



# Sustainability Report 2020

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 Photon Energy Group

# Overview

# 1. Overview

## Clean energy and water. The fundamentals of life.

### 1.1 Who We Are

At Photon Energy Group, we are dedicated to ensuring that everyone has access to clean, affordable energy and water. We deploy technology to provide these fundamentals and help build a thriving, sustainable world.

We take a holistic approach to our work, within our companies and as a group, offering solutions that can be delivered separately or as an integrated package. This allows us to meet the complete needs of our customers and takes us closer to our vision of a world where energy and water – the fundamentals of life – are clean, safe and accessible to all.

### 1.2 Statement on Sustainability

Sustainability is one of our core values. We understand our responsibility to ensure that our work provides consistent, long-term benefits to the people and communities impacted by our work and to the world at large. This belief is fundamental to our ethical principles and is essential for our ongoing success and the growth of our business. As such, we are committed to upholding the highest environmental, social and corporate governance (ESG) standards in all of our practices, on every scale.

In 2020, the foundations were laid for strategic management, controlling and reporting practices that are fully geared toward sustainability. This report is the first statement on the sustainability status of Photon Energy Group. It formally expresses our commitment to delivering sustainable outcomes, and provides an overview of our efforts to integrate environmental, economic and social sustainability into our business practices, planning and decision making. It is intended to provide clarity and guidance to all of our stakeholders on sustainably integrated procedures and an overall sustainable way of thinking.

### 1.3 ESG Strategy

#### Prioritising Sustainability Within the Company

In adopting a strategic approach to sustainability, we address real external risks, helping us to become more resilient and adaptable in the face of challenges such as climate change, and creating a space for new ideas and creative responses. Some of these issues require innovative solutions that will position us as a thought leader in our industry.

Our sustainability strategy aims to create a cohesive purpose, providing a thread throughout the business that employees – and *potential* employees, who are increasingly seeking purpose driven organisations – can easily identify with, bringing more cohesion



Our solar power solutions and services cover the entire lifecycle of photovoltaic power plants.



We offer comprehensive clean water solutions, from treatment services to the management of wells and other resources.

#### We are committed to:

- ▶ A corporate culture committed to the highest standards of health and safety.
- ▶ Supporting our stakeholders and their communities through the provision of renewable energy and clean water services.
- ▶ Seeking sustainable solutions and partnering with suppliers to deliver services that contribute to a more sustainable world.
- ▶ Strictly adhering to all regulatory requirements regarding policies and standards for our operations, products and services, including all environmental and health and safety requirements.
- ▶ Improving our performance by protecting and enhancing all aspects of our environment, as the foundation for the company's success.
- ▶ An inclusive, engaging and socially responsible working environment for employees.
- ▶ Effectively communicating our policies to all employees and ensuring open channels of communication within our organisation.

and a commitment to a common identity. Another core aspect of our strategy consists of engaging and supporting the communities in which we operate. This focus on the human side of our work is an integral component of our drive to ensure the continuing success and positive impact of our work through a connection with the people affected by it.

We believe that our sustainability strategy will improve our reputation in the market by making our values clear and proving to customers, suppliers and shareholders that we are dedicated to the continuous development of our sustainability values.

During the coming year, we will continue our efforts to strengthen and standardise our corporate environmental and social management systems for all projects. In addition, we have the following key targets for 2021:

#### Caring for the Environment

- ▶ Maintain active dialogues with key stakeholder groups, in order to identify risks to and impact on employees, communities and the environment.
- ▶ Avoid, minimise and compensate for negative impacts by monitoring the environmental effects of our projects throughout all phases of development and operation.

#### Being a Responsible and Trusted Business Partner

- ▶ Ensure the health and safety and overall well-being of employees and contractors as well as other stakeholders, our assets and the environment.
- ▶ Strictly adhere to our corporate anti-corruption policies and maintain a zero-tolerance policy for bribery and corruption.

- ▶ Partner with suppliers to promote sustainable business practices and monitor compliance through regular audits and interactions (thorough due diligence was conducted in 2020).
- ▶ Provide support to organisations whose vision and values align with our own.

