Photon Energy Group

Sustainability Report 2022

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Overview

1. Overview

Clean energy and water. The fundamentals of life.

1.1 About Photon Energy Group

Delivering the fundamentals of life

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 a world where energy and water – the fundamentals of life – are clean, safe and accessible to all.

Photon Energy N.V., the holding company for Photon Energy Group, is listed on the Warsaw, Prague and Frankfurt Stock Exchanges.

We are headquartered in Amsterdam, with offices in Australia and across Europe.

Photon Energy

Photon Energy delivers clean energy solutions to energy producers and consumers. Our comprehensive products and services cover the entire lifecycle of photovoltaic systems. Beyond the work we do with our customers, we are also an independent power producer: we develop build, own and operate PV installations around the world.

Photon Water

Photon Water provides clean water solutions for all environments, from treatment and remediation services to the management of wells and other water resources. We also work closely with leading academic institutions and participate in governmental research programmes to develop cutting-edge water treatment and management solutions.

Photon Energy Group

Founded in **2008**	**280+** employees	Active in **16 countries**	**103.6 MWp** proprietary portfolio	**121.6 GWh** produced in 2022	CO_2e savings of **49,013 t** in 2022	**957.2 MWp** PV project pipeline	**389+ MWp** O&M portfolio

Our Values

Innovation

We think creatively to deliver solutions and actualise our vision.

Community

We believe it is our responsibility to enrich every community we are a part of.

Safety

We prioritise the health and well-being of everyone impacted by our work.

Integrity

We operate with honesty and respect, and we never compromise our values.

Sustainability

We understand the importance of foresight and long-term thinking.

What We Do

Photon Energy

Project Development

We acquire projects of all sizes, at all stages of development, and guide them to completion.

Technology

We procure and trade PV components to fit any project's location, design and budget.

Engineering

We design and build PV installations and energy storage systems.

Operations and Maintenance

We provide a full range of O&M services, including monitoring and inverter maintenance.

Photon Water

Remediation

We offer a range of remediation services to eliminate contaminants from groundwater and soil.

Wells and Resources

We provide complete services for wells and water resources, from design to maintenance.

Water Treatment

We deliver treatment solutions including potable and wastewater treatment, hazardous liquid waste and industrial water treatment.

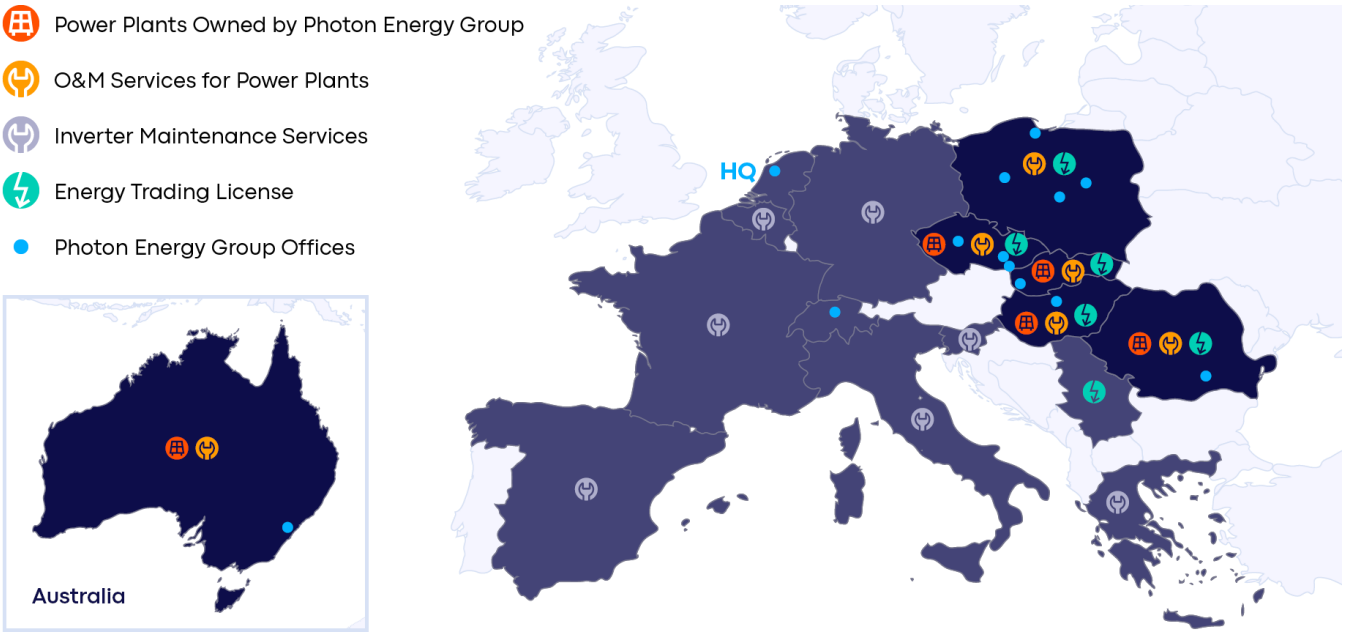
Water Resource Management

We help our customers optimise the use of water resources such as lakes, ponds and industrial water bodies.

Market Presence

Renewable energy is the focus of Photon Energy's activities. From project development to operation and maintenance, we cover the entire life cycle of photovoltaic systems. We offer a wide range of comprehensive, customised solutions for a variety of customers. In our development department, we develop projects in-house and also acquire them at all stages of development. Our engineering department designs and builds power plants and energy storage solutions with quality and durability in mind, and the Technology department procures and trades PV components. Operations and maintenance is another key offering. We provide a wide range of O&M solutions both for customers and our proprietary PV power plants. In addition to the services, we provide to our customers, we also actively invest in solar power plants around the world for the sustainable generation and sale of renewable energy.

We believe that clean water is a human right and essential for a healthy, sustainable world. Photon Water's comprehensive services and solutions help make clean water accessible in all environments. In addition to providing comprehensive well and lake management solutions, we deliver treatment solutions around the world, including drinking water and wastewater treatment, hazardous liquid waste, and industrial water treatment. We also offer a range of remediation services to remove contaminants from water and soil, including PFAS.



Economic Performance

At Photon Energy Group, we have adopted a sustainable business model to achieve financial and performance gains. As a publicly listed company, we aim to positively contribute to economic vitality, relying on strong governance and transparent practices, which are essential for engaging our stakeholders and achieve mutual sustainability goals.

We saw a very eventful year in 2022, with continued project development activities across our key markets and the strategic expansion of our business model through the full acquisition of Lert, a renewable energy aggregation and solutions company. We increased EBITDA by over 150% and continued to deliver on our growth strategy by finalising construction works on projects with a combined capacity of 32 MWp in Romania. In addition, we acquired the development rights for a 9.8 MWp/10 MWh solar and battery energy storage system facility in Australia, which represents the Company's first utility-scale solar-plus-storage installation and will serve as a prototype for a future roll-out across Photon Energy Group's European market. We also refinanced our PV assets in the Czech Republic and launched a B2B eCommerce platform to strengthen our position as a leading supplier of PV modules, inverters and batteries across the CEE region at a time of skyrocketing demand.

For the full year of 2022, the Company posted a record revenue of EUR 95.136 million (+161.7%) thanks to an 81.6% increase in revenues from the sale of electricity generated by a growing proprietary portfolio selling electricity on the market, while other revenue streams increased by a remarkable 253.2% YOY, driven by a sound procurement strategy. EBITDA hit a record EUR 24.308 million (+153.6% YOY), while EBIT swung from a loss of EUR -0.712 million to a EUR 16.984 million profit. The Company reported a net profit of EUR 6.262 million compared to a EUR -6.433 million loss in 2021. At the bottom line, TCI amounted to EUR 7.672 million compared to EUR 2.096 million a year ago, while the adjusted equity ratio increased at a sound level of 32.0%.

The Company met its full-year 2022 financial guidance to increase its consolidated revenues to EUR 85.0 million from EUR 36.4 million in 2021, and EBITDA to EUR 24.0 million from EUR 9.6 million in 2021.

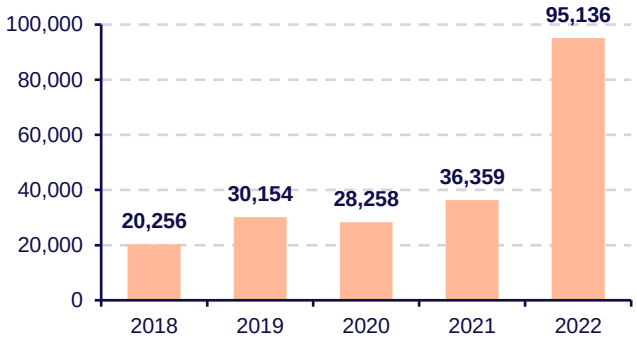
We are very excited to continue our journey in 2023, together with our stakeholders, and will work hard to increase our 2023 consolidated revenues and EBITDA to EUR 150.0 million and EUR 29.0 million, respectively.

Economic Indicators

in Thousands

	EUR	
	2022	**2021**
Total revenues	**95,136**	**36,359**
EBITDA	**24,308**	**9,584**
EBIT	**16,984**	**-712**
Profit / loss	**6,262**	**-6,433**
Total comprehensive income	**7,672**	**2,096**

Revenue Growth 2018-2022



1.2 Statement on Sustainability

At Photon Energy Group, sustainability is one of our core values. It's also central to the continual growth and success of any business. A key element of our increasing focus on sustainability is the development of strong ESG practices.

Our sustainability plans are implemented by the sustainability manager in cooperation with representatives from several business units and in close cooperation with the top management team (the executive board and the CFO).

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.

This report 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 our stakeholders on sustainably integrated procedures and an overall sustainable way of thinking.

We are 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.

1.3 Our Key Stakeholders

The Group's sustainability goals can only be achieved by working closely with our stakeholders, which include our employees, clients, suppliers, investors and communities. Through empowering our employees, engaging with our clients and suppliers, creating an open dialogue with the communities impacted by our activities, and with the support of our investors, we can shape how we define and execute our strategy to create a sustainable future for generations to come.

Our Employees

We aim to be a top employer and offer our employees valuable opportunities to grow personally and professionally. Our employees are our most important asset, representing 22 nationalities working at more than 10 sites in 6 countries, across two continents. The health and safety of our people is our highest priority, and we aspire to provide an incident- and injury-free working environment for everyone.

Our Clients

Our clients are one of our most important external stakeholder groups. The more sustainable solutions we can provide them, the more sustainable our business becomes. This requires a comprehensive understanding of our clients' specific needs. Our sales teams have a well-established relationship with our clients and industry associations provide us with markets insights.

Our Suppliers

We rely on the technology, equipment and services supplied by our key business partners. We work closely to develop improved, long-term synergies. We are aware of the environmental impact of our sourcing of raw materials as well as production processes. We clearly communicate our goals through our Third-Party Conduct Principles and expect our suppliers to reduce their impact.

