



BETTER ENERGY

ESG REPORT 2020

Letter from the CEO

Leading change

Every day, we make a difference, and every day, we have to decide what kind of difference we want to make.

Since the very beginning, Better Energy has been a pioneer. We founded our company with the strong conviction that real change is possible. Better Energy has always had a purpose, a clear goal for where we want to go and a strategy for how we want to get there. Our vision is to be engineers of a sustainable future, and we have championed new pathways and new solutions in line with this vision.

Better Energy disrupted the energy industry and led the way with large-scale solar at a time when few saw its potential in Northern Europe. Bringing together the right teams, technology, partners and insight, we engineered our own systems to make PV solar more commercially attractive, scalable and integrable. As the first company to deliver power purchase agreements in Denmark, we have helped global businesses deliver climate action in the real world by adding new green energy to energy systems.

Today, we are applying the same pioneering spirit to go even further to deepen our responsibility and commitment. We are evolving responsibility to include resilience and regeneration, exploring ways to add even more value to our operations and to our surroundings.

Our solar projects can be used to boost biodiversity, restore soil health, improve the quality of fresh water in the ground and absorb even more CO₂ by restoring wetlands. Solar PV can help balance the electricity system and provide services to stabilise the grid. Our solar energy can also be converted into other energy carriers to replace fossil fuels in energy-intensive sectors such as heating and transport.

Better Energy is a mindset

Every journey leads to new choices. Our Manifesto states that every moment can begin with a decision to see things differently and a choice to make things better. Our guiding principle – ‘Better and better’ – drives us to continually innovate, to see things differently and find valuable ways to make a difference.

Better Energy was founded with the purpose of driving the transition to renewable energy sources. As we reach our milestones and write down our stories, we will continue to explore new opportunities. We will continue to lead the way and find solutions that benefit the climate, nature and people – impact that matters.

The future we want

Achieving impact that matters in the future requires that we understand our role in environmental and sustainable efforts. Most of all, we want to stay true to ourselves and our way of thinking. More metrics and measurements alone will not deliver the future we want.

Our key activities and operations can contribute to a better society. Success in the 21st century is about being truly responsible, regenerative and resilient – and extra-financial disclosures must reflect that.



Measuring what matters

It is first necessary for us to understand the systems of which we are a part, the potential and the interdependencies, before we can play a greater role in positively impacting these systems. New opportunities require careful consideration.

How and where can we as a company make our greatest contributions and create the most value? Which environmental, social and governance issues affect our ability – both positively and negatively – to make these contributions in the long term? Framing our activities in a broader future perspective helps us to measure what matters.

Places and spaces

The COVID-19 pandemic has made us aware of how we are all connected to our environment, our ecosystem, our places and our spaces. It has also taught us how capable we are of change when we rally around a collective purpose.

We are all a part of the systems we want to change. We do not have to find common ground with other stakeholders because we are already on common ground. Climate change, loss of biodiversity, degradation of the life-supporting functions of ecosystems are crises we all face in the places and spaces we share.

Systems change

The knowledge and technology needed to transition society to renewable energy exists, and yet climate change challenges persist.

During the past years, we have learned firsthand out in the field how much climate change and biodiversity loss are both urgent and interlinked. Systems change requires a systemic approach.

Our business owns and manages large areas of land and engages with many communities. Each site is unique, and each site is part of a larger ecosystem. Many collaborative processes and many learnings are needed to raise the health and potential of whole systems.

Regeneration

Over the past several years, our collaboration with nature specialists and our pilot project with the Biological Diversity Protocol has taught us that simply doing no harm, maintaining or sustaining our land areas and communities is not enough. The quality of ecosystems is declining rapidly. Nature has been degraded in many places throughout society and needs a helping hand from us to reverse the decline.

Active steps and added resources are needed to regenerate ecosystems. These steps include increasing local biodiversity, restoring healthy soil and groundwater, forests and wetlands. Regenerative development means a shift from short-term gains to long-term benefits and from less harm to more good.

Scaling up renewable production

From the very beginning, our approach has been to disrupt the industry and accelerate the transition to renewable energy by making solar parks commercially viable, scalable and easily integrable.



“Thinking from the future back rather than building on the past brings a faster pace of progress.”

Going forward, renewable energy will need to be significantly scaled up and integrated in transport, heating and other hard-to-abate sectors to reach our climate targets.

Growing our operations brings additional responsibility and complexity, and it also brings additional opportunities to learn, develop and contribute more effectively. Our growth and development cannot be at the expense of our ecosystems. We must continue to make protecting and regenerating them a priority as we scale up our operations and activities.

Growth is not a question of how much we have but how much we can do with what we have. It is important to make our places and spaces more resilient and more diverse than how we found them.

‘Future back’ thinking

Thinking from the future back rather than building on the past brings a faster pace of progress. Better Energy had a vision for how to drive down the price of solar and transform the renewable energy industry and then built the organisation and value chain to achieve that vision. We want to continue to use future back thinking as a part of our impact strategy.

Working towards a Future-Fit Society

In November of 2020, Better Energy decided to become a Future-Fit Pioneer. A business that is ‘Future-Fit’ is one that delivers its purpose in a way that does not cause any harm to the planet or

society. That means transforming itself to become environmentally regenerative, socially just and economically inclusive.

As a Future-Fit Pioneer, we are adopting the Future-Fit Business Benchmark to manage and improve our social and environmental performance. By using it, we are aiming to be a truly responsible, resilient, regenerative business. We hope to transform our business and society for the better.

Join us

Driving systems change does not mean measuring more things or doing less of what we did yesterday. To achieve systems change, all our people and partners must focus on meaningful action at scale.

We can bring new strength to ecosystems – create low-carbon places and nature-rich spaces – if we act with a sense of collective purpose.

Join us as we begin our journey as a Future-Fit Pioneer.

Rasmus Lildholdt Kjær
Chief Executive Officer





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Introduction



About this report

A new approach

If humanity is to thrive in the 21st century, every business must strive to become truly responsible, regenerative and resilient – a Future-Fit Business. This report is a first look at the eight properties of the Future-Fit Business Benchmark and what they cover. This is our first step in looking at extra-financial issues from ‘future-back’ perspectives.

A Future-Fit approach uses backcasting rather than forecasting to plan for the future. The concept of backcasting starts where we want our business to go and determines what we need to do today to get there. We start with the future we want, and then we determine the innovations and steps required to achieve that future. In contrast, forecasting predicts a future outcome based on past and current (often unsustainable) practices or industry standards. Unfortunately, achieving marginal improvements over current performance is not good enough to achieve a truly sustainable future and limits our options as a business. Given the urgency and complexity of the climate crisis, the biodiversity crisis and other challenges, backcasting is the best strategic approach for sustainable development.

Better Energy is a company born from ‘future back’ thinking. The future we envision is a fair and inclusive society powered by clean energy. We have a purpose that is greater than ourselves. We want to make a measurable difference and we want to be transparent about how we get there. This report describes some of our environmental, social and governance (ESG) activities from the past year. As we begin to implement this new framework and move through the data awareness process for our new indicators, we look forward to sharing our journey as a Future-Fit Pioneer.



What is Future-Fit?

Driving real progress

The Future-Fit Business Benchmark is a self-assessment approach which equips companies to manage and improve their social and environmental performance. The benchmark identifies what every organisation must do if we are to reorient our economy in pursuit of a flourishing future for all – and make the UN Sustainable Development Goals (SDGs) a reality.

As one of the first companies in the world, we have become a Future-Fit Pioneer. A business that is ‘Future-Fit’ is one that delivers its purpose in a way that does not cause any harm to the planet or society. We pursue a Future-Fit Society that protects the possibility that humans and other life will flourish on Earth forever, by being environmentally restorative, socially just and economically inclusive.



The 23 Break-Even Goals are what every company must strive to do to avoid slowing down society’s progress towards future-fitness. The Positive Pursuits are activities which serve to speed up our collective progress towards future-fitness.

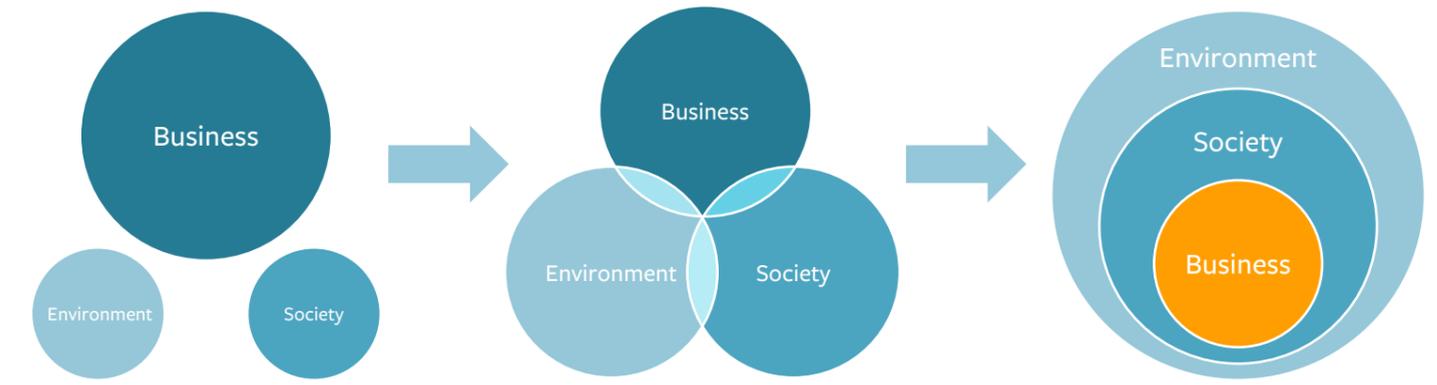
Better Energy already actively works to be a force for good in the world by working to solve systemic challenges – even if we have not yet addressed all of our potential negative impacts. Our Positive Pursuits are where we can deliver the greatest gains, given our business model, core competences and ability to influence others.

Future-Fit encourages businesses to find new ways to create value that also deliver environmental, social and financial success.

They provide data on ESG and encourage companies to report on their environmental and social performance so that it is clear to investors and society which companies can address some of the most pressing challenges facing the planet.

There is a growing awareness in the population and amongst investors that companies worldwide are vulnerable to systemic risks. At the same time, it is also clear that companies can be catalysts for change. Future-Fit helps us ask the right questions, set the right environmental and social ambitions, identify the relevant risks and explain progress more effectively.

Rethinking value creation through a systems lens



Shareholder Value

Financial returns are all that matters: companies privatise gains and externalise losses

Shared Value

Business comes first: negative impacts are often not sufficiently internalised, or are justified by ‘doing good’ elsewhere

System Value

Business addresses societal needs in a holistic way, while not hindering progress towards a flourishing future

Future-Fit Society

The seven core properties of a Future-Fit Society, plus an eighth enabling property, which identifies the socioeconomic drivers required to pursue the others

Better Energy's first ESG report is organised in eight main sections, a narrative summary built around the eight properties of a Future-Fit Society. This new reporting initiative presents important focus areas from 2020 and the progress that has been achieved. This is a start. In coming years, Better Energy will be implementing fitness criteria and indicators, and building metrics to track progress towards future-fitness.



