

Reporting according to section 99a of the Danish Financial Statements Act regarding corporate social responsibility

INTRODUCTION

European Energy A/S (“**EE**”) has designated a Sustainability Engagement Team which includes representatives from the following departments: management, finance, human resources, project, communications, and transaction services. The team is responsible for setting out the company’s goals for the upcoming financial year and for ensuring that the established targets are addressed by the relevant departments throughout the year.

EE publishes its statutory report on CSR for the financial year 2020 cf. Section 99a of the Danish Financial Statements Act on the company’s website, including additional information about policies, progress made during 2020 and expected activities for 2021.

In this report, EE discloses the main highlights of the company’s Sustainability activities. However, this report does not reflect all the ongoing initiatives, processes, and policies currently in place. Every year and throughout the year, we monitor new industry developments and consider the implementation of initiatives that could enhance our Sustainability activities.

EUROPEAN ENERGY’S ACTION AREAS

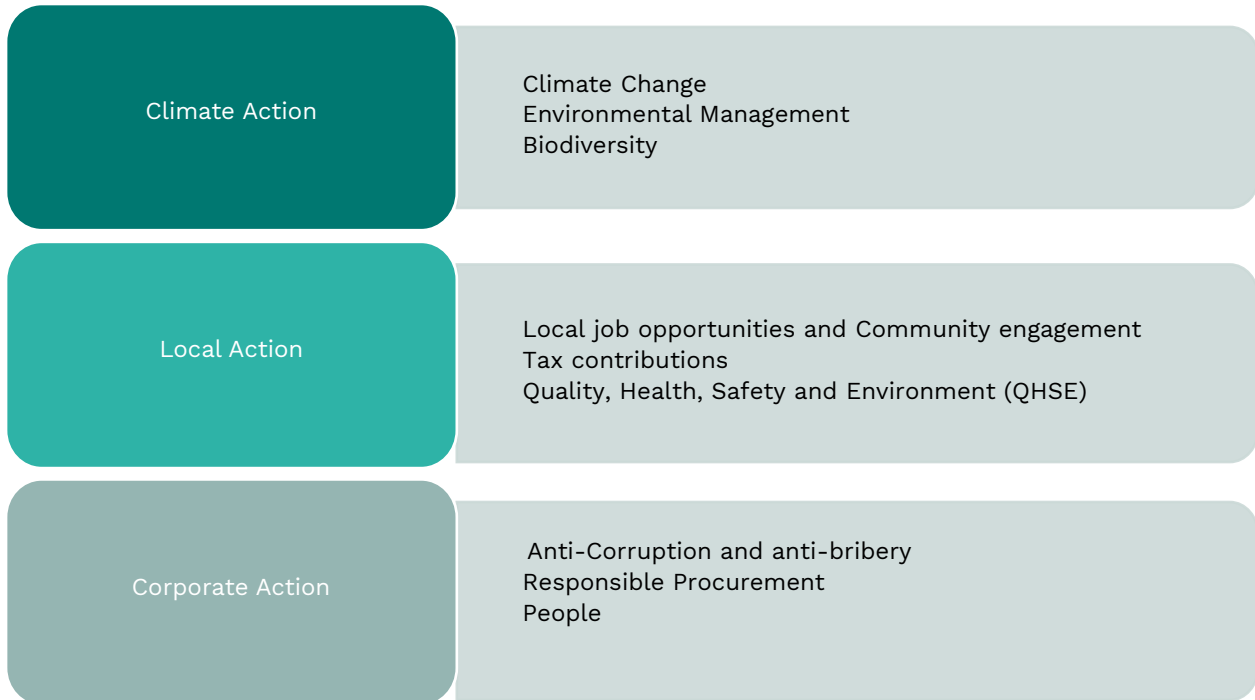
In November 2020 EE formally joined the UN Compact, thereby formally committing to the UN principles on human rights, labor rights, the environment and anti-corruption. Driven by the desire to expand our company action fronts and to fully align with the UN Global Compact requirements, we have also updated our Sustainability Policy.

EE prioritizes the UN Sustainable Development Goals 7, 8, 9, 12, 13, 15 and 17. However, EE’s work also has an impact on other goals, such as goal number 5 – Gender Equality – and goal number 11 – Sustainable Cities and Communities.