Our Investors

Our financial partners, shareholders and bondholders play a significant role in the Company's growth and success. They support us in our pursuit of a long-term-oriented strategy which aims to continually create value for shareholders while offering a low-risk environment for debt holders. With our financial instruments listed on financial markets, we provide transparent communication and share key business developments by upkeeping and continuously developing our website, providing an Investor Relations newsletter and hosting live webcasts to present the Company's quarterly results.

Communities

We engage with communities on multiple levels, from local authorities and residents living near our PV installations to collaborations with universities and research institutes. We also engage in philanthropic and sponsorship activities, as recently documented by our Donation and CSR Policy, including CSR Days offered to employees. As outlined in our Code of Ethics and Donation Policy, we do not make political donations. 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.

In 2022 we did not identify any significant actual or potential negative impacts on the communities in which we operate and conduct business.

Memberships and Associations

Photon Energy Group is a member of the following industry associations and national or international advocacy organisations:

- Solar Association Czech Republic

- RPIA (Romanian Photovoltaic Industry Association)
- PSF (Polskie Stowarzyszenie Fotowoltaiki/Polish Photovoltaics Association)
- Solar plaza
- Clean Energy Council
- Australian Land and Groundwater Association

1.4 Prioritising Sustainability

In adopting a strategic approach to sustainability, we address material 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. Many of these issues require innovative solutions that will ultimately position us as a thought leader in our industry.

Sustainability Management

In 2020, we laid the foundations for strategic management, controlling and reporting practices that are fully geared toward sustainability. A sustainability department was created to work closely with the board of directors and representatives from several business units within the Company. The objective of the department is to monitor the strategic coordination of the Company's sustainability plans.

Our sustainability strategy creates a cohesive purpose, providing a link throughout the business that employees can identify with, as can *potential* employees, who are increasingly seeking purpose-driven organisations to work with. This produces cohesion within the Company and a commitment to a common identity. Another core aspect of our strategy involves engaging and supporting the communities in which we operate. The human focus of our work is an integral component of our drive to ensure the continued success and positive impact of our activities.

Our sustainability strategy defines our reputation in the market. By displaying our values, the dedication towards sustainability development is also exhibited to customers, suppliers and shareholders.

Sustainability Rating

Independent sustainability ratings provide valuable feedback ensuring the highest standards in addition to providing stakeholders with confidence in our genuine commitment to a sustainable business model. We believe in a culture of continuous improvement throughout the Group, aligning with our sustainability commitment.

In 2021, we were awarded a rating of 'very good' by mug | rating, at a score of 75/100. This was the second highest ranking achievable, on our first audit.

imug | rating has been active in the fields of sustainable finance and socially responsible investment (SRI) for over 20 years. It is one of the leading sustainability rating agencies in Germany and a specialist in customised ESG research.

This rating was followed by a Second Party Opinion from imug | rating, confirming that the framework for our first green bond issuance is in line with the Green Bond Principles 2021.

A renewal of our ESG rating profile has been initiated and the result of the process will be available on 4 May 2023.

Sustainability Priorities

In 2023, we will continue our efforts to strengthen and standardise our corporate environmental and social management systems for all projects, with a focus on the following:

Caring for the Environment

- Maintain active dialogues with key stakeholder groups in order to identify risks to and impacts on employees, communities and the environment.
- Avoid or minimise and compensate for negative environmental impacts by monitoring the effects of our projects throughout all phases of development and operation, such as the audit on our waste management practices in 2021.
- Pursue a data collection process related to our CO_2e emissions. Selected areas of our scope 3 emissions were evaluated in 2022.

Being a Responsible and Trusted Business Partner

- Ensure the health, safety and overall well-being of employees and contractors as well as other stakeholders, our assets and the environment. No accidents were reported 2022.
- Strictly adhere to our corporate anti-corruption policies and maintain a zero-tolerance policy for bribery and corruption. A misconduct policy and a whistleblowing channel were set up in February 2022.
- Partner with suppliers to promote sustainable business practices and monitor compliance through regular audits and interactions. Our procurement practices were revised and strengthened in 2021 and our Third-party conduct principles were integrated to newly concluded contracts in 2022.
- Provide support to organisations whose vision and values align with our own. A Donation and CSR Policy was created in 2022.

Structuring Our ESG Goals

- Implement ISO certification for all relevant business entities. All of our Australian operations have been ISO 9001, 14001 and 45001 certified, with the most recent audit delivering zero non-conformances. Our operations in the Czech Republic, Slovakia and Hungary have been ISO 9001 and ISO 14001 certified. Our operations in Poland were ISO 9001 certified in March 2022.
- Reinforce our internal policies to achieve the most efficient and effective 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.

To ensure a structured approach to sustainability priorities, we have identified material ESG topics along our value chain.

1.5 Sustainability Highlights

Key Highlights

2020

1. New processes set up with our main suppliers to promote **sustainable business practices**
2. Set up of **ESG KPIs**
3. Calculating the **CO_2 saving** by our 100% sustainable revenue
4. Construction of a **hybrid solar and battery storage system** for a UNESCO World Heritage Site
5. Installation of **drinking water treatment plants in Latin America,** providing residents with a reliable supply of safe drinking water
6. Creation of **six ponds** to enrich the local ecosystem in the Czech Republic.

2021

1. First annual **Sustainability report** for the year 2020
2. First **Green Bond** issued in line with the Green Bond Principles 2021
3. **"Very good" ESG rating** received from Imug rating *
4. Tracking our **Scope 1 and 2 GHG emissions.**
5. First **ESG survey**
6. **Code of Conduct** created

2022

1. Tracking of selected **Scope 3 emissions** items
2. Pilot project to test our **in-situ electrochemically enhanced nanoremediation** technology with experts from universities in Liberec and Stuttgart
3. Creation of a **whistleblowing system** to report concerns, anticorruption training course
4. Creation of a **donation policy,** including the establishment of CSR days for employees
5. Combined **Employee engagement & ESG survey**
6. **Mobility challenge** organized to encourage employees to question their commuting habits
7. Development of **internal training course** related to insider trading and our Code of Ethics

2023

1. 3rd annual **sustainability report** prepared according to the GRI standard
2. Renewal of our **ESG rating** profile expected in May
3. Our **Green bond** was tapped to EUR 80.0 million

* Summary Report

1.6 ESG Key Performance Indicators

Environment

121.6 GWh	49,013 t	100 %	409.6 t
clean energy generated	CO_2e savings	revenues connected to sustainable activities	scope 1 and 2 CO_2e emissions
+47.6% YoY	+11.7% YoY		

Social Conduct

220	37 %	66 %	0
employees	female employees	employees completed training courses	lost time injuries
23% turnover ratio		up from 44% in 2021	

Corporate Governance

0	0	1/3	100 %
contributions to political parties	claims against the Company	female representation in the Supervisory Board	technology purchases subjected to due diligence

Note: 63 Lerta employees, added to the Group's headcount in December 2022, were not included in the metrics above.

Detailed table in Annex.

Environment

2. Environment

Environmental sustainability is the foundation of our business model. All of our work and 100% of our revenue is connected to activities that add sustainable value to the environment.

Our Work

Photon Energy

- **Project Development.** We develop ourselves or acquire photovoltaic projects at all stages of development and guide them to completion. With years of experience on a broad range of projects, and as owners and operators of our own solar power plants, we have strong expertise and a proven track record to navigate any project – from large-scale power plants to off-grid energy systems in remote communities – through every stage of development.
- **EPC Solutions.** We have a proven track record of delivering engineering, procurement and construction services that can deliver any solar energy project, providing our customers with sustainable, efficient and reliable energy as well as significant long-term cost savings.
- **Technology.** We procure and engineer world-class technology to fit the specific project location, design and budget. Our services cover all aspects of the technology procurement process, including after-sales support.
- **Operations and Maintenance.** We build our assets to perform over the long term, delivering to the communities they serve. As a function of this, 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 optimise 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 provide O&M services to our own installations. The power plants we manage run with an average uptime of more than 99%.
- **Lerta.** A recent acquisition of Photon Energy Group, Lerta's products and services will be integrated into Photon Energy's offerings for energy consumers in most of our key markets, while maintaining its well-established branding in Poland, where it is the country's third largest renewable energy aggregator on the capacity market.

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 can be harmful to local communities and the Earth itself. Through the process of remediation, we remove dangerous 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.

Our Priorities

To conduct our business responsibly, we have prioritised the following long-term environmental principles, in line with various international organisations including the EU taxonomy objectives and the sustainable development goals of the United Nations:

- **Climate change mitigation** through the delivery of affordable and clean energy and the development of green energy systems including energy storage.
- **Innovation to enhance the efficiency of infrastructures** by developing new solutions and relying on partnerships with organisations such as RayGen, our new investee, as a priority.
- **Helping to make cities and communities sustainable** by developing and operating environmentally friendly and emission-free power plants.
- **Contribution to a healthy ecosystem** by conducting environmental impact studies prior to the installation of power plants.
- **Enhancing biodiversity** by working proactively on projects that are beneficial to local ecosystems and wildlife.
- **The sustainable use of water** through the delivery of water treatment solutions, the conservation of water, and a range of remediation services to eliminate contaminants from groundwater and the environment.

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 generally do not use chemical fertilisers or pesticides for landscape management.
- For the cleaning of PV panels, we use only demineralised water, no 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 to have a positive impact on the local economy through job creation.

2.2 Carbon Footprint

Making a positive contribution to carbon reduction to mitigate climate change is our top priority.

The aim of our core business is to reduce carbon released during electricity generation. In 2022, our solar power plants generated **121.6 GWh of clean electricity** and **49,013 tonnes of CO_2e emissions were avoided** as compared to conventional electricity production. This figure represents carbon emissions avoided annually by replacing the equivalent quantity of electricity generated from conventional electricity generation with clean generation from PV power plants. This equivalent quantity is based on the total production of our proprietary portfolio of power plants. The calculation is updated annually and utilises a carbon emissions factor. The emission factor considers the current electricity market and fuel mix for countries in which Photon Energy Group operates and owns PV power plants.

Scope 1 emissions correspond directly to emissions from sources owned or controlled by the Group. In 2022, the assessment focussed on our car fleet, comprised of 78 vehicles.

Scope 2 emissions are detailed as indirect emissions produced by electricity consumption at our offices.

Scope 3 emissions cover purchased goods and services, capital goods, fuel, and energy-related emissions which are not included in Scope 1 or 2 emissions, transport and distribution, waste, business travel, and commuting of our employees.

As part of our ESG strategy, it is important to record and reduce the carbon emissions of our own activities. To date, we have initiated the implementation of an integrated approach to calculate and monitor our carbon footprint. In the first phase of this approach, starting from 2021 we evaluated the CO_2e emissions scope 1 and 2 emissions connected to our activities.

In 2022, we initiated data collection related to key areas of our Scope 3 emissions, associated with Business travel, Commuting and Freight associated to technology procurement.

