

The Solar logo consists of the word "solar" in a white, lowercase, sans-serif font, centered within a dark blue square. The background of the entire page is a photograph of an electric vehicle charging station. A silver car is plugged into a charging station labeled "Elevor". The station is a tall, silver metal cabinet with a charging cable and a screen. In the background, there is a brick building and a chain-link fence. A white geometric shape is overlaid on the left side of the image.

solar

SUSTAINABILITY REPORT

2020

Solar A/S
CVR no. 15 90 84 16

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This report covers activities in the 2020 calendar year. It also represents our compliance with section 99a, 99b and 107d of the Danish Financial Statements Act.



We are a leading European sourcing and services company mainly within electrical, heating and plumbing, ventilation and climate and energy solutions.

EMPLOYEES

3,000

OUR MARKETS

**Denmark, Norway,
Sweden, The Netherlands
Poland & Faroe Islands**



LETTER FROM THE CEO

RESPONSIBLE USE OF RESOURCES

We maintain our focus on energy-efficient solutions and provide best-in-class services to ensure sustainable use of resources.

Our logo might be blue, but in Solar, we have always had a keen eye for the green solutions. With our new strategy, we introduce 'Green Together' which is our framework for sustainability efforts in our CORE+ strategy. This is where we join forces with our suppliers and customers on the green transition. It benefits everyday work life. And it benefits our environment.

In 2020, we have been dedicated to reducing single use plastics in our packaging. We will continue to work on optimising packing and shipping of materials with the purpose of reducing the hassle and costs of getting rid of the waste.

Within EV charging, we offer a wide range of chargers and expertise. We have joined forces with the subscription provider Spiriid and we offer

training for our customers at Solar School. In combination with converting our own fleet of company cars to an EV fleet, this is an example of how good business and environmental benefits go hand in hand.

With 'Green Together', our quest to run a responsible company continues. We are a member of Carbon Disclosure Project and over the years, we have improved our rating to reach a B- in 2020. A testament that we take the sustainability agenda seriously. Not only to the benefit of our mutual society but as a business enabler for Solar and for our customers.



Jens Andersen
CEO



STRATEGY 2021-2023

GREEN TOGETHER

Global attention on sustainability presents Solar with both market opportunities and operational demands.

Our customers and suppliers expect us to run a responsible business and rely on our expertise in bringing sustainable products and solutions to market. Therefore, we are measuring and monitoring our consumption and, together with our employees and business partners, we constantly focus on how to reduce our CO₂ emissions. Jointly, we are able to contribute to a more sustainable world. We call it 'Green Together'.

1. Ensuring a responsible business

Being a responsible business is at the very core of who we are. Today, this includes proactively reducing waste and energy consumption across our processes and operations.

2. Providing climate & energy solutions

As a sourcing and services company, we have a unique opportunity to work together with our customers and suppliers to capture the growing green potential. This involves exiting non-sustainable product areas, like oil and gas boilers, and shifting to green alternatives.

3. Contributing to a more sustainable world

By seeking sustainable solutions, placing demands on our suppliers and supplying to our customers in more sustainable ways, we contribute to a more sustainable world.



MEGATREND – GREEN TRANSFORMATION

We also see a growing demand for **green** solutions in all our markets. Many are closely linked to the technical solution areas we already serve and have mastered. **Electrification of society** and transportation have the potential to supercharge Solar’s business – as did the introduction of light bulbs into homes when Solar was founded over a century ago.



STRATEGY 2021-2023

OUR BUSINESS MODEL



KEY RESOURCES

CORE ACTIVITIES

VALUE CREATION



HUMAN RESOURCES

Our 3,000 'can-do' people use market insight to develop new business areas and move our business forward.



INNOVATION CULTURE

Our people have both the right and the duty to challenge our customers, suppliers and each other in pursuit of innovative solutions.



TECHNOLOGICAL KNOW-HOW

Our people have thorough knowledge about products and technologies.



STAKEHOLDER ENGAGEMENT

We engage with a number of different stakeholders to keep developing our business and create an understanding of our productivity agenda.