Future-Fit and EU initiatives

EU Taxonomy

A considerable amount of investment in sustainable projects and activities is needed to reach the objectives of the European Green Deal and the EU's climate and energy targets for 2030. The European Commission has developed an action plan to finance sustainable growth. The idea is to direct capital towards sustainable investments and manage financial risks from environmental and social issues. To achieve this, a common definition of sustainable economic activities must be applied.

The EU Taxonomy, part of this action plan, is a classification tool being developed to help companies and investors determine whether an economic activity is environmentally sustainable. The definition of sustainability includes environmental objectives (e.g., climate mitigation, water protection, recycling, protection and restoration of biodiversity and ecosystems) and social elements.

For an economic activity to be considered taxonomy-aligned, it must make a substantial contribution to one of six environmental objectives, it must do no significant harm to any of the other five objectives and it must comply with minimum social safeguards. The first version will be published at the end of 2021 and disclosures will be mandatory by late 2022.

The principles and systems thinking behind the Future-Fit framework are strongly aligned with the EU Taxonomy. The six environmental objectives and the minimum social safeguards are all topics encompassed by the eight properties of the Future-Fit Business Benchmark. The Benchmark will continue to evolve and being a Future-Fit Pioneer will help Better Energy be prepared for any new disclosure requirements.

EU Non-Financial Reporting Directive (NFRD)

The NFRD requires large companies based in the EU to disclose information relating to the environment, social and employee matters, human rights, and anti-corruption and bribery, and diversity of company boards. The European Commission is currently revising its mandatory non-financial reporting requirements for large companies. The Commission aims to strengthen the existing rules and extend the reporting requirements in a common disclosure standard. The Future-Fit disclosure approach, Statement of Progress, aligns well with the initial recommendations of the European Commission review.



Our purpose

Our business

Impact that matters

Purpose: Engineers of a sustainable future

A sustainable world is not possible without cleaner, renewable sources of power. We work to advance the deployment of renewable energy as rapidly as possible and at the lowest cost possible. We exist to create impact and value for our communities and other stakeholders.

Business model: Drivers of a renewable energy revolution

Our business model and operations are optimally structured to deliver on our purpose. Better Energy is fully integrated across the value chain from the acquisition of land to the sale of electricity. We build, own and operate renewable power plants that generate clean electricity. This green power can be added to the grid or sold directly to commercial and industrial customers through power purchase agreements (PPAs).

The head office of Better Energy is located in Frederiksberg, Denmark, and our focus markets are Denmark, Poland and Sweden. We are also active in other Northern European countries. At the end of 2020, we had a total of 102 employees in both full- and part-time positions.

Strategy: Impact that matters

Our business strategy and CSR strategy are one in the same: Be impact that matters. Currently, our focus is on large-scale solar energy capacity in Northern European markets where we can make the greatest difference in terms of impact and affordable prices. This means taking a lean and industrial approach to renewable energy deployment. We prioritise depth over breadth and concentrate our efforts where we can achieve impact on a significant scale.



Ambition

How are we helping to create a Future-Fit Society?

Better Energy is a renewable energy group founded with the purpose of accelerating the transition to renewable energy sources with better solutions and mass quantities of affordable clean energy.

We are driven by the vision of a healthy, safe and sustainable future and we know that sustainable development is not possible without cleaner, renewable sources of power. Guided by our mission, we aim to accelerate the transition to renewable energy as rapidly as possible and at the lowest cost possible. We want to lead the way and show others how to shape our energy future in a way that phases out fossil fuels and benefits biodiversity and ecosystems.

Our business has a purpose beyond just making money. We are working to create something larger than ourselves and we want to lead the way, showing others how it is possible to shape our energy future to benefit society. This means fostering the development of new energy solutions while working to identify and eliminate all of our negative impacts. That is why we are committed to becoming a Future-Fit Business.

Pursuing positive impacts

Positive Pursuits

One of the unique aspects of Future-Fit is the inclusion of Positive Pursuits, which is not often considered in assessing and managing a company's sustainability performance. All companies have positive and negative impacts on society and the environment, directly and indirectly, through their actions and operations. Every business must strive to reach the Break-Even Goals to ensure it is doing nothing to undermine society's progress towards future-fitness. However, companies have the power to do more than just cause no harm. Some business activities can be classified as Positive Pursuits.

Each Positive Pursuit identifies a way either to reverse the effects of negative environmental or social impacts that occurred in the past, or to help others avoid having such negative impacts in the future.

Better Energy was founded with the purpose of accelerating the transition to renewable energy sources. We tackle system challenges such as the climate crisis and the biodiversity crisis, and our core business model drives progress for both ourselves and others. Strengthening our positive impacts has a tremendous multiplier effect on the impacts of others.

Future-Fit encourages companies to pursue positive impacts and supports companies in making a positive contribution to environmental and social progress. The Positive Pursuits are designed to guide efforts of companies like Better Energy that work to speed up collective progress towards future-fitness. The idea is to focus our efforts where we can deliver the greatest positive effects.

Positive Pursuits fall into three categories. Any business may

- create positive impact itself,
- amplify the positive impact of others, or
- reduce the negative impact of others.

Any activity is considered a Positive Pursuit if it has an outcome that brings society closer to reaching one of the eight properties of a Future-Fit Society.



Pursuing a positive environmental footprint

Environmental considerations must be a part of all our solutions to create a better future.



Boosting biodiversity

With careful research and planning, solar park sites can help restore and conserve nature, increase biodiversity and support healthy ecosystems.



Protecting groundwater

Placing solar parks on land areas where the quality of groundwater is being compromised can help restore and protect groundwater.



Restoring wetlands

Solar parks can be placed on carbon-rich lowlands that can then be removed from agricultural production and restored as wetlands.

Energy

**In a Future-Fit Society,
energy is renewable and
available to all.**

Renewable energy

The green transition can take many forms, but common to all initiatives is affordable renewable energy. This is the key. This is what we do. We have pioneered an integrated system to produce mass quantities of affordable renewable energy to transition companies, cities and countries to a renewable power system.

A Future-Fit Business ensures that all energy consumed is derived from renewable energy sources. The electricity used at our offices and in connection with our operations is minimal in comparison to the clean energy we generate. The energy produced by our solar parks covers the electricity needs of the components and any equipment used on site during operation. The installed system draws energy from the solar PV modules.

Our renewable energy goals relate to our solar power plants and our sale of green electricity. These solutions reduce greenhouse gas emissions and make a positive impact on the green transition by adding new capacity to the grid. We also want to lead by example with our own power purchase agreement (PPA) to ensure that as we scale our operations, we will add as much new green energy to the grid as we consume.



Measurable positive impact

In 2020, we added five new large-scale solar parks with a total capacity of 154 MW, delivering green energy to global bioscience company Chr. Hansen and multinational technology company Google. We initiated the construction of a 207 MW solar park in Holstebro that from 2021 will deliver green energy to international fashion company Bestseller, Danish retail business Normal and online supermarket Nemlig.com. In 2020, we also signed a new PPA with global pharmaceutical company Lundbeck that will supply them with green energy in 2022.

We strengthened our presence in Poland through initiating the construction of two large-scale solar parks with a capacity of 60 MW, and we constructed our first solar park in Sweden with a capacity of 12 MW. We increased our project pipeline to over 6 GW of solar energy capacity that will be deployed in the coming years in Denmark, Poland and Sweden. This is an increase of approximately 30% year on year, ensuring a steady flow of diversified projects for years to come and allowing more and more corporate and financial partners to play their role in the green transition.

Positive Pursuit

Others depend less on non-renewable energy

People's reliance on non-renewable energy is reduced when more renewable energy is available to replace non-renewable alternatives. Enabling other companies to switch to renewable energy ensures that they are not contributing to the emission of greenhouse gases and detrimental extraction methods associated with fossil fuels.

Additionality

In the past, companies have purchased green electricity from existing renewable energy sources that have already been built and have received state support at the time of construction. They have bought energy that has received funding from taxpayers. Now companies can buy new green electricity from new renewable energy sources that are built as a result of a company's active choice to purchase new green energy without support from the state.

Companies can directly affect the construction of new renewable energy sources. Companies can be the direct reason for the reduction of CO₂ emissions. In this case, there is a direct connection between the purchase of electricity and the addition of new renewable energy. Sustainable businesses can make a world of difference by ensuring that their electricity consumption is matched by additional new renewable capacity.

Our choice of energy should decarbonise the economy. This is our best possible chance to mitigate climate change. Green energy with true additionality is a choice and a step in the right direction. Green energy with true additionality greens electricity grids and makes more renewable energy available to replace non-renewable alternatives.



Case study

Bestseller and Northern Europe's largest **subsidy-free solar park**



Announced in August 2020, this new solar park has a capacity of over 200 MW with a total electricity production corresponding to the energy consumption of approximately 127,000 Danes. Better Energy is responsible for developing, building and operating the solar park, while Heartland is the owner of the park. It was crucial for Heartland that their energy would not only be green but also be new and subsidy-free.

Approximately half of the new green energy that the solar park will produce has already been sold to Heartland subsidiary Bestseller. This energy corresponds to 100% of Bestseller's global electricity consumption for owned and operated buildings. In the future, the CO2 footprint of well-known clothing brands such as Jack & Jones, Only, Vero Moda, Vila and Name It will be significantly reduced.

In addition to Bestseller, Danish retail business Normal and online supermarket Nemlig.com will also purchase the new green power.

The choice of location in Holstebro was based on a multi-year process so that comprehensive and strategic planning could be realised. Preparations included the municipal plan, zoning plans and associated environmental assessments. The solar park is being built on conventionally cultivated agricultural land that will be converted into organic farming.

Due to the size of the system, the solar park will be the first in Denmark directly connected to the electricity transmission network that transports electricity production to consumer areas in Denmark.



Case study

Google data centre PPA

In September 2020, Better Energy and Google announced the completion of a new zero-subsidy solar park in Næstved Municipality. The solar park is fully constructed and operational. The park was a result of a long-term PPA, signed in 2019, in which Better Energy began the construction of three new solar parks in Denmark for a total capacity of 100 MW. Google purchases the new green energy to power its new data centre in Fredericia.

An interesting and innovative aspect of the power purchase agreement between Better Energy and Google for the 50 MW Næstved solar park is that it is the first Danish PPA to have a 100% additionality effect. The solar park does not receive government support, and it is the PPA alone that has had the effect of additionality. It is therefore the PPA that has had the effect of increasing the supply of new renewable energy.

An essential part of the agreement was that the new renewable energy capacity would be built and added to the same power market where Google's upcoming data centre in Fredericia is located.

When companies add the same amount of energy to the market where they consume it, this is called true additionality.

