



# Sustainable procurement report

Solar Group  
2024

solar



*In today's world, the significance of sustainable procurement cannot be overstated. As the Senior Vice President in Solar's Commercial Market department at Solar Group<sup>1</sup>, I am aware of the profound impact our procurement decisions have on the environment, society, and the economy. Sustainable procurement is not merely a trend; it is a fundamental shift towards responsible and ethical business practices that ensure long-term viability and success.*

*Sustainable procurement involves suppliers who share our values and are dedicated to minimizing their environmental impact. It means investing in renewable resources, reducing usage of natural resources, and promoting circular economy principles. It also encompasses social responsibility, ensuring that workers are treated with dignity and respect, and that human rights are upheld throughout the supply chains.*

*The benefits of sustainable procurement extend beyond ethical considerations. It mitigates risks and opens new market opportunities.*

*Customers and stakeholders are increasingly demanding transparency and accountability and by embracing sustainable practices, we are meeting these expectations and building trust.*

*As we navigate the challenges and opportunities of these global supply chains, we remain steadfast on our commitment to sustainability. Together, we can create a resilient, responsible, and successful future for our business and the world.*

Sincerely,

A handwritten signature in blue ink, appearing to be 'Peter Pedersen', written over a faint circular outline.

**Peter Pedersen**

Senior Vice President, Commercial Market  
Solar A/S

<sup>1</sup> In this report, Solar Group represents Solar Danmark A/S, Solar Norge AS, Solar Sverige AB, and Solar Nederland B.V

# 1. Introduction

Solar’s sustainable procurement vision is to source sustainable products for our customers, by supporting the green transition and protecting human rights - together with our suppliers. All actions taken within this report are based upon this strategic statement and on Solar’s Solve strategy.

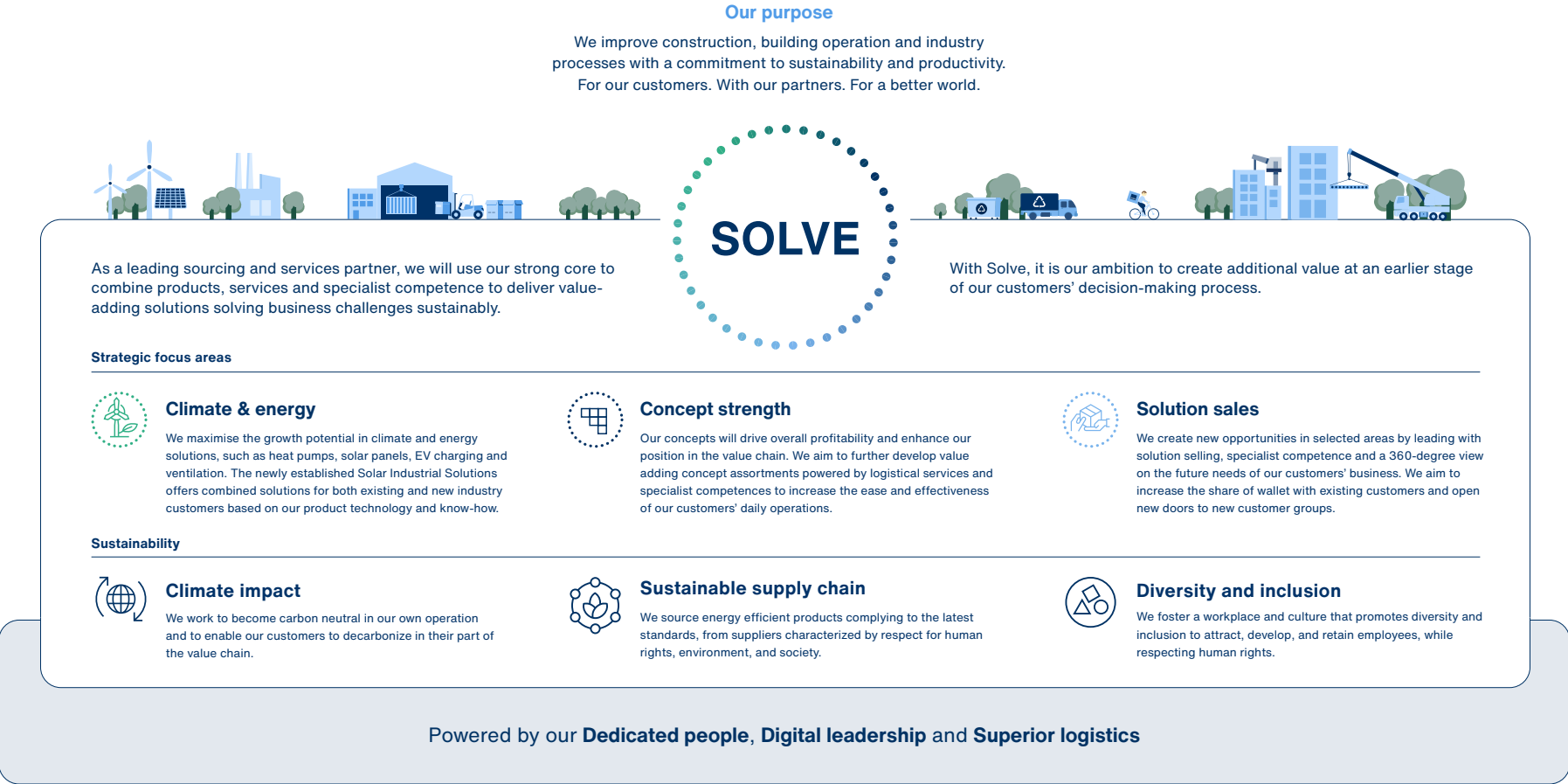


Figure 1: Solar’s Solve strategy

Striving towards best-in-class sustainable procurement, Solar has taken further measures in 2024 to improve e.g. process changes, policy launches, and organizational adjustments: During the reporting period ending 31 December 2024, Solar has continued to strengthen capabilities across sustainable procurement, ensuring adoption of market-leading procurement practices in all Solar countries.