FINANCIAL CAPITAL

Our financial situation is sound and our collaboration with the capital market helps to ensure the continuous development of our business.

SOURCING EXCELLENCE

We build on long-term cooperation with our strategic suppliers, and by consolidating our customers' sourcing needs, we aim to increase efficiency throughout the supply chain.

Based on our understanding of our customers' needs we work with brand manufacturers while proactively seeking alternatives.

We offer a number of Solar concepts that meet different customer needs. We have concepts suitable for both installation and industry customers.

SERVICE EXCELLENCE

We work closely with our customers to offer tailored, value-adding services that optimise their business and make them more productive.

Our services range from product engineering, advisory services and technical support to customer logistics and Fastbox.

Our broad range of services is suitable for both installation and industry customers.

OPERATIONAL EXCELLENCE

Central and regional warehousing, common lean processes, integrated IT systems and shared services across our local operating companies support our business.

We drive continuous improvement within a broad range of disciplines, and we effectively leverage our regional footprint to reduce costs and improve efficiency.

We strive to keep our costs low to protect our margins in a market with increasing price transparency. We exercise strict management over our cost base.

DIGITAL LEADERSHIP

With an e-business share above 60%, we are a true digital company and use our platform, including webshop, website and digital marketing, to support a personalised customer experience.

We assume digital leadership and drive business development in collaboration with our digital partners.

We leverage the digital transformation of the construction industry to develop new services to drive productivity and cost savings in collaboration with our customers.



CUSTOMER VALUE

Within Installation, Industry and Trade we drive customer productivity by helping our customers run their businesses more efficiently.



SHAREHOLDER VALUE

We create value for our shareholders by constantly optimising our business to increase the value of the company.



EMPLOYEE VALUE

We create value for our employees by giving them responsibility, trust, exciting jobs and career opportunities.

ENVIRONMENTAL, SOCIAL & GOVERNANCE

Solar is committed to turning energy efficiency into a profitable and responsible business for our customers.

Through several initiatives, we have reduced our impact on the environment, and will continue to focus on opportunities that benefit our surroundings, our customers and Solar.

We have also reduced our energy consumption by installing AutoStore, made a substantial reduction in the use of plastics in our operations, installed solar panels at our MAG45 site in the Netherlands, withdrawn fossil fuel driven equipment from our assortment in Denmark and introduced sustainable courses at Solar School.

We will continue to focus on our environmental footprint for the benefit of our customers, our shareholders and Solar itself.

1) After disclosing CO₂e, scope 2 of 4,841 tons to CDP, additional 350 tons were identified, making a total of 5,191 metric tonnes in 2019

2) If measured against Danish employees, the CEO pay ratio amounts to 20 times.

3) Voluntary employee turnover

LEADING WITH TRANSPARENCY

We see governance as a valuable tool for exercising sound management and ensuring transparency for shareholders and other stakeholders.

RESPONSIBLE USE OF RESOURCES

Solar seeks to reduce environmental impacts and promote sustainable solutions via our product and service portfolio.

