. We are affiliated with the organizations Elkretsen in Sweden and PV Cycle in the other markets, which means that we pay a fee on behalf of our customers to ensure that panels, batteries, and other products will, at some point in the future, be able to be recycled.

One likely effect of the new EU legislation Ecodesign for Sustainable Products is that products that are produced in or imported into the EU will have to meet requirements for durability, recyclability, reusability, and reparability. The legislation is also expected to include requirements for suppliers to clearly declare both how much energy the product consumes during use and how much energy has been used to produce the product. We welcome these legal requirements, which we expect will make it easier to report emissions in Scope 3.

At present, the leftover material that remains after installation is sorted at our hubs. Qualified recycling suppliers collect the material for further sorting and recycling. The majority of our waste consists of wood, metal, roof tiles, and roofing felt from our customers, as well as packaging material such as corrugated cardboard and plastic. Most recycling suppliers provide data on the total amount of waste received and how the waste has been managed. We handle a certain amount of hazardous waste in the form of, among other things, gas cylinders used to lay roofing felt, sealants, and batteries from tools and machines.



Highlights of 2022

With regard to solar panels, we already recycle the aluminum frame and the glass that covers the solar cell itself, which make up a large part (83%)⁶ of the total weight. To contribute to the development of recycling technology for the solar cell itself, we have initiated a pilot project together with a recycling company. As part of this project, we provide end-of-life solar panels, which the company then uses to explore how more of the solar panel can be most efficiently and sustainably recycled, including the silicon-based cell. The aim is to investigate how large-scale recycling can be conducted in the future.

⁶ A Review of Recycling Processes for Photovoltaic Modules, 2018

Goals & ambitions



Long-term goals

- To reduce material use per installed MW by increasing the use of circular methods such as repair, maintenance, and reuse of resources. 100% of all recyclable materials shall be recycled.



Initiatives in 2023

In addition to the actual products we have installed at our customers' premises, our operations generate waste in the form of cable residue, aluminum rods, and packaging material. In 2023, efforts will be made to standardize our processes and procedures for the reuse and recycling of material, and for the maintenance of machinery, in order to gain a better overview of our waste management and be able to identify more areas for improvement.



Priority risks

- Rapid growth and inadequate procedures have led to inconsistency in the ways in which recycling is handled in different parts of the organization.
- The technology for recycling crystalline solar cells does not yet exist on a commercial scale.



Risk management

- Standardization of procedures and centralization of recycling services.
- Involvement in development projects for solar panel recycling.

Solar parks that contribute to biodiversity

When building solar parks, we have the opportunity to contribute to increased biodiversity. A solar park has very little impact on the ground and is a completely reversible measure, which means that it can easily be removed if necessary and the ground can be fully restored. Apart from having minimal impact on the ground, we have seen that solar parks can even contribute positively to biodiversity.

For each solar park we build, we investigate how we can contribute to biodiversity locally by, for example, sowing meadow grass between the panels, building nesting sites for birds, or having grazing animals. Simple actions that can make a big difference on the local environment.

From dry lakebed to grazing pasture

One example of our success in this regard is our solar park in Sjöbo, in the south of Sweden, which we built together with the bank, Sparbanken Skåne. The solar park, which at 18 MW is still among the country's largest, is built on land that was previously completely unusable as it was an old, dry lakebed. The installation of solar panels has provided the ground with much-needed shade, and the increase in vegetation is such that sheep can now graze on this land. Land that was previously unusable has now been transformed into a fine pasture with a functioning ecosystem, where grazing sheep prevent the growth of long grass that could obscure the panels, and the panels provide the sheep with protection from the rain and wind. Environmental consultants from Ekoll conducted a biological inventory in the area that clearly shows a greater diversity of species.

We have received permission to build a solar park in the water protection area of Högåsen, with construction starting in October 2022. The park is expected to be ready for use in early 2023.



Goals & ambitions



Long-term goals

- To have a positive impact on biodiversity in Europe through our solar parks.
- To contribute to an increased understanding of how utility scale solar energy production and biodiversity can coexist and, in the best case, provide positive synergies and societal benefits.



