

An aerial photograph of a wind farm situated in a vast, dense forest. Several large, white, three-bladed wind turbines are visible, with one in the foreground being particularly prominent. The forest is a mix of green and brown, suggesting a mix of tree types or perhaps some autumn foliage. In the background, more turbines are scattered across the landscape under a cloudy sky. A small clearing or road with some vehicles is visible near the base of the foreground turbine.

ESG Report 2022

Imagine a
world powered
by renewable
energy

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Introduction



Letter from our Chair and CEO

At European Energy, we imagine a world powered by renewable energy and we pledge to be a creative enabler of the green transformation of our society by supplying households and businesses with 100% clean and environmentally friendly solar power, wind power and Power-to-X.

We imagine a world where economic growth and social welfare do not come at the expense of increasing global temperatures which pose a threat to the health and safety of planet Earth and its inhabitants.

Since 2004, when European Energy was founded, we have installed renewable energy across the world, to replace existing fossil fuel consumption and contribute to the fight to prevent climate change.

At the same time, however, we have witnessed an escalating level of global greenhouse gas emissions and the world is currently on track to a 2.5°C warmer planet by the end of the century¹.

1.5°C threshold by 2030 remains

More than two thirds of global greenhouse gas emissions come from the production and use of fossil fuel-based energy². Shifting to renewable energy is the single most effective action society can take to reduce emissions and fight climate change. Combined with the energy crisis and

Europe's urgent need for energy independence, the incentive for an expansion of renewable energy has never been greater.

In 2022, COP 27 gathered decision makers from all over the world to come up with solutions to the escalating climate crisis. One of the main takeaways is the breakthrough agreement to provide loss and damage funding for vulnerable countries severely affected by floods, droughts and other climate-related disasters.

Another key takeaway is that the threshold of a 1.5°C rise in global temperature by 2030 was maintained. Climate pledges are of limited worth if they are not implemented and turned into concrete action.

At European Energy, we call on all of our stakeholders and challenge them to be more bold and ambitious in their contribution to the fight to prevent climate change. We need much more concrete action and demonstrated results. We will do our part, with a construction pipeline of 1,258 MW of renewable energy at year-end.

GHG emissions in value chains

European Energy welcomes the adoption of the EU sustainability reporting standards (ESRS) published by EFRAG in November 2022.



The ESRS are imperative to achieve relevant and reliable reporting on companies' climate transition plans and their alignment with the 1.5°C limit by 2030.

It is our strong belief that the ESRS will assist investors, consumers, financial institutions and society as a whole in making the much-needed switch to a sustainable economy that operates within planetary boundaries.

ESRS disclosures related to climate change mitigation and adaptation include Scope 1, 2 and 3 greenhouse gas emissions and are mandatory. This will allow reporting systems to capture the true carbon footprint of large areas of the economy.

In 2022, European Energy avoided 181,195 tonnes CO₂e greenhouse gas emissions through the 779 GWh of renewable energy we produced at our solar parks and wind farms, which is an increase of 29% compared to the 140,956 tonnes of CO₂e greenhouse gas emissions we avoided in 2021.

With Scope 1 and 2 greenhouse gas emissions amounting to 56 tonnes CO₂e and 200 tonnes CO₂e in 2022, the greenhouse gas intensity of our energy production was 0.33g CO₂e/kWh in 2022.

Even though our Scope 1 and 2 greenhouse gas emissions are low, and even though renewable energy accounts for far fewer emissions than fossil fuels in general, we recognise that we must take a critical look at our supply chain emissions (Scope 3) and approach greenhouse gas emissions from a life cycle perspective.

Significant emissions are related to the manufacture and transport of renewable energy assets. In 2023, we will assess our Scope 3 greenhouse gas emissions in our value chain and define actions and targets to reduce emissions.

Human rights in supply chains

In addition to Scope 3 emissions in our supply chain, the lack of transparency in the supply chains of solar PV modules is of great concern to us. We are greatly alarmed by the reports and articles describing the potential use of forced labour in the extraction and processing of raw materials for solar PV modules.

Since the first report was published, we have launched a number of internal initiatives to mitigate and manage the issue. For new orders, a Bill of Materials is attached to the solar PV module supplier contracts, which specifies the locations of manufacturers' factories and relevant traceability documents up to polysilicon level.

In 2022, we conducted risk screenings of 39% of our critical suppliers and aim to reach 100% in 2023. Together with the entire industry, we need to further engage with our suppliers to ensure compliance with global labour standards and human rights throughout the supply chain.

Our people are our greatest resource

We welcomed a record number of new employees in 2022, and by the end of the year our workforce totalled 493 talented women and men – an increase of 58% compared to the year before.

Our employees are our greatest resource and their health and safety is of utmost importance to us. We are therefore pleased to see a decline in our total recordable injury rates (TRIR), which landed at 0 and 4.2 for our own employees and our contractors' employees, respectively.

Changes to our Board of Directors

In 2022, we welcomed two new independent members to our Board of Directors, including a new Chair of the Board and the first female Board member in European Energy's history. Jens Due Olsen replaces Jens-Peter Zink as Chair of the Board and Louise Hahn joins as an additional member of our Board.

We are very pleased that we are able to add such strong competences to our Board, to help guide European Energy through the company's continuous growth within renewable energy.

ESG progress and performance

In 2022, we scaled up our work with environmentally and socially responsible business practices and added additional resources to drive progress within our strategic ESG priorities.

It is not enough to deliver clean and environmentally friendly power to society. We also need to make sure we do this in an ethical way which takes both social and environmental issues into consideration.

European Energy's 2022 ESG Report provides an overview of our progress regarding our strategic ESG priorities, as well as a

complete set of environmental, social and governance (ESG) performance data.

We have also included a selection of economic performance data and renewable energy volumes and capacities as these are closely related to our progress and performance on climate-related and environmental issues.

Our 2022 ESG Report is a supplement to our [2022 Annual Report](#) and includes our statutory statements in accordance with Sections 99a (throughout the entire report), 99b ([page 35](#)) and 99d ([page 41](#)) of the Danish Financial Statements Act (Årsregnskabsloven).

We are proud to present to you our ESG progress and performance.

Jens Due Olsen
Chair

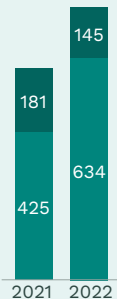
Knud Erik Andersen
CEO

ESG performance highlights

Renewable energy production



779 GWh

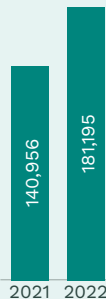


We are a 100% renewable energy company. In 2022, we produced a total of 779 GWh wind power and solar power, which is an increase of 29% compared to 2021.

Avoided greenhouse gas emissions

181,195

tonnes CO₂e



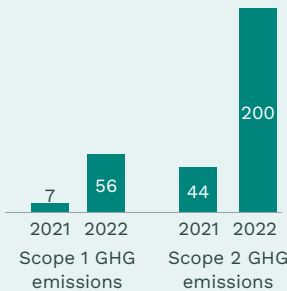
We avoided 181,195 tonnes CO₂e GHG emissions through our 779 GWh renewable energy produced at our solar parks and wind farms in 2022, which is 29% more than in 2021.

Greenhouse gas emissions (Scope 1 and 2)

56^(S1)

200^(S2)

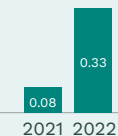
tonnes CO₂e



Direct GHG emissions (Scope 1) and market-based indirect GHG emissions (Scope 2) increased in 2022 due to a growing organisation and increasing energy consumption.

Greenhouse gas emissions intensity (Scope 1 and 2)

0.33 g CO₂e/kWh

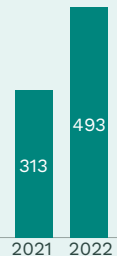


The greenhouse gas emission intensity (Scope 1 and 2) of our renewable energy was 0.33 g CO₂e/kWh in 2022, which is an increase compared to 0.08g CO₂e/kWh in 2021.

Employees

Full time equivalents

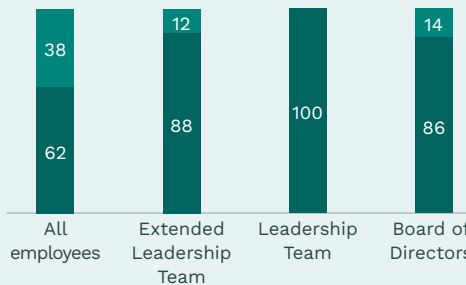
493 FTE



We saw an unprecedented increase in our workforce in 2022. By the end of the year, we employed a record number of 493 employees, which is a 58% increase in one year.

Gender diversity

Female, % Male, %



We continue to have a strong focus on increasing diversity at all levels. In 2022, we welcomed the first female member of our Board of Directors.

Safety

Total recordable injury rate

0^(EE)

4.2^(CE)

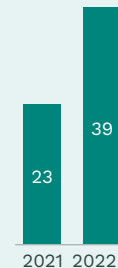
TRIR



In 2022, the total recordable injury rate of both our own employees and contractors' employees declined by 100% and 41% respectively, well above our target of 10%.

Supplier due diligence

39%



To ensure responsible business practices, we conducted due diligence of 39% of our critical suppliers in 2022 and aim to conduct due diligence of 100% of these in 2023.

European Energy in brief

Creative enabler of the green transition

European Energy was founded in 2004 by Knud Erik Andersen, who is the CEO of the company and a member of the Board of Directors, and by Mikael D. Pedersen, who is Vice President, Head of Chief Engineers and a member of the Board of Directors.

Founded on an entrepreneurial spirit, at European Energy we generate momentum at every opportunity, with the mission to grow into a force that champions the green transition, develops green energy solutions and encourages the world to join the movement towards a fossil free society.

European Energy delivers holistic, full-value-chain solutions by developing, constructing and managing wind power, solar power and Power-to-X projects worldwide. We invent our own systems, methods and technical solutions and pledge to pursue new ideas, power new projects, cultivate new thinking, and foster collaboration across industries and borders to join us in fighting climate change.

Our company vision is to be a major global force in driving the green transition. The future of our world is at stake and we have no time to waste.



6 MW

Grzmiąca,
Poland

Growth across the world

We are screening for projects in 29 countries and we have actual development activities in 19 out of the 29 countries. In 2022, we opened 8 new offices, and now have a total of 23 offices across 18 countries.

Home market

	Development solar/wind	Construction solar/wind	Operational wind activities*	Operational solar activities*	Offices
Denmark	■	■	■	■	4

Northern Europe

Finland	■				
Estonia					1
Latvia	■				1
Lithuania	■	■			1
Sweden	■	■	■		1
UK	■	■	■	■	1

Central Europe

Germany	■	■	■	■	3
Poland	■	■	■		1
Romania	■				1
France	■				
The Netherlands	■	■	■		1

Southern Europe

Italy	■	■	■	■	1
Spain	■			■	1
Greece	■				1
Bulgaria	■		■		1
Croatia					1
Montenegro	■				

Rest of the world

Brazil	■	■		■	1
Australia	■				1
US	■				1

*Operational activities includes power generation and asset management.
We only do asset management in markets with own power generation.