17%

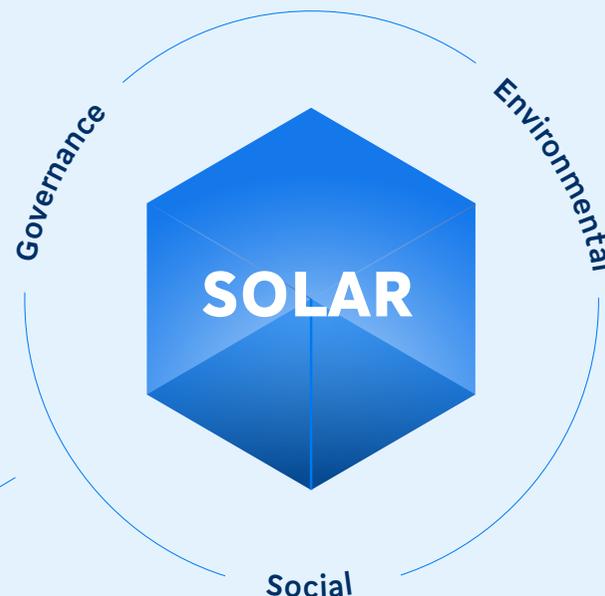
Gender diversity board

98%

Board meeting attendance rate

24 times

CEO pay ratio²



4,115 tons
CO₂e, scope 1

5,191 tons
CO₂e, scope 2¹

90,210 GJ
Energy consumption

28%
Renewable energy share

27%

Gender diversity

BECAUSE WE CARE

We seek to ensure safe working conditions for our employees and respect human rights in our operations as well as in our business relations.

5.2%

Employee turnover rate³

17%

Gender diversity management

1.14 times

Gender pay ratio

2,935 FTEs

Full-time workforce

9.2

days/FTE Sickness absence

CSR IN SOLAR

ESG DATA

This year, we are able to report on environmental data, for the first time.

We will continue to increase our share of green energy consumption at all of our locations. We already have photovoltaic systems at some locations, and will install even more in the years to come. We continue to upgrade technical installations and machinery as well as renovate our buildings with the purpose of reducing our energy consumption and improve our working environment

As a responsible and transparent company, Solar is committed to supporting the ESG portal, and thereby its investors, by submitting all relevant ESG data.

We continuously work to improve our data and we aspire to report on the recommended 15 key figures. Hence, in 2020, we are able to report on several new sets of data compared to last year.



AUTOSTORE

We have implemented AutoStore in warehouse Alkmaar (NL) and warehouse Gardemoen (NO) with 50 and 40 robots, respectively.

The system is energy-efficient; one robot uses 1/10 of the energy of a vacuum cleaner and the robots do not need light to run. Besides reducing our energy consumption, we have also achieved a better working environment with less noise.

In general, we have a policy to implement new technology in our warehouses that both saves energy and improves our working environment. These are also the benefits of our box closing machine set up in warehouse Alkmaar. With this, we have eliminated a physical and repetitive task for our employees.

ESG key figures overview

	Unit	2020	2019
Environmental data			
CO ₂ e, Scope 1	metric tonnes	-	4,115
CO ₂ e, Scope 2	metric tonnes	-	5,191 ¹
Energy consumption	GJ	90,210	-
Renewable energy share	%	28	-
Social data²			
Full-Time Workforce	FTE	2,935	3,039
Gender diversity	%	27	27
Gender diversity, management	%	17	14
Gender pay ratio	Times	1.14	1.16
Employee turnover ratio	%	5.2	8.3
Sickness absence	Days per FTE	9.2	10.9
Governance data			
Gender diversity, Board	%	17	17
Board meeting attendance rate	%	98	100
CEO pay ratio ³	Times	24	20

1) After disclosing CO₂e, scope 2 of 4,841 tons to CDP, additional 350 tons were identified, making a total of 5,191 metric tonnes in 2019

2) Data is based on FTEs in companies 100% owned by Solar

3) If measured against Danish employees, the CEO pay ratio amounts to 20 times.

ENVIRONMENT

WE REDUCE EMISSIONS BY FINDING INNOVATIVE PROCESSES AND SOLUTIONS

We evaluate daily operations at our warehouses, branches and offices. And we work closely with our customers and partners in the quest for delivering sustainable solutions for everyday life.

In Solar Group, we work to promote sustainable energy solutions and launch initiatives to the benefit of our society. However, as is the case for any other businesses, our business activities leave a mark on the environment, for instance when we transport our products to and from our warehouses. To minimise the inconveniences that come from our business activities, reducing our emission of carbon is a priority.

CARBON DISCLOSURE PROJECT

Since 2010, Solar has reported data to the Carbon Disclosure Project (CDP). In addition to monitoring our emissions, we focus on finding ways to reduce emissions in our daily business. Our CDP work and results are presented on [our website](#).

CDP's Climate Disclosure Score is an indication of the quality and comprehensiveness of the information provided in the company's response to CDP's annual climate change questionnaire. The disclosure score is a metric of good internal management, an understanding of climate change issues and company transparency on climate change.