Scope 1 and 2 Emissions

In 2022, total scope 1 and 2 emissions amounted to 409.6 tonnes of CO_2e, representing a 19.5% increase from 2021. This increase is consistent with our reported business growth, an increased number of employees (+52.8% YOY) and an expanded number of offices. Photon Energy Group aims to improve monitoring practices and the closeness at which company car fleets are examined. For example, company cars are tested regularly to eliminate excess emissions due to mechanical dysfunctions. At the time of this report's publication, this fleet includes 3 hybrid vehicles and two fully electric vehicles. By choosing electric vehicles over traditional combustion engine vehicles, we are reducing our carbon footprint and support a sustainable future. In total, based on the distance of 34,670 kilometers travelled by our two electric vehicles in 2022, our adoption of electric vehicles has led to a reduction of 2,065 kilograms of CO2e emissions, compared to traditional combustion engine vehicles.

Selected Scope 3 Areas: Freight Business Travel, Commuting

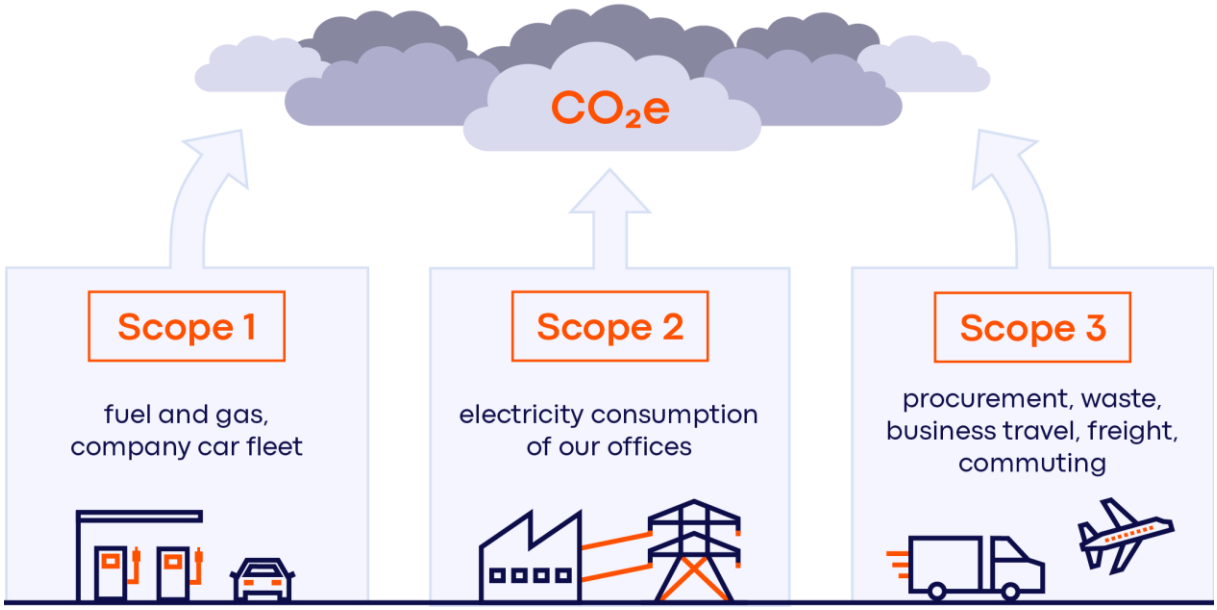
Procurement-related emissions account for the vast majority of our upstream value chain emissions. Photon Energy Group's freight emission are detailed as emissions connected to the transport of equipment purchased by our Technology team for the construction of proprietary photovoltaic plants or for our technology distribution activities. With respect to distance and the large number of purchases from suppliers based in China, the emissions associated with freight have been assessed at 49,836 tonnes of CO2e. In 2022, in line with our ESG strategy and an attempt to reduce CO2e emissions linked to freight, we substituted the means of transport in Europe. Rather than using heavy trucks as our primary mode of transportation, trains with a lower carbon footprint were utilised in some instances.

The data collected for business travel cover flights, train and bus tickets, rental cars, and costs associated with the use of private vehicles for business purposes. Photon Energy Group's business travel distance in 2022 has been estimated at a total of 569,694 km, accounting for 557.6 tonnes of CO2e emissions.

Estimates for commuting-related emissions were based on data acquired from a commuting survey conducted mid-2022. Photon Energy Group employees travel an average distance of 15 kilometres per day by car, foot or bike, or by using public transport, and 8% on foot or bike. The total emissions of employee commuting have been estimated at 304.5 tonnes of CO2e for the reporting year 2022. A Mobility Challenge was organised in July 2022 to raise awareness of the emissions caused by employee commuting. A total of 3,322 carbon-free kilometres were travelled and approximately 1.1 tonnes of CO2e were avoided over two weeks.

This data collection represents a significant step enabling Photon Energy Group to set up and improve carbon reduction targets. Moving into subsequent phases of our carbon emissions reporting program, data will encapsulate complete scope 3 emission or indirect emissions not included in scope 2. This reporting will include emissions associated the value chain, including both upstream and downstream emissions.

	2022	2021	2020
CO_2e Emissions Scope 1 and 2 (in tonnes)	409.6	342.8	286.6
Number of Employees	220	144	136
CO_2e Emissions Scope 1 and 2 per Employee (in tonnes)	1.69	2.38	2.11
CO_2e Savings (in tonnes)	49,013	43,867	29,778



2.3 Waste Management

Both on-site and in our offices, we aim at maximising recycling and to minimising non-recyclable waste. All waste is separated and disposed of accordingly, in our installations and in our offices.

On-site Waste Management

Our field operations are subject to local environmental regulations, which we strictly adhere to or exceed. When disposing of waste, all recyclable materials such as metal, wood, plastic, glass and paper are sorted and recycled, and we generally do not use chemical fertilisers or pesticides for landscape management. Environmental requirements also include the correct, ecologically sound disposal of PV components.

We are committed to developing and continuously improving our waste management systems, which includes the sorting and correct disposal of all recyclable materials. We currently transfer our waste to specialised companies with a waste management permit, in accordance with the provisions of local environmental laws and regulations.

When constructing PV power plants, our subcontractors are responsible for the management of waste related to their work (packaging materials, etc.). In Hungary, third parties also provide us with statements regarding the total amount of waste they have collected for the payment of associated taxes. The packaging materials include wood, paper and plastic.

In May 2022, a PV power plant was constructed and commissioned in Tolna, Hungary (with a total capacity of 1.4 MWp). The construction of six PV plants in Siria, Aiud, Calafat, Teius, Săhăteni, and Faget in Romania (with a combined capacity of 31.6 MWp) was started in 2022. During the construction phase of the Romanian plants, 53.7 tonnes of waste was collected and recycled.

A preliminary ESG reporting was initiated at the Wodonga Solar Farm in Australia, where we are finalising the development of a 3 MWp hybrid solar PV power plant with off-grid capacity adjacent to a wastewater treatment plant. An ESG spreadsheet has been developed to track waste, fuel, electricity, and local employment. One of the main objectives of this pilot ESG project is to analyse and identify areas for improvement for future projects, including waste management practices.

Office Waste Management

In 2021 we organised a review of waste management practices in the five offices housing more than 90% of our employees. An inventory of the types of waste produced by each office was prepared, as well as a description of current waste, reuse, recycling and sorting practices. The different categories of waste and recyclable materials include organic waste, soft plastic, metal, hard plastic and glass, paper, electronic waste and other waste that cannot be reused, recycled, or remanufactured. Areas for improvement were identified, and revised waste prevention rules are being established.

In cooperation with our third-party supplier, we have placed a box for used toners and cartridges at each printer in our Prague office. The boxes can also be used to dispose of cartridges from personal home printers.

The contents of the boxes are disposed of ecologically or recycled for reuse.

Energy Consumption

A comprehensive data collection for our offices and on-site energy consumption, as well as the fuel consumption of our car fleet, was organised in the 2022 reporting year.

The fuel consumption of 78 Photon Energy Group vehicles in 5 countries was closely monitored and the consumed fuel was assessed to be 91,147 litres for the reporting year. The Czech Republic vehicles accounted for 53% of the total consumption. Vehicles in Hungary, Poland, Romania and Slovakia account for 28%, 8%, 6%, and 5% of the total consumption, respectively. The majority of this fuel consumption is attributable to our O&M activities.

The total electricity consumption at Photon Energy Group offices in Europe and Australia amounted to 107,092 kWh in 2022. On-site electricity was supplied by local vendors in countries where our proprietary PV power plants are located. On-site electricity consumption was estimated at 469 MWh in 2022. In terms of electricity consumption in our offices, our offices in Poland accounted for the highest share, 45% of the total consumption. This was followed by our offices in the Czech Republic, which accounted for 42% of total consumption.

The Company's gas consumption amounted to 55 MWh in 2022. Gas usage is limited to our offices in the Czech Republic and Poland for heating purposes. Our offices in the Czech Republic account for 95% of total consumed gas.

The electricity consumed at our offices and power plants is sourced from national grids.

Photon Energy Group Australia: New Office

In December 2022, the Photon Energy Group in Australia moved to a new office. The office is located in a modern five-star NABERS rating building, with extensive natural lighting. The building has installed solar, which at the time of installation was the largest rooftop solar system in Sydney's Central Business District and was installed by Photon Energy. EV charging is also available within the carpark.

Importantly, it is situated right next to Sydney's Central Train Station, which is ideal for public transport access for our employees in Sydney. The office size will support the substantial growth planned for the Australian business in 2023 and beyond, accommodating up to 55 employees from our current base of 30.

This move strengthens Photon Energy Group's footprint in Australia, whilst supporting future growth capacity and being well aligned with our culture of sustainability.

CASE STUDY

PHOTON WATER

Groundwater Remediation in Spain

OVERVIEW	**Location:** Cantabria, Northern Spain **Service:** Testing the effectiveness of a new electro-chemically enhanced nano-remediation technology for the remediation of groundwater. The project was conducted with the cooperation of the Technical University of Liberec and the University of Stuttgart, as well as other partners.
THE CHALLENGE	Complex geological and hydrochemical conditions, especially during the drilling of piezometers and electrode installation. The project also required remote site management and technology control.
THE SOLUTION	Electro-nano-bioremediation (ENB) is an integrative technology for in-situ application combining nanoremediation, bioremediation and the application of an electrical current. Nanoremediation involves the application of (nano and micro-scale) zero-valent iron (nZVI/µZVI) for the remediation of contaminated soils. Bioremediation refers to the stimulation of microbial communities, e.g., organohalide-respiring bacteria, to degrade contaminants. The combination of both with electrokinetic treatment, which is the application of low-voltage direct current across a section of contaminated aquifer material, further improves their efficiency.

CASE STUDY

PHOTON WATER

Enhancing Water Quality of Local Ponds

OVERVIEW

Location: Osečna, Czech Republic

Service: Last year we applied a phosphorus precipitation system as a pilot project at the municipal wastewater treatment plant in Osečná, a small town in the north of the Czech Republic. On a larger scale, this activity should improve water quality in local ponds and water reservoirs in the villages of Osečná, Hamr na Jezeře and Stráž pod Ralskem, located downstream on the Ploučnice River.