Business model

We may not yet have achieved a fully sustainable business model across all activities, but we work on a determined basis to mitigate the negative impacts and maximise the positive impacts of our operations throughout the world. At European Energy, we not only deliver clean and environmentally friendly energy, but also strive to integrate sustainable and responsible business practices into our core business.

Screening

We screen our markets for relevant locations for solar, wind and Power-to-X-facilities, using our bespoke GIS-based IT-tools as well as our local knowledge and network. Based on a careful screening of environmental and technical concerns as well as a mapping of key stakeholders, we enter into a cooperation with the landowners to secure the land for development.



Development

During development we secure the grid and work to obtain the necessary permits. We conduct environmental studies and discuss mitigation measures with key stakeholders. Technical specifications may be adjusted, and hybrid and storage solutions are considered as part of the optimisation of the project. When land, grid and all necessary permits are secured, the project is ready-to-build.



Engineering & procurement

Our design and engineering expertise ensures the strong operational performance of our projects. Our procurement team selects suppliers on the basis of thorough evaluation and closely monitors their delivery. We are performing quality management in all our engineering and procurement processes.



Construction

At this stage, we initiate construction of a project. We have a strong track record for managing contractors and suppliers on-site and, as the final construction step, connect the projects to the grid and produce Power-to-X solutions.



Power Purchase Agreements

Power Purchase Agreements are long-term, fixed-price energy supply contracts. These agreements ensure that we have off-takers for our renewable energy projects. The agreements are often made before construction of a project.



Financing

Funding is raised at both parent company and project level. We have a treasury and project financing team that designs and optimises the Group's capital structure, parent funding, liquidity and financial risk management.



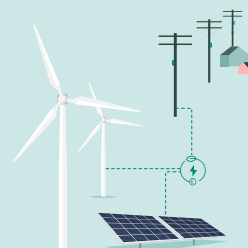
Project sales

We assess each project individually and take risk-and-reward profiles into consideration. In some cases, we divest the projects to long-term investors. In these cases, we often continue to manage the assets for the investors to optimise production output and minimise operating costs.



Power sales

In some cases, it is advantageous for us to retain ownership of a project for a period of time, and sell the renewable power as an independent power producer, or to use the power for production of Power-to-X solutions.



Asset management & operations

We have in-house expertise in the technical, commercial and financial aspects of managing our projects. We also deliver operational services for solar parks, including scheduled preventive maintenance, corrective maintenance, technical support and plant monitoring.



ESG approach and governance

ESG approach

At European Energy, we not only deliver clean and environmentally friendly energy, but also strive to integrate sustainable and responsible business practices into our core business. In 2022, we scaled up our environmentally and socially responsible business practices and added additional resources to drive progress within our strategic ESG priorities.

We are committed signatories to the United Nations Global Compact and we incorporate the Sustainable Development Goals into our day-to-day activities. Our [Code of Conduct](#) and our [Sustainability Policy](#), guide our employees on good business conduct and ESG compliance.

Strategic ESG priorities

Our strategic ESG priorities include Climate and Environment, Social Engagement, Health and Safety and Business Accountability. In this report, we present our progress on [pages 14-16](#) and our performance on [pages 27-43](#) concerning each of our strategic ESG priorities.

The context in which we operate is changing rapidly and we constantly face new formal and informal stakeholder requirements and expectations.

We want to be sure that, first and foremost, we are in compliance with legislative requirements and stakeholder expectations, while also ensuring that we maximise our positive impacts on society and minimise our negative impacts.

In 2023, in collaboration with the various ESG workstreams, our Leadership Team and our ESG committee, we will develop a new ESG strategy to guide European Energy's ESG progress and performance in the coming years.

Our ESG strategy will be based on a double materiality assessment and define both short-term and long-term targets for material ESG priorities.



ESG governance

ESG is anchored in a governance structure in which our Leadership Team, supported by the Board of Directors and the Audit Committee, is responsible for the day-to-day management of European Energy, including ESG progress and performance.

The Leadership Team ensures that we live up to our commitment to conduct environmentally and socially responsible business, facilitates and oversees implementation of our ESG strategy, reviews progress on strategic ESG priorities, and approves ESG performance data and reporting.

Our ESG Team is part of the Business Development department, reflecting our continuous efforts to integrate ESG across the organisation and in our core business areas. The ESG Team develops our ESG strategy, oversees implementation of our strategic ESG priorities and targets, supports ESG workstreams, advises the Leadership Team, and monitors and reports on ESG progress and performance.

Each ESG workstream consists of subject matter experts across various functions in the organisation. They ensure progress on strategic ESG priorities and targets, and the integration of strategic ESG priorities in policies and procedures, tools and guidelines.

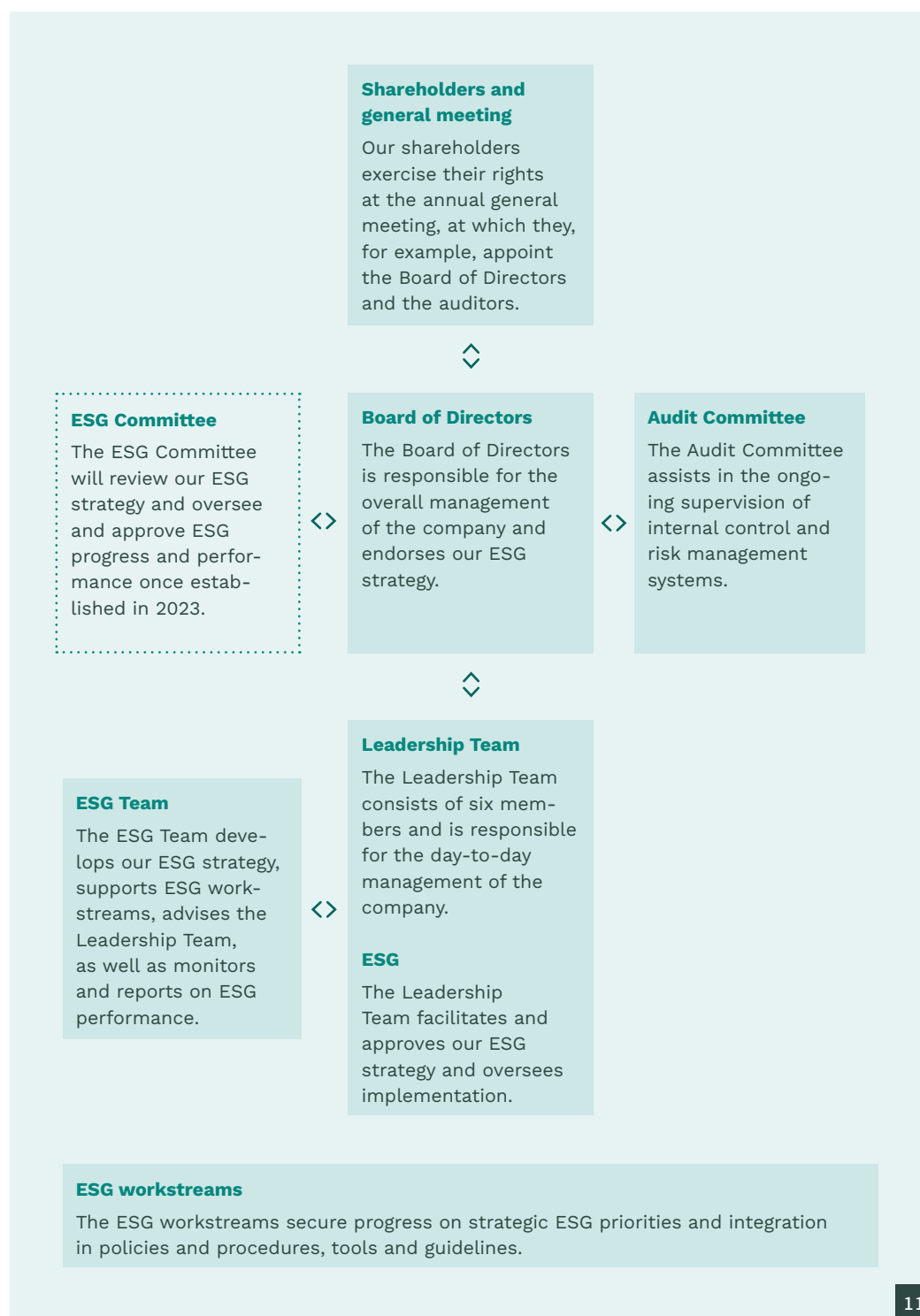
Due to escalating external requirements and internal demands to our ESG progress and performance we see a need to establish an ESG Committee with representatives from the Board of Directors.

The ESG Committee will review our ESG strategy, oversee ESG progress and performance, as well as guide our Leadership Team and ESG Team. In 2023, we will establish our ESG committee and appoint members among the Board of Directors.

Governance model

The governance model depicts our central corporate governance framework, combined with our ESG governance and day-to-day management of strategic ESG priorities.

You can read more about corporate governance on page 35-37 of European Energy's [2022 Annual Report](#) and on page [35 and 39](#) of this report you can also find details of our Leadership Team, Board of Directors, and Audit Committee.



About the report

European Energy's 2022 ESG Report presents an overview of our progress regarding our strategic ESG priorities, as well as a complete set of environmental, social and governance (ESG) performance data. We have also included a selection of economic performance data, renewable energy capacity and renewable energy production and sales data.

The content of this report is directed at all our stakeholders whom we either affect or who affect us, in the countries in which we are present. The report is intended to support investors and management in making informed decisions for the benefit of profit, people and our planet. The reporting period covers 1. January 2022 to 31. December 2022.

Our 2022 ESG Report is a supplement to our [2022 Annual Report](#) and includes our statutory statements in accordance with Sections 99a (throughout the entire report), 99b ([page 35](#)) and 99d ([page 41](#)) of the Danish Financial Statements Act (Årsregnskabsloven).

European Energy has been a signatory member of the United Nations Global Compact since 2020. As required by the United Nations Global Compact, as from 2022 our yearly Communication on Progress (CoP) will be submitted via its electronic reporting platform.

Previous years reports are available online. Please visit <https://europeanenergy.com/sustainability>.

ESG data and consolidation

The ESG performance data presented in this report is consolidated at Group level in accordance with our financial statements.

The consolidated ESG performance data thereby includes European Energy A/S and all legal entities that are either financially consolidated, consolidated 100%, or in which we hold an equity share of >50%, consolidated according to proportionate equity share.

The scope for and consolidation of health and safety injuries deviate from the principles described above. Health and safety data is collected for both our own employees and for contractor employees.

For projects under construction, we report on the health and safety of our contractor employees, irrespective of European Energy's ownership share in a given project.

For sites in operation, we only report on the health and safety of contractor employees, if we manage the site under technical- or operation and maintenance agreements, irrespective of ownership share.