With this year's disclosure, we received a B- in our CDP Score Report, which is an improvement from the C score we received last year. We will of course continue our efforts in improving this result.



RENEWABLE ENERGY

By 2023, all electricity procured for Solar's own building will be from renewable sources



SOLAR PANELS

By 2023, we will install photovoltaic systems at all Solar owned sites



EV CHARGERS

By 2023, EV chargers will be available at all major Solar sites

ENVIRONMENT

ELECTRIC VEHICLE (EV) CHARGERS

We strive to expand the EV network, which is why we carry a wide range of EV chargers for both private use as well as public or business car parks.

In order to further strengthen the EV network, we provide guidance and education in the choice and installation of EV chargers. We enable our customers to consult end-users in the choice of EV charger. Adding a subscription to Spiri (payment and monitoring platform) makes it easy for the end-user to get started and convert to EV.



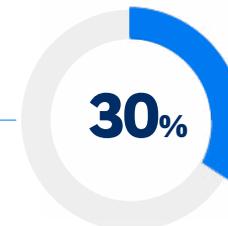
1.600

This year, MAG45 has set up 1600 solar panels on their office building in Eindhoven, The Netherlands, which entails a CO2 reduction of 162 tons each year.



SUSTAINABLE EDUCATION

We offer an add on education for installation contractors within sustainable energy. You need to be a special certified contractor in order to install heat pumps and Solar School will provide that to our customers. Furthermore, we provide several national courses in the installation of photovoltaic systems.

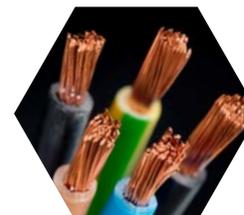


In Solar Nederland, we have converted 30% of our company fleet to electric vehicles. We will of course continue to develop this course of action and aim to convert 100% of our company cars to EV throughout the group.

REJECTING FOSSIL FUELS

In 2020, we decided to exclude all fossil fuel sources from our assortment in Denmark. Going forward, we fully support the green transition and will not be selling unsustainable energy solutions such as gas furnaces and oil-fired boilers. Heat pumps will drive the green transition along with innovative solutions.

230 VOLT



With a photovoltaic system on the roof of the van, a power supply is constantly available. Use it to plug in power tools or reduce fuel consumption. We have approx. 389,000 registered vans in Denmark. If they each save just one litre of fuel, that will entail a CO2 reduction of more than 1m kilos every year.

ENVIRONMENT

FASTBOX TURNED FASTBAG

Fastbox delivered in a paper bag has been introduced in all Solar countries. Furthermore, 80% of the Fastboxes shipped from customer centre Copenhagen were delivered in a paper bag, in 2020.

FROM BICYCLE TO BICYCLE

As in any big city, finding parking in central Copenhagen can be a real challenge. This is also what the installation company SIF Gruppen came to realise, which made them switch some service vehicles to service bikes in 2020. Using bikes of course means having fewer materials at hand, but if the fitter is short on parts for a job, he orders a Solar Fastbox.

The Fastbox is delivered by a bike messenger within an hour in inner Copenhagen and supports a cleaner city and has less implications for the climate.



RESOURCES

5.8 TONS REDUCTION

We aim to reduce the amount of plastic used for packaging small goods. As an example, the packaging department at Warehouse Vejen in Denmark has reduced the amount of plastic from 7.6 tons in 2019 to 1.8 ton in 2020 by optimising the use of air cushions. Air cushions are now only used in boxes containing fragile products to prevent damages.

MINIMAL WASTE DISPOSAL FOR OUR CUSTOMERS

With Solar Kitbox delivery, our customer receives a complete set of products for a specific task. Everything is unwrapped and ready to install, thereby saving time, increasing productivity and minimising waste.