Priority risks

- Limited knowledge in the solar park sector concerning the impact on biodiversity.



Risk management

- Svea Solar is involved in several research projects related to biodiversity in order to contribute to increased knowledge.
- Environmental Impact Assessments are performed prior to the development of each new solar park, and this is part of the process of obtaining permits from the local authorities.

Solar energy and food production in combination

We want to see a rapid expansion of solar energy production, but not at the expense of other socially important areas. For us, it is obvious that solar energy and food production can coexist, and we work closely with farmers, authorities, and politicians to make it possible. Europe needs to become more self-sufficient in both energy and food production.

Highlights of 2022

The research project SOLVE is a strategic partnership between Sweden's research base in solar energy and public and private organizations that aims to better understand the possibilities concerning the combination of solar electricity and agriculture (agrivoltaic). We joined SOLVE in 2022, together with others within the industry, which will make our solar parks available for research.

Development of our first agrivoltaic solar park also began during the year, whereby solar panels are combined with food production. Having greater distances between the solar panels and the ability to tilt them vertically to allow agricultural machinery to pass, makes it possible for dual land-use – both for energy production and for agriculture. We look forward to inaugurating the park in 2023.

Goals & ambitions



Initiatives in 2023

- To put lessons learned from SOLVE into practice.
- To inaugurate our first agrivoltaic solar park, and launch at least 5 new agrivoltaic projects in Sweden.
- Continue to work closely with authorities, local and national politicians, the solar energy industry, and farmers to find paths that enable energy and food production to coexist.

Focus area 3:

Contributing to making solar big, bold, and transparent

We want to challenge and improve the solar energy industry by placing strict demands on suppliers, partners, and industry colleagues regarding human rights, decent working conditions, and sustainability along the entire value chain. By taking a leading role in the debate for solar, we drive development and inspire the European solar energy industry. We want to be perceived as an innovative, sustainable, transparent, and responsible actor.



Identified material sustainability aspects

Government relations & advocacy

Responsible procurement practices & sustainability in the supply chain

Human rights & fair labor practices

A more sustainable supply chain

At Svea Solar, we have strict demands and high expectations for our suppliers, and we only work with the leading producers in solar energy. We are experiencing an increased interest from investors, customers, and employees who require information about where and how the solar panels, electric vehicle chargers, inverters, and batteries that we sell have been produced. At the same time, several new directives from the EU are on the way that will place strict demands on companies' sustainability work.

The Corporate Sustainability Due Diligence Directive is a proposed directive that will enable faster transformation and the protection of human rights both, within and outside Europe. We are closely following the development of these directives, and have already begun to work on proactive measures to ensure compliance with the requirements as soon as the regulations come into force. Overall, there are many positive trends that complement each other, and we are convinced that this will lead to a more sustainable supply chain in the solar industry.

Sustainable sourcing

The purchasing department works in accordance with a purchasing policy that stipulates that we must take sustainability aspects into account in all recurring purchases, which includes both social and environmental sustainability. Our requirements and expectations for how suppliers work with sustainability are also clearly formulated in our Code of Conduct, as well as in our evaluation of suppliers, which covers sustainability from a social, environmental, and governance perspective.

There have been reports of the use of forced labor in relation to solar panel production in China. These reports specifically point to the extraction and processing of silicon as a risk area. We take this information very seriously and, in recent years, we have strengthened our internal processes and our cooperation with suppliers and partners in order to prevent and counteract all forms of misconduct and criminality. Being an active member of both the Swedish Solar Energy Association and the Ethical Trading Initiative is one way in which we are able to exert an influence and take a leading role in ensuring that the entire solar energy industry takes responsibility.