All of the ESG performance data presented in this report adheres to the aforementioned reporting principles, unless otherwise specified in the accounting policies for the individual ESG performance data. Accounting policies for each ESG performance indicator are specified next to the data tables in the

individual sections, as are the calculation factors applied, together with references.

Our ESG data set is developed with the purpose of disclosing relevant and transparent information to our stakeholders. As a foundation for our reporting, we strive to comply with the reporting principles, as defined by the Global Reporting Initiative, of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability.

Our ESG report 2022 was published on the 28. February 2023.



44 MW

Harre,
Denmark

ESG progress overviews



Environmental progress overview
















Climate and environment

FOCUS AREA	GREENHOUSE GAS EMISSIONS	ENVIRONMENTAL MANAGEMENT	BIODIVERSITY
Sustainability challenge	Science has clearly demonstrated that global warming is a result of greenhouse gas emissions caused by human activities. Society urgently needs to deliver emission reductions to keep global warming below the limit of 1.5°C required to avoid the catastrophic consequences of climate change.	Renewable energy infrastructure development affects the atmosphere, hydrosphere, lithosphere and biosphere, and a robust approach to environmental management is necessary to ensure the protection of all of these aspects of the environment from deteriorating.	Natural ecosystems are deteriorating and it is estimated that more than 41,000 species worldwide, or 28% of all species assessed, are threatened with extinction ³ . Since all living beings depend on one another in complex ecosystems, it is vital for life on Earth that we halt biodiversity loss.
Our ambition	We will increase our supply of environmentally friendly solar power, wind power and Power-to-X to households and businesses and we will work to reduce emissions from fuels and power purchased for own consumption (Scopes 1 and 2).	We are committed to doing as little harm as possible to the environment in which we operate. We will promote environmentally safe renewable energy solutions and consider environmental concerns in our decision making processes.	We will limit impacts on ecosystems in the development, construction, and operation of our sites and we will conduct environmental assessments and collaborate with stakeholders to identify best practices for protecting biodiversity.
Our approach	We recognise that we must approach greenhouse gas emissions related to renewable energy from a value chain perspective. We must take a critical look at our supply chain as there are emissions related to the manufacture and transport of components for renewable energy assets.	We approach environmental management through a focus on preservation and protection of the environment. Our environmental management framework and individual action plans are developed on a case-by-case at local project level.	We engage in close collaboration with local stakeholders and environmental consultants to adjust our projects to local conditions. Furthermore, we are committed to working with universities and research institutions to improve our performance in relation to biodiversity.
Our progress	<ul style="list-style-type: none"> We produced 779 GWh of renewable energy in 2022. We cover 100% of our indirect power purchased for own consumption (Scope 2) with renewable energy certificates. 	<ul style="list-style-type: none"> Based on environmental and social risks identified for each project, environmental management programs are implemented at a local project level in selected markets. For our Danish projects, we have ensured compliance with the Danish waste sorting and management legislation. 	<ul style="list-style-type: none"> We have executed a case study in Hagesholm, Denmark, on the effect of a solar park on pollinators in the area. We are working together with the Danish Society for Nature Conservation and IUCN Denmark, to establish a set of nature-positive guidelines and actions for Danish sites.
Our plan	<ul style="list-style-type: none"> We will assess our indirect Scope 3 emissions in our entire value chain in 2023 and set reduction targets. We will continuously pursue Power-to-X opportunities to decarbonise heavy fuel industries. 	<ul style="list-style-type: none"> We will continue implementing our environmental and social management system across selected projects under construction and sites in operation. We aim to further develop our environmental and social management system. 	<ul style="list-style-type: none"> We will develop plans for monitoring biodiversity, especially protected or vulnerable species and habitats, so that the interaction of our projects with the environment can be continuously assessed. We will develop a Biodiversity policy.
Our results	181,195 tonnes of CO ₂ e avoided in 2022 0.33g CO ₂ e/kWh GHG emission intensity	Our corporate-level environmental and social management system covers environmental management, biodiversity, pollution prevention and control and waste management, etc. The environmental and social management system will be rolled out in designated countries and implemented through location-specific action plans.	
UN SDG contribution	  	  	  

Social progress overview










Social engagement

Health and safety

FOCUS AREA	PEOPLE	LOCAL JOB CREATION	COMMUNITY INVOLVEMENT	PREVENTIVE MEASURES, MONITORING AND REACTIVE ACTIONS
Sustainability challenge	The competition for qualified professionals in the energy sector is fierce. To attract and retain employees, companies must provide jobs that are purpose-driven and in which employees thrive, personally and professionally.	Local job opportunities contribute to regional economic development and capacity building. Local job creation is essential to ensure a successful and sustainable transition into a future free from fossil fuels.	The green transition must benefit and include local communities. Local support for renewable energy projects builds on stakeholder engagement initiatives, which address grievances and meet expectations.	The health and safety of all employees can positively influence the welfare of individuals and communities. Preventing fatal and life-altering injuries at work and making sure everyone gets home safely is imperative.
Our position	Our people are our greatest resource and the foundation for creating the power of tomorrow, today. We will provide our employees with the mental and physical conditions that allow them to thrive and develop.	When constructing and operating sites, we aim to engage the local partners, contractors and community members. Unlocking local expertise is essential to ensure an inclusive and fair green energy transition.	Engaging with local stakeholders is a key element of building trust in our host communities. Strong and ongoing bonds with local stakeholders create meaningful and long-lasting value for all parties involved.	We seek to improve our work procedures and management systems and to pursue best practices to deliver on our promise to provide all people working at our sites with safe and healthy working environments.
Our approach	We have a Code of Conduct, policies and committees to provide our employees with physical, social and psychosocial working conditions that allow them to lead complete and healthy lives at home and at work.	We include local stakeholders and communities in the green transition by engaging in dialogue and by offering jobs on equal, and competitive, terms. In selected markets, we develop local stakeholder engagement plans and provide grievance mechanisms whereby our local stakeholders can communicate their concerns.		Our health and safety initiatives are guided by our QHSE Policy.
Our progress	<ul style="list-style-type: none"> We have launched a Diversity and Inclusion Committee. We have screened for biased language in our job postings in order to ensure diversity among our applicants. We have launched a new career model to foster better development dialogue. 	<ul style="list-style-type: none"> We continued to expand our activities across Europe, Brazil, the USA and Australia and as from 2022, we have activities in 29 countries. We established 8 local offices in 2022. 	<ul style="list-style-type: none"> We have developed a stakeholder engagement procedure at corporate level, in alignment with international standards. Project-level grievance mechanisms were established as part of our stakeholder engagement plans in selected markets. 	<ul style="list-style-type: none"> We have improved our incident reporting system to capture health and safety injuries and non-conformities. We have strengthened our contractor obligations ref. industry standards. We have published a H&S Manual at corporate level to standardise procedures.
Our plan	<ul style="list-style-type: none"> We will develop a Diversity and Inclusion Policy and define new targets. We will provide further support for our managers and equip them to become better leaders. We will conduct an internal gender-pay-equity analysis. We will achieve greater gender diversity across all job levels. 	<ul style="list-style-type: none"> We will continue operating our Local Service Hub Strategy for activities related to solar PV parks under operation in Denmark. We will continue hiring local colleagues and engaging partners with local expertise in our host countries. 	<ul style="list-style-type: none"> We will implement a Community Engagement policy by 2024. We aim to have stakeholder engagement plans in place for 100% of projects with construction starting in 2024. We will roll out grievance mechanisms tailored to the needs of each project under construction by 2024. 	<ul style="list-style-type: none"> We are working on features for contractors to report incidents directly on our platform. We will continuously offer health and safety training to all employees. We will develop emergency preparedness and response standards at corporate level. We will develop company-wide standards for non-conformity reporting procedures.
Our results	493 employees (FTE) 37 nationalities	1,066 of contractor employees on average during the year	39% of projects under construction with stakeholder engagement plans in place	0 TRIR own employees 4.2 TRIR contractors' employees
UN SDG contribution	   	   	    	 

Governance progress overview

Business accountability

FOCUS AREA	BUSINESS ETHICS	RESPONSIBLE PROCUREMENT	TAX CONTRIBUTIONS
Sustainability challenge	Companies have a responsibility to conduct their business without labour and human rights violations, without corruption, and to fulfil legislative requirements. Corruption and other fraudulent practices can impact society by destabilising institutions and undermining fair business competition.	Businesses have a responsibility to identify, address and mitigate any risks in connection with labour and human rights violations, corruption and environmental misconduct in their supply chain. Irresponsible procurement can have a negative impact on societies by preventing sustainable development.	Companies are responsible for paying tax and supporting international tax reforms. This contributes to the development of the societies where they operate and supports well-functioning tax systems and stable institutions, which are beneficial to both local societies and businesses.
Our ambition	We will contribute to fighting corruption, bribery, human rights and labour violations through our own operations and through collaboration with our stakeholders by promoting ethical business practices. We also strive to increase the independence and diversity of our Board of Directors.	To live up to our commitment to procure responsibly, we will strengthen the completeness and relevance of ESG criteria in supplier screenings and assessments. We also pledge to engage and collaborate with our suppliers to promote sustainable development.	We will act responsibly and with integrity in all tax matters, ensuring full compliance in every jurisdiction in which we operate. We strive towards transparent tax reporting, and we voluntarily disclose country-specific tax payments.
Our approach	We conduct our work in an honest and ethical manner and in line with our Code of Conduct and our Anti-corruption and anti-bribery Policy. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings.	We conduct screenings and assessments of our partners and suppliers to evaluate their adherence to various ESG criteria. We work together with our counterparties to address identified material performance gaps or risks through corrective and preventive action plans.	We monitor tax compliance obligations in daily operations by training and providing guidance to relevant employees. Our tax planning must be based on a commercial rationale within not only the letter of the tax law but also the underlying intent.
Our progress	<ul style="list-style-type: none"> We added new competences to our Board of Directors. The number of independent Board members has increased from 40% to 57% and the proportion of the underrepresented gender on the Board increased from 0% to 14%. We continued to raise awareness of our whistleblower mechanism and related procedures, so that employees are aware of and well-equipped to report on misconduct, if necessary. 	<ul style="list-style-type: none"> We worked extensively with our solar PV module manufacturers (tier 1 suppliers) and with industry associations to increase supply chain transparency. For orders placed since October 2022, a Bill of Materials (BoM) is attached to the module supplier contracts defining the manufacturer's factory location(s) and relevant traceability documents up to polysilicon level. 	<ul style="list-style-type: none"> We established a Tax Committee of five members from within the organisation. The purpose of the tax committee is to align on important tax-related affairs and tax risk management within European Energy.
Our plan	<ul style="list-style-type: none"> By the end of 2023, we will implement a code of conduct for business relationships in alignment with the UN Guiding Principles on Business and Human Rights. We will conduct employee training on responsible business conduct. We will finalise the implementation of a revised Anti-corruption and anti-bribery Policy in 2023, to ensure full compliance with sanctions. 	<ul style="list-style-type: none"> We will screen 100% of all critical suppliers on ESG criteria We will continue sponsoring and supporting SolarPower Europe's Solar Stewardship Initiative. 	<ul style="list-style-type: none"> We will increase transparency on our tax reporting. Taking into consideration the complexity of our business and the preparation it requires to meet our ambition, we will work on publishing more transparent tax information inspired by the GRI 207 Framework.
Our results	80% of employees have completed anti-corruption course 14% women in the Board of Directors	39% of critical suppliers risk-screened	Our operations generate positive cash flows and income subject to tax payments in the countries we do business.
UN SDG contribution	   	  	 

Case study

Kassø Solar Park



Kassø Solar Park



MW: 304

At full capacity, the park can supply electricity to 79,500 Danish households.