The Google PPA is a game changer, showing how large consumers of energy can drive the transition to renewable energy. Hyperscalers can demonstrate real climate action by sourcing new green energy that helps, not hinders, progress towards national climate goals. Going green today is no longer an obstacle, but an opportunity – a rare chance to radically change the way society is powered.

Another unique aspect of the Næstved solar park is the way it will benefit nature and biodiversity. Nature specialist Habitats and Better Energy have developed landscaping schemes that will create stepping stones for biodiversity at the Næstved site. (Read more on page 50.)



Water



**In a Future-Fit Society,
water is responsibly sourced
and available to all.**

Water management

Groundwater resources have been declining both in quantity and quality from expanding development and the runoff of pollutants. In a Future-Fit Society, companies ensure that their operations do not undermine the quantity and quality of water available for people and ecosystems that depend on the watersheds concerned.

Solar parks do not require water to generate electricity and they do not discharge any water. In the Northern European climate where we operate, rain keeps the solar panels clean, so they do not have to be washed. Our offices are also located in Northern Europe, in water abundant areas with well-functioning wastewater treatment facilities. Our direct water consumption comes from our offices, the water consumed and used by our employees. We also use some water during the construction phase of our solar parks and for the sheep in our parks.

As part of the environmental assessments that we conduct in the municipalities where we build solar parks, we always obtain information about the availability and characteristics of the local watersheds and the extent to which they may be under water stress. Selecting a suitable site for a new solar park is an important decision we make with the involvement of communities, municipalities and NGOs.



Positive Pursuit

Groundwater protection

Solar parks can protect the health of groundwater. Site areas are often taken out of agricultural production and planted with ground cover that is low-growing and requires little maintenance. The ground cover allows the soil to absorb water and nutrients during the life of the project. The soil is allowed to rest for typically 30+ years.

No pesticides or chemicals are used on our sites, so our solar projects will not create any contamination to the water or land. The transition from intensively cultivated agricultural land to solar parks is therefore considered an advantage for groundwater.

Case study

Groundwater protection at Svendborg Øst



Better Energy actively encourages municipalities to prioritise groundwater protection. Moreover, we enter into legally binding agreements with local green NGOs which state that we will not use pesticides on our sites. Placing solar parks on these land areas creates obvious and important positive impacts.

In 2020, we initiated a project in Svendborg Øst, Denmark, where the entire project area is located in an area with special groundwater interests. The total area of Denmark is 4.2 million hectares, of which 1.4 million hectares are protected areas of special drinking water interests (OSD).

Contamination of groundwater is often a negative impact of intensive farming practices. According to the Danish Society for Nature Conservation, there is cause for concern in relation to groundwater quality.

A mass screening in Denmark in 2018 found contamination in 62.8 percent of Danish groundwater tests. Just a year later, that figure rose to 77.2 percent.

In the local plan, Svendborg Municipality points out that the transition from intensively cultivated agricultural land to a solar park site will be an advantage for groundwater.

“The solar park will contribute to increasing the share of local green energy production, but it has also been important for us that this energy is produced in a way that protects groundwater and improves environmental quality. Groundwater protection can also be a focal point for future projects,” says Bruno Hansen, chairman of the Environment and Nature Committee in Svendborg Municipality.



Physical presence

In a Future-Fit Society, our physical presence protects the health of ecosystems and communities.

Our places & spaces

Our business owns and manages large areas of land and engages with many communities. Each site is unique, and each site is part of a larger ecosystem.

During the past years, it is through our own experience out in the field that we have learned how much climate change and biodiversity loss are both urgent and interlinked. Detailed environmental analysis has revealed the poor state of nature that has been degraded from industrial practices in many land areas. The area and quality of forests, wetlands and other ecosystems are declining rapidly.

Knowing what we now know, our ecosystems and community health are under threat, and we have an obligation to do something about it if we can. The risk of doing nothing is the greatest risk of all.

The conservation of nature and biodiversity is the responsibility of all sectors of society. Systems change requires a systemic approach. Many collaborative processes and many learnings are needed to raise the health and potential of whole systems. Our goal is to accelerate a low-carbon transition and strengthen biodiversity protection at the same time – and our physical presence enables us (and others) to make considerable positive impacts in both areas.



Rigorous development process

All Better Energy solar projects are developed and planned individually for a specific site. All parks are subject to stringent selection criteria, detailed land management studies and assessments. Strong and rigorous project development and land management protect areas of high value. We actively engage with landowners and the local community through private and town hall meetings to ensure good land governance. The development of a solar park is a lengthy, carefully structured and planned democratic process that can take up to five years.

We look at many potential areas before we narrow it down to a specific location and hosting community. We first look at demography and topography, local conditions and the surrounding environment. To do so, we carry out a number of environmental and technical studies. Considerations include solar resources, land quality, local residences, local zoning and land use restrictions, proximity to electricity network and grid capacity, visual impact, environmental impact and potential benefits to the community. We use specialised tools for geographical information system (GIS) analysis and 3-D terrain-based design. Every proposed project site has been subject to detailed studies and assessments.

Multiple use

Solar park installations typically use less than 5% of the land. That leaves 95% of the land available for other activities such as biodiversity enhancement. The goal is to use the same land area for multiple purposes and productions – a basic sustainable design principle.

Each solar park is an opportunity to add value to the land, and the land areas are large enough to be divided up and used for several purposes. Our solar park installations are specially designed and engineered with multi-land use in mind.

Minimising visual impact

Together with neighbours and planning authorities, we adapt a project to fit into the landscape in the best possible way. We look at potential layouts and topographic maps to see land features and viewing situations from different locations.

We often use existing tree lines and hedgerows or establish new hedgerows to screen the project from view. These green areas serve as important habitats for wildlife. Solar panels are mounted

low to the ground and this low profile reduces their visibility at low viewing angles. Solar panels are also made to absorb as much sunlight as possible, so they have low reflection levels.

Since each project is unique, we speak with neighbouring property owners about the layout of the potential project and how to site and screen the project so that it has the least possible visual effect. What you see depends on the terrain and where you stand. The location of residential property in relation to the project and geography make a great difference. Later in the process, we can show residents 3-D layouts of the project and topographic maps of the area. This makes it easier to see the viewing situations from different locations and viewing angles. If you are standing at ground level behind a hedgerow, you might not see anything.

Careful site selection and design are the best ways to minimise visual impact. Most of our solar parks are placed on flat or gently sloping land away from highly populated areas. They are specially designed to follow the natural features and contours of the landscape. We work hard in the planning phase to ensure that we build our solar parks in harmony with nature and surroundings.



Developing **nature-positive** projects

The idea of ‘nature positive’ is gaining ground. A nature-positive economy is a central theme in the World Economic Forum’s 2020 report on the future of nature and business. To achieve a safe and sustainable future, businesses need to do more than ‘business as usual’ and achieve a carbon-neutral, ‘nature-positive’ economy and halt biodiversity loss by 2030. Nature positive is a mindset that is proactive and focuses on the need to restore and regenerate the environment.

When developing solar parks, the restoration and regeneration of nature cannot be an afterthought. We embed biodiversity considerations early in the research phase of our project development processes to assess possible biodiversity impacts – both positive and negative. Already in the screening and opportunity phases, we study the characteristics and potential of the area through GIS and other systems. Any initiatives we undertake regarding biodiversity need to be included very early in municipal planning.

Land management and biodiversity are also elements of our environmental policy. Better Energy works to promote and protect the local flora and fauna when establishing facilities and promotes the welfare of animals associated with our facilities. We establish ground cover vegetation without the use of pesticides or herbicides to prevent land erosion and protect groundwater.

We integrate our installations with the natural surroundings as much as possible and only remove vegetation when necessary for construction. To minimise impacts, we restore land and infrastructure and establish conservation areas.

Working towards regeneration

Through our special partnership with biodiversity specialists over the past several years, we have learned by examining potential solar park sites that simply doing no harm, maintaining or sustaining our land areas and communities is not enough. The quality of ecosystems is declining rapidly. Nature has been degraded in many places throughout society and needs a helping hand from us to reverse the decline. Active steps and added resources are needed to regenerate ecosystems. These steps include increasing local biodiversity, restoring healthy soil and groundwater, forests and wetlands.

Regeneration is an approach that works to create systems of people, places and spaces that have the capacity to evolve positively over time. It is about building the capacity and resilience of systems needed for future growth, health and vitality.



Biodiversity

Solar is unique as a renewable power source because it can combine clean energy production and native species and habitat conservation. With careful research and planning, solar park sites can help conserve and restore nature, increase biodiversity and support healthy ecosystems.

Biodiversity is the variety of life on Earth and human well-being and survival depend on it. Biodiversity and ecosystems provide us with a wide range of functions. They protect us from natural disasters, regulate our climate, purify our water and pollinate our crops. Biodiversity and thriving nature are wonderful in and of themselves, and they are an invaluable part of a healthy planet.

Nature is declining globally at rates unprecedented in human history. The loss of animal and plant species can have devastating impacts on humans and the global economy. Approximately one million animal and plant species are now threatened with

extinction. Biodiversity loss is reducing the natural capacity of ecosystems to store carbon and this is worsening climate change. In turn, climate change is the fastest-growing driver of biodiversity loss. Transitioning to renewable energy sources is critical for tackling the urgent and interlinked challenges of climate change and biodiversity loss.

Issues related to ecosystems, biodiversity and climate change must be solved together. A solar park can be used to give nature the peace and time it needs to recover and regenerate if the site is designed with that purpose in mind. By designing our solar parks for multi-purpose use, Better Energy can create havens where nature can thrive and remain protected. Renewable energy development and biodiversity protection go hand in hand.

There is a dire need for new and more stringent biodiversity protection strategies. We must make efforts to reverse biodiversity loss.

Positive Pursuit

Restoring ecosystems

Humans have disrupted the natural world through their physical presence and ongoing activities. As a result, many ecosystems are now on the brink of collapse. However, ecosystems which have been damaged by human presence do not have to remain degraded.

Ecosystems can be actively restored, for example, by renewing wetlands, by replanting vegetation and by re-introducing native species to speed up recovery. They can also be allowed to regenerate naturally by protecting degraded areas from further human interference. Natural habitats can be restored that were previously disrupted by human activity.

In 2020, Better Energy pioneered a new approach to solar energy development in Denmark that will directly support the diversity of habitats and wildlife and contribute to national biodiversity goals. Together with the Danish nature and biodiversity specialist

Habitats, we are developing new project-level landscaping schemes for solar parks that are specifically designed to incorporate areas of rich, wild, diverse nature. Rolled out on a larger scale, these new project-level landscaping schemes will significantly improve conditions for biodiversity in the Danish landscape.

We initiated our first major initiative for greater biodiversity on our solar park site in Blangsløv in the Municipality of Næstved, Denmark. The landscaping to support greater biodiversity is carefully planned in context of the surroundings. Around the solar park are meadows, bogs and a lake classified by the local municipality as having high-value biodiversity. After a thorough local environmental study, seven distinct biodiversity 'points of impact' were incorporated in the solar park site to ensure nature has good opportunities to spread and thrive over the years.