Goal	Goal description	Potential impact
	Goal 7. Affordable and Clean Energy	Our core business lies on developing and constructing renewable energy in different parts of the world. As we aim to grid-connect 750MW of renewable energy in 2021 (compared to 250MW in 2020) we substantially increase our commitment to SDG 7.
	Goal 8. Decent work and economic growth	By investing in high unemployment areas and in accordance with national labor laws, EE can positively contribute to economic growth and decent working conditions.
	Goal 9. Industry, Innovation and Infrastructure	By increasing its investment in quality, reliable and resilient energy infrastructure, EE positively contributes to supporting economic development and human well-being.
	Goal 12. Responsible Consumption and production	As production and usage requirements are increasingly shaped to ensure sustainability is integrated throughout the value chain, the adoption of sturdier sustainable practices by the company and its suppliers will pave the way for a more efficient use of resources.
	Goal 13. Climate Action	As EE dives into new markets thereby expanding the development and construction of new projects, it contributes to the maturing of renewable energy market policies and strategies that set out plans for fossil fuel free societies.
	Goal 15. Life on Land	EE follows local, regional and national legislation in place to ensure that minimal environmental disturbance takes place where our solar and wind parks are constructed.
	Goal 17. Partnerships for the Goals	By cooperating with different stakeholders on the dissemination of reliable and clean technologies through North-North and North-South partnerships, EE contributes to the building up of strategies that foster sustainable development.

In 2020, EE redesigned its Sustainability reporting structure so as to foster a greater integration of sustainability matters into three major action areas, focusing on climate, local and corporate action, as illustrated below. These action areas have been developed taking into consideration the UN Global Compact focus areas and the Sustainable development goals.

EE's Action Areas



In this section, we will address the progress made in the targets set for 2020 and disclose the targets which we have set for 2021, together with new action areas and updated policies.

Climate Action

— Climate Change

EE's core business lies in building solutions to climate change. We achieve this through the construction and operation of solar and wind farms as well as large-scale green energy storage. Our farms supply citizens and large corporations with green power while securing a stable revenue to the institutional investors we cooperate with.

Our target for 2020 was to construct more than 250 MW of installed capacity. EE grid-connected 251,2 MW throughout this year. As such, we reached the goal set at the end of 2019.

Constructed wind and PV sites in 2020 (MW)

COUNTRY	PLANT	MW
Italy	Troia II	40
Denmark	Næssundvej	30
	Harre	44
	Hanstholmvej	49
	Holmen	21
Brazil	Coremas III	31
Germany	Vier Berge	26,6
	Tornitz	3,6
Poland	Grzmiaca	6
Total		251,2

EE's goal for 2021 sets a substantially higher commitment to tackle climate change by aiming to grid connect 750MW of renewable energy, equivalent to a yearly production of 1.200.000.000 KWh and thereby reducing CO₂ emissions by 360.000 tons.

While EE's core business contributes to a reduction of Greenhouse Gas (GHG) emissions through the construction and operation of renewable energy, we are aware that, while working towards the construction and operation of renewable energy parks, we also contribute to GHG emissions.

Driven by this acknowledgment, our goal for 2021 is to develop an internal system for collecting and reporting data on Scope 1 and 2 GHG emissions.

In an effort to address a part of our Scope 2 emissions in 2020 already, EE has purchased guarantees of origin from its Danish solar farm Naessundvej in an amount equivalent to 200.000 KWh, thereby accounting for the electricity consumed in our operating office spaces in Denmark and abroad during 2020. In this respect, our goal for 2021 is to expand our carbon emissions offset by issuing certificates of origin both for the electricity consumed in our offices and in our parks under operation.

Lastly, in order to assess our carbon footprint throughout the value chain, in 2021 EE will gather data on module lifecycle, whereby a descriptive analysis of the components in the panels is made as a first step to enable the reporting of a carbon footprint estimation for module production, which we aim to achieve by the end of 2022.

— Environmental Management

Environmental compliance with local and national regulation in the countries where we construct and operate has always been a core pillar of our projects. The guidelines outlining the work that we do on this front are set in our Environmental Management Policy, implemented in 2018. Our first goal for 2021 within this category is to review this policy and update it accordingly.

Moreover, in 2021, EE will establish an environmental management system for waste reduction. The system will be implemented on our sites during construction and operation and in our offices in Denmark and abroad. In our sites under construction and in operation, this system will foster a more efficient use of resources.

Similarly, in our offices we will strive to implement a recycling and compost system that can enable EE to reduce its waste and, in a few cases, contribute to new value creation spurring from waste.

— Biodiversity

Environmental compliance is strongly linked with biodiversity management and our commitment towards building and operating farms that cause minimal disturbance to the pre-existing environment. As such, EE's biodiversity goal for 2021 is to further improve the coexistence between renewable energy and biodiversity in our future projects under construction in Denmark and abroad.