A look into the solar PV module supply chain

Over the last decade, global solar PV module manufacturing capacity has generally moved from the United States, Japan and Europe to China. This is partly due to a significant wave of investments in new solar PV module supply capacity put in motion by the Chinese government, making the country pivotal in bringing down the global costs¹.

In 2022, China's share of all the manufacturing stages for solar PV modules exceeded 80%, and in the case of a key element such as polysilicon, this proportion is set to reach more than 95% in the coming years².

This concentrated footprint means that there is a global dependence on solar PV modules manufactured in China. To contribute towards accelerating the green energy transition, European developers, such as European Energy, rely greatly on quality, competitive price, production capacity and short lead times that Chinese module suppliers can offer.

Working with global supply chains

European Energy's 304-MW Kassø Solar Park, built with solar PV modules manufactured in China, is the largest solar park

in Northern Europe. At full capacity, the park can supply electricity to approximately 79,500 Danish households³. The project is in a rural area of Aabenraa Municipality in Southern Denmark, just over 25 kilometres from the German border.

The world's dependence on Chinese solar PV modules is a topic which has received increased media attention both in Denmark, where we are headquartered, and abroad. This is due to reports indicating the potential use of forced labour in the upstream supply chain manufacturing stages of the solar PV modules, for which the factories are largely concentrated in the Xinjiang region⁴. In connection with these reports, in mid-2022, European Energy was interviewed by a Danish media station as part of a documentary focusing on these allegations and using Kassø Solar Park as a case study.

These serious forced labour allegations are compounded by a general lack of transparency in the entire silicon-based photovoltaic module supply chain. The question of potential forced labour is most significant for the first three components used in the production of solar PV modules (namely quartz, silicon metal and polysilicon).

1 International Energy Agency, 2022. [Solar PV Global Supply Chains](#)

2 International Energy Agency, 2022. [Solar PV Global Supply Chains](#)

3 Dansk Energi, 2017. The calculation is based on the assumption that an average Danish household consumes 4,000 KWh per year.

4 Sheffield Hallam University Helena Kennedy Centre for International Justice. 2021. (Elimä, N and Murphy, L.T.).

In [Broad Daylight](#): Uyghur Forced Labor and Global Solar Supply Chains.

Chinese solar PV module suppliers typically only have an influence on the choice of materials and suppliers involved in the downstream supply chain (solar cells, solar glass, junction box and encapsulant, etc.). The choice of components and suppliers involved in the solar PV modules' upstream supply chain – such as quartz, silicon metal and polysilicon – is thus often not determined by the solar PV module manufacturer with whom European Energy has a contractual relationship.

Given that silicon-based PV modules represent 95% of the installed global capacity, the importance of this matter cannot be overstated. European Energy takes these allegations very seriously and has initiated a variety of internal processes and initiatives designed to increase transparency in our supply chain.

Our Supply chain work group, established in 2021, drives our agenda in this area and so far has thus worked to ensure that all major supplier contracts have ESG clauses and that suppliers are screened according to ESG questionnaires, one of which focuses solely on labour and human rights in the solar PV modules' supply chain.

Prioritising transparency and supplier engagement

Even though European Energy works exclusively with Tier 1 solar PV module suppliers, our ongoing supply chain work has revealed that the solar PV module supply chain often lacks transparency in the upstream value chain. Suppliers need to be vertically integrated to have greater control of their upstream supply chain.

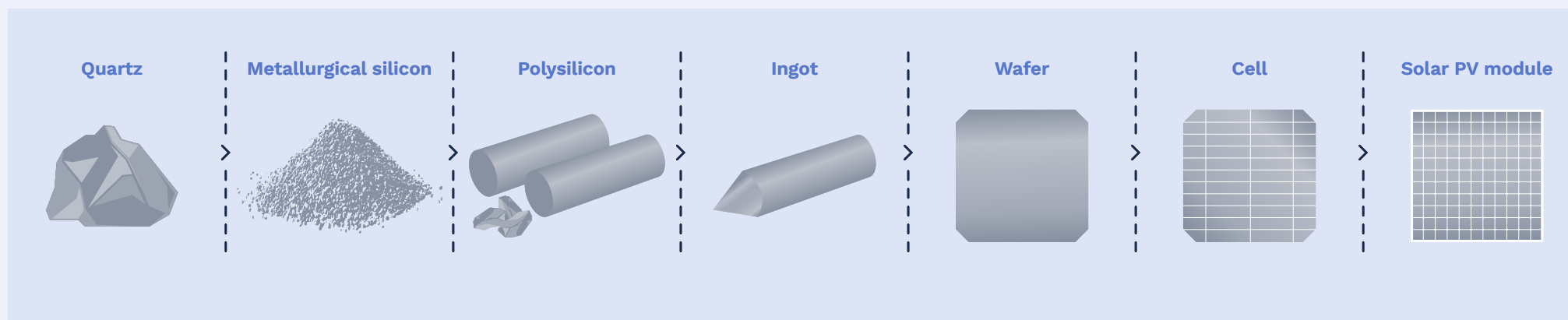
In recognition of this lack of transparency in the upstream value chain, we have joined forces with the industry, including SolarPower Europe, to launch the Solar Stewardship Initiative, of which the ultimate goal is to ensure that all solar PV modules entering the European value chain comply with international ESG standards, regardless of the region of origin.

As part of our journey towards achieving greater supply chain transparency, we are collaborating with our suppliers on finding new ways to increase the traceability of solar PV modules. As from third quarter of 2022, we require a Bill of Materials in supplier contracts to specify the sources and factory locations of solar PV module components up to polysilicon level, and to provide evidence of this. In doing so, we

hope to build a supply chain in which we are certain that forced labour does not play a role.

More broadly, we are committed to strengthening our due diligence processes, and are working to improve supplier pre-qualification assessments to increase the quality of the ESG data to which we have access. In 2023, we also intend to implement a wide-reaching Code of Conduct for Business Partnerships.

The PV module components supply chain



Managing waste at end-of-life

Bifacial PV modules, such as those installed in Kassø solar park for the next 30 years, consist of several materials.

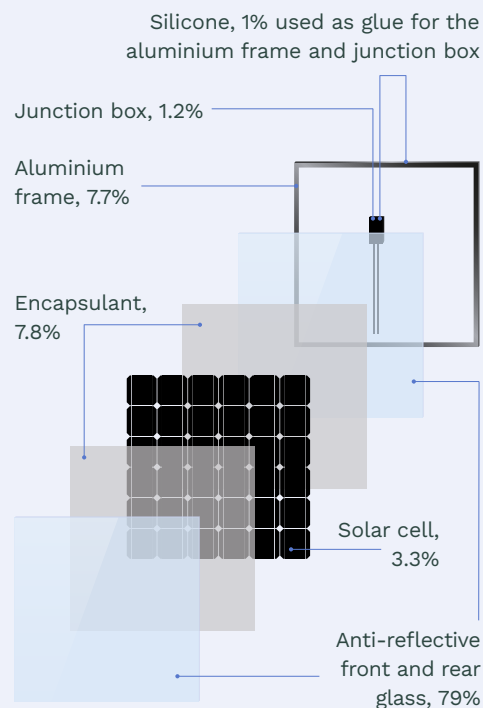
In the European Union, recycling of solar PV modules and inverters is mandatory by law. By reporting to the Data Centre for Circular Economy (commonly referred to as Dansk Producent Ansvar in Denmark, or DPA), renewable energy developers such as European Energy take responsibility for certain imported products throughout their lifetime.

This is the case for Kassø's solar PV modules and inverters which, in volume terms, are two of the three main components of a solar park, together with mounting structures. We use contractors specialising in the recycling of Waste from Electrical and Electronic Equipment (WEEE) to handle the solar PV module and inverter components that may need to be disposed of during the lifetime of the project. These contractors ensure that the correct reuse, recycling and recovery processes are in place. Currently, up to 90% of solar PV modules can be recycled¹.

The DPA system thereby ensures that importers of electronic equipment are

responsible for registering and managing the equipment's waste disposal at end of life. In 2022, we registered a total of 11,000 tonnes of PV panel scrap in the DPA system.

PV panel components of silicon-based monocrystalline modules



1 Publications Office of the European Union, 2015. (Latunussa C, Mancini L, Blengini G, Ardente F, Pennington D.) [Analysis of Material Recovery from Silicon Photovoltaic Panels.](#)

2 The Energy payback time is calculated by dividing the total energy used from cradle to grave for a solar PV park by the energy produced by the solar PV park. The total energy used from cradle to grave is calculated by multiplying the solar PV park's capacity by the primary energy resources used to produce it, an information obtained from Environmental Product Declarations following a cradle to grave approach. The expected power produced by the solar PV park is calculated by multiplying the park's capacity by its expected production (MWh/MWp). The calculations take into consideration an average power production value from European countries.

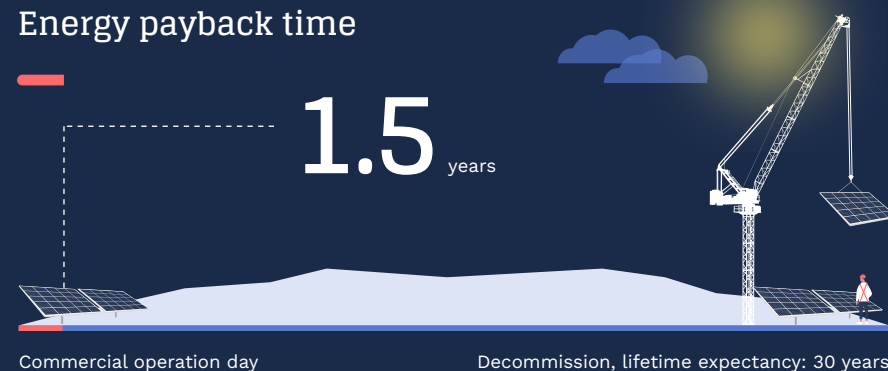
Carbon footprint of solar PV systems

We are in dialogue with our solar PV component suppliers as part of supplier engagement on ESG priorities. Together we investigate technological solutions that work towards reducing the carbon footprint associated with the production, installation, and disposal of solar PV systems.

