

Statutory Report on Corporate Governance 2024

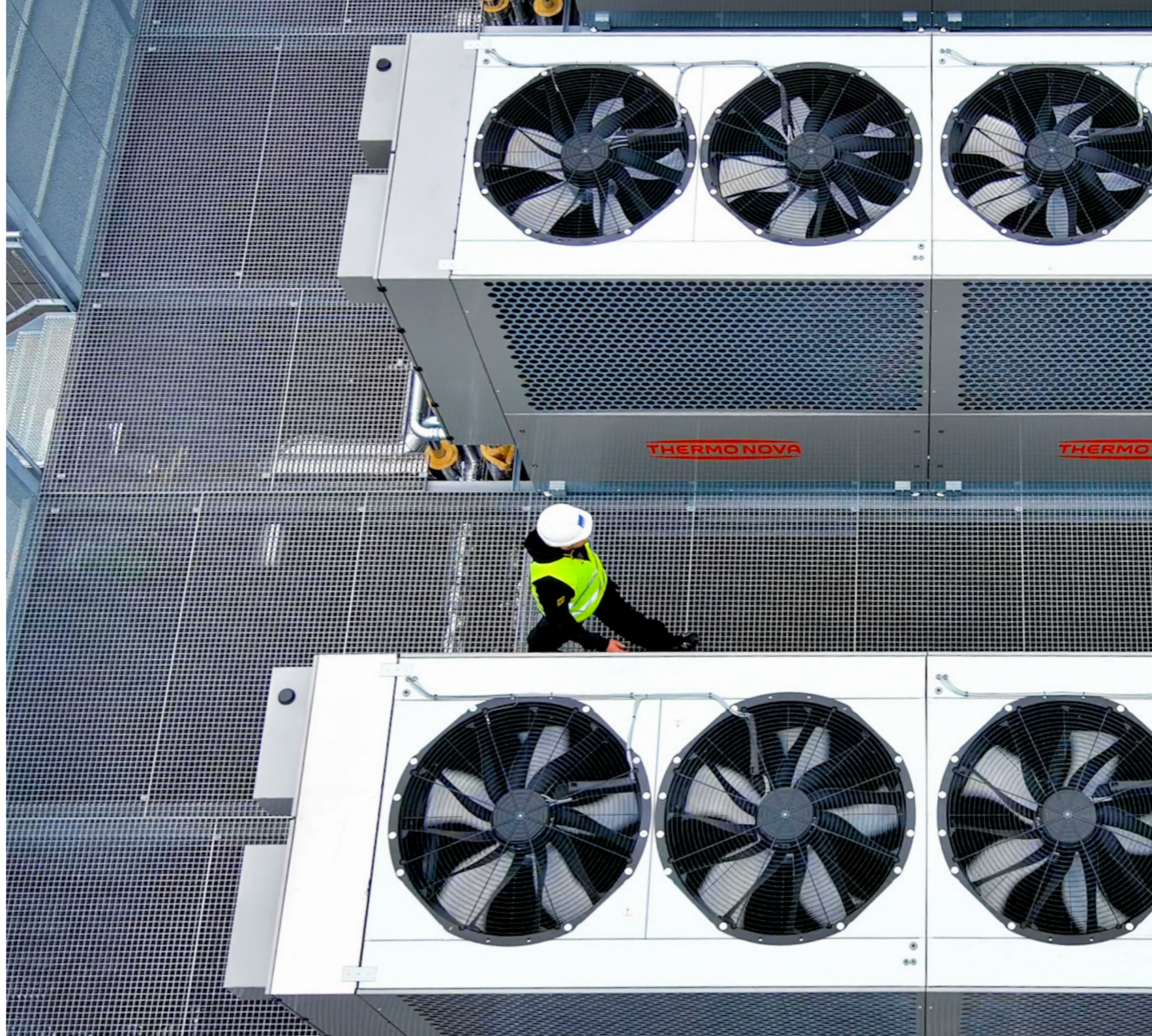
cf. § 107b of the Danish
Financial Statements Act

solar

Solar A/S
CVR no. 15 90 84 16

Statutory Report on Corporate Governance 2024 cf. § 107b of the Danish Financial Statements Act

The Statutory Report on Corporate Governance, cf. § 107b of the Danish Financial Statements Act, is part of the management review in Annual Report 2024 and covers the financial period from 1 January – 31 December 2024.



Solar's Management

The Board of Directors and the Executive Board are responsible for the overall and strategic management of the Solar Group. The Board of Directors is made up of six members elected by the general meeting and three employee-elected members.