- Solar's focus during the reporting period included the appointment of a Head of Sustainable Procurement as well as enhanced processes to comply with new and emerging regulations
- Solar has continued to measure the sustainability efforts and the carbon performances of our suppliers, increasing the percentage of suppliers assessed and reviewing and improving data capture in EcoVadis.

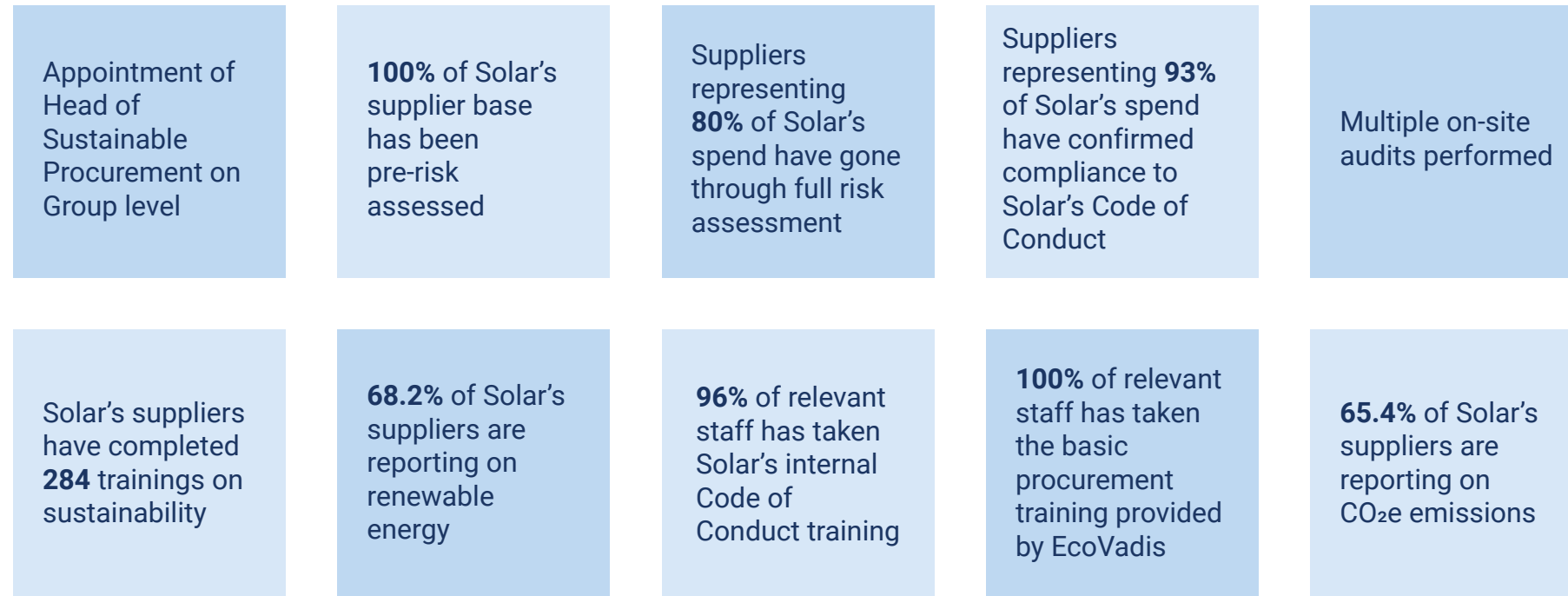


Figure 2: Sustainable procurement highlights





## 2. Legislation

The Norwegian Transparency Act is a law concerning businesses' work with human rights and working conditions, entering into force in Norway on July 1, 2022. Solar Norge has published two annual reports in cooperation with Etisk Handel (Ethical Trade Norway). The EU Corporate Sustainability Due Diligence Directive (CSDDD) entered into force in July 2024 and will be ratified in the member states within two years. Solar will be reporting on the CSDDD through the Corporate Sustainability Reporting Directive (CSRD). Solar has implemented processes and tollgates to comply with the legislations and perform due diligence accordingly.

The target is to not have any unmanaged high risks by end of year 2026.

It is fundamental to be compliant to all applicable laws when doing business with Solar Group. This includes: obtaining the necessary licenses and permits to legally operate the business; accurately reporting income and paying taxes on time; adhering to labour laws including minimum wage, working conditions, and rights; ensuring a safe working environment for employees as well as complying with laws related to environmental protection and sustainability.