Case study
Boosting biodiversity at Blangslev



Better Energy has designed a solar park that demonstrates the role solar energy can play in the long-term development of biodiversity.

Solar parks designed in the context of the local area can improve soil quality, heighten the biological diversity of the solar park site and generate renewable energy. The new Biological Diversity Protocol (BD Protocol) by the Biodiversity Disclosure Project (BDP) documents the significant positive impact we can achieve when we build solar parks to make the most out of the land used.

Together with biodiversity experts from Habitats, we have designed environmental points of impact in several of our solar parks. Our collaboration with Habitats is born out of the idea to leverage solar parks for restoration and regeneration. A new analysis by Habitats based on the methodology in the new protocol finds that our biodiversity initiatives in Blangslev, Denmark have contributed significantly to the biodiversity in the area. Based on these findings, Habitats estimates that the share of biodiversity increases from point zero before the construction of the solar park to about

20% after construction, approximately 25% after five years and at best up to 60% over 30 years. The larger the area we manage, the greater the impact we can make.

We now have well-founded evidence that our solar park in Blangslev makes a great contribution to biodiversity in the area, and we also have a scalable model for working with CO₂ reductions and biodiversity protection.

“The Blangslev pilot project was designed to demonstrate how solar park sites can create even better conditions for wildlife and ecosystems. Solar park sites can provide important stepping stones for wildlife and ecosystems and contribute to habitat networks which can help to combat a decline in local biodiversity. There is enormous potential for bringing this model into play in many more solar parks both nationally and internationally – and thereby contributing significantly to the battle against biodiversity loss. We are convinced that this integrated approach will enhance a positive co-existence between nature and people,” said Habitats CEO Rasmus Vincentz.



The forest garden



The forest



The grassland



The lowland



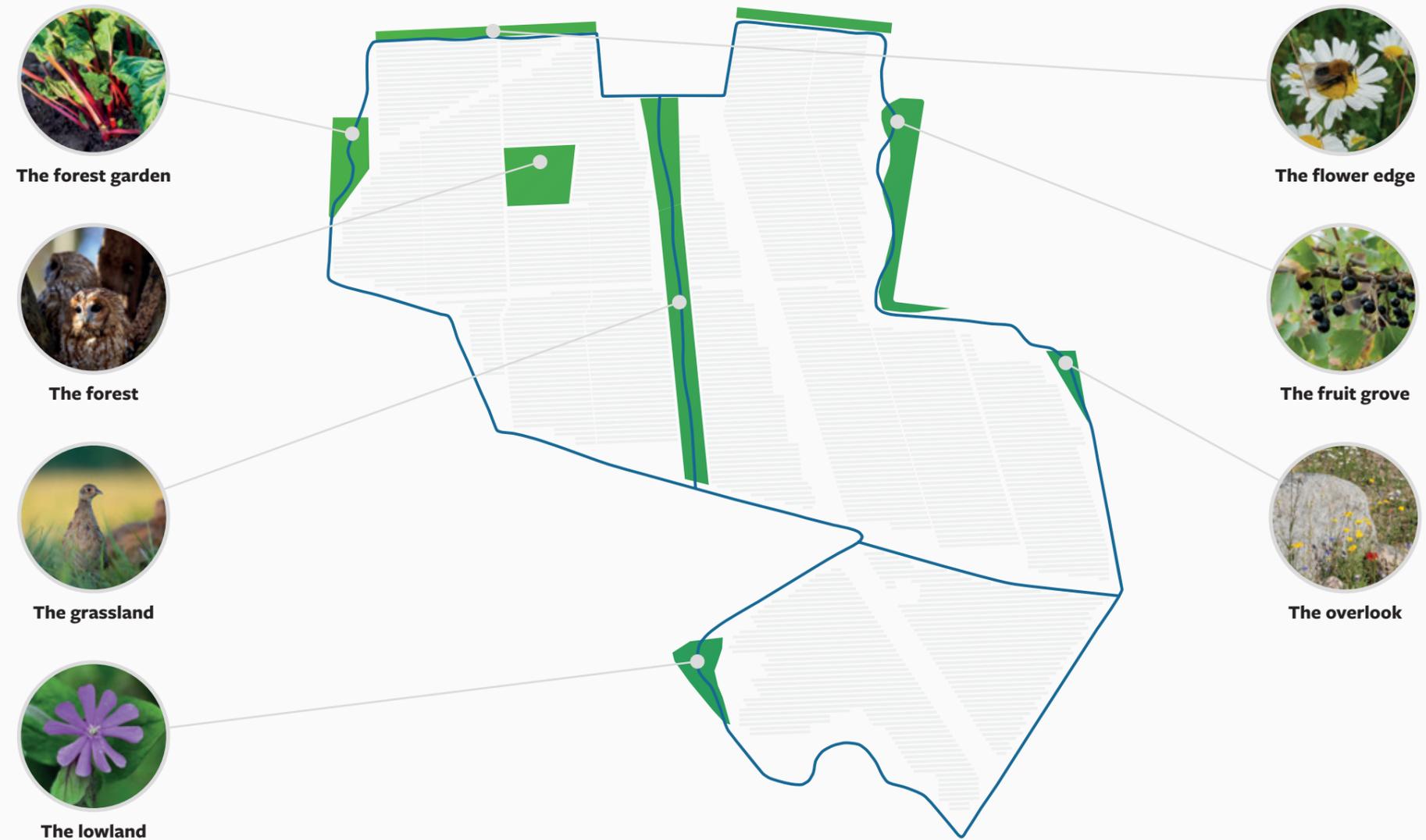
The flower edge



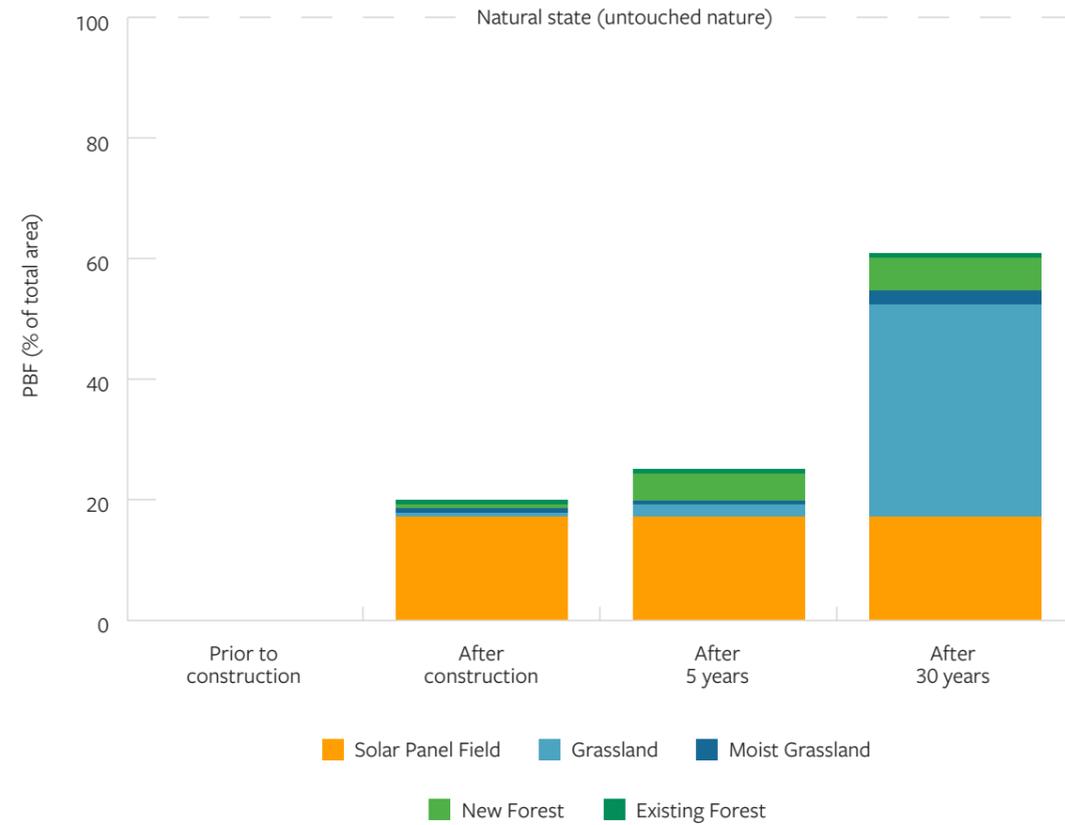
The fruit grove



The overlook



The projected changes in Positive Biodiversity Footprint (PBF) at different stages after construction (% of total area)



Biological Diversity Protocol

The new Biological Diversity Protocol (BD Protocol) is an accounting and reporting framework that enables companies and organisations to record changes in biodiversity systemically and consolidate new biodiversity impact data.

Habitats CEO Rasmus Vincentz explains that the potential for scalability lies in the systematic overview and ability to make projections for future development: “It is essential to find a way to measure and quantify the impact we make when we work systematically to restore and preserve nature, increase biodiversity and support healthy ecosystems on solar park sites. Together with Better Energy, we are recording changes in biodiversity and continue to heighten the natural value of Better Energy’s solar park in Blangsløv and in future solar parks.”

Green journey

In the autumn of 2020, Better Energy arranged an employee event with a ‘green journey’ theme. We are on a green journey to change the way our society is powered, and we work to create landscapes where we play a positive role. Photos from the employee event appear throughout this report.

All employees were invited to spend the day actively helping to collect seeds in the surrounding areas and sow the seeds at the Blangsløv site. Under the professional guidance of biologists

from Habitats, we all learned more about the seven points of impact established to boost biodiversity. The actions we take now may seem like small steps, but they will have far-reaching consequences in the future.

Supporting biodiversity is more than just restoring land. It is about restoring a sense of connection with nature and a belief that manmade infrastructure and natural infrastructure can co-exist and even thrive together. Shifting this mindset will have a profound and lasting effect.



Natural resources

In a Future-Fit Society, natural resources are managed to safeguard communities, animals and ecosystems.

Land management

Our business owns and manages large areas of land and engages with many communities. A solar park requires approximately one hectare of land per one megawatt of power generation. This is both a major use of a natural resource and a tremendous opportunity to positively impact sustainability.

Selecting a suitable site for a new solar park is an important decision we make together with a community. Environmental benefits are multiplied when we use low-grade land or land retired from farming to protect groundwater. We can add value to degraded land and help the fight against climate change, while creating long-term havens for wildlife and native plants.

Long before we mount a solar project on land, we carry out numerous environmental and technical studies. All Better Energy solar projects and proposed solar projects are subject to detailed land management studies and assessments. We study local conditions and the surrounding environment. Criteria and requirements for site selection include physical features of the land, environmental factors, land use restrictions, social concerns and electrical grid infrastructure and requirements.

Environmental policy

Our formal policy statement on the environment is part of our Code of Conduct. Our suppliers must as a minimum follow

local and international legislation and regulations with respect to environmental protection, including recycling to the greatest possible extent.