REDUCE SINGLE USE PACKAGING

Environmentally speaking, no packaging is the best packaging. But we offer various alternatives to the regular customer plastic bag. Our customers are always welcome to take a reused cardboard box, or they can get a reusable blue bag made from recycled plastics. In Sweden, the customers are offered to purchase a basket to take with them each time they visit our customer centres. In the process of phasing out plastic bags, we have chosen to donate our bags to The Perfect World Foundation. A foundation which we will continue to collaborate with.



Our shipment boxes going in and out of our warehouses are made of 100% recycled materials.

ENVIRONMENT



CIRCULARITY

Circular economy is about reducing overconsumption by making better use of already existing resources. The positive implications are many if we aim to reuse, share, repair and recycle more of what we have already got, thus minimising the need for resource inputs. With Solar Rental, we aim to do just that. Instead of buying specialised tools and equipment, our customers can rent it when they need it for a specific task. Having it delivered in a Fastbox within an hour enables them to quickly move on and keep up momentum.



LOYALTY PROGRAMME WITH SUNPOWER

In 2020, we initiated a collaboration with Maxeon Solar Technologies in Norway regarding sales of SunPower solar panels. The collaboration entails a loyalty programme for our customers. It offers specialised installation training and favourable warranties. This is to promote the distribution of solar power and to support the green transition.

SUSTAINABLE CONSTRUCTIONS

We continuously work to increase our assortment of cables that are part of the data base of construction materials that may be used in a construction that carries the Nordic Swan Ecolabel. At the moment, we carry a series of cables and pipes called Slim Line that fit the criteria. For more information, we refer to our webshop.

GREEN PARTNER PROGRAMME

The Norwegian partner programme Sikringen, now offers electricians to become a certified green electrician. With this certification, our customers gain a vast knowledge on solutions that will improve climate and environment, both for their customers and their business.

We see an increasing tendency for end users to demand the green choices. Having a green image will help our customers conquer the growing market that comes with the increasing focus on sustainability.



SOCIAL

WE STRIVE TO MAKE A DIFFERENCE TO THE INDIVIDUAL

With the introduction of a new grant programme in Solar, we prove that 'stronger together' is more than just a payoff. It is a feeling. It is our culture.

SOLAR FAMILY

Solar Family is a grant programme initiated by The Fund of 20th December. The Fund of 20th December is a commercial foundation and has been the majority shareholder in Solar A/S since 2006. The founding family of Solar, who is behind the fund, strives towards a stronger bond with Solar and in particular the employees across the entire Solar group.

Therefore, the fund wants to provide additional support to those employees, who find themselves in a life crisis. This could be unforeseen accidents in life such as death, critical illness or accidents followed by serious consequences for the employee or someone in their immediate family.

Today, descendants of Jacob L. Jørgensen, the founder of Solar, make up the board of directors of the fund. Their hearts still beat for Solar and they are proud of their heritage. This brought about Solar Family, which hands out grants to Solar employees, who experience personal distress. Each year, the fund allocates a sum of money for employee grants.

The initiative brings the Solarians even closer to the business and it makes us proud that we have this safety net for those who need an appreciation and some positivity when times get tough. The first payout was in December 2020.

Stronger together brings a new dimension to the employees of Solar. We take care of Solar and Solar takes care of us.

SOS YOUTH PROJECT

Back in 2018, we started an SOS Youth Project in cooperation with SOS Children's Villages, which has provided 28 young people in Ethiopia with three-year-long scholarships. The scholarship covers their expenses for rent, food, miscellaneous, transport to and from the school, medicine as well as all of their books and educational materials.

Just like in many other countries, the schools in Ethiopia closed when COVID-19 hit. Therefore, we decided to step in with an extra contribution to our existing collaboration with the SOS Children's Villages, meaning that the 28 students will now be able to finish their education in spite of the circumstances brought about by the pandemic.



SOCIAL

FASTBOX DELIVERS DONATION FOR THE CANCER FOUNDATION

One way or another, we are all affected by this ugly disease. In 2020, we addressed cancer in two dedicated campaigns. These are recurring campaigns that we run in Sweden every year during October and November, targeting breast and prostate cancer, respectively. We collaborated with ELKO (SE), who continuously support and donate to the Cancer Foundation. The campaigns entailed that for each Fastbox we delivered in October and November, we donated SEK 10 to breast cancer (pink ribbon) and prostate cancer (blue ribbon).