EE strives for higher biodiversity by avoiding the use of pesticides, building mostly on agricultural land where biodiversity is low, avoiding the disturbance of biodiversity rich areas and implementing initiatives to improve biodiversity in our parks. These include the planning of vegetation under the panels and around the park with biodiversity friendly species or other improvements of the natural habitats for vulnerable species, wildlife passages to maintain the free movement of larger animals and beekeeping. Often our solar parks are surrounded by 3 rows of plants which will have a minimum height similar to the solar panels.

Furthermore, whenever possible, agreements are made so that sheep can graze on our Danish PV sites thereby reducing the need for mowing and pesticide usages and at the same time providing pastureland for local flocks.

Local Action

— Local job opportunities and community engagement

EE provides employment opportunities as much as possible in the communities where our parks are located, thereby contributing to local development and capacity building. In order to explore further engagement opportunities with local employment markets, EE's goal for 2021 will be to establish an internal system for reporting on local employment opportunities facilitated during the construction and operation phases of our parks. The knowledge we will gain from this exercise will enable us to find better strategies that increase the value of our projects to the communities where these are set.

In 2021, we will also continue our efforts to support initiatives that promote local development and well-being in the areas where we conduct business. One of the activities carried in 2020 was done in partnership with the Danish Climate Investment Fund (DCIF) and it entailed the launching of a Covid-19 assistance program in association with the Mayor's office of the municipality of Coremas. The program focuses on providing medical and personal protection items as well as basic food baskets for the families most affected by the pandemic.

Throughout 2021, and as our project portfolio expands, EE commits to launching a new social pilot project which, through public consultations, will be developed together with the community where the chosen park is being implemented. The project, financed by EE, will

support local engagement in the shift to renewable energy through environmental, cultural or leisure activities.

— Tax contributions

EE recognizes that tax compliance fosters economic growth both at local and national level. As such, we comply with local, national and applicable international tax legislation. Our goal for 2021 is to continue complying with international transfer pricing policies and using tax advisors to comply with local legislation.

We focus on transparency and accountability when reporting on our paid taxes, payable taxes and tax losses carried forward per country as illustrated below.

Tax losses carried forward, payable and paid taxes per country in 2020 and 2019 EUR '000

	2020	2019
Country split on tax losses carried forward		
Denmark	-4.573	-
Germany	-5.257	-6.877
Spain	-344	-1.289
Italy	-1.077	-1.056
Other countries	-67	-1
Total	-11.318	-9.223

Country split of payable tax		
Denmark	818	807
Germany	4.815	3.219
Spain	503	573
Italy	666	76
Other countries	49	102
Total	6.851	4.777

Country split of paid tax during the year		
Denmark	873	412
Germany	2.811	126
Spain	11	
Other countries	32	
Total	3.727	538

For further information on our tax reporting please refer to our 2020 Annual Report.

— Quality, Health, Safety and the Environment (QHSE)

To ensure that both our employees and contractors have access to a safe and healthy work environment, we have set two goals for 2021.

The first goal is the establishment of a reporting system for Non-Compliance events during construction and operation, covering injuries (Lost Time Recordable Injury Frequency Rate and Total Recordable Injury Frequency Rate), near-misses and fatal accidents.

To complement this system, EE also sets as a goal for 2021 to implement a QHSE Policy and a Quality policy. These will set standards and procedures for EE's employees to follow while at work, thereby facilitating a safer and healthier working environment.

Corporate Action

— Anti-Corruption and anti-bribery policy

EE does not tolerate bribery of or by any business partner, government agency or public authority. We maintain honest and fair relationships with government agencies and public authorities. Furthermore, we support fair and free competition in accordance with each country's competition laws.

Due to its increasing presence in a larger number of markets, EE's risk exposure naturally increases. In order to minimize any corruption related risk, we have continuously strived to ensure that all our partners and contractors are well informed that EE has a zero-tolerance policy against any type of bribery, extortion or solicitation, trading in influence and money laundering practices. In 2020, we published our anti-corruption and anti-bribery policy, written in accordance with the applicable danish legislation.

From a more practical standpoint, EE sets as a goal for 2021 that current and future employees complete an online anti-corruption course, to be refreshed every 2 years. As of year-end, more than 50% of our full-time employees had already completed an online training course on anti-corruption and anti-bribery practices.