All members of the Board of Directors were re-elected at the annual general meeting in 2024.

The board members Peter Bang, Morten Chroné, Louise Knauer and Michael Troensegaard Andersen are independent of Solar pursuant to the definition in the Danish corporate governance recommendations. Furthermore, the Board of Directors consists of Jesper Dalsgaard, Katrine Borum, and the three employee-elected members Denise Goldby, Rune Jesper Nielsen and Michael Kærgaard Ravn.

A description of the competences of the Board of Directors can be found on Solar's website www.solar.eu, and in our Annual Report. On the website, Solar among other things informs about the board members' special competences, managerial offices, age, independence, remuneration, number of shares in Solar and consolidated companies as well as the changes made to number of shares during the year.

In 2024, the Executive Board consisted of CEO Jens E. Andersen and CFO Michael H. Jeppesen. On 3 January 2024, CCO Hugo Dorph by agreement left his position as CCO and member of the Executive Board, see announcement no. 1 2024 on Solar's website www.solar.eu.

Our Annual Report and website contain information about the individual Executive Board members' age, managerial offices, total remuneration, number of shares, restricted shares and the changes made to number of shares, restricted shares and performance shares during the year.

Solar prepares a remuneration report, which will be presented at the annual general meeting in 2025. The remuneration report will include information about the total remuneration of each individual member of the Board of Directors and the Executive Board.

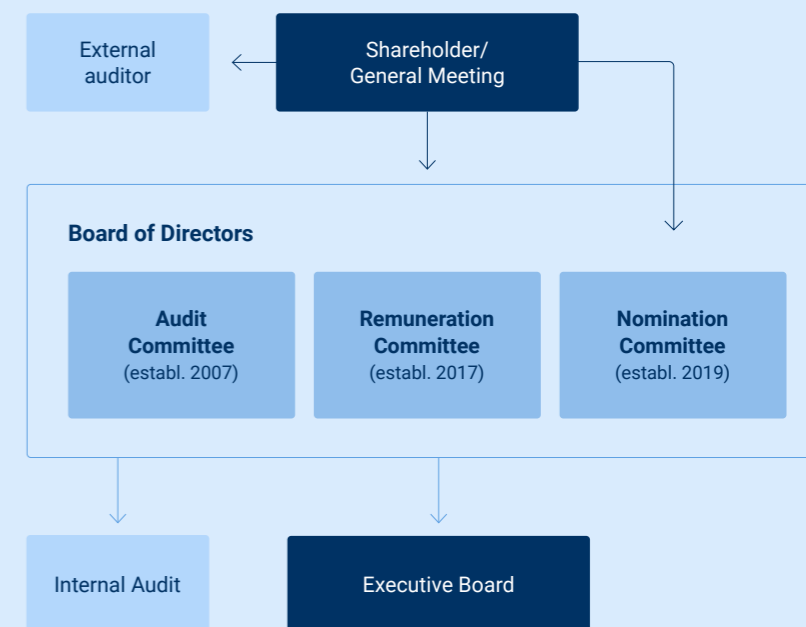
Activities

A minimum of six ordinary board meetings as well as one conference for the Board of Directors will be held each year. In 2024, we had eight board meetings and one conference for the Board of Directors.

Audit Committee

The Audit Committee consists of three members elected by the Board of Directors among its members. In March 2024, the Board of Directors re-elected Peter Bang, Louise Knauer, and Michael Troensegaard Andersen. Peter Bang is chair of the Audit Committee

Corporate Governance structure



Solar's Management

and has special accounting qualifications just like Michael Troensegaard Andersen. The Audit Committee's most important tasks are:

- To monitor the financial and sustainability reporting process.
- To review and assess Solar's internal control and risk management procedures.
- To monitor the statutory audit of the financial statements etc.
- To monitor and control the auditor's independence, including the delivery of non-audit services.
- To recommend an external auditor for election by the Board of Directors.

The Audit Committee held five meetings in 2024, and five meetings are planned for 2025.

Remuneration Committee

The Remuneration Committee has three members, who were elected by the Board of Directors among its members. In March 2024, the Board of Directors re-elected Michael Troensegaard Andersen, Louise Knauer and Morten Chrone. Michael Troensegaard Andersen is chair of the committee. The Remuneration Committee's most important tasks in relation to the Board of Directors are:

- To make recommendations for suggestions to the remuneration policy and general guidelines for incentive-based remuneration for the Executive Board.

- To suggest remuneration for the Executive Board, including ensuring that the remuneration is in agreement with the remuneration policy and the Executive Board's performance assessment.
- To monitor that information about the Board of Directors' and Executive Board's remuneration in the annual report is correct, accurate and complete.
- To assist in the preparation of the annual remuneration report.