#### Structuring Our ESG Goals

- ▶ Implement the ISO certification of all relevant entities. All of our Australian entities have been ISO 9001, 14001, 45001 certified, and our operations & maintenance entities in the Czech Republic, Slovakia and Hungary have been ISO 9001 certified (ISO 14001 also implemented at our Czech and Slovak entities).
- ▶ Reinforce our internal policies to achieve the best, most efficient integrated management system by utilising the following performance objectives: Environment, Quality and Workplace Health and Safety. Going forward, an executive team will conduct a regular review of our internal procedures to ensure their compliance and efficacy, and to measure sustainability actions so that our goals can be adjusted when necessary.

## 1.4 ESG Key Performance Indicators

Environmental Data	2020	2019
CO <sub>2</sub> savings	29,799 tons	21,335 tons
Number of households supplied with green electricity	18,900	11,600
Percentage of revenues connected to activities which create sustainable value	100%	100%
Social Data		
Number of full-time staff / Number of employees (%)	133 / 136 (98%)	113 / 117 (97%)
Diversity of nationalities	21	12
Percentage of female employees	33%	31%
Governance Data		
Contributions to political parties as percentage of total revenues	0%	0%
Claims against the company ruled by a court as a percentage from total revenues	0%	0%



 Photon Energy Group

# Environment

## 2. Environment

Environmental sustainability is the foundation of our business model.

In 2020, our solar power plants generated **70.0 GWh of clean electricity** – corresponding to the energy needs of around 19,000 households – and **21,335 tons of CO<sub>2</sub> emissions were avoided**.

### 2.1 Environmental Commitments

Beyond our work developing solar energy and clean water solutions, we have various policies in place to ensure that our dedication to environmental causes is also reflected in our internal practices.

- ▶ All of our field operations are subject to local environmental regulations, which we strictly adhere to.
- ▶ When disposing of waste, all recyclable materials such as metal, wood, plastic, glass and paper are sorted and recycled.
- ▶ We never use chemical fertilisers or pesticides for landscape management.

### 2.2 Our Business Model

All of our work – 100% of our revenue – is connected to activities creating sustainable value to the environment.

#### Photon Energy:

- ▶ **Project Development.** We acquire photovoltaic projects at all stages of development and guide them to completion. With years of experience on a variety of projects, and as owners and operators of our own solar power plants, we have the expertise and proven track record to navigate any project – large-scale power plants to off-grid energy systems in remote communities – through all stages of development.
- ▶ **EPC Solutions.** We have a proven track record of delivering engineering, procurement and construction services that can actualise any solar energy project, providing our customers with sustainable, efficient and reliable energy as well as significant long-term cost savings.
- ▶ **Technology.** We procure world-class technology to fit any project's location, design and budget. Our services cover all aspects of the technology procurement process, including after-sales support.
- ▶ **Operations and Maintenance.** We provide a full range of O&M services, including monitoring and inverter maintenance. Our philosophy is to maximise environmental and financial benefits for our clients by carrying out preventative maintenance to optimize and extend the useful life of their assets. Photon Energy is an asset owner as well as a service provider; we understand our clients' needs because we are one ourselves. The power plants we manage run with an average uptime of more than 99%.

Our work also includes ongoing **research and development** in the field of clean water technology, and our services include a unique **nanoremediation** solution, to address the growing problem of per- and polyfluorinated substances (PFAS) contamination in groundwater, as well as other contaminants.

- ▶ For the cleaning of PV panels, we use only demineralised water, never chemical agents.
- ▶ When clearing land to construct new power plants, we conduct in-depth biodiversity studies and implement measures to ensure that any unavoidable impact is minimised or reversed.
- ▶ We follow all local guidelines and regulations regarding community involvement and consultation.
- ▶ When working with subcontractors, we prioritise local suppliers so as to have a positive impact on the local economy through job creation.

#### Photon Water:

- ▶ **Water Treatment.** We deliver treatment solutions around the world, including potable and wastewater treatment, hazardous liquid waste and industrial water treatment. Our solutions are customisable and comprehensive, ranging from the treatment of drinking water to the large-scale treatment of hazardous liquid waste.
- ▶ **Remediation.** We offer a range of remediation services to eliminate contaminants from water and soil. Water and soil contamination are harmful to local communities and the Earth itself. Through the process of remediation, we remove harmful pollutants, leaving soil healthy and water safe to use. Different methods of remediation are available depending on the site and the type of pollutants involved. We have the expertise to assess our customers' needs and provide the safest, most effective remediation solutions.
- ▶ **Wells and Resources.** We provide complete services for wells and water resources, from design to maintenance. We have the expertise and proven track record to provide customised water well solutions using state-of-the-art technology and techniques. Our work is research-based and prioritises both safety and efficiency, grounded in our mission to ensure access to clean water for people and communities around the world.
- ▶ **Resource Management.** We help our customers make the best, most efficient use of their water resources, lakes and ponds. Our work is research-based and prioritises both safety and efficiency, grounded in our mission to ensure access to clean water for people and communities around the world.