We stand stronger together in our collaboration with ELKO and we managed to deliver a total of 2.458 Fastboxes.



LENDING A HELPING HAND

We cannot attract the best talents, partners and customers if we do not offer passion, social awareness and the urge to confront status quo. So, we passionately challenge to add value. And we do it every day.

We also strive to add value to the individuals, who, for some reason, find themselves in a difficult situation. The reasons for a life crisis can be many, but often they are connected with a longer period of absence from work. We want to help change that.

Some may need a job capacity assessment concerning competences, activity level and capacity in order to move forward. Each year, we take in several interns who are going through such a process because we want to make a difference in our local community. The aim is to bring hope to the individual and create the feeling of being competent and valued. We feel successful in our endeavor when such job trainings end up with the trainee achieving permanent employment at Solar.



In general, I've become more happy. My family tells me so too. I'm more chatty and outgoing. I feel like I've gotten a better understanding of how to run a business and a warehouse along with some basic knowledge about products and materials used by electricians and plumbers. I've lost 10 kg and I've achieved structure and habits which in turn provide me with extra energy. A direct result of being back at work

Kim, 32



My internship has been extended several times as I've increased my workload and hours in the office, in the hope of getting some clarity. During my time at Solar, I've become happy to go to work. I wasn't before. It feels like I've gotten my identity back. I sort of lost that during my illness. Being missed and knowing that you matter had an immense impact on me.

Marianne, 39

HUMAN RIGHTS

RESPONSIBLE SUPPLIER MANAGEMENT

We want to ensure that we respect human rights in our operations as well as through our business relations. Hence, we have implemented a Code of Conduct for our suppliers.

POLICY

Solar is committed to ethical business practices and requires the same high standards from our suppliers. It is a Solar Group policy to comply with all applicable laws and regulations of the countries and regions in which we operate and to conduct our business activities in an honest and ethical manner. Therefore, we have initiated a partnership with our suppliers, calling on them to sign our supplier Code of Conduct.

Our Code of Conduct indicates that human rights are an integral part of Solar's ethical framework.

As a part of our standard due diligence processes, the Solar Group Code of Conduct declares that Solar Group expects its suppliers to uphold the policies of the Solar Group concerning

compliance with all applicable laws, respect for human rights, environmental conservation and safety of products and services.

IMPLEMENTING A CONTRACT SYSTEM

Back in 2019, we implemented a digital contract system in Denmark and Sweden to support and improve the process of on-boarding new suppliers and updating the policy going forward.

In 2020, our remaining subsidiaries in Norway, The Netherlands and Poland started using the system. The system enables us to increase the number of suppliers who have signed our Code of Conduct and will provide more control of the process of on-boarding new suppliers and updating the policies with existing suppliers.



GOVERNANCE

WE ENSURE EQUAL OPPORTUNITIES ACROSS ALL OF SOLAR

Solar conducts its business in an ethical way and complies with all relevant rules and regulations.

DIVERSITY

The Solar group's approach is to ensure that all employees of the individual companies are treated equally, regardless of gender, age, race, religion etc., thereby ensuring equal opportunities in relation to employment, training and promotion.

We wish to ensure a high level of diversity, but not at the cost of our desired skill sets. We always hire the most qualified candidate for the job, regardless of their political, religious or personal orientation.

Our diversity policy applies to both management as well as the Board of Directors and its composition.

Senior level management

Solar has defined two upper levels of management: Solar Group Management (SGM) and senior level management, where the latter comprises Vice Presidents and Directors reporting to an SGM member. Our aim is to achieve an overall distribution of women and men of 25% and 75% by 2025.

Solar encourages career development of managers, project workers and specialists, and thus, enables an underrepresented gender to have the right opportunities to develop and advance within the administrative bodies.

We arrange internal management training and onboarding for all new managers, which provide the right tools and qualifications for further management development.