Highlights of 2022

In 2022, we continued to strengthen our processes, increased the level of internal knowledge, and mapped risks linked to sustainability in our supply chain. **More specifically, we have:**

- Reviewed, updated and expanded our Supplier Code of Conduct.
- Introduced new ways of evaluating suppliers based on sustainability aspects in line with the OECD Due Diligence Guidance for Responsible Business Conduct. The main focus has been on evaluating all existing and one new supplier of solar panels, as well as suppliers of inverters and batteries.
- Become a member of Sweden's Ethical Trading Initiative (ETI), and contributed to the creation of a special solar energy cluster for collaboration on sustainability and increased supply chain transparency.
- Refined our expertise, as Svea Solar's global procurement team and Head of Sustainability have undergone ETI's 'Due Diligence in Global Supply Chains' training.
- Initiated a mapping of our own and our suppliers' value chains to identify risk areas.
- Conducted a risk mapping exercise based on two perspectives: sustainability-related risks with potential impact on our business, and risks that we cause a negative impact on our surroundings. Potential negative impacts have been identified, and the probability of each risk occurring has been estimated to identify areas of priority.
- Started an investigation concerning how future legislation will affect us at Svea Solar, and how we can proactively adapt our routines and processes.

“At Svea Solar, we have strict demands and high expectations for our suppliers, and we only work with the leading producers in solar energy.”



Goals & ambitions

Long-term goals

- We want to improve standards in the solar energy sector by placing strict demands and carefully following up all our main suppliers.

Initiatives in 2023

Several of the initiatives undertaken in 2022 will continue in 2023. We will continue to strengthen and develop our processes, and we have set an ambitious road map based on recommendations for Responsible Business Conduct from the Ethical Training Initiative.

Included in this road map is that we shall evaluate to which extent and in which ways we should carry out supplier audits, and how we can collaborate with both existing partners and other industry actors.

Based on the risk analysis performed in 2022, we agreed on a risk management plan in February 2023. This plan contains clear measures to prevent, reduce, or eliminate risks, as well as procedures for how both the risk analysis and the risk management plan are to be followed up.

Priority risks

- A lack of both transparency and traceability of materials in the value chain makes it very difficult to evaluate risks for human rights violations and to act appropriately.
- There are reports at industry level of poor working conditions and human rights violations in the extraction of silicon and raw materials for batteries.

Risk management

- Continued work to evaluate suppliers on the basis of sustainability aspects.
- Further develop our own processes in accordance with the OECD Due Diligence Guidance.
- Our membership of the Ethical Trading Initiative means that, together with other industry actors, we can discuss risks and how we can collaborate to jointly address these.

More solar energy in the debate

In order to become a strong solar energy player in Europe, we want to participate in the debate, and promote the green transition and consequently the role of solar energy in that development. We have focused on spreading awareness and knowledge about the potential of solar energy and removing local barriers to solar deployment, all in line with our overall purpose – to eliminate fossil fuels.

In Spain, and especially in Sweden, which is our largest market, we have made specific efforts to both influence and build relationships with politicians and political parties. **The main issues we have pursued are:**

- The potential of solar energy – to make politicians realize that the energy system is undergoing a transformation.
- The lack of skilled workers, and how the role of solar installer is emerging as a new green job opportunity – with visits by several politicians and ministers to our training centers.
- Challenges with long permit processes for solar parks, not least in southern Sweden. If solar parks were to be defined as a national interest, utility scale solar energy production would be prioritized in the same way as agricultural land and forest land. Increased climate ambitions in general, ahead of the next general election in Sweden. We participated in a petition that united 227 companies and organizations and that argued for a need for greater climate focus and greater ambition on the part of politicians. A similar appeal was made before COP27, in which we also participated. In Spain, we have worked for a reduction or elimination of the tax on solar panels – a proposal that proved to be successful in Germany.



We have also participated in several research projects and collaborated closely with the industry association in Sweden with regard to the issue of permit processes for solar parks and new standards for the industry.

Highlights of 2022

2022 was a good year for solar energy policy in Europe, despite the fact that the potential for solar energy continues to be underestimated. With increased subsidies in Germany and Sweden, together with an ambitious solar strategy from the European Commission, the political decision-makers have gained a greater understanding of the importance of solar energy in phasing out fossil fuels and dependence on Russian oil and gas. Solar energy has become not only an environmental issue but also a national and regional security issue, with more politicians highlighting the importance of making Europe more self-sufficient in clean energy.