CASE STUDY

PHOTON ENERGY

Solar Energy Solutions for a UNESCO World Heritage Site



KEY DATA

Location: Lord Howe Island, Australia  
 Service: The development and construction of a hybrid solar and battery storage system.

THE CHALLENGE

Help the island’s community to not only massively save on diesel and greenhouse gas emissions, but also to prevent spills and pollution in a pristine environment. The fencing had to be customized to allow flesh-footed shearwaters to nest in ground and to get out of the area easily.

THE SOLUTION

Built on the World Heritage-listed remote island located in the Tasman Sea 700 km north-east of Sydney, the system consists of 1.2 MWp solar PV array and a battery system with over 3.2 MWh capacity. The ground-mounted PV power facility combined with solar battery storage is integrated with the local microgrid and diesel generators, which currently form the main power source for the island’s community.  
 The system is purposely designed for a small and remote location and is expected to provide more than two thirds of Lord Howe Island’s electricity.

2.3 Quality Control

The highest standards of quality in our products and services are vital not only to our business, but to managing the environmental impact of our work. In addition to our own standards and practices, we strictly adhere to all relevant laws and regulations concerning product quality and safety.

Practices during the development and construction of power plants:

- ▶ Our assets and operations are subject to various environmental laws and regulations in the jurisdictions in which we operate. These environmental requirements include, among other things, the correct, ecologically sound disposal of PV components. We keep records of waste and transfer waste to specialist companies holding waste management permits in accordance with the provisions of local environmental law.
- ▶ Regular checks are made with subcontractors, including a Provision Acceptance Test (PAT), and a Final Acceptance Test (FAT). The PAT consists of a visual in-

spection of all components, while the FAT focuses on the functionality of major components, such as the emergency off switch, switchboards, bus bar, circuit breakers and modules.

Practices during the operation and maintenance of power plants:

- ▶ Preventative maintenance as the central component of our approach. This includes targeted inspections and testing to ensure that any potential problems are identified and resolved before they become a fault, keeping downtime to a minimum.
- ▶ Regular technical audits, which include in-depth inspections and data analysis in order to assess performance, identify problems and implement solutions.
- ▶ Online monitoring and analysis services for all types of PV projects, ensuring that system abnormalities are identified and rectified, and that sites run at optimal performance.



Our approach to quality control allows us to maximise the performance of components by minimising operational and energy losses, and to ensure compliance with local government and environmental regulations, thanks to our forecasting tools.

## 2.4 Community Impact

Our projects are very often large scale and long-term (installation of a PV power plant can sometimes take between 25 and 30 years), and as such we take great care assessing, managing and monitoring any possible impacts on local communities.

The development and construction of PV power plants and water treatment installations can make significant impacts on the local ecosystems, and as such are subject to stringent environmental regulations as well as regulatory requirements in the form of building permits. In Australia, development approvals for PV power plants are subject to public inquiry and concertation which brings together representatives of central and local government and of environmental and other associations. Also in Australia, a dedicated website is set up right from the start of a new project to provide access to all available information regarding the project, and to enable members of the public to contact the team in charge of the project's development.

In addition to these regulatory requirements, and for every projected location, we engage in preliminary discussion with local authorities as a means of ensuring projects' compatibility with territorial and community policies. We have local teams in place in every country where we operate, allowing us to communicate with and provide information directly to local authorities and residents in order to ensure the clear, accurate presentation of a project and its challenges.

We believe the local requirements are appropriately stringent in the countries where we operate, and we are currently not devel-

oping projects in countries with a high corruption perception index. But if we develop projects in other countries in the future, notably in emerging countries, we may go beyond what is required by local environmental regulations if we believe they are not stringent enough. In such cases, we will make use of the guidelines published by the International Finance Corporation (IFC).