Land management and biodiversity are elements of our environmental policy. Better Energy works to promote and protect the local flora and fauna when establishing facilities and promote the welfare of animals associated with our facilities. We establish ground cover vegetation without the use of pesticides or herbicides to prevent land erosion and protect groundwater. This ground cover often consists of grass that is optimal for the grazing of organic livestock. Since 2014, sheep have been grazing on Better Energy solar park sites, and since 2019, solar grazing has been a permanent part of our solar projects in Denmark.

We actively engage with landowners and the local community through private and town hall meetings to ensure good land governance. We maintain open communication and record any complaints or concerns.

Environmental risks could include negative impacts on nature or waste of materials, resulting in increased operational costs or delays. Impacts such as noise, land disturbance, packaging waste, and wastewater can occur during the construction phase. We integrate our installations with the natural surroundings as



much as possible and only remove vegetation when necessary for construction. To minimise impacts, we restore land and infrastructure and establish conservation areas.

Our environmental goals relate to our solar power plants and our sale of green electricity. These solutions reduce greenhouse gas emissions and make a positive impact on the green transition by adding new capacity to the grid. At the end of 2020, our pipeline of projects amounted to 6 GW.

Project life cycle and biodiversity considerations were brought into focus this past year. Better Energy continued partnerships with technological institutes, universities and specialised consultancies to carry out projects in these areas. Biodiversity and technology research and development projects are part of our environmental goals for 2021.

In 2020, Better Energy developed a new type of solar park that can be built on lowlands. These lowlands with carbon-rich soil can then be taken out of agricultural production. Restoring wetlands could bring about significant environmental and regenerative synergies, but it could also prove a highly valuable method to reduce carbon emissions from the agricultural sector. According to the Danish Council on Climate Change, the restoration of wetlands has the second largest carbon reduction potential in Denmark this decade, only surpassed by the introduction of 1.5 million electric vehicles.

Case study

Use of restored wetlands for extra CO₂ reduction



In 2020, Better Energy initiated a new pilot project in Vordingborg Municipality to demonstrate how future solar parks can be built on restored wetlands. This concept will allow a double effect on CO₂ reductions by producing green energy and restoring carbon-rich lowland areas to wetlands.

The new solar park in Køng Mose will be built on very low-lying terrain that has been artificially drained. In the future, the land will be re-wetted and restored to its original wetland state. Installations for wetlands require a whole range of new technical features, but it is important to demonstrate that this is possible.

Drained lowlands have a significant climate effect

According to the Danish Council on Climate Change, the removal of artificially drained lowlands from agricultural production and the restoration of these areas to wetlands constitutes one of the key

focus areas in reaching the Danish climate targets. The Council published a report showing that the restoration of wetlands had the second largest carbon reduction potential this decade. This point is also echoed by the Danish government's climate partnership report on food and agriculture which suggests a potential CO₂ reduction of 1.4 million tons by 2030 if 47,700 hectares of lowlands with carbon-rich soil were restored to wetlands.

If 10,000 hectares of carbon-rich low-lying areas were restored to wetlands for solar power production, it would correspond to approximately 20% of the total electricity consumption in Denmark. This would mean significant reductions of CO₂ in agriculture and a significant increase in our renewable energy supply at the same time.



Pollution

In a Future-Fit Society, the environment is free from pollution.

Harvesting sunshine

Solar energy does not need to be created, just harvested. This fact alone is a major reason why solar has a short payback time and a very low environmental footprint. There is an unlimited supply of solar energy, and it does not need to be located, mined, excavated, chemically processed or burned. The process of converting sunlight to electricity is completely clean, generating no carbon dioxide or other greenhouse gases.

Harvesting solar is surprisingly simple. Solar technology is straightforward and based on fundamental principles of electricity and electronics.



No harmful emissions

When solar parks are in operation, they run clean and safe and produce power with no noise, no emissions, no waste and no water pollution.

Our solar PV panels do not contain any toxic or harmful substances. There are no substances that can evaporate, leak or dissolve in water, so they create no emissions. The panels are well sealed from the environment and designed for a long life.

Other major components include the mounting system, cabling, inverters and transformers. The mounting structure is made from galvanised steel and aluminium, which are both extremely common and safe building materials. Most cables are made of copper and most cables are laid underground. Solar cables are designed to be UV and weather resistant, and we place an extra shield around the short sections of cabling above ground to protect animals from them.

The inverters that change the current of the solar generated electricity are housed in weatherproof covers that protect the

electronics from the elements. The transformers, which increase the inverter output voltage to the voltage of the utility connection point, do contain a traditional mineral oil used for cooling. However, the transformer sits down into a completely sealed enclosure, so there is no danger of leakage.

Our business does not depend on fossil fuels to operate, and we only use a small number of machines and vehicles which depend on fossil fuels to operate, mostly during the construction phase.

Groundwater and soil

No pesticides or chemicals are used on our sites, so our solar projects will not create any contamination to the water or land. The solar panels are mounted above ground, so only a very small part of the system is in contact with the ground.

We plant ground cover that is low-growing and requires little maintenance. Often, sheep graze in our solar parks, and this keeps the grass down naturally. Our sites always have native grass or plant ground cover. The ground cover allows the soil to absorb water

and nutrients during the life of the project. The soil is allowed to 'rest' for typically 30+ years. Solar parks protect groundwater, prevent soil erosion and can restore degraded land.

We generally keep the landscape the way it is, without any major land clearing or levelling. Installation can be carried out with small excavators – there is no need for any heavy construction equipment.

New efficiencies

The worldwide demand for solar systems has led to economies of scale and many new efficiencies. Solar panels have become more effective at converting energy, materials are used more efficiently, and component manufacturing factories, processes and production lines have become greener and more efficient. All these efficiencies have contributed to dramatic reductions in production costs and to lower environmental footprints. Improvements in material and energy utilisation and recycling will continue to improve the environmental profiles.

Waste

**In a Future-Fit Society,
waste does not exist.**

No operational waste

Better Energy aims to eliminate all avoidable waste generation and reuse, recycle or otherwise repurpose any remaining waste. During the construction phase, components and material arrive on site. Pallets and packaging must be disposed of properly. We work closely with third parties that provide waste management services. To eliminate all operational waste, we conduct site reviews to assess if waste is generated and the extent to which it is possible to repurpose waste.

While operating, our solar parks do not produce operational by-products or generate hazardous waste. Solar energy systems do not have any moving parts, so parts do not wear out quickly. Routine maintenance is carried out on the equipment. We produce a minimal amount of waste at our office, where we have access to recycling facilities for paper and other items.

Producer responsibility system

Most countries classify solar PV panels as either general or industrial waste. The EU is the only jurisdiction that has developed specific regulations and policies addressing the end-of-life management of PV. The EU has pioneered electronic waste (e-waste) regulations that cover solar PV panel collection, recovery and recycling targets.

As a Danish-based company operating in Northern Europe, Better Energy is registered with the Danish Producer Responsibility System (DPA-System) and complies with the WEEE Directive. Better Energy is required by the Danish authorities to be registered within the DPA-System and every year report on how many kilos of electronic waste we import to Denmark, Poland and Sweden, and pay a fee for every kilo.

The purpose of the DPA-System is to make sure that electronic waste imported to Denmark is registered and managed the right way and that importing companies fulfill their obligations regarding disposal of waste when the life of a product ends.

DTI report

There is not much experience with the removal of solar parks in Denmark or Poland and Sweden. Therefore, Better Energy ordered an independent report from the Danish Technological Institute (DTI) to analyse the removal costs and environmental impact of a solar park. DTI has calculated the costs of removal of a solar park and deducted the value of the sale of components and raw materials. This study shows that many components of the solar park are expected to have a high value when end of life occurs. DTI also covers the issue of waste management and DPA-System in their report.



Product repurposing

As engineers of large-scale systems, our design choices make a big difference. Better Energy engineers its own systems to withstand extreme weather conditions and to increase the lifetime, durability and resilience of our systems. This maximises their post-use recovery value.

Plans for product repurposing begins in the initial phases of building a solar park when procuring components. Better Energy ensures that goods are imported responsibly. All deliverables have to be disclosed with an (environmental) product declaration so that we can quantify the environmental impact of the components we use and their post-use recovery value.

Designed to last

We aim for a useful life of 50 years when engineering our systems. Durability is important. Using high quality, corrosion resistant, durable materials extends the lifetime of our systems. It also helps to ensure that system components will retain their value so they can be reused or recycled at end of life. Durable systems are safe and reliable, and they require fewer repairs, fewer parts and

fewer resources – resulting in the lowest cost of electricity and the lowest cost to the environment.

Extending the lifetime of a PV system increases overall electrical output, improves the cost per kWh and reduces the overall lifetime footprint.

Designed for efficiency

We believe that every element in the system should have a purpose and should create value. We cut costs and complexity by stripping away unnecessary elements – in business transactions, technology and design. We remove everything that does not bring value to the final system and to the parties involved. Reducing the number and type of materials and increasing efficiency saves resources during operation and reduces waste.

Designed for multi-purpose

Our solar park installations are specially designed and engineered with multiple-land use in mind. We take an ecosystem-based approach. Through efficient use and careful planning, we can

use our projects to regenerate degraded land and to boost biodiversity. When one system is designed to serve a number of different functions, it is more sustainable.

Designed for end of life

What happens to a system at the end of life is affected by the engineering choices we make at the beginning. The design of our technical installations facilitates upgrades or dismantling.

We hope that our solar energy projects will continue to produce clean energy for generations to come. System upgrades can give a system new life. If a decision is made to decommission the system, our systems can be disassembled relatively easily at the end of life to recover materials for recycling.

Reuse

The worldwide growth in solar PV is expected to create a strong secondary market for panel components and materials. Older, less efficient panels can be repaired and resold on the secondhand market at reduced prices.

Recycling

The PV recycling industry is still young and PV panels are often treated within general recycling plants. The PV recycling industry is expected to expand significantly over the next 10-15 years. PV panel recycling technologies and specialised recycling plants will emerge and will increase treatment capacities and will be able to recover a greater fraction of the materials.

In the right facilities, currently 85% to 95% of a panel can be recovered and recycled. Glass, copper, lead, aluminium and any hazardous semiconductor materials can be recovered through a mix of mechanical and chemical processes that have relatively low environmental impact. They can be either melted down for recycling or sold on as raw materials to be used in the creation of new solar panels and other electronics, reducing the energy input needed for their manufacture.

Future perspectives

Over the next 10-20 years, many large-scale systems that were installed in the early 2000s will reach their end of life. There will be a large increase in the volume of solar PV waste which will need to be recycled. Solar panel recycling is a promising industry due to the easily recycled materials.



People



**In a Future-Fit Society,
people have the capacity
and opportunity to lead
fulfilling lives.**

People matter

Society's ability to thrive relies to a great extent on the wellbeing of the people that contribute to it. To be Future-Fit, a company must ensure that it does not undermine the wellbeing of its employees or the communities where it operates.