Lastly, our first goal for 2020 was to ensure that all new major suppliers have anti-corruption policies and relevant monitoring in place. A second goal was to ensure that all existing suppliers have these policies fully implemented. To address this goal, and following up on the goal we set for 2019, we have arranged for the implementation of a standard anti-corruption clause to be implemented in our major supplier contracts throughout 2021.

— Responsible Procurement

Responsible procurement is an important part of EE's Sustainability strategy. We purchase goods and services from a wide range of international suppliers. Our goal for 2021 is to uniformize our current tender procurement process through the implementation of a supplier self-assessment questionnaire. The questionnaire will cover questions on EE's main risk areas that ought to be assessed against our code of conduct before a professional relationship is established.

The risk areas include questions on the suppliers' relationship with key employees, the company's business code of conduct, any investigations, proceedings, and sanctions

currently in place, tax compliance, HSSE systems, anti-corruption mechanisms, environmental practices and conformity with human rights law.

Through the implementation of this system EE will be able to assess suppliers in a fair and holistic manner, thereby being better prepared for only engaging in professional relationships with suppliers that are aligned with our business conduct.

Within Responsible Procurement, EE's goal for 2020 was to perform five or more site visits during the construction phase of all projects in order to confirm if our contractors and suppliers complied with our Sustainability standards. Despite the travel restrictions resulting from covid-19, EE was still able to fulfil this goal.

— People

European Energy strives to provide fair working conditions and to maintain a safe and healthy working environment for all our employees. EE condemns discriminating, bullying or harassment practices. We support equal employment opportunities, diversity and inclusion in the workplace. EE bases all decisions regarding recruitment, retention and promotion on objective criteria such as experience, qualifications, diversity and performance. In order to ensure that these criteria will continuously be held, in 2021 EE will offer hiring managers a training course to minimize bias in decision making.

EE's code of conduct, published in 2020, outlines our requirements for an ethical business conduct. It sets a standard for the way we do business and interact with each other. It does so by ensuring that mechanisms and procedures are in place for employees to work in a safe and healthy environment, while acting responsibly not only internally but also with our partners and other stakeholders.

While EE supports equal employment opportunities, we have yet to achieve a more balanced gender ratio, particularly in senior positions. In 2020, EE welcomed 55 new full-time employees, which corresponds to a 37,2% increase in the number of full-time personnel from year-end 2019 to year-end 2020. This increase poses an opportunity for a more inclusive and equal workplace.

Our goals set for 2020 were to have at least 25% women as Heads of Departments and to work towards achieving our 2021 goal of having at least 40% women in the Board of Directors. While there have been no changes in the board composition in 2020, in 2020 women represented 30% of EE's Heads of Departments. As such, in 2020 EE surpassed its 25% target set for female heads of departments. In order to continue striving for greater gender balance in the workplace, we have set the following gender targets for 2021 and 2022.

Diversity in management

	<i>Established goals</i>
<i>Board of Directors</i>	40% women until 2021
<i>Management Group</i>	Min 10% women until 2022
<i>Heads of Departments</i>	Min 35% women until 2022

EE has taken a number of activities regarding the on boarding of new employees, their development throughout the years and a feedback mechanism set for those who choose to look for new opportunities.

In 2020, we updated our People Development Plan, divided in quarterly actions, so as to achieve continuous improvements. This means that every employee designs his or her development plan, which is discussed with his or her manager. This plan is then followed up upon twice throughout the year before a final annual review is scheduled. Two-sided feedback is now present at all times, giving all employees an opportunity to work on their weaknesses, despite of seniority or position. Our 2020 goal of achieving a participation rate above 90% in the employee development dialogues was reached.

In 2021, every employee's development plan will be complemented with EE's commitment to encourage employees to continuously enhance their professional skills and leadership capabilities through the participation in events such as courses, workshops and conferences that facilitate learning opportunities. As a goal, we aim that a minimum of 15% of our full-time workforce engages in a capacity building activity throughout 2021.

Furthermore, EE also conducts an annual satisfaction survey which allows employees to raise concerns. These are then brought to the Work Environment Committee (WEC), comprised of employees, HR and management representatives. Based on the survey's input, the WEC establishes and follows up on an action plan. Examples of this work include an Emergency and safety guidelines plan, established this year as a result of the 2019 survey which identified the need for a more structured approach to follow in emergency situations.

Our goals for 2021 are to continue addressing the concerns raised in our annual surveys and to achieve a minimum 75% employee participation rate in the upcoming yearly survey.

You can read more about our diversity goals and policies for 2021 in section 99b of the Danish Financial Statements Act.