Goals & ambitions

Long-term goals

- To lead the debate in Europe, and to inspire and push for more solar energy in Europe and a more sustainable industry.
- That we at Svea Solar become known among existing and potential politicians and opinion leaders for driving development towards renewable energy.
- To participate in the debate to create favorable political conditions for solar energy across Europe.

Initiatives in 2023

The advocacy work continues apace, and in 2023 we will continue to place major emphasis on informing about the potential of solar energy and trying to tear down the obstacles caused by, for example, long permit processes. We also want solar energy to be available to more people, and that tax deductions should apply to our leasing customers and other forms of housing than detached houses.



Priority risks

- That solar energy continues to be underestimated and is not valued in the same way as other energy sources.
- That the expansion of solar energy production is hindered by lengthy permit processes.
- That skills shortages hinder the development and delay the expansion of solar energy.



Risk management

- Continued dialog with politicians, and site visits to talk about the potential of solar energy and obstacles in development.
- Participation in the media, and the creation of visibility of solar energy in a debate that is characterized by many other types of energy.
- Cooperation with other actors in the industry, such as the Network for Solar Parks, which is run by Svensk Solenergi and is pushing to facilitate the expansion of solar parks.

Regulatory development at the EU level contributes to the energy transition

In recent years, a range of new legislation has been presented by the EU aimed at achieving the region's climate goals. Among other things, the EU wants to speed up the expansion of renewable energy sources, and has set a binding target of at least a 42.5% share of renewable energy production by 2030. An important part of the EU's work is to increase the pace of investment. To make it easier to identify sustainable investments and thus influence capital flows, the EU has developed a classification system – the EU Taxonomy. The Taxonomy contains criteria for identifying which economic activities can be considered environmentally sustainable. To qualify, an activity must: 1) significantly contribute to one or more of the EU's six overarching environmental objectives, 2) do no significant harm to other environmental objectives, and 3) meet certain minimum requirements in societal sustainability.

We believe that our activities at Svea Solar have good opportunities to significantly contribute to the first of the EU's environmental goals, which is about limiting climate change. In 2023, we will take a closer look at the Taxonomy criteria with the aim of reporting on the proportion of our sales, operating costs (opex) and investments (capex) that meet the Taxonomy criteria.

Corporate governance, ethics, and anti-corruption

Corporate governance

The Board of Directors is the company's highest decision-making body. The Board has not appointed any special committees, but has appointed a working group in order to increase agility, assimilate information, and provide the CEO with ongoing assistance in important issues. Crucial decisions are always made by the Board as a whole. Written Rules of Procedure have been compiled to guide the work of the Board.

The Board of Directors has an important role in formulating strategies and goals, and in overseeing updates of the company's purpose, mission, and vision. The Board meets several times per quarter and, in conjunction with these meetings, reports are received from the management team on, among other things, finance, sustainability, and personnel issues.

Strategy and risk management, including sustainability-related risks and due diligence issues, are topics to be annually addressed by the Board, in accordance with the Board's annual plan. The Board's work on risks and risk management will be further strengthened in 2023.

The Board of Directors is responsible for the company's policy commitments but responsibility has been delegated to the CEO to develop and anchor the policies that are considered of particular importance to the company and its stakeholders. A review of policy commitments will be conducted in 2023 in conjunction with the Board's consideration of significant risks.

The Auditor submits an annual report to the Board in which significant risks and proposals for measures linked to corporate governance and efficient processes are presented. No formal Board evaluation is currently taking place.

The Board consists of 6 members, two of whom are independent. Apart from the CEO, who is also a member of the Board of Directors, no members hold executive roles. However, a couple of members are engaged as advisors to the company on specific issues, in addition to their regular Board assignments.