Everyone should be able to meet their basic needs, and everyone should be able to pursue higher needs. These issues are important to us, and we can always improve our practices. However, we operate in highly developed Scandinavian and European countries, and the risks of slowing progress towards future-fitness in these issues are not the greatest risks of our business.

Better Energy is based in Denmark and we operate in Northern Europe. International organisations such as Transparency International and The World Bank have highlighted Denmark as an excellent place to do business because of the safe and stable business environment and very well-functioning public sector. Municipal processes and procedures are transparent, with citizen involvement and open public forums. Northern Europe generally has good practices with regard to fair working conditions and employment standards.



Our people

Having a strong purpose only works if you live it. Our ultimate advantage is our strong group of people who are agile and can adapt to change. Whether we succeed in reaching our targets depends on the people who define us. We look for the best and the brightest, but the key to making an impact is not just having the right skills. Better Energy is a group of talented, mission-driven individuals who are eager to collaborate in order to find new pathways and better solutions.

A diverse organisation

Better Energy works firsthand with all aspects of a renewable energy plant life cycle – legally, technically and financially. It comes naturally that we create job opportunities for people from diverse backgrounds and disciplines. Our continuing focus on human resources ensures fair and consistent hiring practices and procedures across Better Energy.

Our Employee Guidelines and our Code of Conduct include statements on diversity and inclusion that support equal opportunity. Diversity is key to our business strength and our ability to make

an impact. We look for the most qualified and relevant individuals who share our entrepreneurial spirit, drive and commitment – regardless of age, gender or ethnic background.

In 2020, our organisation developed on all fronts, with outstanding talents joining our development, construction, grid, finance and legal teams. With the formation of our Project Management Office (PMO), Better Energy has matured into a gigawatt scale developer, constructor and operator within each of our core markets. We started 2020 with 71 employees and ended the year with 102 employees. Everyone has a special function, and together we create the difference that makes Better Energy so unique.

Gender distribution and leadership

We recognise the importance of a diverse and inclusive board and management environment. We continually seek to increase the representation of women in leadership. Our policy is to support the equal distribution of gender in leadership positions. We increasingly experience that positions in almost all departments of our company are attracting a larger percentage of women. We



continually seek measures to increase the proportion of women of our management and organisation. We always welcome and appreciate applications from all genders. This applies to all steps of employment – from job descriptions and advertisements to job interviews.

In 2020, we strove to ensure that all genders were considered for interviews for management positions, and we will continue to do so. Our Executive Board consists of five members and one of these is a woman, amounting to 20% representation. The ownership base of our Board of Directors and the fact that no members are expected to resign from their positions in the near future make it difficult to significantly increase the representation of women in the short term. There is currently one woman on a seven-member Board of Directors, accounting for approximately 14% of the Board. We will continue to seek representation of women on the Board to reach our target of 40% in 2025.

Overall, 47.4% of our new hires were women in 2020 compared to 38.5% in 2019, which is an increase of 8.9%*. The proportion of women in our organisation is 38.4%, an increase of 5.6% from 2019.

Human and labour rights

Our policy statement on human rights is included in our Code of Conduct. We respect and promote human rights and we expect our suppliers to do the same.

Human and labour rights are a priority issue in the development and construction of projects. Installation teams work intensively

in different countries for relatively short periods of time, which could lead to human rights issues. Risks could include inadequate health and safety measures at the project site, lack of training, unclear employment terms and conditions and poor wages. Better Energy uses its own engineering, construction and procurement teams in combination with suppliers and subcontractors. Human rights and fair working conditions are part of our Code of Conduct. We also use third parties to audit suppliers. We did not identify any human rights violations in our supply chain in 2020. We do not expect any human rights violations in the future, but we will continue to prioritise the promotion and protection of human rights.

Health and safety

We continue to focus on health and safety and building up our system as we expand our operations. Our health and safety managers and in-house Legal teams guide actions and ensure compliance. We mitigate risks by enforcing strict health and safety guidelines and training both off and on site. A health and safety plan (PSS in Denmark) was prepared for all projects. Health and safety training was carried out on site at all projects and there were no accidents or injuries in 2020.

In 2020, our Health and Safety Organisation (HSO) conducted an extensive occupational health and safety risk assessment consisting of an online digital survey and physical walk-throughs and on-site assessments. The assessments covered six categories of potential workplace hazards: physical, ergonomic, psychosocial (e.g., bullying, harassment, discrimination), biological, chemical and accident risk. These efforts resulted in an action plan that was published and will run into 2021.

*Gender according to Danish CPR numbers

Our communities

Community engagement is really about being a good neighbour. We want to reduce carbon emissions, protect and enhance plant and animal life, and provide other opportunities for mutual benefit such as recreational areas.

Communities worldwide are moving towards renewable energy sources. We can help them benefit from this transition by sharing information with landowners and other community members from the very early planning stages of our projects. Few people are familiar with large-scale solar parks and the opportunities they offer. It is natural that communities near solar projects have questions and concerns about possible impacts, and we need to make sure that we address these questions effectively and transparently.

Community engagement practices are a major focus area at Better Energy and the principles we use for community engagement

over the life of a solar project are described in our Community Engagement brochure. Securing land and local acceptance are fundamental to project development. Green transition on a significant scale can only be achieved with local support. To address local concerns and secure local support, we set up community meetings very early in the development process. We do our utmost to share information, address concerns, accommodate local ideas wherever possible and find the best solutions.

Solar is one of the safest energy generation technologies in the world and solar parks do not pose any health dangers to local communities. Components are well sealed from the environment and designed for a long life. The project installation and construction phases do not require any toxic chemicals, processes or heavy construction equipment. System installation and construction requires a great deal of electrical expertise and experience, but it does not impact health negatively.



Our customers

In Better Energy, we have a vision of powering companies, cities and countries with affordable clean energy. In our pursuit of future-fitness, we want to create pathways that allow organisations to embark on green energy journeys and transition to 100% renewable energy by upholding additionality principles. Our product communications ensure that customers and potential customers have adequate information about our power solutions.

Our green energy product – electricity produced by solar energy – is not complex or difficult to understand and our user groups are not considered vulnerable in the traditional sense. However, the consumer market makes it difficult for consumers to understand exactly what they are buying when they have the intention of purchasing electricity produced from renewable sources. Many customers looking to purchase renewable energy are misled by online marketing into believing that their purchase increases the amount of renewable energy in the local electricity system or benefits national climate goals when it does not.

We engage in honest, ethical and responsible dialogues with our customers. Our rigorous project management ensures that all customers have up-to-date information about the terms of legal agreements and information about the solar parks that supply them with energy.

Drivers



In a Future-Fit Society, social norms, global governance and economic growth drive the pursuit of future-fitness.

Rapid and radical progress becomes the rule rather than the exception, because society recognises and rewards actions that move us in the right direction.

Increasing the pace of **progress**

The first seven properties of a Future-Fit Society describe the outcomes that such a society will deliver. In contrast, the eighth property is about putting in place the conditions that will enable those outcomes.

Social norms, global governance and how we pursue economic growth are what drive the behaviours of all social systems. Today, those drivers are not aligned and not driving us in the right direction fast enough. Technologies and business models that move us from 'do no harm' to restoration and regeneration are not being supported and replicated at the speed and scale we need. If every company waits for others, no progress will be achieved.

Positive Pursuits are where Better Energy can deliver the greatest gains, given our business model, core competences and ability to influence others. When we examine the role and reach of Better Energy in our value web – the complex web of our suppliers, operations, products and society – we can deliver the greatest gains through advocacy and innovation.

From the outset, we envisioned Better Energy as a catalyst for change and market transformation. Rather than building our company on existing industry practices, we used future-back thinking to imagine better ways of doing things and mobilised all the resources we needed to make it happen.

We see our role as first movers in the industry, paving the way for others by working to remove barriers and pioneering solutions. At Better Energy, we have always said that we have no competitors, only colleagues, in our efforts to speed up the green transition. We encourage others to follow in our footsteps.

No one company can transform all drivers, but working together with others, we are using our business model, engineering know-how and position in the industry to make shifts happen. Building capacity together is the key to tackling the challenges in the spaces and places we all share. We can enable global companies, cities, local communities and countries to make progress towards future-fitness.



Challenging social norms

Social norms are the formal and informal rules that govern behaviour in groups and societies. They are what groups of people believe to be normal, fair or appropriate. In order to transition to a Future-Fit Society, many of today's entrenched social norms need to be challenged. We seek to positively influence social norms through many different actions such as advocacy, leadership and innovation.

Advocacy

Sustainable development requires policy change. Better Energy actively engages decision makers on a local, national and European level. We work to shed light on specific industry challenges that are slowing progress in the green transition.

Certain policies, practices and attitudes predate the green transition and are products of a different era. Tax laws and land-use regulations were written at a time when possibilities for combining renewable energy production with large-scale nature-positive initiatives and power-to-X initiatives that couple energy sectors together were not imagined. Elements of the energy landscape

are evolving so rapidly that calculations in commissioned reports are outdated by the time the reports are released.

In 2020, we worked with the need for realignment of government incentives, the need for additionality and more transparent energy sourcing disclosures for organisations, tax and land-use laws concerning lowlands, the promotion of biodiversity and the development of new grid infrastructure regulations. We hosted on-site visits for members of the public and private sectors, for national ministers and local government officials, NGOs, industry organisations, global corporations and journalists to showcase new innovations.

Leadership

Being first movers, going in new directions, disrupting industry norms and leading by example are some of the things Better Energy does best. What makes us different is our ability to innovate and engineer solutions that can be scaled up and easily integrated. We make it a point of bringing attention to our solutions because they are holistic and they work. High visibility can bring broad acceptance and new norms to the forefront.

We go first so others can follow. After designing our systems to make solar commercially attractive, solar is now cheaper than fossil fuel alternatives in Denmark, and we grid connected the first park without subsidies in 2020. As the first company to develop and deliver power purchase agreements (PPAs) in Denmark, we have helped global businesses such as Google, Bestseller, Chr. Hansen and Lundbeck deliver climate action in the real world by adding new green energy to energy systems. We are now applying our pioneering spirit to move from responsibility to resilience and regeneration, exploring ways to add even more value to our operations and to our surroundings.

Innovation

We create new options for governments, communities and businesses that help support the pursuit of future-fitness. We pioneer solutions with the intention of lifting the industry and changing industry practices, making it easier for our value web to adopt new norms.

A pilot project was introduced in 2020 to demonstrate how solar park sites can be designed and landscaped to boost biodiversity,

restore soil health and improve the quality of fresh water in the ground. Also in 2020, we engineered a new solar module mounting system designed to work in rewetted lowlands, which will increase CO₂ reductions.

We strive to optimise our construction projects with the latest technology and have excellent relationships with the industry's most renowned suppliers, always keeping us at the forefront of the industry. A full green transition will require not only the finest solar PV technology but also the highest level of innovation to integrate renewable energy into future grid solutions.

In 2020, we began to intensify our research and development activities. We aim to open up possibilities and co-create new potential in a way that drives the industry forwards. Our focus is on improving cost, efficiency, flexibility and recycling of our systems.