The Remuneration Committee held two meetings in 2024, and two meetings are planned for 2025.

Nomination Committee

Once a year, the composition of the Board of Directors is assessed by a representative from the company's majority shareholder, The Fund of 20th December, together with three representatives from the board, including the chair of the company's Board of Directors. The committee puts forward proposals for both re-election and election of new members for the Board of Directors. The committee can seek assistance from external advisors and other shareholders.

The committee is to perform a number of preparatory tasks to make sure that the Board of Directors at any time meets the guidelines laid down by the Board of Directors. Emphasis is placed on the members representing relevant competences in relation to the company's needs, and the aim is to constantly ensure a balance between continuity and renewal of the Board of Directors. It is not a board committee in the same sense as the audit committee and

the remuneration committee, and the Board of Directors' tasks in relation to the composition of the board has not changed after the establishment of the committee. A charter determining the guidelines for the composition and tasks of the Nomination Committee is available at www.solar.eu.

Evaluation

During Q4 2024, the Chair facilitated a board evaluation, among others covering the cooperation between the Board of Directors and the Executive Board, the Chair's role, the Board's and Board Committees' work and an assessment of Board capabilities relative to those best supporting the Solar's strategy.

All members of the Board of Directors participated in the evaluation and provided input via questionnaires, thus forming the basis of an evaluation report. The 2024 evaluation has been shared with the Nomination Committee and has not given rise to any additional measures.

Corporate Governance

Solar considers the December 2020 recommendations of the Danish Committee on Corporate Governance a valuable tool for exercising sound management, good transparency for shareholders and other stakeholders, and efficient risk management.

[→ https://corporategovernance.dk/recommendations-corporate-governance](https://corporategovernance.dk/recommendations-corporate-governance)

Overall, Solar therefore complies with the recommendations wherever they are relevant to the company.

The Board of Directors has adopted a Diversity Policy, which includes a stated objective of the composition for the Board of Directors. Solar wants its board to be as diversely composed as possible, including an as equal as possible representation of the two genders, while still ensuring that the board represents the required skills on the whole.

Solar has an objective for women to make up 2 out of 6 of the board members elected at the annual general meeting, which is considered an even distribution according to law. The objective was reached at the Annual General Meeting in 2022.

Solar complies with 39 of 40 recommendations but deviates from recommendation 4.1.3:

Recommendation on the variable part of the remuneration of the Executive Board.

Limits have been set as to the size of both share-based and non-share-based incentive payments in relation to the fixed remuneration in order to ensure an appropriate balance between long-term and short-term interests and balanced risk. As a simple model for allocation of variable remuneration is applied, the Board of Directors does not deem it relevant to assess the value of this in different scenarios.

A full description of Solar's opinion on the individual items of the corporate governance recommendations is available at

[→ www.solar.eu/investor/corporate-governance](https://www.solar.eu/investor/corporate-governance)

Risk management

Solar’s risk management system consists of policies and procedures approved by the Board of Directors. The overall purpose is to manage all major business risks and risk correlations across the organisation or value chain.

Risk management is based on Enterprise Risk Management (ERM) and was established to enable Solar to run a sturdy business that can react quickly and flexibly when conditions change.

The national management teams of the individual Solar Group companies take a structured approach to risk management, ensuring that we have an updated risk overview at all times. This data is consolidated at group level, and the findings presented to the Board of Directors for approval.

So, we analyse which specific risks concern the individual subsidiary and which risks apply across borders.

Risk management is in line with the corporate governance principles.

The group’s risk management system is based on the Board of Directors’ rules of procedure, which place the responsibility for any risk management with the Executive Board.

The Executive Board must ensure that the necessary risk management policies and procedures are available, that efficient risk management systems have been established for all relevant areas and that these are improved continuously.