The Solar Supplier Engagement Programme is constructed to ensure the highest standards and best-in-class sustainable procurement. Our Code of Conduct as well as the risk assessment through EcoVadis are contractual obligations. Due diligence is embedded in our group processes, and corrective actions are assigned to suppliers when applicable. Solar strives to be the go-to partner for our customers, with a compliant portfolio of suppliers and products. Currently, Solar has Environmental Product Declaration (EPD) or Product Environmental Profile (PEP) documentation for over 50,000 products in our data centres.

### 3. Supplier base and geography

To be able to meet the requirements of our customers, Solar Group has more than 4,000 suppliers in our portfolio. Approximately 2,500 of these are stock suppliers and account for 95% of Solar's spend in 2024 as a group. Data from 2024 shows that 98.5% of Solar Group's procurement

spend is within the EU/EES/GB region, and 90% is from the local Solar countries Denmark, Sweden, Norway, the Netherlands, Faroe Islands, and Poland. Only approximately 1.5% of Solar's total purchases in 2024 were from outside the EU/EES/GB region.

Supplier base spend

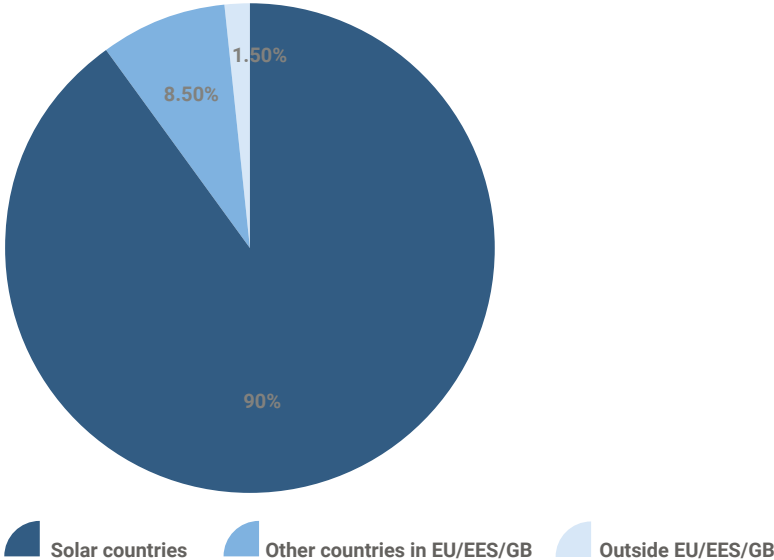


Figure 3: Procurement spend Solar Group, based on geographical procurement area

Solar Group's supplier footprint

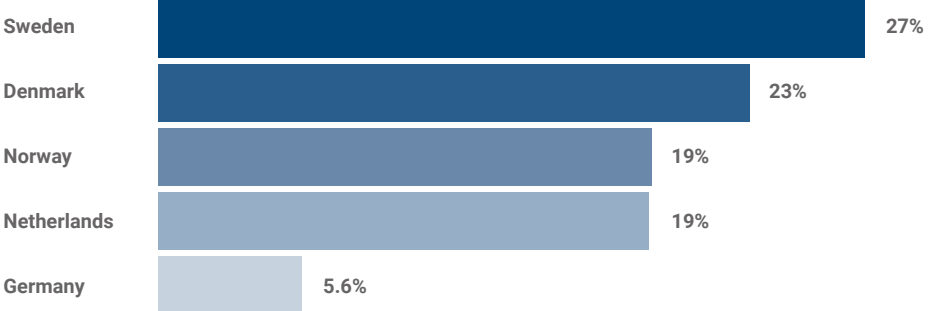


Figure 4: Supplier base, geographical breakdown



## 4. Code of Conduct coverage

Solar's sustainable procurement work is founded in Solar's Supplier Code of Conduct. Solar has voluntarily adopted the Responsible Business Alliance (RBA) Code of Conduct since 2016. Our Code of Conduct is part of Solar's contract, and new suppliers need to confirm that they comply and must sign the Code of Conduct before being on-boarded. The objective is to increase spend covered by Solar's Code of Conduct. The key performance indicator (KPI) is a percentage of the Solar spend that is covered by the Code of Conduct, and it is tracked yearly on the legal entity level. The target is to have 95% of Solar's spend covered by the Code of Conduct by end 2026.

	2021	2022	2023	2024	Target 2026
<b>Group</b>	72%	85%	91%	93%	95%
<b>DK</b>	-	-	91%	94%	-
<b>SE</b>	-	-	96%	97%	-
<b>NO</b>	-	-	92%	93%	-
<b>NL</b>	-	-	86%	90%	-

Figure 5: Solar's supplier Code of Conduct coverage, KPI<sup>2</sup>

<sup>2</sup> Code of Conduct coverage is measured in percentage of total Solar Group spend (over a 12-month period) that is covered by a signed Code of conduct.





## 5. Sustainable procurement policy

In the beginning of 2024, Solar launched the Sustainable Procurement Policy for 2024-2026. The policy is intended to steer and guide internal and external stakeholders and is an integral part of the overall Solar Solve strategy, explaining Solar's vision, targets, and strategy for sustainable procurement in the coming years, as well as our supply chain due diligence policy and processes. Furthermore, it acts as a guidance document complementing the Code of Conduct, as it outlines our expectations for the suppliers' sustainability performance and maturity.