Carbon footprint analyses performed by solar PV module suppliers according to the ISO 14025, ISO 14040 and ISO 14044 standards, show that the typical greenhouse gas emissions of a complete solar PV system consisting of double-glass solar PV modules is 17.8g CO₂e/kWh. This value is based on a cradle to grave system approach for a supply chain based in China. It reflects the emissions from resource extraction and purification (cradle) and all internal manufacturing processes up to disposal (grave), under the assumption that solar PV parks have a lifetime of 30 years.

Based on the same reports, the energy payback time, meaning the time it takes for a solar park to produce the same amount of energy that it uses throughout its full life cycle, is 1.5 years².

Energy payback time



Decarbonising global industries

New ventures into Power-to-X

European Energy is looking forward to further expanding Kassø Solar Park's role in the green transition through the construction of a new Power-to-X facility adjacent to the solar park.

Our large e-methanol facility will use renewable energy produced by Kassø Solar Park to deliver around 32,000 tonnes of green methanol annually. The green methanol will be sustainably certified through the International Sustainability and Carbon Certification (ISCC) scheme.

The green methanol will be used by Maersk, among others, to power their fossil-free container ships, marking Denmark's first foray into CO₂-neutral shipping on a large scale.



304 MW

Kassø,
Denmark

Case study

Ouro Branco I



Ouro Branco I



MW: 36

At full capacity, the park can supply electricity to 100,000 Brazilian households¹.



Harnessing the power of wind

REPowerEU, the European Commission's plan to accelerate the green transition and reduce Europe's dependence on Russian fossil fuels, was presented in May of this year. This energy security strategy naturally supports the deployment of renewable energy, including wind power. Today, wind power covers 15% of Europe's electricity demand but, according to the action plan, this ratio is expected to increase to 43% in the course of the next 8 years². Additionally, the long-term plan is for wind power to meet 50% of Europe's total electricity demand, which translates directly into 1,300 GW of installed capacity by 2050.

Wind power is therefore crucial to power Europe's green transition, while ensuring energy security. The vast majority of the wind turbines installed in Europe are manufactured in Europe and the continent's yearly exports of wind equipment amount to EUR 8 billion³.

Working with global supply chains

European Energy's 36-MW wind farm, Ouro Branco I, was connected to the grid in late 2022. The wind farm, located in the municipality of Poção in Northeastern Brazil, consists of 8 wind turbines, all manufactured by a European wind turbine supplier.

We only procure from the top Original Equipment Manufacturers in Europe and in the United States. We assess and approve our wind turbine manufacturers based on such criteria as supplier bankability, quality excellence track record, ability to deliver, competitive pricing, ESG performance and turbine suitability for any given site. Our supplier assessments range from self-assessments to full on-site assessments.

Wind turbines have four major components: rotor blades, the nacelle, including the gearbox and generator, the hub and the tower.

In 2022, global supply chains for raw materials such as copper, aluminium, steel and rare earth elements faced disruptions due to the Covid-19 pandemic's repercussions and the war in Ukraine.

For the production of motors used in wind turbines, the suppliers we procure from rely on several rare earth elements, such as Boron, Dysprosium, Neodymium and Praseodymium. To reduce the risk of supply disruptions, Rare Earth Elements are used as efficiently as possible and in more common variants.

¹ EPE, 2019 This calculation is based on the assumption that an average North Brazilian household consumes 1,503 KWh per year.

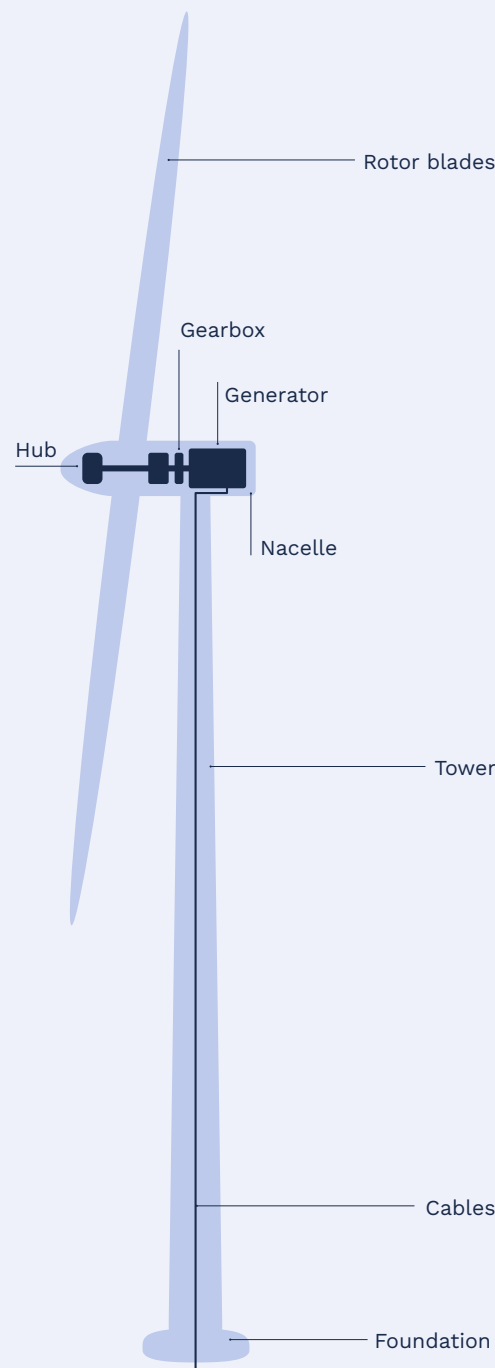
² European Commissions, 2022. REPowerEU: A plan to rapidly reduce dependence on Russian fossil fuels and fast forward the green transition.

³ WindEurope, 2022. The EU Raw Materials Act – WindEurope's contribution to the European Commission consultation.

As part of our overall supplier ESG assessments, we also follow the Organisation for Economic Cooperation and Development's (OECD) Due Diligence Guideline for Responsible Mineral Supply Chains. This helps us screen our suppliers' potential use of minerals and metals sourced from conflict regions in the manufacturing of their products. Since European Energy does not directly source tungsten, tantalum, tin and gold from mines or smelters, we rely on our suppliers to provide us with information on the origin of the minerals and metals they use.

Some of the wind supply chain challenges mentioned above can be tackled through the EU Raw Materials Act. In doing so, European wind developers such as European Energy, are better able to address the decarbonisation goals set through the REPowerEU Plan.

While we purchase all wind turbines from European and North American manufacturers, we also engage actively with local equipment and service suppliers during the construction and operational phases of our projects. At our Ouro Branco I Wind Farm, for example, the substations' main equipment and all grid connection (high voltage), the main transformers and switchgears, the control and safety equipment and the civil works, including engineering design, were undertaken by Brazilian companies.



¹ The calculations are based on Environmental Product Declarations in conformity with ISO 14025, ISO 14040 and ISO 14044.

The carbon footprint of wind turbines

As we work towards the green transition, it is important to take a holistic approach and to consider the life cycle greenhouse gas emissions of wind turbines. Life cycle assessments performed by our wind turbine suppliers show that the average greenhouse gas emissions of wind turbines purchased by European Energy are 7.52g CO₂e/kWh¹.

This value is based on a cradle to grave approach, which means that the assessments look at the carbon impact of wind turbines from resource extraction (cradle) to disposal (i.e., when the assets are decommissioned). These assessments take into consideration that wind turbines have a lifetime of 20 years. However, this is a conservative assumption as new wind turbines are estimated to be able to operate for 30 years.

According to our wind turbine suppliers, the energy payback time, meaning the time it takes for a turbine to produce the same amount of energy that the turbine uses throughout its life cycle, is 7 months on average. In terms of energy, a wind turbine will pay itself back 34 times during its lifetime of 20 years.

Energy payback time



Working alongside local artisans

Construction of the Ouro Branco I wind farm in the state of Pernambuco started during the Covid-19 pandemic in 2021. The surrounding region was severely affected by this disruption. During the construction of the wind farm we made it a priority to ensure that local economies and communities were supported through new employment opportunities, medical supply donations and capacity building for the region's traditional textile producers.

While agriculture and livestock have long played an important role in the area, traditional textile handicrafts practised and produced in the region provide an important alternative source of income for local families, given the frequent onset of prolonged and severe droughts.

Of particular significance is a type of lace made in Northeastern Brazil and known as *renascença*, which has long played an important role in the socio-economic status of farmers and artisans in the region. This traditional handicraft was threatened by a drastic downturn in tourism, and a parallel decrease in purchases, due to the pandemic.

As a result, the Rendeiras Project was designed by European Energy to provide relevant training for community members, as well as to promote the local lacemakers' work to external audiences, and further facilitate the sale of products from a local shop, through retailers and online. Over 90 participants in rural Poção ultimately took part in a series of training sessions that included courses on communication, social networks, entrepreneurship and innovation.

Today, this work has expanded to include the organisation of exhibitions, the opening of physical stores, and the production of editorial works, which all serve to highlight the work of local artisans and increase sales of *renascença*. European Energy is proud to play a role in supporting local craftspeople in preserving an artform that has been passed down for generations.



Renda
Renascença
displayed at
Poção's fashion
show

ESG performance data



Economic performance data

Indicator	Unit	Target	2022	2021	Δ
Revenue	EURk		438,077	328,653	33%
EBITDA	EURk		134,502	81,224	66%
Profit before tax	EURk		109,743	62,724	75%

Accounting policies

We have included a selection of economic performance data and renewable energy volumes and capacities as these are closely related to our progress and performance on climate-related and environmental issues.

For more information about European Energy's financial performance as well as renewable energy volumes and capacities, we refer you to our [2022 Annual Report](#).

Renewable energy volumes and capacities

Indicator	Unit	Target	2022	2021	Δ
Renewable share of energy production	%		100	100	0
- Wind power	%		81	70	11%p
- Solar power	%		19	30	-11%p
Renewable energy production	GWh		779	606	29%
- Wind power	GWh		634	425	49%
- Solar power	GWh		145	181	-20%
Renewable energy capacity	MW		905	493	84%
- Wind power	MW		411	293	40%
- Solar power	MW		494	200	147%
Renewable energy construction pipeline	MW		1,258	815	54%
- Wind power	MW		670	428	57%
- Solar power	MW		529	387	37%
- Power-t-X	MW		59	-	-
Renewable energy development pipeline	MW		31	20	55%
- Wind power	MW		5	4	25%
- Solar power	MW		26	16	63%

Environmental performance data



Greenhouse gas (GHG) emissions (Scope 1 and 2)

Indicator	Unit	Target	2022	2021	Δ
Direct GHG emissions (Scope 1)					
Total direct GHG emissions (Scope 1)	Tonnes CO ₂ e		56	7	700%
Indirect GHG emissions (Scope 2)					
Location-based indirect GHG emissions (Scope 2)	Tonnes CO ₂ e		714	776	-8%
Market-based indirect GHG emissions (Scope 2)	Tonnes CO ₂ e		200	44	355%
Greenhouse gas (GHG) intensity (Scope 1 and 2)					
GHG emission intensity, energy production	g CO ₂ e/kWh		0.33	0.08	313%
GHG emission intensity, revenue	g CO ₂ e/EUR		0.58	0.15	287%
GHG emission intensity, EBITDA	g CO ₂ e/EUR		1.90	0.62	206%

Direct scope 1 greenhouse gas emissions increased from 7 tonnes of CO₂e in 2021 to 56 tonnes of CO₂e in 2022 primarily caused by an increasing amount of fuel purchased for our company vehicles and vessels.