THE CHALLENGE

Excess phosphorus in surface waters and its elimination is one of the critical prerequisites for reducing eutrophication and limiting the growth of unwanted cyanobacteria and algae in reservoirs. The object of the work carried out was to verify the essential facts for the implementation of the phosphorus precipitation system by coagulant dosing during a short-term precipitation test. At the same time, the aim was to semi-operatively verify the autonomous smart control system of the precipitation technology based on the measured selected parameters.

THE SOLUTION

The test operation was carried out in two configuration modes of coagulant dosing in two concentrations. The phosphorus concentrations were reduced to the limit values for the operation of the biological wastewater treatment plant itself. On the basis of these results, a system is currently being developed to affect the surface water quality in the coming summer season. This project is being implemented with the support of the municipalities of Hamr na Jezeře, Osečná and with the support of the Regional Innovation Programme of the Liberec Region.

CASE STUDY

PHOTON WATER

Eutrophication Remediation

OVERVIEW

Location: Castle Liblice, Czech Republic

Service: Remediation of visible eutrophication of the Liblice Castle pond, removing nutrients and the remediation of the water, as well as the precipitation of nutrients and suspended substances in the castle pond for the purpose of increasing water transparency.

THE CHALLENGE

The water quality in the castle pond is affected by natural surface pollution (fallen leaves, dust, pollen), and probably also by pollution associated with sediment deposition. The habitat has been colonised by waterfowl (ducks and swans) and fish. The result of the interaction of all these factors is visual pollution, a coating on the surface of the pond that disturbs the overall impression of the site. During the growing season, a coating of sludge is usually visible on the surface of the water, associated with the sloughing off of the upper layers of rotting sediment.

THE SOLUTION

Based on coagulation tests, PAX XL 19 coagulant was selected for in-situ use at a concentration of 15 mg/l Al. Approximately 420 l of coagulant was applied, which corresponds to a volume of approximately 3500 m3 of pond water. The application, conducted according to parameters based on the precipitation tests, took about 4 hours. After about an hour, the transparency of the water column visibly improved. In the course of precipitation, relatively large flakes of precipitate were formed and sedimented on the bottom of the pond. After application and clarification of the water column, the bottom of the pond and the deposited sediment was covered with a white precipitate that will continue to act as a sorbent for the nutrients released into the water column.

CASE STUDY

PHOTON WATER

Revitalization of Čakovice Castle Pond

OVERVIEW

Location: Prague, Czech Republic

Service: The Photon Water team helped the Department of Environmental Protection of the Municipality of Prague with the revitalisation of a pond in the park next to Čakovice Castle, a manor house in the city. Our work included both the preparation of documentation and author supervision during the implementation of the project, which included the drainage of the bay, repair and stabilisation of the pond banks, reconstruction of the inflow pipe, the construction of a staircase and the creation of a fishing area.

THE CHALLENGE

Zámecký rybník in Čakovice is a lateral reservoir with an earth dam along the Mratínský potok stream. This dyke was seriously breached by overgrown nutria.

THE SOLUTION

After draining the reservoir, the body of the dam was excavated. The damaged parts were removed, exposed burrows were sealed, the torso of the dam body was dented and thickened. After that, the body of the dam was modelled with suitable compacted soil, and the guide face was fortified with dry stone paving.

CASE STUDY

PHOTON WATER

LIFEPOPWAT

OVERVIEW

Location: Hájek, Czech Republic and Jaworzno, Poland (these are two pilot sites)

Service: LIFEPOPWAT is a European project promoting technological innovations based on constructed wetlands for the treatment of pesticide-contaminated waters. LIFEPOPWAT aims to provide a means of mitigating risks to water from HCH megasites through the use of Wetland technology, as well as a means of replicating these solutions across the EU and around the world. The project will benchmark the technology's performance, ease of deployment and sustainability against conventional approaches. The project has been realised thanks to the Life programme, the EU's financial instrument for the support of environmental conservation and climate action projects, and to the Ministry of the Environment of the Czech Republic.

THE CHALLENGE

The quality of the source water at the pilot site in the Czech Republic presented a challenge, particularly the high concentrations of iron compounds that can settle in the technology and clog the system. Complicated project administration was another challenge, with a long approval process from the Polish entity.

THE SOLUTION

The technology is based on the Wetland+® wetland system, which is an efficient, low-cost and low-maintenance method of landfill water treatment compared to conventional methods. The method is based on the flow of water through several reactive zones and a wetland as the final treatment unit. In addition, the system can be powered by solar batteries and can therefore be used even in remote locations without electricity. A prototype in individual modules of the technology was installed at Jaworzno site in order to verify the operating parameters for full-scale operation. The initial observed efficiency of pesticide removal by the full-scale Wetland+ technology was about 95%.

2.4 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 ecologically responsible disposal of PV components. Waste record keeping and the transfer of waste to specialist companies with practising management permits in accordance with local environmental law also features in our quality control procedures.
- Regular checks are made with subcontractors, including a Provision Acceptance Test (PAT), and a Final Acceptance Test (FAT). The PAT consists of a visual inspection 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, minimising downtime.
- Regular technical audits, aligned with a continuous improvement culture, which consist of 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 for optimal performance of components by minimising operational and energy losses, and to ensure compliance with local government and environmental regulations, thanks to our forecasting tools.

2.5 Community Impact

We strive to avoid or minimise any detrimental changes to local landscapes. The potential negative environmental impact of our projects is identified during the development stage, and corresponding investigations are carried out for small-scale projects. For larger projects, environmental impact assessments (EIS) are carried out. For the company's major projects in Australia, EIS's are conducted at the outset. During the first year of development, a large amount of information on the environmental impact of each project is documented and then published as part of the approval process. Our projects are very often large-scale and long-term (the life cycle of a PV installation is generally at least 25 to 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 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 consultation, which brings together representatives of central and local government as well as environmental and other associations. A dedicated website is set up at the commencement of an Australian project providing transparent project information to the public and a direct contact line during the project's development.

In addition to these regulatory requirements, and for every projected location worldwide, we engage in preliminary discussion with local authorities as a means of ensuring each project's compatibility with territorial and community policies. We have local teams in place in every country 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 local requirements are appropriately stringent in the countries where we operate, and we are not currently developing projects in any countries with a high corruption perception index. However, if we choose to develop projects in other countries in the future, notably emerging countries, we may go beyond what is required by local environmental regulations if deemed inadequate. In such cases, we will make use of the guidelines published by the International Finance Corporation (IFC).

Our activities contribute to the supply of sustainable clean energy and water solutions and provide local communities the benefit of positive economic impacts from our projects and installations via taxes, the leasing of land and job creation. When possible, we always prefer to work with local subcontractors, as a contribution 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 applied across all our locations and reflects our ethical guidelines. 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 all local requirements, international treaties and the guidance provided by international organisations. We only create foreign entities for the purpose of developing our activities or responding to operating requirements.

Photon Energy Group is committed to the minimisation of our impact on the environment, and to ensuring the health and safety of communities impacted by our work, by complying with relevant state and local environmental policies as well as industry-specific legislation. During the construction, operation, and maintenance of our PV power plants, we have not encountered any incidents or injuries impacting the communities neighbouring our sites.

2.6 Water Consumption

We consume water in office buildings and through the operation of our PV power plants. In office buildings, water is consumed in small quantities. The operation of our PV power plants does not require significant water consumption. Water is used to clean solar modules, in small quantities, to prevent possible yield reductions and consequential damage that can result from soiling. An average of approximately 2.5 cubic meters of water is needed per MWp. No cleaning agent was used for cleaning the PV modules. Wastewater from offices is connected to the centralised wastewater system of each location, and the treatment method complies with local regulations.

The conservation and the quality of water is foundational to life on Earth. Ensuring sufficient and consistent water supply, regardless of climate and anthropogenic requirements, supports sustainable practice and acknowledges clean water as essential for a healthy world. Photon Water focuses on managing water resources for customers and treating drinking water and wastewater. Fundamentally, the advantage of Photon Water as a subsidiary of Photon Energy Group is that innovative and traditional water treatment solutions can be paired with renewable energy. One of these synergies is the pioneering RayGen technology. By utilising hydrothermal storage and concentrated solar, continuous and dispatchable utility-scale energy can be produced. Other than being critical to the organic Rankine cycle circuit, from a water perspective, this provides an opportunity to supply clean, fresh, and lower-cost water to potentially water-stressed communities and industries.

Photon Water approaches projects from a considered, scientific and holistic perspective. By examining the complete impact of a project cycle, including downstream consequences, our solutions support both practical and environmental outcomes from concept to completion. From lake management to remediation, project solutions are designed to positively impact the environment and minimise site waste. Innovative, safe and effective solutions such as chemical-free ultrasonic algae control work to target potentially toxic algae at a molecular level without chemical additives disturbing the equilibrium of a natural ecosystem. By considering and leveraging natural resources, practices are inherently safer, more community-orientated and require less procurement of direct goods, as with natural reef-bed filtration systems for industrial runoff. Where practicable, goods and services for projects and sourced locally, again minimising waste.

On a global scale, as emerging hazardous contamination threatens the quality of valuable water supplies, sustainable water management requires us to act with urgency to meet the water needs of the present without compromising the future. Photon Water address this demand for immediate and reliable remediation solutions with a long-term vision. By shifting traditional pump and treat filtration to a mobile off-grid system sustainable water and energy practises are supported. Long-term, electrochemically enhanced remediation and the injection of a naturally occurring iron-based suspension offer a means of containing and eradicating contamination without harmful injection bioproducts and with energy neutrality.

PFAS as a Major Issue

Per- and polyfluoroalkyl substances (PFAS) represent a class of fluorinated chemicals with properties of a persistent, bioaccumulative industrial compound. Presenting a ubiquitous environmental challenge, PFAS is occupying public discussion at the current time.

In collaboration with research emerging from the Technical University of Liberec, Photon Water are at the pioneering forefront of in-situ groundwater remediation. With the development and application of electrochemically enhanced nanoremediation targeting PFAS contamination, Photon Water is driving remediation change that places sustainability, the community and safety at the vanguard of innovation.

In collaboration with Czech laboratories at the Institute for Nanomaterial, Advance Technologies, and Innovation at TUL, Photon Water have developed a global first in-situ electrochemically enhanced nanoremediation trial site was establish in Australia in November 2020 for PFAS contamination. The small contamination hotspot has demonstrated results analogous and in support to laboratory findings within the Australian Government, Department of Defence. With the advocacy of the Australian Department of Defence, the reactive site has seen the concentration of the sum of PFAS at reduction of up to 80-100% of initial values. While the scope of the site study was limited to proving the efficacy and safety of the technology, parallel research continues at both TUL and through the Enhanced In Situ Bioremediation for Contaminated land Remediation (EiCLaR) consortium. Included in this consortium and with many years of constructive partnership, the VEGAS Research Facility for Subsurface Remediation at the University of Stuttgart has augmented findings through critical mass balance experiments. With experiments currently underway utilising the in-situ technology for PCE or polychlorinated ethylene and further experiments planned for PFAS contamination, the application of Photon Water's in-situ technology is verified across a variety of hazardous contamination types. As the urgency and criticality of remediation action increases, more projects are being deployed across Europe and Australian to address PFAS and other chlorinate and fluorinated hydrocarbon contamination with this evolutionary in-situ remediation application.