Our activities contribute to the supply of clean and sustainable solutions and provide local communities the benefit of positive economic impacts from the facilities installed via taxes, the lease of land and job creation. When possible, we always prefer to work with local subcontractors, which provides another boost to the local economy. This is applicable in all our markets. We also strive to empower community groups and support intern programs to assist with our construction, technical and operational projects.

Our approach to taxation is applicable to of our locations and reflects our ethical requirements. As an international organisation, Photon Energy Group pays taxes, duties and other contributions which may be significant in the countries in which we operate. We apply tax rules rigorously and are compliant with local requirements, international treaties and the guidance provided by international organizations. We only create foreign establishments for the purpose of developing our activities or responding to operating requirements.

CASE STUDY

PHOTON WATER

Drinking Water Treatment Technology in Latin America



KEY DATA

Location: Tacna and Cusco regions, Peru  
 Service: The installation of ten drinking water treatment plants, providing residents with a reliable supply of safe drinking water.

THE CHALLENGE

Peru has long-standing issues with the quality, quantity and reliability of its drinking water. In certain parts of the country, up to 40% of the population has reported a lack of water, while in other areas, residents have been exposed to water that is heavily contaminated. The most harmful and widespread pollutants are the heavy metals like Arsenic and Boron.

This contamination is a result of both the volcanic landscape and human activities such as mining, transportation and agriculture. This has become an increasingly pressing issue, and the regional governments of Peru have begun to actively address it by seeking ways to increase local expertise and infrastructure by seeking partnerships and providing support to organisations with expertise in water purification.

THE SOLUTION

In 2017, Photon Water completed a feasibility study supported and primarily financed by the Czech Development Agency and the Ministry of Foreign Affairs of the Czech Republic. The study focused on the design and deployment of small container-based water treatment units to supply municipalities of up to 1000 inhabitants in the region of Tacna with safe drinking water.

Upon completion of the study, we were awarded a 50% subsidy for the implementation of the project in the Tacna and Cusco regions. Between 2018 and 2020, a total of ten drinking water treatment plants were installed, providing residents with a long-term reliable supply of safe drinking water.

In addition to the installations, a campaign was organized to raise awareness throughout the region about the causes and potential technological solutions to the problem of water contamination, as well as the influence of untreated, contaminated water on human health. With the successful completion of the project, we have bolstered our expertise in the field of water treatment with a thorough understanding of the region and its specific needs and challenges. This will enable us to build on our progress and continue to deliver tailor-made treatment solutions to other areas of Peru and throughout Latin America.

## 2.5 Water Consumption

In term of our water consumption as an organisation, we consume water in office buildings and through the operation of our PV power plants. In office buildings, water is consumed in small quantities as drinking water. The operation of our PV power plants does not result in significant water consumption. Water is used to clean solar modules, in small quantities.

### Photon Water's Clean Water Solutions and Services

With the comprehensive services and solutions offered by our Photon Water division, we help to ensure that clean water is accessible to everyone.

In addition to supplying both large- and small-scale water treatment units, we can provide a range of comprehensive, customisable solutions, including the treatment of industrial wastewater, hazardous and non-hazardous liquid waste. As well as technical treatment and management solutions, we can provide guidance in areas such as regulation and compliance and emerging waste strategies. We offer a variety of chemical programs and process-optimisation services for potable drinking water.

## 2.6 Biodiversity

Installing PV power plants and water treatment solutions requires land clearing, which may have an impact on biodiversity by disturbing and causing a loss of habitat for local wildlife. Biodiversity considerations are therefore part of environmental and social due diligence and baseline studies. If an impact is unavoidable, we implement measures to minimise it and restore previous levels of biodiversity.

For all projects, site clearance is implemented in a sensitive manner to minimise the impact on fauna. Project-specific measures are identified for the removal of vegetation, such as directional clearing, and avoiding clearance during certain periods of the year so as to not affect nesting birds. Relevant measures during construction and operational phases include, for example, fencing off storage areas and keeping lighting to a minimum.

Habitat enhancement and the creation of new conservation areas are options that are considered whenever impact cannot be fully mitigated.