Global governance for a green transition

A whole range of cross-border relations and activities take place today between societies and markets, and issues arise that affect the pursuit of future-fitness. Global governance brings together people to respond to these issues. Global issues and systemic challenges cannot be resolved by any one single player, but working together, we can grow our collective capacity to shift practices.

If everyone works on a system together to implement change, the change will happen more quickly and effectively. Systems thinking plays a central role in the pursuit of future-fitness. Every business is a part of a value web – systems connected to suppliers, operations, products and society. A systems thinking perspective considers processes, technology and relationships across the system as a whole.

Better Energy is accountable for eliminating negative environmental and social impacts caused by our own activities, and that extends to the actions of our business partners. Our partners must do all they can to ensure that the goods and services they offer do not harm people or the environment. Business partners must behave ethically and must in no way – through either action or inaction – undermine the integrity of societal institutions and physical infrastructure.



Value web: Framing our discussions about future-fitness

Future-Fit is a way for Better Energy to frame our discussions with our business partners and suppliers, and the rest of our value web. Framing our efforts in a wider context brings up hotspot issues and also new business opportunities. Our focus is not only on ways to ensure compliance but also on ways to develop the unique potential of all stakeholders. We all need to prioritise what will deliver the greatest returns and discuss what we can do to contribute to the change that is needed.

Better Energy is in the process of developing new conduct principles for business partners that include human and labour rights, fair business practices, environmental topics such as biodiversity and land management, and community engagement. In accordance with these principles, business partners are required to act responsibly and conduct their business ethically. We expect our business partners to implement appropriate and adequate measures for their employees and sub-suppliers to ensure compliance in their supply chain. In the new principles, business partners must also ensure that grievance mechanisms are in place for their employees and stakeholders, appropriate to the size and nature of their operations.

Our solar parks are made of multiple materials and components. We rely on multi-tiered supply chains, for example, our electronic components are made up of many different components that

have supply chains of their own, and full traceability on all levels is challenging. Going forward, the plan is to engage our suppliers on Future-Fit properties.

Gaining a whole systems view of the impacts of our stakeholders on the eight properties of future-fitness will require new kinds of information and data. This information is dependent on context and environment. For example, assessing impacts on biodiversity and ecosystems is complex and difficult to assess in global supply chains. We will require better information and data on where and how component materials are sourced and how they are transported in order to fully understand their impacts in a systems perspective.

Selection of suppliers

The scale of our operations at Better Energy – with over 6 GW in the pipeline – requires large suppliers with the right quality, capacity, delivery security and global operations. We purchase material and components from quality suppliers that have strong social and environmental management systems. Better Energy always engages in a dialogue with suppliers and business partners about sustainability issues, and we always visit the factories of any new potential supplier to ensure that the work environment is in order. Due to COVID-19 restrictions, we were not able to make personal inspections, so a third party was hired for this job.

In Better Energy, we have a Procurement Policy that outlines the steps we take upon purchasing various key components to build PV systems that contribute to the expansion of renewable energy capacity and the electrification of our society. Our policy aims to ensure competitive and optimal costs and provide the highest level of performance, warranty and longevity.

Most of our suppliers are either Danish companies or companies from EU member states and thus they are subject to strict Danish and EU regulation for ESHS (environmental, social, health and safety) issues.

Our solar module suppliers (primarily from China and India) are ranked Tier 1 manufacturers on the Bloomberg New Energy Finance's Tier 1 list of the most reputable module manufacturers. These companies are leading, worldwide businesses with appropriate Codes of Conduct and comprehensive environmental management systems for production facilities and procurement. They run leading edge production lines and use world class processing technology.

Global topics in 2020

As the scale of the solar industry increases worldwide, global supply chains are coming under increasing pressure. Solar supply chains were recently associated with the ethical challenges of conflict minerals and forced labour.



Allegations concerning the use of forced labour in the PV production industry in Xinjiang, China, surfaced in 2020. Over 50% of the polysilicon used for solar modules is produced in the Xinjiang province. Our Chinese suppliers of solar modules have factories located on the eastern coast of China, within relatively close proximity to Shanghai. We also only work with suppliers that have a strong track record of supplying to leading financial institutions such as IFC.

Although no connections have been made in our own supply chain, we are joining together with several colleagues in the industry, and we will take part in an investigation led by an international consultancy. We will be updating our contracts and supplier principles in the coming year to include the issue of forced labour in China. We will continue to monitor developing situations such as this to fully understand the potential for standards which fall far below the expectations we hold our suppliers to and we will continue to develop our procurement and ESG processes to better ensure that our own standards continue to increase.

Another issue in focus in 2020 has been the risk of conflict minerals in supply chains. In certain politically unstable areas, the conflict minerals trade can be used to finance armed groups and it can also be associated with other criminal practices. Conflict minerals

include the metals tantalum, tin, tungsten and gold, and they are also referred to as 3TG. These minerals can be found in many everyday products such as mobile phones, cars and jewelry. New regulation requires EU companies to ensure they import these minerals and metals from responsible sources. We initiated due diligence into conflict minerals in 2020, which will ultimately ensure that our procured components are conflict free. We have not been given any evidence for concern in the past, but this is also a very current topic, and we would like to have it thoroughly documented.

IT and cyber security

In 2020, corporate preparedness to risk management and cyber governance was a focal point. We strengthened IT security in our offices with new cybersecurity software. These new security measures ensure increased safety against cyber risks. In 2020, we also implemented new security measures for our solar parks. We have contracted expert cyber security services to keep us updated on potential threat vectors.

We are working on a comprehensive compliance package alongside our contractor. As part of this compliance process, we are undergoing a thorough security review process across the entire development chain from procurement to operations. As a result, security at all of our sites will be significantly strengthened.



Corporate governance of future-fitness

Our purpose and strategy are clear. The corporate governance structure is set up to support the long-term value creation and ensure an accountable management. Our corporate governance consists of the following elements: management, corporate culture, corporate policies, risk management and audits, disclosure and communications. Better Energy has a two-tier management structure consisting of the Board of Directors and the Executive Board.

On behalf of the shareholders, the Board of Directors is responsible for the overall and strategic management of the company. The Board of Directors ensures a proper organisation of Better Energy's activities and ensures that Better Energy is managed properly. The Board of Directors also ensures accountability and the availability of adequate financial resources. Future-Fit topics are reviewed by the Board and structured on the annual wheel.

Together with the Board of Directors, the Executive Board ensures that the capital resources and liquidity of the company are always adequate and appropriate considering the financial position and business prospects of Better Energy. The Executive Board further develops and ensures the implementation of corporate strategy and Future-Fit with a view to long-term value creation and sustainability.

Corporate culture

Better Energy is a values-driven company. Ethics and integrity are embedded in our Manifesto and Code of Conduct. Our Manifesto describes our vision, mission, strategy, guiding principles and

values, the foundation of our business. The Code of Conduct provides policy statements on how we conduct our business, and it is regularly reviewed and updated as necessary.

Corporate policies

Two high-level policies embody our sustainability approach and govern our efforts: our Manifesto and our Code of Conduct.

Our purpose is written down in our Manifesto. Our Manifesto describes our vision, mission, strategy, guiding principles and values. This policy forms the foundation of our business and the basis for proper conduct and respect for all individuals.

Our Code of Conduct is a continuation of these ideas and values. It is a framework of policy statements and standards ensuring consistency across our business. Our Code of Conduct is integrated in the way we work with all Better Energy employees and with consultants, suppliers, partners and any other third parties acting on behalf of Better Energy.

In addition to our Manifesto and our Code of Conduct, the Board of Directors and Executive Board have adopted a set of policies and procedures to govern our business. Policies and procedures present the rule of conduct for our company and instructions for making decisions. Future-Fit considerations will be integrated into our policies and procedures.

Anti-corruption and bribery

In addition to the anti-corruption policy statement in our Code of Conduct, we have a separate Anti-Corruption Policy. This policy

covers gifts, facilitation payments, political and charitable contributions and how to raise concerns.

Our policy states that Better Energy is committed to conducting business in an ethical and honest manner and has zero-tolerance for bribery and corrupt activities. Better Energy will constantly uphold all laws relating to anti-bribery and corruption in all the jurisdictions in which we operate.

We also have a Fraud Procedure and a Signature Rules and Management Procedure in order to prevent cybercrime and digital fraud, and to ensure that all decisions in Better Energy are taken in order to secure the business and values of Better Energy.

Risk from corruption, bribery and fraud and breach of laws could arise in our supply chain and our relations with authorities and other third parties, which could result in penalties. We mitigate these risks with our continuous work and ongoing focus on policies, directions and training for employees and due diligence of suppliers and partners. Long-term partnerships and local offices in target countries also reduce risk in these areas. We have not identified any breaches of our Anti-Corruption Policy in 2020. We do not foresee any breaches of our policy in the future, but we will continue to prioritise anti-corruption as a focus area going forward.

Risk management and audits

Risk management and audits are handled by the Board of Directors, the Executive Board and our Finance, Legal and Project Management Office teams. They identify and manage risks and ensure financial

integrity, transparency and accountability in line with efficiency and effectiveness.

Disclosure and communications

It is our intention to communicate our work with the Future-Fit Business Benchmark in our annual reporting.

Compliance

Better Energy is subject to rules and regulations derived from law, commercial agreements and financial regulations, amongst others. Compliance to these conditions affects all areas of our business activity. Better Energy has created a Compliance Committee, headed by the CLO, in order to manage compliance related matters. With reference to the Compliance Committee, the organisation continues to standardise the processes related to compliance mechanisms and integrate Future-Fit in these processes.

SDG

Better Energy supports the United Nations Sustainable Development Goals (SDGs) and we actively support our business partners and customers in achieving their goals. Our core business of renewable energy contributes to progress in many of the 17 SDGs, but through our business operations, we directly impact SDG 7, 11, 13 and 17.

Strengthening market mechanisms

Every company can take steps to improve its own future-fitness, but some barriers exist at a market level which are exceedingly difficult to overcome by any one business alone. Such barriers may hinder the efforts of even the most committed company, but any action to remove one could potentially enable the company – as well as its peers and other market actors – to make much-needed progress.

Since the very beginning, Better Energy has worked to transform market mechanisms that hinder progress in the green transition. Instead of waiting for the market to shift, we create shifts to enable progress. We have a role to play in making change happen through positive advocacy. We expect to continue our work with grid authorities, regulators, legislators, our colleagues in the industry and cross-sector collaborations.