All relevant staff in the Commercial Market and Sourcing department has been assigned this training and 62% of them have taken the online training about the policy.

## 6. Process enhancement

During 2024, an onboarding tollgate has been implemented in all Solar Group countries, requiring a pre-risk assessment and/or a full risk assessment to onboard a preferred or strategic supplier.



## 7. Due diligence and risk assessments of suppliers

The Norwegian Transparency Act and the EU Corporate Sustainability Due Diligence Directive are both legislations that aim to protect human rights and the environment of the supply chains through due diligence. Solar has performed systematic due diligence since 2022. In 2024, we have performed pre-risk assessments on 100% of Solar's suppliers.

### a. Pre-risk assessments

In 2024, 100% of Solar's suppliers have undergone a pre-risk assessment. The outcome of the pre-risk assessments shows how we will prioritize full-risk assessments and audits going forward.

100% of Solar's suppliers are pre-risk assessed based on inherited industry risk and geographical risk. This pre-risk assessment gives Solar a prioritization scheme for full-scale due diligence.

### b. Full-scale due diligence or risk assessments

Solar has partnered up with EcoVadis on supplier due diligence to identify risks and opportunities within sustainability practises, to monitor and track corrective actions, and to understand and improve performance.

EcoVadis is one of the world's largest and most trusted providers of corporate sustainability ratings. The methodology is based on international sustainability standards and gives scores from 0 to 100 on how corporations meet requirements in terms of environment, working conditions, and business ethics.

The rating process is based on a questionnaire answered by Solar's suppliers, in which EcoVadis requires them to submit formal, up-to date, and credible documentation, related to their company's sustainability management system. EcoVadis also uses external compliance databases and public sources.

All companies assessed by EcoVadis will undergo the 360° Watch, a process to identify stakeholder inputs collected from over 100,000 public sources, combining artificial intelligence with human

### c. Description of due diligence risk assessment process

The suppliers are risk assessed in four main areas and 21 sub areas as shown in the table below. Suppliers are evaluated with a 12-month interval.



Figure 6: Risk assessment process

Environment	Labour & human rights
<ul style="list-style-type: none"> <li>• Energy consumption and GHG</li> <li>• Water</li> <li>• Biodiversity</li> <li>• Air pollution</li> <li>• Materials, chemicals and waste</li> <li>• Product use</li> <li>• Product end-of-life</li> <li>• Customer health and safety</li> <li>• Environment services and advocacy</li> </ul>	<ul style="list-style-type: none"> <li>• Employee health and safety</li> <li>• Working conditions</li> <li>• Social dialogue</li> <li>• Career management and training</li> <li>• Child labour, forced labour, and human trafficking</li> <li>• Diversity, equity, and inclusion</li> <li>• External stakeholder human rights</li> </ul>
Ethics	Sustainable procurement
<ul style="list-style-type: none"> <li>• Corruption</li> <li>• Anti- competitive practices</li> <li>• Responsible information management</li> </ul>	<ul style="list-style-type: none"> <li>• Employee health and safety</li> <li>• Working conditions</li> <li>• Social dialogue</li> <li>• Career management and training</li> <li>• Child labour, forced labour, and human trafficking</li> <li>• Diversity, equity, and inclusion</li> <li>• External stakeholder human rights</li> </ul>

Figure 7: Risk assessment, main and sub areas

For risk assessed spend or due diligence, Solar measures the percentage of spend (per legal entity and calendar year) that is risk assessed. This metric is tracked and reported on entity level on a yearly basis. The target is to have 82% of Solar’s spend covered by a full risk assessment by 2026.

	2022	2023	2024	Target 2026
<b>Group</b>	50%	68%	80%	82%
<b>DK</b>	-	69%	79%	-
<b>SE</b>	-	73%	84%	-
<b>NO</b>	-	72%	75%	-
<b>NL</b>	-	60%	81%	-

Figure 8: Spend gone through full due diligence<sup>3</sup>

## 8. Whistleblower/grievance mechanism

Solar has, for many years, had a whistleblower function, or a so-called grievance mechanism, available on all our external webpages. The whistleblower function ensures confidential access to the top management in the company, and reported incidents are received by internal audit, who reports directly to the management - or to the chair, if the reported issue is about the management. The grievance mechanism is available internally as well as for all external stakeholders, such as suppliers, sub-suppliers, other affected individuals, and affected communities. No complaints regarding Solar’s supply chain have been made available to Solar by external stakeholders through the grievance mechanism during 2024.

## 9. Audits performed

Solar has performed several on-site audits during 2024, for high-risk vendors and/or vendors of strategic importance.

<sup>3</sup> Measured in percentage of total spend per year, where the suppliers have gone through a risk assessment.



# 10. Corrective actions, agreeing and implementing risk-based control measures

Based on EcoVadis scorecard results, i.e. the outcome of the due diligence, specific improvement areas are detected by analysts on verified documentation. Solar engages suppliers in targeted corrective action plans based on these improvement areas. Corrective action plans allow us to verify that the risks identified in the specific risk analysis steps were properly addressed by Solar's suppliers.

During 2024, 558 corrective actions are sent out to Solar's suppliers, and 340 of these are completed or in progress so far. Solar has primarily requested corrective actions from suppliers scoring below our set threshold on average or below our specific threshold on human rights. Solar has also requested corrective actions to increase the usage and reporting of renewable energy consumption and to start the reporting on emissions in scope 1 and 2.