### Photon Water's Work with Wetland Preservation

Global awareness about the importance of wetlands is a very important topic at Photon Energy Group. Along with a project in the Czech Republic dedicated to natural wetland restoration, Photon Water is also collaborating on the development of a unique technology called Wetland+ at Jaworzno, a site in Poland, as part of an international consortium to implement the EU-funded

project Innovative Technology Based on Constructed Wetlands for Treatment of Pesticide-Contaminated Waters (LIFEPOPWAT). Through the process of remediation, we remove harmful pollutants, leaving soil healthy and water safe to use. Different methods of remediation are available depending on the site and the type of pollutants involved. We can guide our customers through every stage of the process to provide the safest, most effective remediation solutions.

As part of our ongoing research and development work, we have developed a unique nanoremediation solution to address the growing problem of Per- and polyfluorinated substances (PFAS) contamination in ground water, as well as other contaminants. A pilot remediation project for the Australian Department of Defence to remove PFAS contamination from soil and ground water using our patented nanoremediation process was begun in 2020 after several months of preparation, analysis and ground testing. We are now at the final stage of implementing the in-situ technology.

More information can be found at [photonwater.com](https://photonwater.com).

The heavily research-based technology is expected to reduce the levels of HCH in stream waters near the site. Lindane, a form of HCH, was widely used in the EU as a pesticide and a treatment for lice and scabies until its production and application were banned in 2004. Nevertheless, this persistent organic pollutant still poses serious health risks for the residents of affected areas.

The Polish part of the consortium is represented by the Central Mining Institute (pl. Główny Instytut Górnictwa) and the City of Jaworzno. In addition to Photon Water, participants in the consortium include the Technical University of Liberec (CZ) and Aarhus University (DK), as well as SERPOL (FR) and the Czech state-owned company DIAMO (CZ). The project commenced in 2020 and is scheduled to end on 31 December 2023.

In parallel with the LIFEPOPWAT project, Photon Water is part of another EU-funded consortium project to map and improve the knowledge base regarding the presence and disposal of HCH and lindane in the EU. Photon Water has been sub-contracted by the company leading the project, Tauw BV, to help with the inventorisation of HCH-contaminated sites in the Czech Republic and to assist one of the site owners with HCH-contaminated site management.

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## CASE STUDY

### PHOTON WATER

#### Wetland Restoration in the Czech Republic



#### KEY DATA

Location: Hamr na Jezeře, Czech Republic

Service: The creation of six ponds to enrich the local ecosystem.

#### THE CHALLENGE

The mayor of the municipality Hamr na Jezeře launched a project to restore the local wetland habitats, as well as its connection with a spring area and a complex of nearby water sources.

The project had two main aims: to increase local biodiversity and to enhance the overall environment for residents and visitors.

#### THE SOLUTION

In order to increase the quantity and quality of lowland wetland habitats, Photon Water set out to reconnect local amphibian-breeding sites through the construction of a system of small ponds with a free water surface.

By creating a system of variously deep and rugged water areas, we aimed to provide a place for amphibian reproduction and at the same time a refuge for other aquatic plants and animals. The location, near the pathway around Lake Hamer, makes it attractive for tourists as well, and will raise awareness throughout the region about the project's outcomes.

We oversaw design and planning, obtained building permits and other approvals, and helped with the application for financial support from the regional government.

The project was successfully completed in March 2021, just before the start of spring and in time for the beginning of mating season for local wildlife.



 Photon Energy Group

# Social Conduct

### 3. Social Conduct

We are proud to have built a dynamic, diverse team of colleagues, comprised of 21 nationalities in locations around the world. This vibrant community is one of our greatest strengths, and we are dedicated to its continued enrichment.

#### 3.1 Social Commitments

Our guiding principles:

- ▶ We have stringent health and safety policies and procedures in places, and all employees are responsible for complying with any applicable laws and regulations.
- ▶ We embrace all forms of diversity and provide equal employment opportunities without regard to gender, race, religion, disability, sexual orientation or age.

Our dedication to community extends beyond our company: one of our guiding principles is to prioritise the well-being of everyone impacted by our work.

- ▶ We provide an open, inclusive and non-retaliatory work environment, and discrimination of any kind is not tolerated.
- ▶ We ensure that all employees are treated equally and objectively in opportunity and remuneration, using merit-based criteria.
- ▶ We understand our obligation to protect the privacy of our customers and suppliers. We have strict policies and procedures in place to ensure that sensitive data is protected. This includes electronic data stored in our systems.