The nomination and appointment of Board members is partly regulated in shareholder agreements. The election of Board members is formally exercised by the Annual General Meeting, which is constituted by all owners. Criteria taken into account for the election of new members in 2022 were particular relevant competence and owner representation. Chairman Tore Myrholt does not have an executive role in the company.

Delegation and reporting

The ultimate responsibility for the company's impact on the economy, the environment, and people lies with the Board. According to the CEO's instructions, which are revised annually, responsibility for measures and action plans has been delegated to the CEO. The CEO, in turn, delegates responsibility for finance, environment, and personnel to the members of the management team who are responsible for the implementation and follow-up of sustainability issues related to their area of work. The CEO and management team report monthly to the Board in the form of both written reports and orally in Board meetings.

Conflicts of interest

At the beginning of 2022, the owners felt that there were conflicts of interest within the Board as individual members had involvement in several companies in the solar energy industry. Changes in the composition of the Board were implemented during the year in order to address this.

Members' involvement and relationships with other organizations are clearly regulated in writing and communicated to other stakeholders. Critical challenges are communicated to the Board via Board documentation, in Board meetings, by telephone, and via the working group that has been appointed. The Board's work is characterized by short decision-making routes and a high degree of availability.

Remuneration to managers

There is currently no remuneration policy for Board members and managers. Ownership representatives on the Board do not receive remuneration. Independent members receive reasonable remuneration in the form of annual remuneration and participation in a stock option program. Remuneration to members is decided by the Board of Directors.

The CEO's salary and remuneration are decided by the Board, which also approves the management team's overall terms. Remuneration to senior managers is often a combination of salary, stock option program and shareholding, which makes metrics and comparison of annual remuneration rates misleading.

Anti-corruption

Our ways of working at Svea Solar and the ways in which we act towards each other and others are closely anchored in our values. We conduct business with a high level of integrity, responsibility, and ethical diligence, and we have zero tolerance for any form of bribery, corruption, or extortion. All employees, including the Board, have been informed about our ways of working, our anti-corruption policy, and our whistleblower policy, as these are included in the Code of Conduct for Employees, which is a document that everyone signs on being hired. In 2022, 4 out of 6 board members underwent anti-corruption training.

How we work with suppliers and subcontractors in matters of anti-corruption is clearly described in our Supplier Code of Conduct, which all main suppliers are required to read and sign.

We have a whistleblowing function for employees that is integrated into our HR system. There is the opportunity to report either openly or anonymously. For external whistleblowers, contact channels are communicated in our Supplier Code of Conduct, where people can also be anonymous in their reporting.

Compliance with laws and regulations

We have had a small number of incidents linked to occupational health and safety that have led to cases with the Swedish Work Environment Authority. Where these cases have resulted in fines, no financially significant amounts were involved. Of course, we still take these events very seriously because it is important for us as a company, for our employees, and for other stakeholders that further measures are prioritized.

Both the Board and other leading functions places significant emphasis on improving and strengthening safety procedures by means of training, a clear delegation of responsibility, reporting, and follow-up.

Progress in 2022

During 2022, several policies were updated and improved, including our policies for:

- Systematic Work Environment Management
- Anti-discrimination, harassment & bullying
- Code of Conduct for Employees
- Supplier Code of Conduct
- Purchasing Policy
- Whistleblowing Policy

Goals & ambitions

Long-term goals

- Ensure that we have knowledge and procedures in place to ensure compliance with our zero tolerance policy for bribery, corruption, and extortion.

Initiatives in 2023

- Presentations and informative training for the Board and management team on how we should work with these issues at Board level
- Mandatory digital training for all employees, including the Board, on how to best counteract corruption, and avoid bribery and fraud.

Priority risks

- Limited/unclear governance structures (mandates, policies, procedures, etc.)
- Financial challenges and growing pains resulting in short-term focus rather than long-term value-creating governance processes and structured risk mitigation
- Lack of knowledge and training concerning anti-corruption within the organization

Risk management

- In 2023, we will work to clarify and ensure that all costs belong to a budget responsibility and that follow-up of that budget responsibility is carried out on an ongoing basis by both the person responsible and also by our finance department. We will also review our authorization procedures to ensure that all costs are relevant and correct, which is an important step in reducing the risk of bribery and corruption.