We are actively transforming markets to make them more sustainable – not only with our green energy but also with our unique business solutions and financial partnerships. The role of business in society is changing, and we are leading that change. We work to shift political and social agendas and transform the market. We

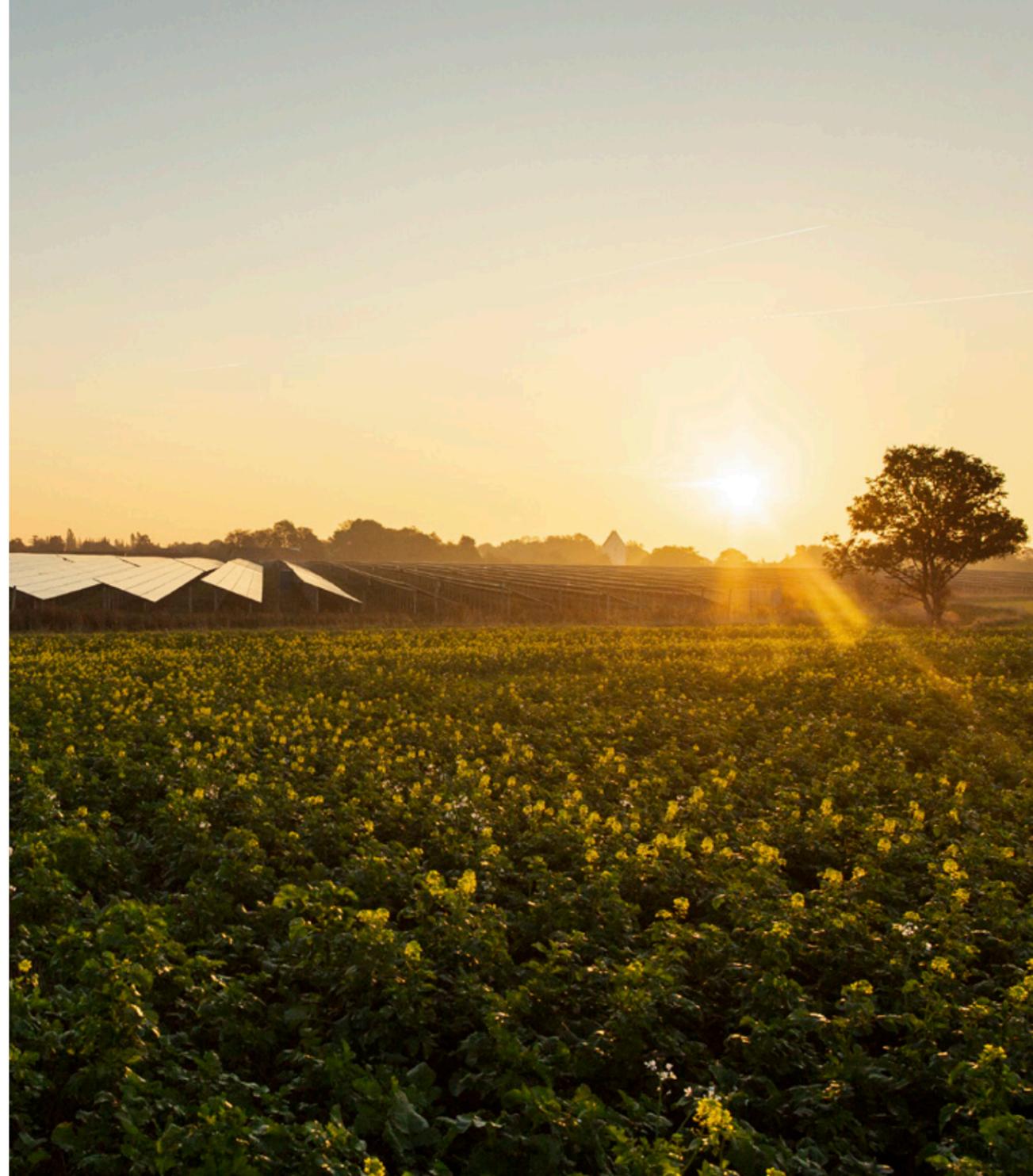
strengthen enabling conditions by developing projects supporting biodiversity goals.

The Future-Fit Business Benchmark mentions four main types of market mechanisms which can combine to overcome market barriers: economic, regulatory, cooperative and informational.

Economic: aligning finance with nature and biodiversity goals

Business depends on nature, and nature is impacted by business and financial decisions. By embedding biodiversity and nature considerations into our projects, Better Energy is bringing greater awareness – and greater nature-related opportunities – to investors and the financial sector.

We enable investment opportunities in nature-positive activities by creating pipelines of bankable biodiversity and nature-positive projects that fulfil sustainable investment policy principles. Our ability to gather data on the impacts of our biodiversity projects is also important to enable the scaling up of investment in nature-positive activities.



Higher profile cases with greater investment in nature bring greater attention to the potential and help to mainstream biodiversity impacts in the financial sector. This nudging brings policy makers, regulators, global companies, investors and financial institutions to increase investment in nature-positive activities.

In 2020, we collaborated with several finance institutions and institutional investors to establish new partnerships to scale up bankable projects that incorporate nature conservation and restoration.

Regulatory: engaging government

It is time to change habits that no longer serve us. Constructive participation in policy formation is an essential part of our business model. Policy is one of the ways to bring a sustainable shift in the market. Governments are looking for information to help create the legislation and reforms needed for the green transition. The perception of lobbying is often negative, but collaborative and constructive lobbying and information campaigns can bring positive shifts in the market.

Better Energy is committed to pursuing a sustainable future and all our advocacy actions must serve that purpose. We influence the public discourse with publicly available communication materials about progress in our company. We seek to influence policy

and legislation by showcasing sustainable, cost-competitive and available solutions. Everything we do in the public eye is done to speed up society's progress toward future-fitness.

Cooperative and Informational

Well-minded decision makers are lacking knowledge today. We see it as our responsibility to educate, advocate and collaborate with industry groups, NGOs, suppliers and policy makers to create the systems change needed to support and enable sustainable business practices. In 2020, we arranged meetings with ministries, meetings with local government and site visits so that we could share information and industry experiences. We can help equip busy leaders with energy industry knowledge. We help guide companies on better valuing natural capital in their decision-making and better valuing additionality when they choose green energy.

Also in 2020, we also began working to co-found a solar association (*Dansk Solkraft*) with colleagues in the industry for the purpose of disseminating information and promoting solar energy. Better Energy is a first mover on many initiatives such as biodiversity and installations designed for lowlands, and by cooperating with other companies, we can work to lift the level of the industry.

Aligning finance with **future-fitness**

A considerable amount of investment in sustainable projects and activities is needed to reach the objectives of the European Green Deal and the EU's climate and energy targets for 2030. The European Commission has developed an action plan to finance sustainable growth. The idea is to direct capital towards sustainable investments and manage financial risks from environmental and social issues.

We can use our know-how and innovation to create attractive investment opportunities that pull large-scale financing in the right directions. Biodiversity loss poses a variety of other growing risks to businesses, society and the global economy. Investing in the conservation, sustainable use and restoration of biodiversity can help to address these risks. We make environmental objectives profitable for financial partners and institutional investors.

In 2020, following our focus on forming strategic partnerships with capital partners, we further developed our partnership with the Danish Green Investment Fund as Better Energy received the first loan from the Danish Green Investment Fund under Denmark's Green Future Fund. We also entered new partnerships with Nykredit and Industriens Pension, a Danish pension fund. Together, we will increase renewable energy production. Our partnership with Industriens Pension is expected to total almost DKK 4 billion in investment of equity and project financing. Both partnerships will help us accelerate the expansion of green energy and the displacement of fossil fuels.

Case study

Pioneering 50/50 partnership model with Industriens Pension



A new partnership between the Danish pension fund Industriens Pension and Better Energy means that more than 400,000 Danes will now become co-owners of new solar parks in Denmark, and Poland as well. The total investment amounts to close to DKK 4 billion, making it the largest Danish solar investment at the time and a breakthrough for the solar market in Denmark.

Industriens Pension and Better Energy signed a historic agreement in 2020 that will give a huge boost to the deployment of solar parks without state support. The first five solar parks covered by the agreement are already in operation, while the majority of the parks are expected to be in operation during the course of 2021 and 2022.

The agreement marked the first time that Danish pension savings will help accelerate a massive scaling up of subsidy-free green energy production in Denmark. In that sense, our partnership with Industriens Pension marks the beginning of a new era. The next chapter in the green transition will

entail accelerating the deployment of renewable energy capacity without state support, together with ensuring critical widespread community ownership and backing.

Better Energy is developing, building, and operating the solar parks. The agreement is a 50/50 partnership on the parks that have been built and put into operation. Better Energy will continue to be responsible for operating the solar parks.

“We’re extremely pleased with the investment, which we expect will secure solid, long-term returns for our members, while at the same time contributing significantly to accelerating the scale and pace of the green transition. This is the first time that solar energy has been rolled out at this scale in Denmark, and the investment marks a real breakthrough for solar energy in Denmark,” said Laila Mortensen, CEO of Industriens Pension.

Faster scaling up of the green transition

The investment is expected to include DKK 1.5 billion in equity from the parties, supplemented with long-term project financing, typically in the form of mortgage loans. It is expected that the total investment of equity and project financing will amount to almost DKK 4 billion.

The agreement establishes a robust partnership model for how to rapidly scale up the green transition. The plan is to build around three-quarters of the solar parks in Denmark, while the remaining parks are likely to be built in Poland. The total capacity of the solar parks is expected to amount to approximately 1 GW, corresponding to an annual reduction of more than 350,000 tonnes of CO₂.

Case study

Pioneering new mortgage financing model with **Nykredit**



A new green partnership between Better Energy and Nykredit will accelerate the green transition by introducing Danish solar parks to the classic Danish mortgage model. This is the first time in Denmark that solar parks were financed by mortgage loans.

Since 2015, Better Energy has worked intensively towards producing solar energy in Denmark on market terms and in 2019, we succeeded. Today, our large-scale solar parks are the most commercially scalable renewable energy potential available in Denmark. Mortgage lending is an important instrument in financing and realising this potential. The access to cost-competitive and long-term financing is vital to speed up the green transition.

“Mortgage lending is a unique form of financing that is hardly found anywhere else in the world and that has also helped drive the development of other sectors by ensuring cost-competitive financing. Nykredit was amongst the very first to finance wind turbines, the electricity grid and fibre-optic broadband through mortgage loans, and now Nykredit is also behind the financing of Better Energy’s solar parks, thereby opening up a new market for a cost-competitive source of financing for green

energy. Nykredit sees great potential in taking responsibility for the green transition by securing the appropriate financing,” said Tonny Thierry Andersen, Group Managing Director of Nykredit, and continued:

“As Denmark’s largest bank owned by an association of customers, we will contribute to the green transition in whatever way we can. Being the country’s largest mortgage provider, we see this as our responsibility, and this is an area where we can truly make a difference. We are very proud that for the first time, it is now also possible to finance solar plants through mortgage loans.”

The first three Better Energy solar parks to be financed by mortgage loans from Nykredit supply global bioscience company Chr. Hansen and the Danish capital Copenhagen with green energy. Two of the solar parks that supply Chr. Hansen with electricity will continue to be owned by Better Energy, whereas the third solar park, which contributes part of the energy supply to Copenhagen, has been divested to HOFOR, the capital’s utility company. The three solar parks supply electricity equal to the annual electricity consumption of 19,000 Danish households.