#### 3.2 Corporate Social Responsibility and Employment Practices

One of the key factors resulting in the continuous growth of Photon Energy Group has been the development of a culture that prioritises shared values and seeks to encourage the ongoing development of its employees. Based on this, we have a two-pronged approach in our employment practices: attract a strong, diverse pool of talent and encourage professional development.

There is no standard career path within Photon Energy Group. Instead, each employee may adapt their journey according to their individual objectives and available opportunities. Internal mobility is a major factor in developing employees' competencies, so we encourage them to expand their experience through advancement into new positions within the organisation.

We encourage and provide ongoing training and professional development, especially in areas related to health and safety – in

particular training for accreditation for electrical work – work-station training for the adoption of new tools and the development of other competencies such as linguistic skills. In 2021, we intend to institute an anti-corruption training program.

Employees are supported in the achievement of both personal and professional goals, and programs including talent development, individual development planning and mentoring will be implemented in the future.

We never engage in the use of forced or child labour, nor do we condone the mistreatment of individuals. In view of the high labour and legal standards in the European Union and Australia, the risks of human rights violations and violations of labour law – such as child and forced labour or the suppression of freedom of association – are extremely low.

#### 3.3 Workplace Health and Safety

Along with sustainability, safety is one of our core values. We place the highest value on the safety and well-being of employees, as well as that of the communities and environments in which we operate.

Our location-based work, such as the construction, operation and maintenance of PV power plants is of particular focus with regard to addressing and mitigating health and safety risks, which can include risks associated with the use of machines and with live electrical environments.

Every employee is responsible for complying with applicable health and safety laws, and following our internal policies and practices. If an unsafe situation is observed, the situation must be rectified, and we make it clear to employees that safety is our highest propriety in order to ensure that they feel comfortable stopping unsafe work practices, or assisting others in the development of safe work practices.

When working with subcontractors, health and safety challenges are taken into account pre-contract, since the selection of subcontractors depends upon their effective capacity to provide equipment and services of quality in line with our standards and values. Contractors must also respect all local regulatory requirements.

During the construction of PV power plants, the project manager is responsible for ensuring compliance with health and safety requirements by the teams under the responsibility of each contractor. The project manager must ensure the due application of all necessary measures and onsite compliance with the terms of the contract. If discrepancies are noted between the required measures and their implementation, applicable controls may be reinforced and all activity at the site could potentially be suspended.

We rigorously monitor the occurrence of health and safety incidents for employees under contract, and in 2020 there were no serious workplace accidents.

### 3.4 Measures Connected to COVID-19

The global spread of COVID-19 has wide ranging effects. Beyond the economic impacts, the pandemic has created increased health risks. As a result, we have implemented both business continuity plans and health and safety policies to ensure that all employees and contractors are safe and compliant with government directives.

In all our countries of operation we have introduced a home office regime and prohibited all non-urgent travel until further notice. We

also asked employees to adopt all available measures as recommended by public health authorities in their private life to minimize the risk of contracting the virus.

We initiated our business continuity procedures to ensure the uninterrupted provision of essential services to our clients while continuing to prioritise the health of all of our stakeholders.

### 3.5 Data Privacy and Security

We have implemented strict policies and procedures to ensure that sensitive data and other information valuable to the company and our stakeholders is maintained and protected. This includes electronic data stored in our systems. All employees are responsible for complying with the relevant privacy and security policies, including the General Data Protection Regulation.

Whenever we receive requests to disclose or share potentially sensitive or confidential information, any disclosure must be both appropriate and legally necessary. We understand our obligation to protect the private data of our customers and suppliers. All employees take great care to never jeopardize the security of that information.



# Corporate Governance



## 4. Corporate Governance

Good corporate governance is essential to our sustainability because it creates an atmosphere of trust and allows us to build solid, lasting relationships with all of our stakeholders, from suppliers to investors.

### 4.1 Corporate Governance Commitments

- ▶ We have an independent supervisory board and audit committee in place to provide guidance and oversight to the management board on the general affairs of the company.
- ▶ As a listed company, we apply the Dutch Corporate Governance Code and Warsaw Stock Exchange Best Practices.
- ▶ We are committed to ensuring that all employees, customers and suppliers act in an ethical manner and that stakeholders are never subject to unethical behaviours such as corruption, bribery or extortion. We have an anti-corruption policy in place, and an insider trading policy is signed by all employees when they sign their contract of employment.