Photon Water's Clean Water Solutions

Through the comprehensive solutions and services offered by Photon Water, 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 clean water solutions, including the treatment of industrial wastewater, hazardous and non-hazardous liquid waste. As well as technical treatment and management solutions, we 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.

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.

The ALGA Industry Excellence Awards

In November 2022, Photon Water Australia's Emily Brown, a water and remediation engineer, was presented with the Emerging Professional of the Year Award by the Australasian Land & Groundwater Association (ALGA).

The ALGA Industry Excellence Awards recognise and celebrate some of the very best companies, technologies and individuals working within the field of remediation across both Australia and New Zealand.

The awards are open to individuals, activities and projects incorporating best practices in the land and groundwater industry and can have a significant effect on business. Even being shortlisted for an award can create a positive impact and is a great way to showcase achievements, gain recognition and promote an organisation or project by telling its story.

More information can be found at photonwater.com.

2.7 Biodiversity

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

For all projects, site clearance is executed in a sensitive manner minimising the impact on fauna. Project-specific measures are identified for the removal of vegetation including directional clearing, and avoidance of clearing during bird nesting seasons. Relevant measures during construction and operational phases incorporate 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 of the importance and impact of wetlands is growing, and this is a significant focus area within 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). The project aims to demonstrate the effectiveness of a wetland system and establish a process for replicating it at other sites.

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 (Czech Republic) and Aarhus University (Denmark), as well as SERPOL (France) and the Czech state-owned company DIAMO. 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.

Agreement with the Czech University of Life Sciences Prague

Biodiversity projects are planned to be developed at four of our power plants in the Czech Republic, as part of an agreement with the Department of Ecology of the Czech University of Life Sciences Prague. The first step of this long-term project is currently ongoing and consists of studying biodiversity characteristics for each location. Insect and crop specialists will be involved in the process of identifying the appropriate crops to be planted around the panels.

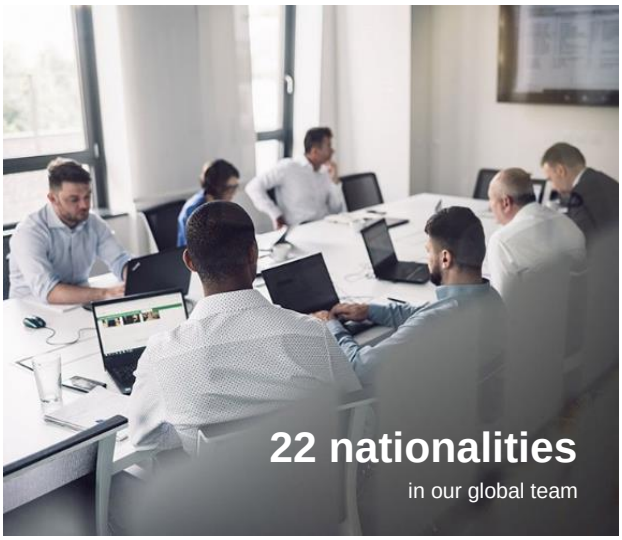
Social Conduct

3. Social Conduct

We are proud to have built a dynamic, diverse team of colleagues, comprised of 22 nationalities in locations around the world. We recognise this vibrant community as one of our greatest strengths, and we are dedicated to its continued enrichment.

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.

3.1 Social Commitments

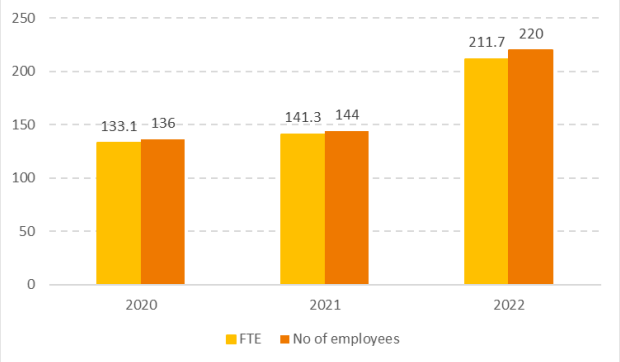


- We have stringent health and safety policies and procedures in places, and all employees are responsible for complying with any applicable laws and regulations.
- We embrace all forms of diversity and provide equal employment opportunities without regard to gender, race, religion, disability, sexual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

At the end of 2022, Photon Energy Group had 220 employees (compared to 144 employees at the end of 2021) translating into 211.7 FTE (compared to 141.3 FTE as of the end of 2021). This does not include the integration of Lerta in December 2022, when the Group's headcount was increased to 283 (not presented in the graph below).

In addition to our employees, 22 contractors worked with the Photon Energy Group team in 2022. These are also not reflected in the graph below.



Full-time equivalent (FTE) *is a unit that indicates the workload of a person in a way that makes workloads comparable across various contexts. An FTE of 1.0 means that the person is equivalent to a full-time employee, while an FTE of 0.5 signals that the employee is only half-time.*

Talent Attraction, Retention and Development

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-tiered approach in our employment practices: attracting a strong, diverse pool of talent and encouraging professional development.

Within our fast-growing industry, a major challenge for employers is to recruit, onboard and train new talent to enable continued expansion.

We support and provide ongoing training and professional development, especially in areas related to health and safety – in particular training for accreditation for electrical work – workstation training for the adoption of new tools and the development of other competencies such as linguistic skills. In 2022, we partnered with a language school who runs courses year-round and deployed at a larger scale English and Czech language lessons for Photon Energy Group employees. In March 2022, we instituted an anti-corruption training program and training courses related to our Code of Ethics and Insider Trading.

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

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.

In 2022 a new organisational structure and job title revision was completed. We also considered the impact of inflation, minimum salaries and the pace of solar business development to benchmark our internal salaries. In addition to salaries, a bonus system has been implemented in several departments, based on the fulfilment of KPIs.

Our senior managers are hired from the local communities where we operate.

Performance review processes were also initiated in 2022. The first phase of a review is conducted before the end of the trial period for the new hires, and for a growing number of departments, a performance review has been conducted annually. We plan to extend this system to the entire Group during 2023.

Benefit Plan Obligation and Other Retirement Plans

Due to the continuous development of the Company (92 employees in 2018, 117 in 2019, 136 in 2021, 283 in 2022), our primary focus is on retaining employees and avoiding dismissals for operational reasons. Severance pay is paid in accordance with the laws.

Employee Share Purchase Programme

Our management team recognises the significant contribution of its employees to the development of the Group. We operate an Employee Share Purchase Programme both as recognition of employee value and as a motivational tool. Under the terms of the programme, the Group periodically purchases shares for participating employees equal to 10% of their gross compensation.

According to the Employee Share Purchase Program Policy, starting from 1 January 2023, participants of the Employee Share Purchase Programme have the right to dispose their shares during their employment contract, after three years of holding the shares.

3.3 Corporate Social Responsibility and Employment Practices

An important part of our mission is to empower everyone across the Company to help make Photon Energy Group the best possible organisation to work for. Key achievements from the past year are:

- We have further improved our intranet to enable cross-border working groups, networking, and getting to know each other's expertise through personal and departmental profiles.
- Through regular business updates, such as our internal newsletter, town hall meetings and regular all-staff meetings and Q&A sessions with our CEO, we have worked hard to remain connected, open and authentic.
- We have provided more clarity on people's roles and accountabilities.
- We continued developing our people to help them achieve their true potential, including the launch of our Training Days initiative in Europe and regular off-site and team-building events.
- The safety and wellbeing of our team members have continued to be a key focus; our recent Mobility Challenge initiative both encouraged healthy physical activity and made an impact on our collective carbon emissions.

2022 Employee Engagement and ESG Survey

This survey was run globally in September 2022 to gather information and insights from our diverse team of colleagues around the world. The survey was 100% confidential, with all data collected and analysed by an independent third party.

The results were shared with employees at an aggregated level and several group discussions were organised to define action plans.

The survey was completed by more than 100 people, representing 63% of our organisation at the time, which is a satisfying result for an employee survey and a clear demonstration of the shared commitment within Photon Energy Group to develop a culture of sustainability. Employee satisfaction with the OHS policies and training increased by 13% in 2022. 98% of respondents agreed that appropriate action is taken when bribery occurs. 98% of employees agreed that the appropriate response in the event of GBVH (gender based violence and harassment) incidents. 97% of employees believe they are treated with respect and dignity in the workplace and 98% of respondents considered that they are offered equal opportunities without any discrimination.

Overall, the results of the survey have offered us an opportunity to improve our performance in areas that matter to our team. While we are performing well in most areas according to the results of the employee survey, we need to work on areas such as goal-setting and training courses. 71% of employees had clear goals set and feedback on progress from their line managers in 2021; this increased to 83% in 2022. 66% of the employee had some sort of training in the past year. These are two areas where we intend to improve our performance.

Donation Policy and CSR Days

At Photon Energy Group, we have a strong awareness of our social responsibilities and strive to make positive contributions to our social and ecological environments. Our Donation Policy details the framework governing any operation of donations, corporate social responsibility activities or sponsorship.

The purpose of the Donation Policy is to express our commitment to engaging in corporate social responsibility activities that are in line with the Group's Sustainability Policy and Code of Ethics. Such activities aim to support the communities in which we operate, including those who may not directly benefit from our primary business activities. Philanthropic donations and non-commercial sponsorships do not provide Photon Energy Group with material return on investment.

This Policy applies to all Photon Energy Group entities. The managing directors are responsible for ensuring the effective implementation of this Policy. Adhering to this Policy will be the responsibility of the relevant business entity seeking to organise a Donation or a Sponsorship, and as required or requested, in consultation with the sustainability manager.

A new CSR Day program was launched as part of the Policy. Through this program employee can donate one working day to a charity of their choice, within the scope of the Donation Policy. Employees can use their CSR Day individually or together with a group as a team-building event.

Volunteering provides an opportunity to give back to our communities. It allows employees to contribute and make a positive impact, allowing to connect with people and improve our environment.

Volunteer work can also help employees learn new skills and can also be a great opportunity to strengthen the bonds within teams.

In accordance with our Donation Policy, employees are entitled to one CSR Day per calendar year.

Volunteer activities should support a charity or non-profit organisation that is aligned with certain areas, prioritised by Photon Energy Group:

- Organisations whose work is related to the Group's business activities.
- Education and R&D with a strong focus on engineering and technology – these are central to the Group's activities.
- Environmental initiatives.
- Youth and educational development, including social initiatives related to sport.

Mobility Challenge

Following on an employee commuting survey, a Mobility challenge, consisting in making daily commute as eco-friendly as possible for two weeks, was launched in June 2022 to raise awareness on individual carbon footprints. A total of 45 participants from 6 countries took part in the challenge. Together we travelled 3,322 carbon-free kilometres in two weeks, equating to 1.1 tonnes of CO2e saved. Every little counts.

Other CSR Initiatives

- **Teambuilding at Lake Lhota in the Czech Republic**

  The event started with presentations from each of our departments, summarising their activities over the past year and laying out plans and goals for the year ahead, followed by the cleaning of the shores around the lake.