### Corrective action status

Total corrective actions: **558**

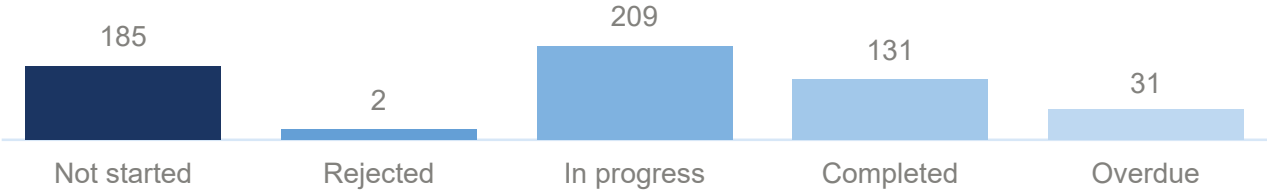


Figure 9: Corrective action status for Solar's suppliers

# 11. Performance and sustainability maturity of Solar's suppliers

Solar is committed to increasing our suppliers' sustainability maturity and due diligence score, which may be improved through corrective action procedures. When a supplier's score does not meet Solar's minimum threshold and/or we have observed a decline in their sustainability performance, we have implemented corrective action plans to support continuous improvement.

Our objective is to increase the sustainability maturity of Solar's suppliers by increasing the average score in the risk assessment/due diligence by 3 points per year. This complies with our main target of having no high- or very high-risk suppliers by 2026.

These improvement calculations cover suppliers that have been re-evaluated during the year and that have at least one prior scorecard.

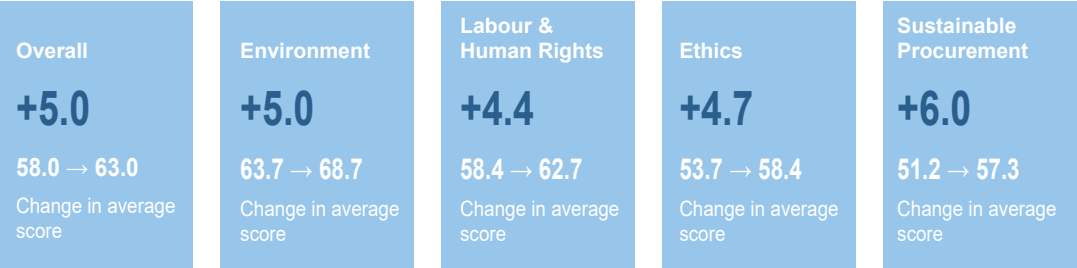
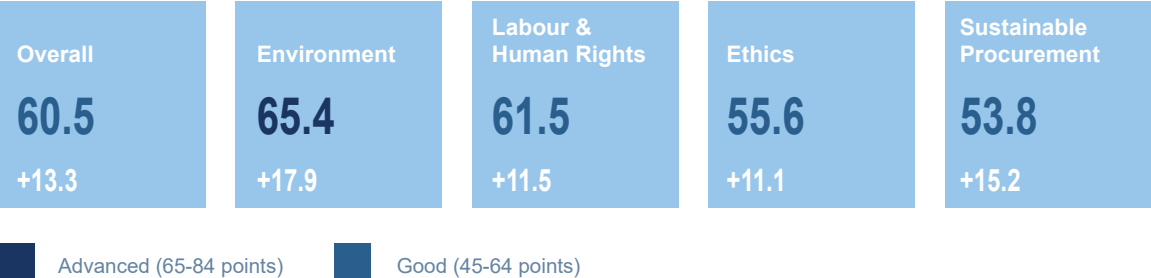


Figure 10: Improvements in score in Solar's supplier base during 2024<sup>4</sup>

<sup>4</sup> Measured on suppliers that have been assessed at least two times. The average of the previous assessment is compared to the average of the most recent assessment.

# 12. Supplier base maturity in comparison with benchmark

Compared to all companies rated by EcoVadis, including first-time rated companies, Solar's supplier base is performing well above benchmark.



Advanced (65-84 points)
  Good (45-64 points)