Risk management in an uncertain world

At Svea Solar, we are exposed to major risks – both externally and internally. We operate in an environment with significant uncertainties, which has become particularly evident in recent years with both a global pandemic and war in Europe. This affects both us and our customers, for example in the form of material shortages that result in long lead times for installation. The main risks in different sustainability areas and the measures we take to mitigate them are mentioned in more detail above.

The management team is responsible for conducting a thorough risk analysis annually on a global level. The risk analysis shall take into account both risks in our activities that have a negative impact on our environment, and risks where the environment and, above all, climate change could have a negative impact on us. Everyone in the management team is responsible for ensuring that the risk analysis is anchored in their respective functions. The risk analysis is presented to the Board, which has ultimate responsibility for annually reviewing the risk analysis and ensuring that appropriate risk mitigation measures are implemented.

The management team is tasked with delegating responsibility for managing specific risks to the country managers in each market or other appropriate managers within the organization, and to monitor compliance with the risk management plan.

In 2022, we had specific focus on mapping and managing financial risks, risks associated with the responsible sourcing of products and sustainability in the value chain, as well as risks related to occupational health and safety.

About the Sustainability Report

This is Svea Solar's first official Sustainability Report. The Sustainability Report follows the financial year and covers the period January 1 to December 31 2022. The Sustainability Report has been prepared in accordance with Chapter 6 of the Annual Accounts Act, and we report our sustainability work with reference to the Global Reporting Initiative (GRI). The report covers the Group's activities in Sweden, Germany, the Netherlands, Belgium, and Spain.

The Board has been involved in the preparation of the Sustainability Report by contributing opinions and experiences. The Board of Directors is ultimately responsible for the Sustainability Report.

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Table of contents according to GRI Standards

GRI STANDARD	Disclosure	Page	Comment
GRI 2: General data 2021	2-1 Organizational details	Svea Renewable Solar AB Annual Report 2022, page 3	
	2-2 Entities included in the organization's sustainability reporting	Svea Renewable Solar AB Annual Report 2022, page 29, note 15, see table Parent Company	The Sustainability Report covers the same activities as the Annual Report.
	2-3 Reporting period, frequency and contact points	36	
	2-4 Restatements of information		Not applicable. This is Svea Solar's first Sustainability Report.
	2-5 External assurance	41-42	The Sustainability Report has not been audited by an external party, although a statement according to RevR12 has been obtained.
	2-6 Activities, value chain and other business relationships	30 Svea Renewable Solar AB Annual Report 2022, page 3	Svea Solar mainly sells solar energy systems directly to end customers for direct use. Consequently, the downstream value chain is limited. In reference to GRI 2-6 d, there are no restatements or changes to declare as this is Svea Solar's first Sustainability Report.
	2-7 Employees	Svea Renewable Solar AB Annual Report 2022, page 23, note 7	Information on the number of employees per type of employment (GRI 2-7 b) is not available or is incomplete. Svea Solar expanded rapidly during the reporting period, which is why the number of employees varied significantly.
	2-8 Workers who are not employees		Information is not available or is incomplete.
	2-9 Governance structure and composition	15, 33-35	
	2-10 Nomination and selection of the highest governance body	33	
	2-11 Chair of the highest governance body	33	
	2-12 Role of the highest governance body in overseeing the management of impacts	33	
	2-13 Delegation of responsibility for managing impacts	33	
	2-14 Role of the highest governance body in sustainability reporting	33, 35, 36	
	2-15 Conflicts of interest	33	
	2-16 Communication of critical concerns		Information on the number and nature of critical concerns is not available.
	2-17 Collective knowledge of the highest governance body	34	
	2-18 Evaluation of the performance of the highest governance body	33	
	2-19 Remuneration policies	34	
	2-20 Process to determine remuneration	34	
	2-21 Annual total compensation ratio	34	