- **Lunch and Learn sessions in Australia**

  In their Lunch and Learn sessions, the Australian team gets together to enjoy a meal while also feeding their minds through presentations from colleagues. In the sessions, they also introduce newcomers and mark important milestones such as the anniversary of longstanding team members.

3.4 Workplace Health and Safety

Along with sustainability and community, 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 goal is for every employee and contractor to return home safely at the end of every day.

Our location-based work, such as the construction, operation and maintenance of PV power plants is of particular focus for addressing and mitigating health and safety risks, which can include risks associated with the use of machines and 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 will be rectified, and we make it clear to employees that safety is our highest propriety to ensure that they feel comfortable stopping unsafe work practices or assisting others in the development of safer practices.

When working with subcontractors, health and safety aspects are considered 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 are also required to 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. Risks are identified, mitigated, controlled and monitored. Necessary actions are taken to prevent recurrence. 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. Prior to the hiring of a new team member, our subcontractors must organise training related to the working environment and safety rules, and also make them aware of any potentially hazardous situations employees might encounter.

All types of risks including the use of tools, biological factors, chemical factors and psychosocial factors are documented and reported by our subcontractors. For every project, we rigorously monitor the occurrence of health and safety incidents for employees under contract, and in 2021 there were no serious workplace accidents.

This type of monitoring ensures that working conditions that are as safe as possible for employees. These parameters also have a direct impact on the quality of service we provide.

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.

As Photon Energy Group continues to grow, we are committed to maintaining and strengthening our focus on the responsible management of our operations and affairs at a corporate level.

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 not subject to unethical behaviours such as corruption, bribery or extortion.
- We have an anti-corruption policy and a whistleblowing system in place, and an insider trading policy is signed by all employees when they sign their contract of employment.

4.2 Governance Rules and Codes of Conduct

Companies in the renewables sector have the potential to develop close relationships with government officials, as well as with suppliers, third-party contractors and utility customers. Any one of these relationships can be exploited by employees for financial gain. The utilities sector generally has historically experienced a range of incidents related to ethical misconduct, including procurement fraud (e.g., bid-rigging, false invoices or collusion with vendors) and bribery. Best practices for utilities include strong anti-corruption policies and whistleblowing systems, as well as due diligence on third-party transactions.

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.

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.

A Supervisory Board and an Audit Committee were established on 4 December 2020. These changes to the Group's corporate structure were connected to the transfer of its share listings to the regulated market of the Warsaw Stock Exchange and the standard market of the Prague Stock Exchange, 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.

The Supervisory Board is responsible for supervising and advising the Management Board. In exercising its role, the supervisory board follows applicable law, the Articles of Association of the Company, Dutch and Polish 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 the management board.

Photon Energy Group's Audit Committee (and its chairman in particular) 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. It maintains contact with external auditors and monitors the Management Board in connection with the Company's funding, tax policy and application of IT technology, especially with respect to cybersecurity.

Both bodies are comprised of three members: Boguslawa Skowronski, Marek Skreta and Ariel Sergio Davidoff, appointed to a four-year term of office.

The three 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. The membership consists of two men and a woman.

Supervisory Board

As already mentioned in this report, 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.

In the financial year 2022, the Supervisory Board met 6 times and the Audit Committee met three times. The Supervisory Board also

adopted four written resolutions. In the meetings, the Supervisory Board discussed a wide range of topics:

- The financial results, strategy for the year 2022 and long-term value creation
- Developments on turbulent energy markets in EU and world-wide, and specifically countries where the Company is active.
- Current operational, financial and legal affairs were analysed, including the acquisition of Lerta and its synergies and the dynamic growth in the size of the Company.
- Financing of the Group, issue of Green Bonds, EUR currency fix of the loans as a leverage against rising interest rates.
- The Supervisory Board adopted Succession and Retirement Plan, a Diversity Policy for the Management Board and updates to the Remuneration Policy.

In 2022, there were no transactions subject to a conflict of interest with the members of the Board of Directors and members of the Supervisory Board.

Audit Committee

In 2022, the role of the head of the Audit Committee was assumed by Mr. Davidoff who was elected by the general meeting held on 31 May 2022. In the course of 2022, the Audit Committee met three times and tacked the following topics:

- The audit plan and the outcome of the audit with the external auditors.
- The on-site audit performed by the chairman of the Audit Committee, during which meetings were organised with the Management Board and individual employees/managers. The chairman of the Audit Committee reviewed the Company's internal risk management, controlling, compliance and internal audit procedures.

Further information on our corporate governance can be found in our 2022 Annual Report, as well as in the Corporate Governance section of our website.

4.3 Risk Management Due to Climate Change

Climate change represents both strategic and operational risks to our business. These can be grouped as physical risks and transitional risks. Physical risks include greater severity of flooding, droughts or other extreme weather events which could disrupt our operations and supply chain. Transitional risks range from regulatory frameworks and the rising price of carbon to the viability and customer acceptance of emerging technologies. Another transitional risk is our ability to set and meet Paris-aligned targets.

Risk of Natural Disasters

The Group's business could be materially and adversely affected by natural disasters or other catastrophes, such as earthquakes, fires, floods, hail, windstorms, severe weather conditions and environmental accidents, which could potentially cause power loss, communication failures, explosions or similar events. As a result of any damages to the Group's facilities, the Group could have to temporarily suspend part or all of its facilities' operations. Furthermore, authorities could impose restrictions on transportation and implement other preventive measures in affected regions to deal with a catastrophe or emergency, which could lead to the temporary closure of the Group's facilities and declining economic activity at large. Moreover, if a natural disaster results in the damage of any of the Group's PV power plants, the Group's ability to fulfil its liabilities may be considerably impaired, particularly if the damage is not covered by insurance.

All of the aforementioned circumstances would have a significantly adverse effect on the Group's financial situation, status and results. The Group assesses the probability of risk as low, with low potential impact on the Group's operations and financial results thanks to the geographic diversification of the Group's business.

Meteorological Risk

The performance and therefore the earning potential of the companies within the Group are often dependent upon meteorological conditions. Certain revenues for a generated kWh of energy are admittedly guaranteed on the basis of the state subsidy programs; however, the volume of energy generated depends on the period of sunshine and the sun's radiance. The Company's subsidiaries have used certain historically based assumptions in cash flow planning. However, it is possible that climate conditions could change in the future and that predictions regarding weather patterns and hours of sunshine could prove incorrect. In cases such as these, electricity generation at PV power plants would be below the expected level, adversely affecting the installation's liquidity and the asset, financial and earnings positions of the respective project companies and on the Group as a whole.

The earnings from PV power plants are subject to seasonal fluctuations in the weather. As such, earnings are higher in the summer months and fall off significantly in winter. The companies within the Group try to adapt their payment obligations, especially with regard to interest and loans, to incoming payments. However, it cannot be rules out that such adaptations may not always be possible, which could result in an adverse effect on the asset, financial and earnings position of the Group. With the realisation of investment projects in Australia, the overall financial liquidity of the Group will become less seasonal due to the diversification of locations in the northern and southern hemispheres.

The Group assesses the probability of risk as low, with low potential impact on the Group's operations and financial results.

Environmental Risk

In environmental matters, the Group must comply with laws, regulations and directives valid in the location of each PV power plant; these laws regulate such things as airborne emissions, sewage, the protection of soil and groundwater as well as health and safety. Transgressions against these environmental provisions can be pursued according to civil, criminal and public law. In particular, temporary provisions could encourage a third party to begin a legal process or to demand costly measures to control and remove environmental pollution or to upgrade technical facilities. The properties necessary for PV power plants are partially owned by the respective SPV. It cannot be ruled out that sites may be contaminated. The respective SPV is responsible for the removal of any pollution, regardless of the cause. This could result in liability risks and costs related to administrative orders or requirements.

All of these circumstances could have a negative impact on the financial situation, status and results of the Group. The Group

assesses the probability of risk as low, with low potential impact on the Group's operations and financial results.

Climate Governance

At Photon Energy Group, sustainability is a core value, viewed as central to the continual growth and success of any business. A key element of the Group's increasing focus on sustainability is the development of strong ESG practices. In adopting a strategic approach to sustainability, the Group addresses material external risks, 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. In 2020, we laid the foundations for strategic management, controlling and reporting practices that are fully geared toward sustainability. A sustainability department was created to work closely with the board of directors and representatives from several business units within the Company. The objective of the department is to monitor the strategic coordination of the Company's sustainability plans.

4.4 Financial and Business Records

Our books and records are prepared in regulatory 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 levels 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 years 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.

Starting from 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. PricewaterhouseCoopers Accountants N.V. also performed the audit of the Group's financial statements for the financial years 2021 and 2022.

Tax Governance Control and Risk Management.

The Group is currently in the process of establishing local accounting departments in all countries of operation to provide more resilience as operations grow. Taxation is looked at locally with local advisors, with a position opened in 2023 for an international tax manager.

From a financial point of view, the Company has a four-eye principle to cross-check operations. Photon Energy Group for instance has split the compliance and legal function in order to achieve better governance. As of 1 January 2023, the Company appointed a risk manager who supports internal audit functions.

4.5 Anti-corruption

Our reputation for integrity is critically important, 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 compete fairly, through honest business practices.

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

Anti-corruption and Anti-bribery Policy

As previously reinforced, renewable energy companies may have close ties with government officials, as well as relationships with suppliers, third-party contractors and utility customers, and these relationships could be exploited for financial gain. We have recently implemented an anti-corruption and anti-bribery policy within the company and have introduced a whistleblowing system and an ad-hoc disciplinary committee, composed representatives from our HR and Legal departments, a member of the Board and a compliance officer. This committee will be assembled to discuss any breaches of our anti-corruption and anti-bribery policy and decide on the necessary course of action.

This policy was updated in February 2022 to include rules on providing and receiving gifts, as well as reporting violations in accordance with the rules of the Photon Energy Group Misconduct Reporting Policy described below.

Misconduct Reporting Policy and SpeakUp Line

In line with current regulations as well as our own values and expectations, we have developed a Misconduct reporting policy and instituted the Photon Energy Group SpeakUp Line, a channel for employees, consultants, suppliers, and stakeholders to report misconduct related to our business and operations.

This includes activities which could be interpreted or perceived as:

- illicit or illegal
- in contradiction with the values and principles described in our Code of Ethics and other internal policies
- harmful to Photon Energy Group, our employees or contractors, or our reputation as an entrepreneur, competitor and employer

This whistleblowing channel is available through internal channels and our corporate website. The system is encrypted and administered by an independent third-party service provider. All whistleblowers have the option to remain anonymous.

For employees, the SpeakUp Line is a means to report concerns through a secure, confidential channel in cases where they may be uncomfortable going through their line manager.

As of this report's publication, no incidents have been reported through the SpeakUp Line.

Training

In March 2022, training sessions were conducted and adapted for all our subsidiaries in their local languages related to anti-corruption and anti-bribery.

Insider Trading Policy

An insider trading policy is signed by all employees along with their contract of employment. This policy was developed to make sure employees understand their obligations to preserve the confidentiality of undisclosed information and to protect them and 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.