Indirect location-based scope 2 greenhouse gas emissions declined to 714 tonnes of CO₂e in 2022, which is an 8% decline from 2021. A 15%p increase in the share of renewable energy purchased for own consumption is the main driver of this decline.

Indirect market-based scope 2 greenhouse gas emissions amounted to 200 tonnes of CO₂e in 2022, which is an increase of 355% compared to 2021, caused by an increasing amount of heat purchased for our office buildings. Greenhouse gas emissions from

power consumption amounted to 0 tonnes of CO₂e because all power sourced for own consumption is certified renewable power.

The greenhouse gas intensity of the renewable energy European Energy produced landed at 0.33g of CO₂e per sold kWh in 2022, up from 0.08g of CO₂e per sold kWh in 2021.

We anticipate our indirect scope 3 greenhouse gas emissions to be high, since there are a considerable amount of emissions tied to the manufacture and transportation of renewable energy components. In 2023, we will take a critical look at our value chain emissions and assess our scope 3 greenhouse gas emissions, define actions, and set reduction targets.

Accounting policies

Direct GHG emissions (Scope 1)

We apply the Greenhouse Gas Protocol when reporting on our direct scope 1 GHG emissions, which cover all direct GHG emissions from European Energy.

Direct GHG emissions (Scope 1) are calculated by multiplying the amount of consumed fuel by CO₂e per fuel type. We use the UK Government's GHG Conversion Factors for Company Reporting (DE-FRA, 2020) as a source for CO₂e per fuel type.

Indirect GHG emissions (Scope 2)

We apply the Greenhouse Gas Protocol when reporting on our indirect scope 2 GHG emissions, which cover indirect GHG emissions from the consumption of purchased heat and power at European Energy's projects under construction, sites in operation, and office buildings.

Indirect GHG emissions (Scope 2) are calculated as both location-based emissions (by country) and market-based emissions (by energy type).

Location-based emissions are calculated by multiplying the energy consumed by the total country specific emission factor supplied by the International Energy Agency (IEA, 2022).

Market-based emissions cover energy consumed, assuming that the regular power is delivered as residual power where the renewable part has been taken out. The energy consumed is multiplied by greenhouse gas emission factors per type of energy and per country, considering the specific energy mix as supplied by the International Energy Association (IEA, 2022). When energy mixes are not available, we use the European Residual Mixes from the Association of Issuing Bodies (AIB, 2021).

GHG intensity (Scope 1 and 2)

GHG intensity (Scope 1 and 2) is calculated as total direct GHG emissions (Scope 1) and market-based indirect emissions (Scope 2) divided by total energy production, revenue, and EBITDA, respectively.

Avoided greenhouse gas (GHG) emissions

Indicator	Unit	Target	2022	2021	Δ
Avoided greenhouse gas (GHG) emissions					
Avoided GHG emissions	Tonnes CO ₂ e		181,195	140,956	29%

In 2022, European Energy avoided 181,195 tonnes of greenhouse gas emissions through the renewable energy we produced at our wind farms and solar parks. This is an increase of 29% compared to the 140,956 tonnes of greenhouse gas emissions, we avoided in 2021. The rise is caused by increasing volumes of renewable energy production.

Accounting policies

Avoided GHG emissions

The avoided greenhouse gas emissions due to renewable energy production from solar and wind farms are calculated based on the assumption that the renewable energy produced at our solar and wind farms replaces an equal quantity of energy produced by a mix of renewables and non-renewables.

The CO₂e greenhouse gas emissions avoided are calculated by multiplying energy production by greenhouse gas emission factors. We apply the total greenhouse gas emission factor for OECD countries in Europe as supplied by the International Energy Agency (IEA, 2022).

Renewable energy production from wind farms and solar parks does not lead to direct greenhouse gas emissions, and indirect greenhouse gas emissions are not included. Avoided greenhouse gas emissions only include emissions avoided for the financial year, and do not include potential avoided emissions in the future.

Energy consumption

Indicator	Unit	Target	2022	2021	Δ
Direct energy consumption (GHG - Scope 1)	MWh		208	27	670%
Fuels used for vehicles and vessels	MWh		208	27	670%
Indirect energy consumption (GHG - Scope 2)	MWh		4,245	3,432	24%
Power sourced for own consumption	MWh		3,865	3,240	19%
- covered by renewable energy certificates	%	100	100	100	0%p
Heat sourced for own consumption	MWh		380	192	98%
Direct and indirect energy consumption (total)	MWh		4,453	3,459	29%
Renewable share of total direct and indirect energy consumption	%		53	38	15%p

Total direct energy consumption (Scope 1) and indirect energy consumption (Scope 2) amounted to 4,453 MWh, which is an increase of 29% compared to the 3,459 MWh we consumed in 2021. The renewable share of total direct and indirect energy consumption increased by 15%p to 53%.

European Energy's direct energy consumption (Scope 1) including fuels used for vehicles and vessels, increased from 27 MWh in 2021 to 208 MWh in 2022. The increase is a result of a growing company car fleet. In 2022, we added eight cars to our company car fleet and one crew transfer vessel.

Power sourced for own consumption (Scope 2) increased by 19% from 3,240 MWh in 2021 to 3,865 MWh in 2022 as a result of our growing company. We source power at our solar and wind farms, which we primarily use for surveillance equipment of power production, and at our office buildings. We do not source power for the actual production of wind and solar power.

100% of power sourced for own consumption is covered by renewable energy certificates, which we have surrendered from one of our own renewable energy parks.

In 2022, we opened eight new offices across the world to accommodate all of our employees, which has lead to an increase of 98% in heat sourced for own consumption (Scope 2) up from 192 MWh in 2021 to 380 MWh in 2022.

Going forward, we will take a critical look at our direct and indirect energy consumption and develop solutions to how we can decouple growth from increasing environmental impact.

Accounting policies

Direct energy consumption (GHG, Scope 1)

Direct fuel consumption includes fuels (gasoline and diesel) used in vehicles and vessels. We calculate consumption based on invoices. All direct fuel consumption leads to scope 1 GHG emissions.

Indirect energy consumption (GHG, Scope 2)

Indirect heat and power consumption is purchased and consumed by European Energy at our projects under construction, office buildings and by our sites in operation. Power consumption excludes consumption from our own generated power. We calculate consumption based on meter readings and invoices.

Renewable energy certificates

100% of the power we purchase for own consumption is covered by renewable energy certificates, which we have surrendered from our own renewable energy production.

Renewable share of total direct and indirect energy consumption

The renewable share is calculated as renewable energy sourced for own consumption divided by total energy sourced for own consumption.

Social performance data



People

Indicator	Unit	Target	2022	2021	Δ
Employees					
Total number of employees (as of 31 December)	FTEs		493	313	58%
Denmark	FTEs		350	250	44%
Germany	FTEs		41	26	58%
Lithuania	FTEs		15	7	114%
Poland	FTEs		13	5	160%
Italy	FTEs		11	4	175%
Sweden	FTEs		10	6	67%
The UK	FTEs		10	6	67%
Other	FTEs		33	9	267%
Average number of employees in the year	FTEs		403	251	61%
Average number of contractor employees in the year	FTEs		1,066	625	71%
Employee turnover					
Total employee turnover rate	%		13.9	12.1	2%p
Voluntary employee turnover rate	%		12.5	10.6	2%p
Employee well-being survey					
Employees participating in the survey	%	75 (2022)	-	74	-
Employees who are satisfied with their job	%		-	80	-
Employees who would recommend working at European Energy	%		-	81	-
Employees who often or always return home tired	%		-	37	-
Employees who regularly experience stress symptoms	%		-	30	-

Number of employees up by 58%

Our employees are our most important resource. Without our employees, we could not accomplish our mission of growing into a force that champions the green transition, develops green energy solutions and encourages the world to join the movement towards a fossil free society.

In 2022, we saw an unprecedented increase in our workforce. The number of employees increased by 58%, from 313 employees in 2021 to 493 in 2022. Most of our employees are based at our headquarter in Denmark, but we are also hiring more and more people abroad, especially in central Europe and eastern Europe.

In addition to the 493 employees contractually employed by European Energy, we also engage an equivalent of 1,066 people, who are employed by our contractors, but who make a tremendous contribution to the construction and operation of our solar parks, wind farms and Power-to-X plant.

Accounting policies

Employees

The number of employees is determined as the number of contractually employed employees by European Energy A/S at 31 December of the financial year, converted into full-time equivalents (FTEs).

Average number of contractor employees

The total number of hours worked by contractor employees on our sites (projects under construction and solar park and wind farms, which we manage under technical asset management obligations or operate under management agreements) are divided by the average number of hours worked by our own employees in Denmark in the financial year.

Employee turnover

The employee turnover rate is calculated as the number of employees who have left the company, relative to the average number of employees in the financial year.

Employee well-being survey

We did not conduct an employee well-being survey in 2022. The last employee well-being survey was conducted in December 2021, with results presented and follow-up actions implemented in 2022.

Our employees' well-being

At European Energy we have an established Work Environment Committee. The Work Environment Committee plans, coordinates and oversees activities related to improving the working environment of our employees across the organisation.

The last employee well-being survey was conducted in December 2021, with results presented and follow-up actions implemented in 2022.

The results of the employee well-being survey in 2021 showed that 80% of our employees are, in general terms, satisfied with their job, and that 81% of our employees would recommend working at European Energy. One of the main drivers of these scores is that our employees feel their work is important and contributes to the greater good and green transformation of our society.

Despite the positive satisfaction scores, the survey revealed that too many of our employees feel exhausted and stressed. 37% of our employees reported that they often or always returned home from work tired, and 30% reported that they regularly experienced stress symptoms.

We take exhaustion and stress symptoms very seriously. We did not conduct an employee well-being survey in 2022, but instead focused our resources on investigating the exhaustion and stress-related findings further and on implementing actions to improve the well-being of our employees.

To mitigate and prevent exhaustion and stress symptoms, we implemented a number of actions, of which the following are examples:

- Leaders attended a stress guidance session focusing on how to spot stress symptoms among personnel in their departments.
- Workload is a fixed agenda item at departmental meetings, and reflected in minutes of meetings.
- Awareness of stress and stress symptoms have and will be communicated to all employees on a continuous basis.

In 2023, we will conduct quarterly surveys on the topics of exhaustion and stress, until the well-being of our employees has improved.