The aim of our Global Manager Onboarding programme is to retain and develop leaders in Solar, as our recurring employee satisfaction survey shows that well-executed leadership leads to higher job satisfaction. In 2020, we performed the training online.

The overall gender distribution in the two upper levels of management was 17% women and 83% men as of 31 December 2020 with a low staff turnover in 2020. Last year, the gender distribution was 14% to 86%.



DIVERSITY

By 2023, we will increase gender diversity at management level

GOVERNANCE

FINDING THE RIGHT PEOPLE

Our group recruitment policy ensures that HR and the hiring managers consider different backgrounds and qualifications, with a view to matching the markets and lines of business relevant to Solar, now and in the future.

It is an expressed requirement to have both genders represented in a candidate pool for vacant management positions in the Solar Group.

We make active efforts to develop our employees and it is important to us that employees at all levels can find interesting careers in Solar. To do so, we look at each individual employee's potential.

Solar is fully compliant with all requirements stemming from labour legislation and collective agreements in the countries in which we operate. Our stand on the matter is described on the following page.



Moving across borders

Ulf Gregers Jensen started out as manager of the goods reception at our warehouse in Vejen, Denmark back in 2018. During 2018, he was given further responsibilities and in 2019, he was asked to join the warehouse in Alkmaar, The Netherlands. What was supposed to be a three months stay, turned into a three year contract as manager of warehouse operations in Alkmaar.

"I believe that there are many opportunities for us working at Solar. If you show skills and are able to work stronger together, then Solar provides you with the possibility to grow".

Moving up

Emelie Larsson is 32 years old and has been working for Solar for six years. "I started out as a material planner, but since 2018, I've been responsible for the Supply Chain Planning department in Sweden.

Me and my team members are working to ensure that we have the correct stock balances according to our customers' demands at our central warehouses and drive ins in all of Sweden".

GOVERNANCE**LABOUR****THE EMPLOYEE HANDBOOK AND OUR CODE OF CONDUCT**

Actions guiding our employees are described in an employee handbook, which is available on our intranet. The employee handbook is a compilation of policies, procedures, working conditions and behavioural expectations.

Our Code of Conduct states that Solar will comply with applicable laws and regulations and act in an ethical, sustainable and socially responsible manner in our business activities. Respect for human rights is an integral part of Solar's ethical framework.

WORKPLACE SAFETY

An inevitable risk of running a business is workplace accidents. Safety at work is our top priority beyond compare, when it comes to labour and employee conditions. We have taken a number of measures to keep our safety at work at an acceptable level, including working closely together with safety representatives, keeping our employees fully informed about safety measures in our group, etc.

Actions and results

We carry out reviews on a yearly basis, auditing our key central warehouses to make sure that we meet all safety requirements. Our external risk advisor Marsh selects sites, performs the audit and submits a general status and recommended actions to increase the safety level. In 2020, we did not conduct any reviews due to the ongoing restrictions following the COVID-19 pandemic. We are hopeful that we can return to regular review during 2021.

STRENGTHENING OUR WORKFORCE

In terms of training and courses, we have further expanded our wide range of e-learning courses for both employees and managers. Distance leadership and virtual leadership have been two of the important topics in 2020.

We continuously strengthen our Solar Onboarding, which is a structured process to improve the experience of coming into Solar as a new employee. The onboarding process includes both onsite training as well as online training where new hires become familiar with relevant tools, making them more likely to succeed in their position.

EMPLOYEE TURNOVER

The employee turnover refers to the percentage of workers who leave our organisation and are replaced by new employees. As a high employee turnover can be hurtful to a company's bottom line, we aim for a reduced employee turnover of 6%.

While some absence due to illness is inevitable, it is evident that sick days delay work, create stressful situations for other workers and represent a cost for our company. Therefore, we continuously monitor our employees' sickness absence rate.