Legal Actions for Anti-competitive Behaviour, Anti-trust, and Monopoly Practices

In the reporting year 2022, there were no legal actions due to anti-competitive behaviour or violations of antitrust and monopoly law in which Photon Energy Group was an involved party. No political contributions neither cash nor non-cash contributions were made.

4.6 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.

We have in place both a Code of Ethics and a Procurement Policy, as well as a strengthened due diligence process. The Procurement Policy provides detailed guidelines for the selection of suppliers, and our Third-Party conduct principles were integrated to our newly concluded contracts.

Code of Ethics

The Code of Ethics contains a section with specific rules of conduct for purchasing and procurement. According to this, purchasing decisions must be strictly aligned with Photon 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 event invitations also restricted to an absolute minimum.

We have no reason to believe that any of our individual suppliers have infringed upon human rights, in particular the right to freedom of association or collective bargaining, nor 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, or the enforcement of statutory minimum health and safety standards through audits or notifications, this will lead us to halt all business with the supplier concerned.

Our Code of Ethics was updated in February 2022 to integrate principles regarding the prohibition of gender-based violence and harassment (GBVH). A training course was developed for all of our employees in 2022.

Due Diligence for Our Supply Chain

We created a Third-party Code of Conduct setting clear expectations for our technology suppliers with regards to ethics, human rights principles, health and safety, and environmental issues. The document has been integrated to our newly concluded contracts in 2022.

We are not aware of any significant violations of our procurement principles in 2022.

4.7 Donations

Donation Policy

In order to define a relevant and structured scope of action related to charities, donations and sponsorships, a Donation Policy has been created. This policy has the following objectives:

- providing guidelines around donations
- supporting initiatives consistent with one another
- better delivering on our commitment to support organisations whose vision and values align with our own.

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.

Donation for Nadační fond pomoci

In line with our Donation Policy, we donated mobile phones, and computer monitors to a local non-profit organisation in December 2022.

Aid for Ukraine

In March 2022, a group of employees from our Prague office organised a donation for Ukrainian refugees.

Aid for Lebanon

In 2022, one employee from our Australian office travelled to Lebanon to help and support Syrian refugees.

4.8 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 recognised standards. This Sustainability Report has been prepared in accordance with GRI Standards. The content index presented in the Annex aims to provide our partners with clear references to appropriate sections in the body of the report. This content index has not been reviewed by a third party, nor by the GRI Material Disclosure Service. This is an important step to prepare the company for the compliance with the soon-to-be-released European Sustainability Reporting standard (ESRS).

An environmental management system is in place, which takes into consideration environmental and climate protection as well as maintaining an active dialogue with key stakeholders to identify the environmental risks and impacts of our work.

As of the publication of this report:

- All our Australian operating entities have been ISO 9001, ISO14001 and ISO 45001 certified.
  - Our team in Australia received re-certification for ISO 9001, 14001 & 45001. The surveillance audit was undertaken in September 2022.
- Our operations and maintenance entities in the Czech Republic, Slovakia and Hungary have been ISO 9001 and ISO 14001 certified. Our operations in Poland have been ISO 9001 certified in March 2022.
  - Our team in the Czech Republic received re-certification for ISO 9001 & 14001 in July 2022.

Although we have successfully met these ISO standards, we will continuously improve and develop our ESG principles and policies in order to remain a reliable partner for our customers. We are planning to obtain ISO certification for all 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 priority is to redesign our internal policies to achieve the best and most efficient integrated management system by utilising 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 to adjust our goals as necessary.

Green Financing Report

5. Green Financing Report

Our Green Financing Framework has obtained a second party opinion from imug | rating, an independent institution in Germany, confirming that the framework for our first green bond issuance, which we started in November 2021, is in line with the Green Bond Principles 2021.

This framework provides the basis of all allocations and impact reporting in this Green Financing Report to enable investors, bondholders and other stakeholders to follow the development of the assets and projects funded by our 2021/2027 green bond.

- In November 2021, we successfully placed our 6.50% Green EUR Bond 2021/2027 (ISIN: DE000A3KWKY4) in the amount of EUR 55 million.
- During the year 2022, the Company successfully tapped the bond to a total outstanding amount of EUR 77.5 million.
- In March 2023, the bond was tapped to EUR 80.0 million.
- This was our first green bond and was confirmed by imug | rating with regards to its sustainability and compliance with the ICMA principles in a Second Party Opinion. It is traded on the Open Market of the Frankfurt Stock Exchange.

Bond	GREEN EUR Bond 2021/2027
Volume	EUR 77.5 million (EUR 80.0 million as of the publication date of this report)
Coupon	6.50% p.a., quarterly payment
Initial offering	23 November 2021
Ratings/Awards	▸ IMUG | rating – second party opinion, ▸ KFM Barometer 4 of 5 stars ▸ Best Issuer Green SME Bonds 2021
Segment	Secondary market: trading on Open Market of the Frankfurt Stock Exchange since 23 November 2021
Covenants	▸ Dividend restriction (max 50% if EBITDA/ICR > 2) ▸ Group Equity ratio ≥ 25%* ▸ Cross default ▸ Negative pledge ▸ Pari passu ▸ Change of Control-Clause ▸ Transparency clause
Denomination	EUR 1,000
Term / Redemption	Six years / 23 November 2027 at par
ISIN	DE 000A3KWKY4

* The Group defines and calculates adjusted equity ratio as total equity divided by the sum of interest-bearing debt and equity.

5.1 Use of Proceeds from Our Green Bond

An amount equivalent to the net proceeds from our green bond will be used to finance or refinance, in part or in full, projects or assets providing distinct environmental benefits or financial instruments that were used to finance such projects or assets ('Green Eligible Projects').

Green Eligible Projects are more specifically defined as investments in renewable energy sources. This also includes the development and acquisition of such projects as well as investments in share capital of companies with such assets, where Photon Energy Group has significant operational influence and where the use of proceeds should be directly linked to the book value of the Green Eligible Projects owned by the acquired company, adjusted for the share of equity acquired.

Our green bond provides funds for investment activities and related expenditures, directed towards the acquisition, development and/or construction of facilities that produce electricity from solar power or hybrid solutions, possibly combined with energy storage. Only activities that comply with the criteria below will be deemed eligible.

Net proceeds can be used for:

- The financing of new Green Eligible Projects and assets.
- The refinancing of existing green eligible assets, or the refinancing of financial instruments that were used to finance such projects or assets which were developed and built in Hungary and Australia from 2017 to date.

In 2022, the net proceeds of our first green bond amounting to EUR 75.9 million were allocated to:

- Projects in development, under construction and commissioned in Australia, Hungary, Poland and Romania for a total of EUR 31.9 million.
- The refinancing of our existing EUR Bond 2017/2022, by the means of an exchange offer for EUR 26.9 million.
- Liquid assets for a total amount of EUR 17.0 million.

With our allocated green bond proceeds, we support progress towards the Paris Agreement and aspire to have a transformative impact on the UN Sustainable Development Goals: #7 on affordable and clean energy and #13 on climate action.

Green EUR Bond 2021/2027 Placement as of 31 December 2022		**EUR 77,500 thousand**
Transaction costs		EUR -1,643 thousand
Total Net Proceeds	The net proceeds correspond to the sum of the issue price for the Bonds less the total costs for the preparation of the Bonds issue and the Offer.	**EUR 75,857 thousand**

Share of Proceeds from Green EUR Bond 2021/2027 Used for Financing *(as a % of Net Proceeds)*				**42%**
Green Eligible Projects	**Green Asset Category**	**Capacity / Expected Capacity**	**Status**	**Amount Allocated**
Tolna 1, Hungary	PV project.	1.4 MWp	Commissioned in Dec. 2021	EUR -1,498 thousand
Tolna 2, Hungary	PV project.	1.4 MWp	Commissioned in May 2022	EUR -1,371 thousand
Other Tolna projects, Hungary	PV projects.	25.8 MWp	Development	EUR -322 thousand
Various projects, Hungary	PV projects.	60.5 MWp	Development	EUR -41 thousand
Yadnarie, Australia	PV project combined with energy storage.	300.0 MWp and 3.6 GWh of energy storage	Development	EUR -570 thousand
Boggabri, Australia	PV project combined with energy storage.	9.8 MWp and 10 MWh solar and battery energy storage	Development	EUR -5 thousand
Siria, Romania	PV project.	5.7 MWp	Under construction as of 31.12.2022, Commissioned in Feb. 2023	EUR -4,182 thousand
Aiud, Romania	PV project.	4.7 MWp	Under construction	EUR -3,983 thousand
Calafat, Romania	PV project.	6.1 MWp	Under construction	EUR -2,937 thousand
Teius, Romania	PV project.	4.8 MWp	Under construction	EUR -3,939 thousand
Sahateni 1, Romania	PV project.	7.1 MWp	Under construction	EUR -4,340 thousand
Faget 1, Romania	PV project.	3.2 MWp	Under construction	EUR -3,522 thousand
Various projects, Romania	PV projects.	196 MWp	Development	EUR -4,517 thousand
Various projects, Poland	PV projects.	303 MWp	Development	EUR -715 thousand
Total				**EUR -31,943 thousand**

Share of Proceeds from Green EUR Bond 2021/2027 Used for Refinancing *(as a % of Net Proceeds)*		**36%**
Exchange Offer	The result of the exchange that was offered for the existing EUR Bond 2017/2022.	**EUR -26,949 thousand**

Share of Unallocated Proceeds from Green EUR Bond 2021/2027 *(as a % of Net Proceeds)*	**22%**
Liquid Assets	**EUR 16,965 thousand**

5.2 Impact Report

The Impact Report discloses the environmental impact of the Green Eligible Projects financed under our Green Financing Framework.

- **Annual renewable energy generation (MWh), in total and compared to plans:** for every project, an audit is conducted by an external party to determine what the output will be like on a monthly basis. Thanks to our in-house monitoring system we are able to track the annual renewable energy generation (MWh) compared to these audits. Starting from 2022, we disclose the actual energy generation of our Tolna 1 and Tolna 2 PV power plant, commissioned in December 2021 and May 2022 respectively. These two PV power plants represent the first investments of proceeds from our 6.50% Green EUR Bond 2021/2027.
- **Capacity of renewable energy power plants constructed (MWh), in total and per renewable energy technology (solar power, concentrated solar):** we are able to track this breakdown as we are building our projects in house.
- **Estimated annual greenhouse gas emissions avoided (tCO_2e):** the CO_2e savings connected to the green electricity generated by our proprietary portfolio are based on the European Investment Bank 2021 Carbon Footprint Report, which can be found here.
- **Energy storage and other energy solutions – capacity and technology of electricity storage installed (MWh):** the capacity associated to projects will be provided by our project development teams, which are determined based on individual project characteristics. These data are subject to evolution over the time, until the end of the construction process.