Company trip,
Lithuania, 2022

Gender diversity

Indicator	Unit	Target	2022	2021	Δ
Diversity					
Board of Directors, European Energy A/S	Number		7	5	2
Female	Number		1	0	1
Male	Number		6	5	1
Gender with lowest representation/female (40% in 2026)	%	25 (2023)	14	0	14%p
Leadership Team	Number		6	8	-2
Female	Number		0	0	0
Male	Number		6	8	-2
Gender with lowest representation/female	%	10 (2022)	0	0	0%p
Extended Leadership Team	Number		17	34	-50%
Female	Number		2	8	-75%
Male	Number		15	26	-42%
Gender with lowest representation/female	%	35 (2022)	12	24	-12%p
All employees	Number		550	343	60%
Female	Number		209	134	56%
Male	Number		341	209	63%
Gender with lowest representation/female	%		38	39	-1%p
Average age of employees	Years		39	40	-1
Employees < 30 years	%		23	22	1%p
Employees 30 - 50 years	%		56	56	0%p
Employees > 50 years	%		21	22	-1%p
Number of nationalities	Number		37	30	7

Diversity in the Board of Directors

To strengthen the corporate governance of European Energy and to support the company through its continuous development and growth, in 2022 we initiated a process to adjust the Board of Directors. The principal shareholders decided to increase the number of independent Board members,

including an independent Chair of the Board, to achieve greater diversity of representation, and to further broaden the strategic decision-making capabilities of the Board.

In December 2022, Jens Due Olsen and Louise Hahn were elected as Board members at an extraordinary general meeting. On

welcoming Louise Hahn to the Board, the ratio of the underrepresented gender on the Board of Directors increased by 14%p, from 0% to 14%.

Our targets of 25% female representation on our Board by 2023 and 40% female representation on our Board by 2026 remain in

Accounting policies

This section represents European Energy's statutory statements on the underrepresented gender in accordance with Section 99b of the Danish Financial Statements Act (Årsregnskabsloven).

Board of Directors

The Board of Directors consists of members elected at the general meetings.

Leadership Team

The Leadership Team consists of the CEO, Deputy CEO, CFO, EVP Head of Power-to-X, EVP Head of Project Development and EVP Head of EPC. The Leadership Team reports to the Board of Directors.

Extended Leadership Team

The Extended Leadership Team has 17 members from all parts of the organisation.

All employees

All employees by gender represents the total number of employees split between male and female employees. The total number of employees comprises a head count of contractual employees of European Energy A/S at 31 December of the financial year.

alignment with the European Commission's decision in 2022 to set a female representation target of 40% for the boards of publicly listed companies.

In 2023, we will continue our process of further professionalising the Board of Directors, with special focus on increasing the diversity of the Board members.

New career model implemented

In 2022, we implemented a new career model to professionalise our organisation in line with our corporate strategy and ambition to be a global creative enabler of the green transition.

The career model is intended to create a more established and transparent organisation, while providing opportunities for more structured development dialogues across the entire organisation.

As part of the implementation of the new career model, we have made changes to the grouping of job levels and titles, and to the roles and responsibilities of each group.

These changes have particularly impacted the number of persons in the Extended Leadership Team, which decreased by 50% from 34 persons to 17 persons.

The Leadership Team is responsible for the day-to-day management of the company and handles top-level management activities and decisions critical to the overall performance of the organisation.

The Leadership Team consists of six members, which is two members less than the year before. The percentage of

the underrepresented gender is 0%, which means that we have not achieved our target of 10% women by 2022.

The Extended Leadership Team consists of members from all parts of the organisation, which enables communication and alignment across departments. It is a forum for testing out business ideas, cascading strategic priorities and decisions, and driving change within the respective business areas.

The Extended Leadership Team comprises 17 members in total, of whom only two are female. The underrepresented gender accounts for 12%, which means that we did not achieve our target of 35% women in the Extended Leadership Team by 2022.

Diversity and Inclusion Committee

To ensure a more diverse and inclusive workforce across all employment levels at European Energy, we established a Diversity and Inclusion Committee in 2022.

Based on the results of a gap analysis, the Diversity and Inclusion Committee will develop a Diversity and Inclusion Policy in 2023. In addition, ambitious new targets and actions will be defined to increase diversity and inclusion throughout the organisation and at all job levels.

Health and safety

Indicator	Unit	Target	2022	2021	Δ
Health					
Sickness absence	%		2.3	-	-
Safety					
Lost Time Injuries (LTIs)					
Own employees	Number		0	2	-2
Contractor employees	Number		6	5	1
Lost Time Injury Rate (LTIR)					
Own employees	Injuries per million hours worked	0 (2023)	0	4.5	-100%
Contractor employees	Injuries per million hours worked	3.0 (2023)	3.6	5.0	-29%
Total Recordable Injuries (TRIs)					
Own employees	Number		0	2	-2
Contractor employees	Number		7	7	0
Total Recordable Injury Rate (TRIR)					
Own employees	Injuries per million hours worked	0 (2023)	0	4.5	-100%
Contractor employees	Injuries per million hours worked	3.5 (2023)	4.2	7.0	-41%
Fatalities	Number		0	0	0

Improved safety performance

In 2022, we closely monitored the Lost Time Injury Rate (LTIR) and Total Recordable Injury Rate (TRIR) for European Energy's employees and contractors on sites.

Last year, we set a target to lower both the LTIR and TRIR by 10%. Throughout 2022, we implemented several health and safety procedures, trainings and processes that enabled us to reduce both LTIR and TRIR for our own employees by 100%.

This strengthened commitment towards prioritising a health and safety culture at work is also reflected in the reported health and

safety injuries for our contractor's employees. Both the LTIR and TRIR fell by 29% and 41% respectively, when compared to the baseline year 2021.

Having improved our incident reporting system to capture a wider range of health and safety incidents and non-conformities, we will further expand the functionalities of the system to allow contractors to report directly into our platform in 2023.

To streamline contractor level reporting on health and safety, we also strengthened our contractor obligations in 2022 in alignment with international best practices (e.g. OECD

guidelines for multinational enterprises and the GRI Standards on health and safety). With these initiatives we aim at increasing the quality of the health and safety data collected.

With the above in mind, we have set a 15% reduction target for 2023 for both Lost Time Injury Rate and Total Recordable Injury Rate. Supported by our newly developed Health and Safety Manual, we will continuously work towards keeping both our own employees and contractor's employees healthy and safe.

Accounting policies

Sickness absence

Sickness absence is calculated as the ratio between number of sick days and the planned number of annual working days.

Safety

Safety data includes office spaces, projects under construction, and sites in operation.

For projects under construction, we report on the health and safety of contractor employees irrespective of European Energy's ownership share in a given project.

For sites in operation, we report on the health and safety of contractor employees if we manage the site under technical agreements or operation and maintenance agreements, irrespective of ownership share.

Hours worked by our own employees in Denmark and abroad are obtained through company records. For contractor employees, working hours on site are based on the reports and inputs from contractors.

TRIR includes the following injury categories: Fatalities, Lost Time Injuries, Medical Treatment Injuries and Restricted Work Injuries.

LTIR includes Lost Time Injuries and Fatalities.

Governance performance data



Board of Directors

Indicator	Unit	Target	2022	2021	Δ
Board of Directors, European Energy A/S					
Members	Number		7	5	2
- Danish	Number		7	5	2
- Non-Danish	Number		0	0	0
- Female	Number		1	0	1
- Male	Number		6	5	1
Gender with the lowest representation/female (40% in 2026)	%	25 (2023)	14	0	14%p
Average age	Years		55	55	0
Average seniority	Years		9	12	-3
Independent board members	%		57	40	17%p
Board meetings	Number		7	8	-1
Board meeting attendance	%		97	98	-1%p
Remuneration of the Board of Directors	EURk		51	45	13%
Audit Committee					
Members	Number		3	3	0
Meetings	Number		5	5	0
Attendance	%		93	100	-7%p

Board of Directors

In 2022, European Energy initiated a process to adapt its Board of Directors to the continued growth and development of the company, with a focus on further strengthening corporate governance.

The principal shareholders decided to increase the number of independent Board members, including an independent Chair of the Board, to increase the diversity of representation, and to extend the competencies supporting the Board's strategic decision-making.

In December 2022, Jens Due Olsen was elected as Chair of the Board of Directors at an extraordinary general meeting, replacing Jens-Peter Zink, who will continue in his role as Deputy CEO. At the same extraordinary general meeting, Louise Hahn was elected as an independent member of the Board of Directors.

The number of independent Board members has thus increased by 17%p, from 40% to 57%, and the number of members of the underrepresented gender on the Board increased by 14%p, from 0% to 14%.

Our targets of 25% female representation on our Board by 2023, and 40% female representation on our Board by 2026, remain in alignment with the European Commission's decision in 2022 to set a female representation target of 40% for the boards of publicly listed companies.

In 2023, we will continue the process of further professionalising the Board of Directors, with special focus on increasing the diversity of the members of the Board.

Accounting policies

European Energy's statement on the underrepresented gender in accordance with Section 99b of the Danish Financial Statements Act (Årsregnskabsloven) is covered in the 'Gender Diversity' section on [page 35](#) of this report.

For more information on the remuneration of the Board of Directors, see European Energy's [Annual Report 2022](#).

Business accountability

Indicator	Unit	Target	2022	2021	Δ
Supplier due diligence					
Critical supplier risk screenings	%	100 (2023)	39	23	16%p
Anti-corruption and anti-bribery					
Employees who have completed an anti-corruption and anti-bribery course	%		80	90	-11%
Stakeholder engagement					
Stakeholder engagement plans implemented	%	100 (2024)	39	-	-
Whistleblower cases					
Substantiated whistleblower cases	Number		2	0	2
Whistleblower cases referred to the police	Number		0	0	0

Supplier due diligence

European Energy's supplier screening program ranges from self-assessments to full on-site evaluations. In 2021, we initiated ESG due diligence supplier screenings and have since then screened 39% of our critical suppliers. Our target remains to screen 100% of our critical suppliers on ESG criteria by the end of 2023. Our assessments cover the following topics: compliance and governance, anti-corruption and anti-bribery practices, labor and human rights, environment, supply chains, and business partnerships.

In 2022, we continued to address the forced labor allegations in the Chinese solar PV upstream supply chain by supporting SolarPower Europe's Solar Stewardship Initiative through Green Power Denmark, a Danish green energy organisation. The Solar Stewardship initiative aims at establishing mechanisms to create supply chain

transparency in the solar PV value chain by establishing a Chain of Custody system for product traceability. As 2023 unfolds, we look forward to the kick-off of the pilot audit program of the initiative, which will lead to the final publication of the industry's code of conduct and the launching of an assurance system by the end of the year. In parallel, since third quarter of 2022, we also require that the Bill of Materials in supplier contracts specifies the sources and factory locations of solar PV module components up to polysilicon level and that suppliers provide evidence of this.