Figure 11: Solar's suppliers' score compared with benchmark

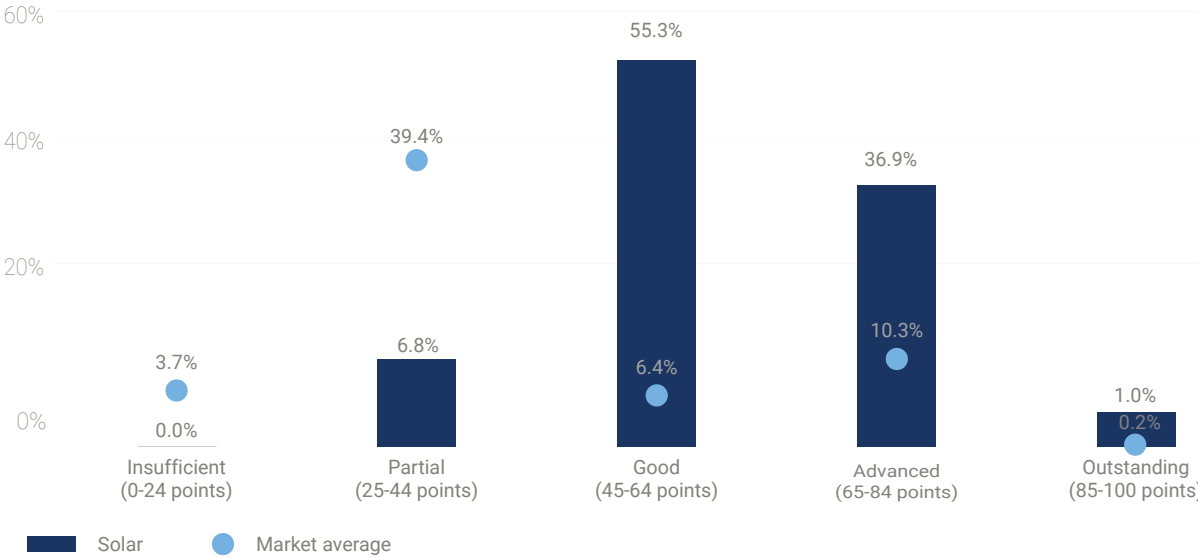


Figure 12: Solar's suppliers sorted by sustainability maturity



We use EcoVadis Ratings to track the completion of corrective actions and understand the average performance of our network year-on-year. This allows us to compare our performance to the average score of the EcoVadis network in the Labour & Human Rights theme. It helps us monitor and demonstrate improvements in our supply chain's protection of workers.

Below is a chart showing the average Labour & Human Rights score compared to all companies rated by EcoVadis. We can see that Solar suppliers have a higher average score and also an increase in score year-on-year. We will keep focusing on labour and human rights issues protecting the workers in our supply chains as our highest priority.

Average labour & human rights score

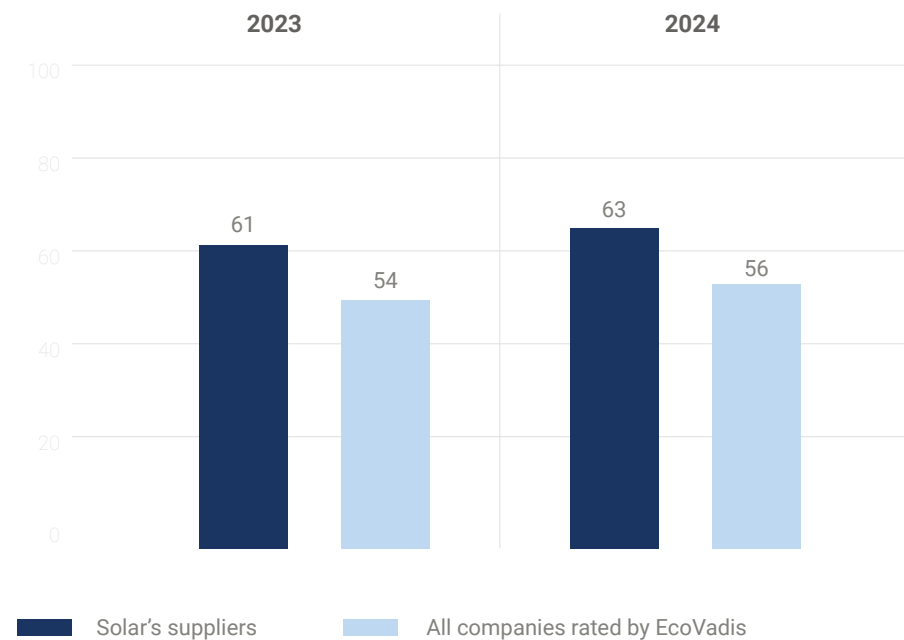


Figure 13: Average labour and human rights score

KPIs related to strengths	% of suppliers 2023	% of suppliers 2024	Difference
Actions on energy consumption and GHGs	78.0%	87.6%	↑
Environmental policy on water	42.9%	41.9%	↓
Global Compact signatory	32.7%	38.1%	↑
Grievance mechanism or whistleblower procedure in place	56.7%	58.5%	↑
ISO 14001 certified (at least one operational site)	70.7%	69.4%	↓
ISO 45001 certification or equivalent (at least one operational site)	36.6%	34.7%	↓
ISO 50001 certified	17.9%	18.2%	↑
Measures to reduce water consumption	53.9%	57.7%	↑
Part of the Science Based Targets initiative	20.2%	25.2%	↑
Policy on corruption	85.4%	88.8%	↑
Policy on sustainable procurement issues	64.7%	66.9%	↑
Reporting on CO <sub>2</sub> e emissions	55.2%	65.4%	↑
Reporting on energy consumption and GHGs	61.0%	78.8%	↑
Reporting on health and safety indicators	42.3%	50.6%	↑
Reporting on scope 3 GHG emissions	31.1%	42.9%	↑
Reporting on waste	56.1%	59.8%	↑
Reporting on water consumption	54.9%	60.5%	↑
Use of renewable energy	62.3%	68.2%	↑
Waste management actions in place	79.5%	81.5%	↑

Figure 14: KPIs related to strengths for suppliers, status



## 13. Environment - CO<sub>2</sub>e emissions

As a company, it is Solar's responsibility to contribute positively to the environment and society. Reducing Solar's CO<sub>2</sub>e emissions is not just a regulatory requirement but a moral imperative. Primarily it is about the environmental impact: CO<sub>2</sub>e emissions are a major contributor to climate change, leading to global warming, extreme weather events, and loss of biodiversity. By reducing the emissions of Solar and our value chain, we can help mitigate these adverse effects and protect the planet for future generations. It is also a corporate responsibility: As a responsible corporate entity, we must lead by example. Demonstrating Solar's commitment to sustainability builds trust with stakeholders and attract environmentally conscious customers and investors.