Green Eligible Assets (Connected)	Capacity	Actual Energy Generation	Status	Estimated annual greenhouse gas emissions avoided
	In MWp	*In MWh*		*In tonnes of CO_2e*
Tolna 1, Hungary	1.4	2,099	Commissioned in Dec. 2021	667
Tolna 2, Hungary	1.4	1,503	Commissioned in May 2022	478
TOTAL	**1.4**	**3,602**		**1,145**
Green Eligible Projects (development / construction)	**Expected Capacity**	**Annual Expected Production**	**Status**	**Estimated annual greenhouse gas emissions avoided**
	In MWp	*In MWh*		*In tonnes of CO_2e*
Other Tolna projects, Hungary	25.8	35,659	Development	11,340
Various projects, Hungary	60.5	83,490	Development	26,550
Total Hungary	**86.3**	**119,149**		**37,889**
Siria, Romania	5.7	8,700	Under construction as of 31.12.2022, Commissioned in Feb. 2023	3,959
Calafat, Romania	6.1	9,600	Under construction as of 31.12.2022, Commissioned in April 2023	4,368
Aiud, Romania	4.7	6,800	Under construction	3,094
Teius, Romania	4.8	7,100	Under construction	3,231
Sahateni 1, Romania	7.1	11,400	Under construction	5,187
Faget 1, Romania	3.2	4,700	Under construction	2,139
Various projects, Romania	196	295,372	Development	134,394
Total Romania	**227.6**	**343,672**		**156,371**
Various projects, Poland	303.0	352,086	Development	269,346
Total Poland	**303.0**	**352,086**		**269,346**
Yadnarie, Australia (3.6 GWh of storage capacity)	300.0	1,000,000	Development	646,000
Boggabri, Australia (10 MWh of energy storage)	9.8	16,400	Development	10,594
Total Australia	**309.8**	**1,016,400**		**656,594**
TOTAL	**926.7**	**1,831,307**		**1,120,200**

6. Contact Details

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Amsterdam, 24 April 2023

Georg Hotar, Member of the Board of Directors

Michael Gartner, Member of the Board of Directors

7. Annex: ESG Key Performance Indicators

Environmental Data	**2020**	**2021**	**2022**
Percentage of revenues connected to activities which create sustainable value	100%	100%	100%
Clean energy generated by our Proprietary portfolio of PV power plants	70.0 GWh	103.3 GWh	121.6 GWh
Assessment of our carbon footprint across scope 1 and 2 emissions (CO_2e tonnes)	286.6	342.8	409.6
CO_2e savings	29,799	43,867 tonnes *(+47.8%)*	49,013 tonnes *(+11.7%)*
Social Data			
Number of full-time staff / number of employees	133 / 136 *(98%)*	141 / 144 *(98%)*	212 / 220 *(96%)*
Percentage of female employees	33%	37%	37%
Female vs. Male employees per level			
- Board member	0.0%	0.0%	0%
- Senior and mid level management	28%	26%	15%
- Professionals and administrations	41%	42%	40%
Number of employees who completed training courses	50 / 136 (37%)	64 / 144 (44%)	145 / 220 (66%)
Turnover ratio	na	na	23%
Gender Pay Gap between male and female employees as a % of male gross salary ** analysis performed based on comparable job positions*	na	na	2.3%
Parental leave	na	na	45.5 *(weeks)*
Lost time injuries	0	0	0
Governance Data			
Contributions to political parties as percentage of total revenues	0%	0%	0%
Claims against the Company ruled by a court as a percentage of total revenues	0%	0%	0%
Gender equality Board of Directors (Female/Male)	0%	0%	0%
Gender equality Supervisory Board (Female/Male)	50%	50%	33%
Responsible procurement, subjected to due diligence	na	95% of our technology purchases	100% of our technology purchases

The Social metrics do not include the 63 Lerta employees integrated in December 2022.

8. GRI Content Index

This Sustainability report has been prepared in accordance with the GRI Standards. This content index is presented to provide our partners with clear references to appropriate sections in the body of the report. This content index has not been reviewed by a Third-Party, nor by the GRI Material Disclosure Service.

GRI Standards	Disclosure	Location	Comments
GRI 2: General Disclosures 2021	2-1 Organizational details	p. 4	
	2-2 Entities included in the organization's sustainability reporting	p. 4	
	2-3 Reporting period, frequency and contact point	p. 1, p. 40	
	2-4 Restatements of information		Not relevant
	2-5 External assurance	p. 8	
	2-6 Activities, value chain and other business relationships	p. 6	
	2-7 Employees	p. 26	
	2-8 Workers who are not employees	p. 26	
	2-9 Governance structure and composition	p. 31	
	2-10 Nomination and selection of the highest governance body	p. 31	
	2-11 Chair of the highest governance body	p. 31	
	2-12 Role of the highest governance body in overseeing the management of impacts	p. 7	
	2-13 Delegation of responsibility for managing impacts	p. 7	
	2-14 Role of the highest governance body in sustainability reporting	p. 7	
	2-15 Conflicts of interest	p. 32	
	2-16 Communication of critical concerns	p. 33	
	2-17 Collective knowledge of the highest governance body	p. 7	
	2-18 Evaluation of the performance of the highest governance body	p. 31	
	2-19 Remuneration policies	p. 27	
	2-20 Process to determine remuneration	p. 27	
	2-21 Annual total compensation ratio		This indicator is currently not measured
	2-22 Statement on sustainable development strategy	p. 7	
	2-23 Policy commitments	p. 14, p. 26, p. 31	
	2-24 Embedding policy commitments	p. 34	
	2-25 Processes to remediate negative impacts	p. 8	
	2-26 Mechanisms for seeking advice and raising concerns	p. 31	
	2-27 Compliance with laws and regulations	p. 22	
	2-28 Membership associations	p. 7	
	2-29 Approach to stakeholder engagement	p. 7	
	2-30 Collective bargaining agreements		Collective bargaining has been incorporated into the code of

			ethics, and considered as employee's basic rights and a basic rule of company conduct.
Material Topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	p. 7	
	3-2 List of material topics	p. 9	
Economic performance			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 6	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	p. 6	
	201-2 Financial implications and other risks and opportunities due to climate change	p. 33	
	201-3 Defined benefit plan obligations and other retirement plans	p. 27	
	201-4 Financial assistance received from government		Not relevant (We are independent electricity producers and have no connection to governments. State support is limited to feed-in tariffs for some of our proprietary power plants)
Market presence			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 5	
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	p. 41	
	202-2 Proportion of senior management hired from the local community	p. 27	
Indirect economic impacts			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 22	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	p. 6	
	203-2 Significant indirect economic impacts	p. 6, p. 22	
Procurement practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 34	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	p. 14	The proportion not disclosed, working with local subcontractor is our priority.
Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 33	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	p. 33	
	205-2 Communication and training about anti-corruption policies and procedures	p. 33	
	205-3 Confirmed incidents of corruption and actions taken	p. 33	
Anti-competitive behavior			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 34	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	p. 34	

Tax			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 22	
GRI 207: Tax 2019	207-1 Approach to tax	p. 22	
	207-2 Tax governance, control, and risk management	p. 33	
	207-3 Stakeholder engagement and management of concerns related to tax	p. 33	
	207-4 Country-by-country reporting		not disclosed at the country level in this report
Materials			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 8	
GRI 301: Materials 2016	301-1 Materials used by weight or volume		Not disclosed
	301-2 Recycled input materials used		Not applicable
	301-3 Reclaimed products and their packaging materials	p. 16	
Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 16	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	p. 16	
	302-2 Energy consumption outside of the organization		This indicator is currently not measured.
	302-3 Energy intensity	p. 16	
	302-4 Reduction of energy consumption		Not implemented
	302-5 Reductions in energy requirements of products and services	p. 14	
Water and effluents			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 23	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	p. 23	
	303-2 Management of water discharge-related impacts	p. 23	
	303-3 Water withdrawal	p. 23	
	303-4 Water discharge	p. 23	
	303-5 Water consumption	p. 23	
Biodiversity			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 24	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	p. 24	
	304-2 Significant impacts of activities, products and services on biodiversity	p. 24	
	304-3 Habitats protected or restored	p. 24	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations		Not encountered any endangered species in the proximity of our PV plant construction.

Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 14	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	p. 14	
	305-2 Energy indirect (Scope 2) GHG emissions	p. 14	
	305-3 Other indirect (Scope 3) GHG emissions	p. 14	Procurement, Freight, Business travel, Commuting, and waste estimated so far.
	305-4 GHG emissions intensity	p. 14, p. 15	
	305-5 Reduction of GHG emissions	p. 15	Actions taken
	305-6 Emissions of ozone-depleting substances (ODS)		This indicator is currently not measured
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		This indicator is currently not measured
Waste			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 15	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	p. 15	
	306-2 Management of significant waste-related impacts	p. 15	
	306-3 Waste generated	p. 15	Partially
	306-4 Waste diverted from disposal	p. 15	
	306-5 Waste directed to disposal	p. 16, p. 15	Partially
Supplier environmental assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 34	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	p. 34	
	308-2 Negative environmental impacts in the supply chain and actions taken		Not encountered any actual or potential negative impacts
Employment			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 7	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	p. 41	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 27	
	401-3 Parental leave	p. 41	
Labor/management relations			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 27	
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes		According to the local regulations

Occupational health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 28	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	p. 28	
	403-2 Hazard identification, risk assessment, and incident investigation	p. 28	
	403-3 Occupational health services	p. 28	
	403-4 Worker participation, consultation, and communication on occupational health and safety	p. 28	
	403-5 Worker training on occupational health and safety	p. 26	
	403-6 Promotion of worker health	p. 26	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 28	
	403-8 Workers covered by an occupational health and safety management system	p. 28	
	403-9 Work-related injuries	p. 41	
	403-10 Work-related ill health	p. 41	
Training and education			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 26	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee		Not disclosed
	404-2 Programs for upgrading employee skills and transition assistance programs	p. 26, p. 34	
	404-3 Percentage of employees receiving regular performance and career development reviews	p. 27	
Diversity and equal opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 27	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	p. 41	
	405-2 Ratio of basic salary and remuneration of women to men	p. 41	
Non-discrimination			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 27	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	p. 27	
Freedom of association and collective bargaining			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 27, p. 34	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	p. 27, p. 34	
Child labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 27, p. 34	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	p. 27, p. 34	

Forced or compulsory labor			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 27, p. 34	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	p. 27, p. 34	
Security practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 26	
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	p. 26	
Rights of indigenous peoples			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 7	
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples		Not encountered any incidents.
Local communities			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 7	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	p. 7	
	413-2 Operations with significant actual and potential negative impacts on local communities	p. 7	
Supplier social assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 34	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	p. 34	
	414-2 Negative social impacts in the supply chain and actions taken	p. 34	
Public policy			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 7	
GRI 415: Public Policy 2016		p. 11	
Customer health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 22	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	p. 22	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		Not encountered any incidents.
Marketing and labelling			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 22	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labelling	p. 22, p. 5	
	417-2 Incidents of non-compliance concerning product and service information and labeling		Not encountered any incidents
	417-3 Incidents of non-compliance concerning marketing communications		Not encountered any incidents
Customer privacy			
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 29	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 29	