For wind and Power-to-X technologies we have joined forces with several industry-led sustainability workstreams where supply chain challenges, such as the use of rare earth minerals, are discussed and addressed amongst industry peers.

Whistleblower cases

European Energy's whistleblower system is a confidential channel through which all internal and external stakeholders can raise concerns or possible violations of applicable laws, or established internal policies and codes of conduct.

Our policies and codes of conduct include such areas as anti-corruption and anti-bribery, human rights and labour rights, environment and climate-related issues, health and safety, IT security and data ethics, etc.

All cases are handled in full confidentiality and we do not tolerate discrimination or retaliation against persons submitting cases in good faith. In 2022, two cases of unlawful or inappropriate behaviour were reported. None of them were referred to the police.

Accounting policies

Supplier due diligence

Critical suppliers are defined based on two criteria: product and service categories deemed essential for the construction of solar parks, wind farms, and Power-to-X plants, or product and service categories with a total gross yearly spend above DKKm 50.

The share of critical supplier risk screenings is calculated by dividing the number of screenings performed on critical suppliers by the total amount of critical suppliers.

Anti-corruption and anti-bribery course

The proportion of employees who have completed an e-learning course in anti-corruption and anti-bribery is calculated as the proportion of employees at 31 December who had completed an e-learning course in anti-corruption and anti-bribery, in relation to the number of employees invited to take the course.

Stakeholder engagement plans

All projects under construction with a stakeholder engagement plan implemented is divided by the total number of projects under construction in the given financial year. We include all projects under construction, irrespective of European Energy's ownership share.

Whistleblower cases

Whistleblower cases are received and processed by an external law firm. An internal whistleblower unit handles the cases and evaluates the action to be taken. All cases are handled in full confidentiality. Only cases which are reported during the financial year, and which have been categorised as fully or partly substantiated, are included in this report.

Data ethics

Indicator	Unit	Target	2022	2021
Data ethics				
Data ethics policy	Yes/No		Yes	Yes

Data ethics

The responsible use of data is critical to our business model. We must manage and control the storage and use of our stakeholders' data ethically and proactively, in order to avoid abuse and privacy infringement issues, and to safeguard the company from legal risk, business risk and reputational risk.

We are committed to only collecting and processing the necessary data, and the principle that privacy should be given preference is central to European Energy's Data Ethics Policy. We store data only for as long as it is needed, we do not sell our data to third parties and artificial intelligence is not used to process our personnel-related data.

We are guided by our Data Ethics Compass, which covers the principles of self-determination, equality and justice, dignity, progressivity, accountability and diversity.

As European Energy grows and expands to more countries, the ethical data discussion is gaining importance in our IT strategy and internationalisation processes.

In 2022, we initiated a process to update our Data Ethics Policy based on our learnings since it was first implemented in 2021, and to ensure compliance with EU regulation. We expect the process to be completed in 2023, after which we will resume implementation throughout the organisation.

Accounting policies

This section represents European Energy's statutory statements on Data Ethics in accordance with Section 99d of the Danish Financial Statements Act (Årsregnskabsloven).

Tax contributions

Indicator	Unit	Target	2022	2021
Paid tax during the year				
Denmark	EURk		731	2,273
Germany	EURk		4,928	2,244
Spain	EURk		-	-
Italy	EURk		-	-
UK	EURk		451	-
Other countries	EURk		900	35
Paid tax during the year (total)	EURk		7,010	4,552
Payable tax				
Denmark	EURk		-	1,617
Germany	EURk		6,617	4,724
Spain	EURk		500	543
Italy	EURk		-	2,869
UK	EURk		515	-
Other countries	EURk		497	3
Payable tax (total)	EURk		8,129	9,756
Tax losses carried forward				
Denmark	EURk		4,159	1,774
Germany	EURk		3,548	10,045
Spain	EURk		1,271	846
Italy	EURk		1,536	2,719
Other countries	EURk		1,514	2,745
Tax losses carried forward (total)	EURk		12,028	18,129

Tax committee established

European Energy recognises that tax contributions foster economic growth. We aim to make a competitive tax contribution within the context of our commercial operations and to pay the right amount of tax at the right time in all countries in which we operate.

In 2022, we established a Tax Committee, with the deputy CEO, the CFO, a Vice President from the business and the Tax

Director as members. The purpose of the Tax Committee is to align important tax-related matters and tax risk management within European Energy.

We always strive for our tax position to be well-investigated and well-documented. Depending on the case and tax impact, we take the necessary steps if the tax authorities, based on an audit, should disagree with our tax position, firstly by resolving the disagreement with dialogue, and secondly, by

appealing to the tax tribunals or courts to ensure correct tax treatment.

We believe in the demand for sustainable, transparent and fair tax behaviour. We also recognise our responsibility for good tax practice to enjoy the trust of our employees and stakeholders. Even though we are not yet classified as a large multinational enterprise for tax purposes and are thereby not obliged to report or disclose country-by-country tax information, it is our

Accounting policies

For more information about tax contributions and accounting policies, we refer you to European Energy's [2022 Annual Report](#).

ambition to increase the transparency of our tax affairs.

In view of the complexity of our business and the preparation required to fulfil our ambition, we will therefore work on publishing more tax-transparent information, inspired by the GRI 207 framework.

European Energy currently has activities in 29 countries, and in many of these countries our investments only result in the accumulation of tax assets, as the projects behind these investments are still under development or in construction. After a project enters into operation, it starts generating a positive cash flow, which eventually will result in taxable income subject to tax payments in the specific country.

In line with our business model, we divest energy parks to long time investors before the energy park enters operation. Future tax payments on profit earned by the energy park will thus be paid by the long-time investor, hence the tax payments are no longer reflected in the balance sheet of European Energy.

Green bonds

Indicator	Unit	Target	2022	2021	Δ
Green bonds					
Green bond proceeds available for investment in renewable energy projects	EURm		514	435	18%
- Senior green bonds	EURm		364	285	28%
- Green hybrid bonds	EURm		150	150	0%
Revolving credit facility under the EU taxonomy framework	EURm		45	45	0%

Financing renewable energy capacity

The construction of renewable energy capacity relies on efficient and scalable funding. With the issuance of green bonds we can continue our projected growth as a renewable energy company.

Accounting policies

Our Green Finance Report will be published in spring 2023, in which we will provide more information on green bonds.

International frameworks and industry networks

International frameworks

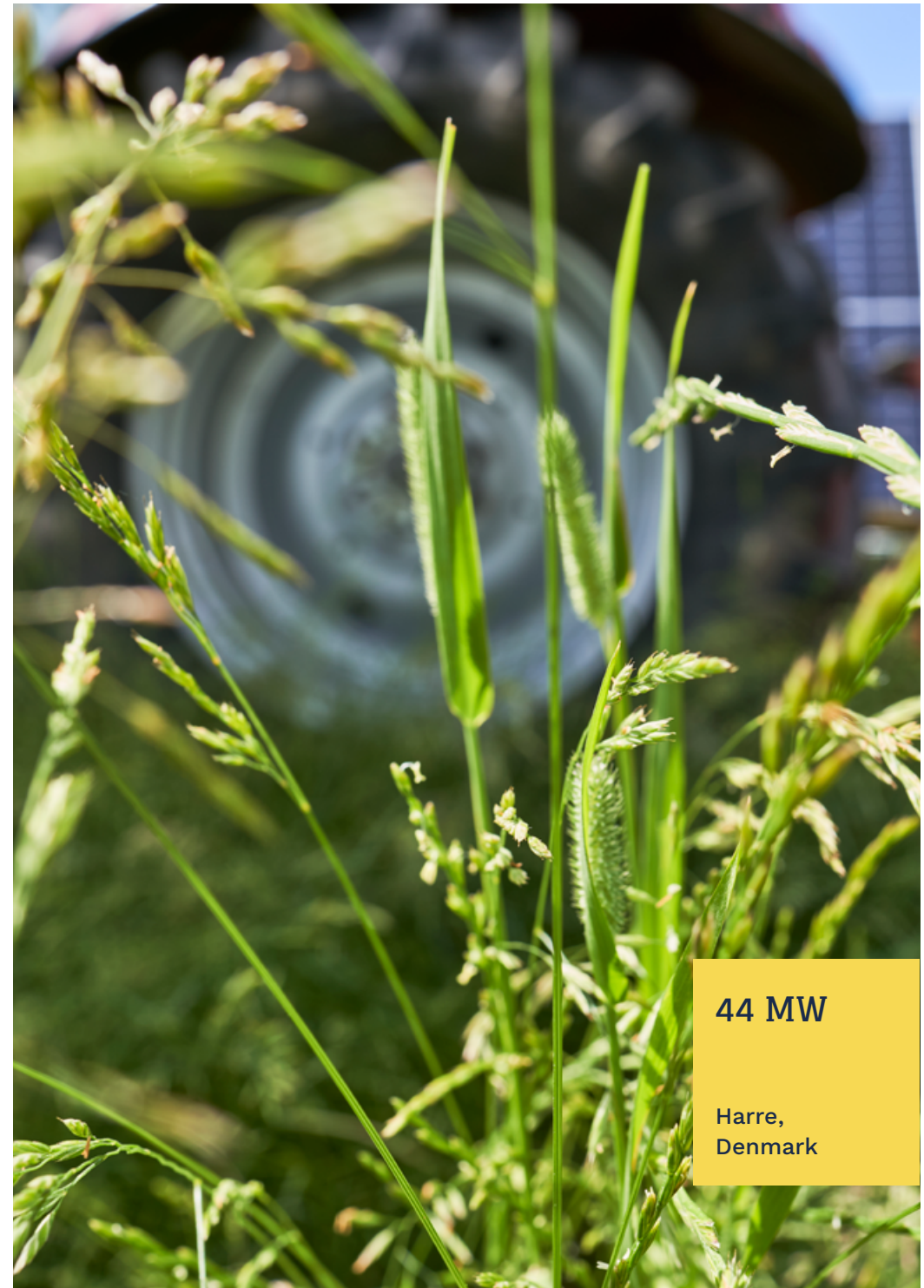
- United Nations Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- ILO Declaration on Fundamental Principles and Rights at Work
- The International Bill on Human Rights
- IFC Performance Standards
- EBRD Performance Requirements
- The Equator Principles

Industry networks

- United Nations Global Compact
- SolarPower Europe
- Wind Europe
- Hydrogen Europe
- WindDenmark
- Green Power Denmark
- Danish Standards
- Confederation of Danish Industry
- The Danish Agriculture and Food Council
- Dansk solcelleforening

List of references

- 1 United Nations Framework Convention on Climate Change (UNFCC).
Page 4 of our ESG report.
- 2 International Energy Agency (IEA).
Page 4 of our ESG report.
- 3 International Union for Conservation of Nature (IUCN). Page 14 of our ESG report.



44 MW

Harre,
Denmark



36 MW

Ouro Branco I,
Brazil

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We are the Power
of Tomorrow, Today