	2-22 Statement on sustainable development strategy	6	
	2-23 Policy commitments	30, 33-35	
	2-24 Embedding policy commitments	30, 33-35	
	2-25 Processes to remediate negative impacts		Information is not available or is incomplete. We have not yet established sufficient processes to remediate negative impacts, but plan to implement such procedures in 2023.
	2-26 Mechanisms for seeking advice and raising concerns	33	
	2-27 Compliance with laws and regulations	34	
	2-28 Membership associations	12-13, 30-32	
	2-29 Approach to stakeholder engagement	7-9	
	2-30 Collective bargaining agreements	15	Information is incomplete. Information on how conditions for other employees are set in relation to Collective Bargaining Agreements is not available.
GRI 3: List of material topics 2021	3-1 Process to determine material topics	7-9	
	3-2 List of material topics	7-9	
	3-3 Management of material topics	7-9	
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	34	Information is incomplete. Information on the number of managers and employees per category and region who have accessed information is not available. Information about the proportion of suppliers and business partners who have accessed information is not available. The same applies to information on anti-corruption training for employees: figures are not available. Training for board members, see disclosure 2-17 above.
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	27-28	
	304-2 Significant impacts of activities, products and services on biodiversity	27-28	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	21-22	
	305-2 Energy indirect (Scope 2) GHG emissions	21-22	
	305-3 Other indirect (Scope 3) GHG emissions	21-22	
	305-4 GHG emission intensity	22	
GRI 401: Employment 2016	401-1 New hires and staff turnover	15-17	Information is incomplete. Information on the share of new employees and staff turnover by age group, gender and region is not available.

GRI 405: Diversity and equal opportunities 2016	405-1 Diversity of governing bodies and employees	14-18	
GRI 406: Incidents of discrimination and corrective actions taken 2016	406-1 Incidents of discrimination and corrective actions taken	14-18	
GRI 409: Forced or compulsory labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	30-31	

Appendix

Greenhouse gas emissions

This is Svea Solar's first Sustainability Report and this is the first year that we have carried out comprehensive calculations of our greenhouse gas emissions in line with the GHG protocol. In the coming years, our ambition is to increase the reliability of our data and to expand the parts of our operations and our value chain that the Scope calculations include.

Direct greenhouse gas emissions in Scope 1

Fuel consumption from our own transportation between Svea Solar's hubs and customers in Sweden is based on supplier data. Emission factors are provided by our main supplier. Fuel consumption from our own transportation in Germany and Spain is based on internal data that has formed the basis for calculations of average distance to customer and loaded weight. Emission factors for Germany and Spain are taken from the internationally recognized climate database DEFRA.

Scope 1 does not include emissions from transportation to customers in Belgium or the Netherlands as we do not control the vehicles used by our subcontractors. These emissions are instead reported within Scope 3.

Indirect greenhouse gas emissions in Scope 2

Energy consumption is calculated based on the total area of our premises and averages for each type of energy based on the countries' energy mix. Energy consumption includes electricity, heating, and cooling.

Calculations are made according to the location-based method.

Indirect greenhouse gas emissions in Scope 3

Upstream in the value chain

The most significant Scope 3 emissions upstream in Svea Solar's value chain come from purchased goods and services, which amounted to 110,675 tonnes of CO₂e, and emissions from transportation and distribution, which amounted to 3,140 tonnes of CO₂e.

Emissions from purchased goods and services are based on lifecycle data from our main solar panel manufacturers. Emissions from other related products, such as batteries, inverters, etc., have been calculated on a flat-rate basis according to industry analyses.

Emissions from purchased transportation and other upstream distribution services are largely based on data from logistics suppliers, own data for purchasing volumes, transportation carried out by subcontractors, and measured distances according to the Network for Transport Measures (NTM).

The logo for Svea Solar, featuring the word "SVEA" in a clean, sans-serif font above the word "SOLAR". The "O" in "SOLAR" is stylized as two concentric circles.

SVEA SOLAR

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