Actions and results

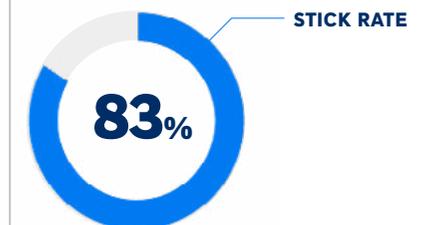
When it comes to employee turnover, a 2020 result of 5.24% compared to 8.47% last year is a satisfactory result as the aim for employee turnover in 2020 was 6%. COVID-19 has played an important role here.

STICK RATE

An indicator of our employees' wellbeing is the employee stick rate, i.e. employees who are still with the company one year after the start of their employment. Our ultimate aim is always to have satisfied, loyal employees that actively want to remain with us. Therefore, we have set an ambitious target of a 90% stick rate.

Actions and results

An employee stick rate of 83.61% is a small improvement from 79.20% last year. But it is still not satisfactory as our target remains at 90% for 2021.



GOVERNANCE

BOARD OF DIRECTORS

Whenever a need for replacement on the board arises, we do a broad sweep of the market to ensure a mix of skills and diversity.

The Board of Directors strives for equal gender representation, while ensuring that it has a broad portfolio of skills and experience. Our aim is to ensure that women are not underrepresented on the Board of Directors.

No new board members were elected in 2020 thus the gender distribution is unchanged, and women still make up 20% of Solar's board members elected at the Annual General Meeting.

Solar operates in a field historically dominated by men. But in 2020, we managed to increase the entry level of women by 6 percentage points from 25% to 31%. This covers all new hires in 2020. White-collar as well as blue-collar.

The Board of Directors revised the deadline for meeting the objective for the underrepresented gender of board members and reached the conclusion: After Solar's Annual General Meeting in

2023, women should constitute 40% of the Board of Directors. The previous deadline was 2020.

The Nomination Committee

The Board of Directors has established a Nomination Committee with participation of large shareholders and a person representing the company's Board of Directors. Solar wants to make it possible for large shareholders to influence the composition of the Board of Directors.

It is the committee's duty to assess the need for changes to the composition of the Board of Directors, including making sure that the company's Board of Directors is composed of persons with the necessary professional qualifications, competences and experience.

The committee must ensure that at least half of the board members are independent, and the committee must as far as possible point to candidates, who together ensure that the diversity policy adopted by the Board of Directors will be met in the long term.

In this connection, the committee must present the Board of Directors with an action plan for the future composition of the Board of Directors, including specific amendments.

However, the Nomination Committee is not a board committee like the other committees established by the Board of Directors. The committee does not prepare decisions that the Board of Directors is to make. The committee is a supplement to the Board of Directors' work with the composition of the board.



By 2023, we aim to have women constitute 40% of the Board of Directors



GOVERNANCE

WHISTLE-BLOWER

The Board of Directors is responsible for managing our whistle-blower reports. Internal Audit receives and handles reports submitted. Our Whistle-blower framework is constructed in such a way that it reflects and ensures that we are a trustworthy company with an open culture where everyone can speak their mind freely, if they experience any irregularities or illegalities committed by the company's employees, business partners or suppliers.

To support this approach, we have our whistle-blower portal, which is a solution designed to capture all breaches, complaints and issues in a secure framework. Creating an inter-dependency between ethics and compliance, the portal transmits an ultimately powerful message to employees and management that our corporate culture is transparent and ethical.

In 2020, we received one unsubstantiated case on incorrect reporting of certain charges in a sub-division. After a review of reporting practices and reported numbers, no irregularities were identified and the case was dismissed. Whistle-blower reports are taken very seriously, and we encourage our employees to respond, if they experience any form of action that violates our ethics and corporate culture.



GOVERNANCE

PARTNERS AND CERTIFICATES

Being a responsible business is at the very core of who we are. It defines the essence of our DNA and it infuses how we think and act. We collaborate with recognized international organisations to secure good business ethics in our value chain.

UN GLOBAL COMPACT PARTICIPANT



United Nations
Global Compact

DISCLOSURE TO RATING AGENCIES



Applies to
Solar Nederland, Solar Danmark
and Solar Norge





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