### 4.2 New Governance Rules and Codes of Conduct

Photon Energy N.V., the holding company for Photon Energy Group is publicly traded on regulated markets, which leads to heightened scrutiny of its governance practices and increases the importance of governance structures, practices and behaviours. A supervisory board and an audit committee were established on 4 December, 2020.

The supervisory board and the audit committee are comprised of the same two members: Boguslawa Skowronski and Marek Skreta, appointed to a four-year term of office. These changes to our corporate structure were connected to the transfer of our share listings to the regulated market of the Warsaw Stock Exchange and the standard market of the Prague Stock Exchange. We implemented these changes in order to be in full compliance with the laws and regulations imposed on public companies as well as the best practices of the regulated markets.

Both members not only possess extensive experience as entrepreneurs and executives at international institutions, but also know Photon Energy Group and its end-markets extremely well, and the membership consists of both a man and a woman. These multi-layered, diverse perspectives are obviously of enormous value and we are confident it will ensure the continued growth of Photon Energy Group.

The listing of our shares on the main markets of the Warsaw and Prague stock exchanges also resulted in the adoption of the Dutch Corporate Governance Code as well as the Warsaw Stock Exchange Best Practices, as guidelines for our corporate governance:

#### Supervisory Board

The Supervisory Board is responsible for supervising and advising the Management Board. In exercising its role, the Supervisory

Board follows the applicable law, the Articles of Association of the Company, Dutch Corporate Code of Conduct, Rules of Procedure of the Supervisory Board, and the Company's interests. It is a separate body that operates independently of Photon Energy Group's Management Board.

The profiles of the supervisory board members were prepared and by the members and are published on the Investor Relations section of our website. Both members are independent, as defined by the Dutch Corporate Code. The composition of the Supervisory Board also complies with the code's diversity requirement.

#### Audit Committee

Photon Energy Group's Audit Committee undertakes preparatory work for the Supervisory Board's decision-making regarding the supervision of the integrity and quality of the company's financial reporting and the effectiveness of its internal risk management and control systems. The committee maintains contact with the external auditors and also monitors the Management Board in connection with the company's funding, tax policy and application of IT technology, especially with respect to cybersecurity.

The Audit Committee has met with the external auditors to discuss the 2020 audit plan (mainly the identified audit risks, established threshold for the purpose of the audit, digital reporting and the auditor's independence) and an additional meeting is scheduled to discuss the outcome of the audit and the financial statements for 2020.

Further information on our corporate governance can be found in our 2020 annual report, to be released on 19 April 2021.

### 4.3 Financial and Business Records

Our books and records are prepared in reasonable detail and accurately reflect our transactions. All financial information is registered and reproduced in accordance with generally accepted accounting principles, with a system of internal accounting controls assuring that transactions are executed in compliance with

management's authorisation: a controlling mechanism is used to facilitate delegation of authority and increase transparency with the four-eyes principles applied to every transaction.

Any accounting information is registered in accordance with applicable laws and relevant accounting standards. From the

financial year 2013 to 2019 our Management Board appointed Grant Thornton Accountants en Adviseurs B.V. to serve as the auditor for Photon Energy N.V. and the group with its subsidiaries. The appointments were confirmed by the General Meetings of Photon Energy N.V. The auditor's reports were part of our annual reports, which are available on our website.

#### 4.4 Anti-corruption

Our reputation for integrity is critically important to us, and we are committed to ensuring that all employees, customers and suppliers act in an ethical manner and ensure that stakeholders are not the subject of unethical behaviours such as corruption, bribery, extortion or insider trading. We believe in free competition and will complete fairly, through honest business practices.

Renewable energy companies have close ties with government officials, as well as relationships with suppliers, third-party contractors and utility customers. Any one of these relationships could be exploited by employees for financial gain. An anti-corruption and bribery policy has recently been implemented within the company, including the creation of a whistleblowing system and of an ad hoc disciplinary committee, composed of HR, Legal, a Member of the Board and a Compliance Officer, will be assembled to discuss any breaches of this policy and to decide on the necessary course of action.

#### 4.5 Responsible Procurement

Keen to engage in long-term relationships with our stakeholders, we are careful in our selection of suppliers and subcontractors, seeking responsible partners who comply with our exacting standards for responsible procurement.

Around 50% of our total net purchasing volume is sourced from 6 key suppliers.