Innovation by developing new products with low carbon emissions can open new markets and opportunities for growth for our suppliers. In conclusion, reducing the CO<sub>2</sub>e emissions of Solar and our value chain is not only beneficial for the environment, but also aligns with Solar's corporate values and business objectives. It is a strategic move that will drive economic benefit and ensure Solar's long-term sustainability.





## 14. Reducing CO<sub>2</sub>e emissions in the supply chain through active supplier collaboration

Solar is committed to the Science Based Targets initiative (SBTi) with a target to reduce CO<sub>2</sub>e emissions in scope 3 by 25% and be net zero in our own operations by 2030. In the process of motivating our supply chain, Solar encourages our suppliers to switch to and report on the usage of renewable energy. The objective is to lower carbon emissions in production, and the target is to raise the number of suppliers reporting on renewable energy by 9 in 2026 (baseline year 2023). The target was already met in the first year, the total increase being 78 suppliers using renewable energy in 2024. The number of suppliers sharing their renewable energy metrics with Solar increased by 10. The increase in absolute numbers is 50 on scope 1 and 48 on scope 2. This is tracked and monitored through Solar's EcoVadis tool. Solar will continue to track the progress, and new targets will be set.

Drawing conclusions from our assessed supplier base, we see that Solar's portfolio is performing well above market average. Figure 14 describes the Solar portfolio in comparison to the market average.

When it comes to carbon management, the insufficient section for Solar's suppliers is 10%, while the insufficient section is 38.5% on average for all companies rated by EcoVadis. Solar will continue to work with this group of suppliers to enhance maturity in the area. Many of them are rated and assessed for the first time, and we expect improvements in the coming years. We can also see that the number of 'Outstanding in carbon management' is 8% of our rated suppliers, while the average for all companies rated by EcoVadis is only 1%. With that, we draw the conclusion that our supplier portfolio is performing well above market average.

### Carbon management level distribution

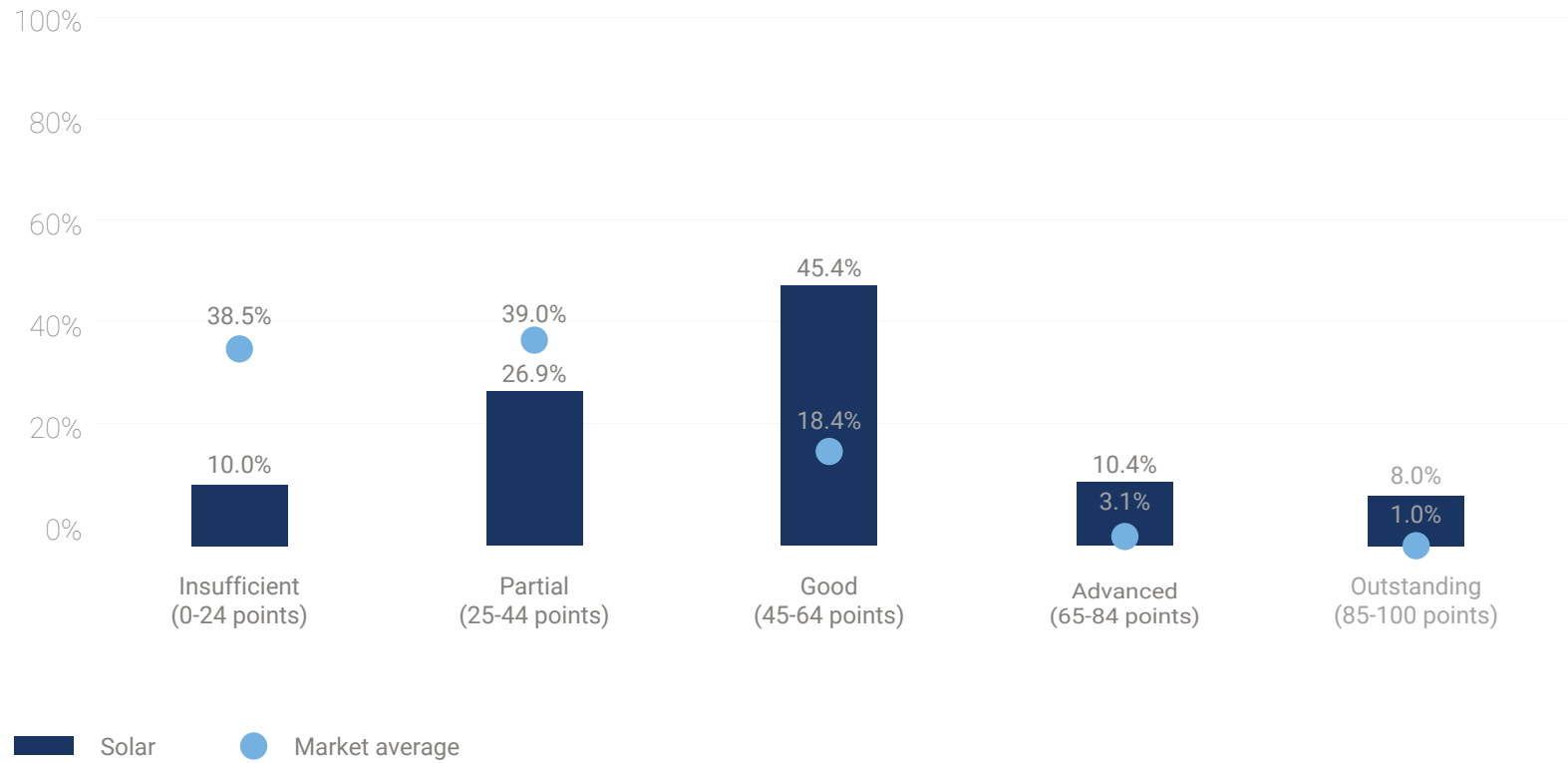


Figure 15: CO<sub>2</sub>e management, Solar portfolio compared to market average

## 15. Capacity-building

Solar is committed to developing the competencies of our staff which is our primary resource. We believe it drives motivation, development, and stakeholder trust to have competent and engaged staff.

### **a. Code of Conduct training**

All relevant staff is required to have completed Solar's internal Supplier Code of Conduct training. The training is mandatory for all staff with supplier relations, but it is available for all other functions. The objective is to raise competence, awareness, and the motivation to drive sustainability issues, and the target is that 100% of relevant staff is trained by 2026. The accumulated Code of Conduct training in 2024 is 96%.

### **b. Sustainable procurement policy**

In the beginning of 2024, Solar launched the Sustainable Procurement Policy for 2024-2026. The policy is an integral part of the overall Solar Solve strategy and explains Solar's vision, targets, and strategy for sustainable procurement in the coming years. Solar's supply chain due diligence policy and processes are also part of the document. All relevant staff has been assigned the online training of this policy and so far, 62% have completed the training.

### **c. Sustainable procurement courses provided by 3rd party**

Relevant staff has access to the EcoVadis Academy. It is a digital platform, offering courses on various sustainability topics, such as forced labour, occupational health and safety, unequal treatment, and environmental and human rights risks. The aim of these courses is not only to help employees understand the significance of managing sustainability risks within Solar's business area and supply chain, but also to encourage suppliers to participate in improvement programs. EcoVadis courses have been assessed and certified by CPD Certification Service, the world's leading organization of certifying training courses for professional development. A CPD certification means that each EcoVadis course is recognized for its high standard of educational content. 100% of our Sourcing Managers have taken all the assigned basic sustainable procurement trainings in EcoVadis, on average representing 2 hours of training per person.

### **d. External supplier capacity-building**

We encourage Solar's suppliers to conduct the online training courses in the EcoVadis Academy, as they can help develop capabilities, receive practical advice, and facilitate improvement. Currently, 284 trainings have been completed by Solar's suppliers through the EcoVadis Academy.



## 16. Consolidated KPIs

Below find an overview of the consolidated KPIs.

	2021	2022	2023	2024	Target 2026
Code of Conduct, Group	72%	85%	91%	93%	95%
Code of Conduct, DK			91%	94%	
Code of Conduct, SE			96%	97%	
Code of Conduct, NO			92%	93%	
Code of Conduct, NL			86%	90%	
Pre-risk assessment of supplier base				100%	
Full risk assessment, Group		50%	68%	80%	82%
Full risk assessment, DK			69%	79%	
Full risk assessment, SE			73%	84%	
Full risk assessment, NO			72%	75%	
Full risk assessment, NL			60%	81%	
Suppliers switching to and reporting on renewable energy, increase				78	9
Increase in suppliers reporting on scope 1 and 2				50	9
Capacity-building					
Code of Conduct training			92%	96%	100%
Sustainable procurement training				62%	100%
3rd party basic sustainable procurement training				100%	100%
Suppliers completed training through 3rd party tool				284	
Sustainability risk, decrease, in 2024				5 points on average compared to 2023 (target: 3 points)	

Figure 16: KPIs consolidated, status

## Disclaimer

This report has been prepared by Solar with the utmost care and diligence. The information contained herein is intended to provide a comprehensive overview of our sustainable procurement practices and initiatives. While we strive to ensure the accuracy and completeness of the data presented, it is important to note the following:

- 1. Data generation:** The data and insights provided in this report have been generated by Solar based on data and reports from EcoVadis, a trusted provider of business sustainability ratings. This collaboration ensures that our data is robust, reliable, and reflective of our commitment to sustainability.
- 2. Limitations:** Despite our best efforts, there may be limitations or uncertainties inherent in the data due to factors beyond our control. Readers are advised to consider these potential limitations when interpreting the information.
- 3. Forward-looking statements:** This report may contain forward-looking statements that are based on current expectations and projections about future events. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated.
- 4. Use of information:** The information in this report is provided for informational purposes only and should not be construed as legal, financial, or professional advice. Solar disclaims any liability for any decisions made based on the information contained in this report.



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