Both a Code of Ethics and a Procurement Policy have been put in place. In addition, we have strengthened our due diligence process for selecting suppliers. The procurement policy provides detailed guidelines for the selection of suppliers, and a first due diligence on our top 10 suppliers has been performed. In 2021, this due diligence process will be renewed and extended, and a reporting system will be defined.

The Code of Ethics contains a section with specific rules of conduct for the area of purchasing and procurement. According to this, purchasing decisions must be strictly aligned with Photon

#### 4.6 IT Initiatives and Developments

##### Revision and Settings of IT Security

Cybersecurity has been a prevalent issue for decades now, however, the need for IT security has become more important than ever. In 2020, we conducted IT security assessments to identify vulnerabilities, new threats, outdated software and other security lapses that required attention. An IT security specialist was hired and two major projects have been implemented: rules and security elements were set up for e-mail communication, and our former antivirus solution was updated. An IT security directive is currently in development.

For the financial year 2020, the Management Board appointed PricewaterhouseCoopers Accountants N.V. to serve as the auditor for Photon Energy N.V. and the group with its subsidiaries. The appointment was confirmed by the Extraordinary General Meeting of Photon Energy N.V. held on 4 December 2020.

In addition, an insider trading policy is signed by all employees when they sign their contract of employment. This policy has been developed to make sure employees understand their obligations to preserve the confidentiality of undisclosed information and to protect them & the company against legal liability. Employees who have permanent access to confidential information are subject to trading restriction periods and to trading notifications. They are reminded of their obligations on a quarterly basis.

Any employees found to have participated in corrupt behaviour are in breach of company policy and their terms of employment, and they will be held accountable under the law.

Corruption erodes trust, weakens democracy, hampers economic development and further exacerbates inequality, poverty, social division and environmental degradation. Photon Energy Group has never the subject of any controversies, illustrating our ability to manage its relations with stakeholders.

Energy Group's interests, which exclusively concern objective criteria such as anti-corruption, quality, price, production requirements and logistics. Employees involved with procurement are explicitly banned from seeking personal benefits in return for preferential treatment, with the acceptance of gifts and invitations also restricted to an absolute minimum.

We have no evidence that our individual suppliers may have infringed upon human rights, in particular the right to freedom of association or collective bargaining, as well as the ban on child and forced labour. If we become aware of violations of the ban on child and forced labour in accordance with International Labour Organization (ILO) conventions, as well as the enforcement of statutory minimum health and safety standards through audits or notifications, this can lead us to halt all business with the supplier concerned.

We were not notified of any significant violations of our procurement principles in 2020.

##### Laptop Donation Initiative

In 2020, our IT teams organized the donation of discarded but still working laptops to a Czech charity for single mothers.

We believe that reuse through donations such as this have both social and environmental benefits. It allows us to assist some of the most vulnerable members of our local communities – people who have been hit particularly hard by the COVID-19 pandemic – while also extending the lifecycle of these laptops, providing the highest environmental benefit of all methods of electronics disposal.

## 4.7 ESG Reporting Standards

Since one of our goals is to continually improve the quality of the services we provide, we are committed to working according to internationally recognized standards. As of the publication of this report:

- ▶ All of our Australian entities have been ISO 9001, ISO14001 and ISO 45001 certified
- ▶ Our operations and maintenance entities in the Czech Republic and Slovakia have been ISO 9001 and ISO14001 certified
- ▶ Our operations and maintenance entity in Hungary has been ISO 9001 certified.

Although we have successfully met these standards, we intend to continuously improve and develop our ESG principles and policies in order to remain a reliable partner for our customers. We are planning to implement the ISO certification of all of our relevant corporate entities.

For projects which may be developed in emerging countries in the future, we intend to perform stakeholder and engagement analyses in accordance with the International Finance Corporation's performance standards. These standards address and mitigate negative local impacts by developing and implementing resettlement and livelihood restoration plans, and require the establishment of long-term monitoring mechanisms.

Our top priority is to redesign our internal policies to achieve the best and most efficient integrated management system by utilizing Quality, Workplace Health and Safety, and Environment as performance objectives. A team of managers has now been assigned to regularly review our internal procedures to ensure they are compliant and effective, and to measure sustainability actions in order to adjust our goals as necessary.

Amsterdam, 31 March 2021



Georg Hotar, Member of the Board of Directors



Michael Gartner, Member of the Board of Directors