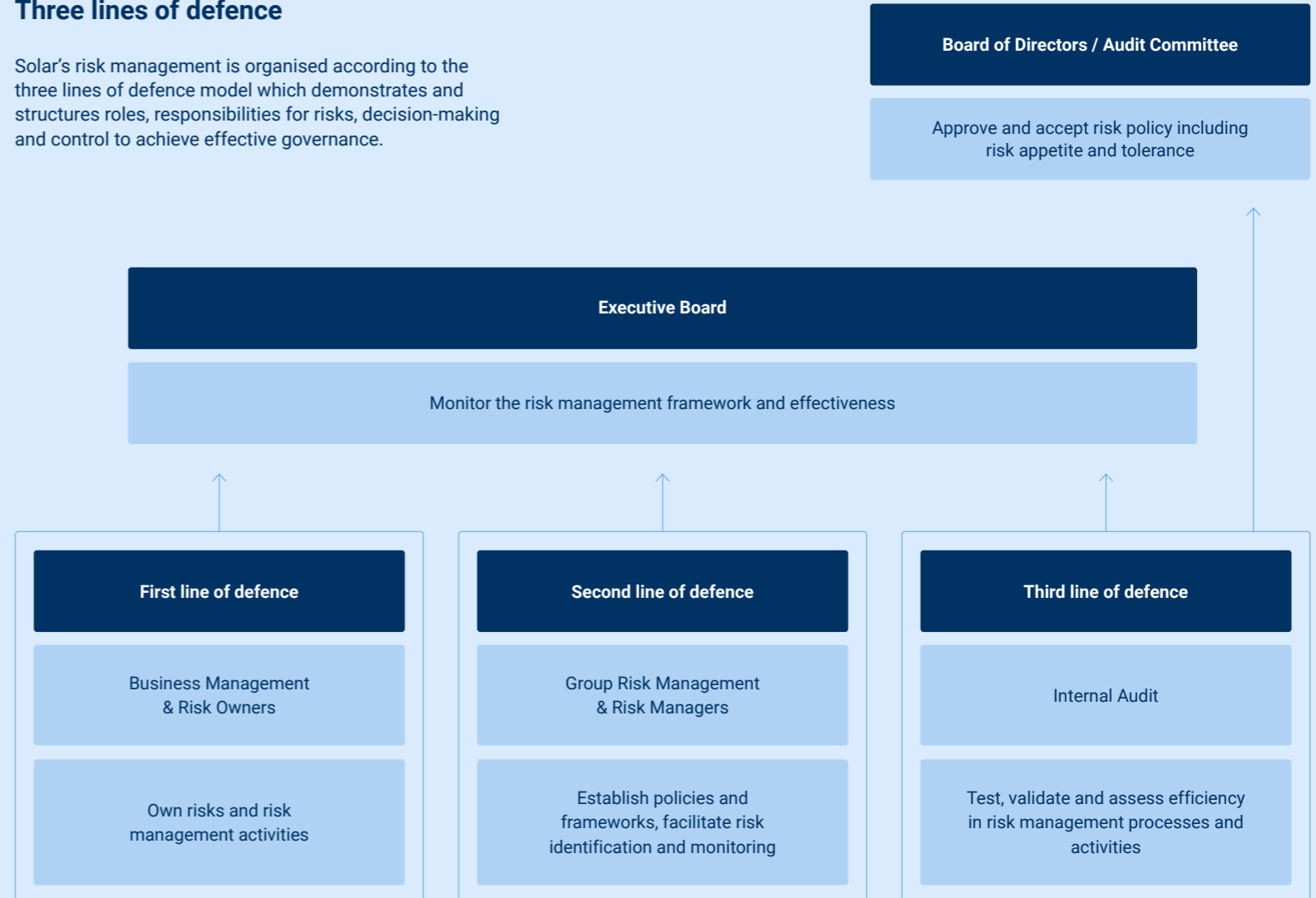
Risk management reporting is made to the Audit Committee. In addition, group management will conduct ongoing follow-ups with the subsidiaries.

The individual risks are described in Solar’s Annual Report 2024, which can be found at

www.solar.eu

Three lines of defence

Solar’s risk management is organised according to the three lines of defence model which demonstrates and structures roles, responsibilities for risks, decision-making and control to achieve effective governance.



Internal control of financial reporting

Internal control systems are designed for reporting in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements for annual reports of listed companies. The system contributes to Solar's financial statements, providing fair presentations without material misstatements.

In addition, the systems were established to ensure that Solar's enterprises choose and apply appropriate accounting policies and accounting estimates that are reasonable under the circumstances.

These systems only provide reasonable, and not absolute, certainty that material errors and irregularities in the financial reporting processes are detected and corrected.

The internal control systems for financial reporting may be described within the following framework:

Control environment

Rules of procedure for the Board of Directors and the Executive Board are in place, and the Board of Directors has set up an Audit Committee in keeping with EU legislation.

Responsibilities and authority within key areas are defined in policies approved by the Board of Directors and/or the Executive Board. These include our communications policy, liquidity and financial policies, fraud policy, risk policy, tax policy etc. Solar's Internal Audit oversees that these policies are adhered to.

Internal Audit is an independent department tasked with reviewing financial information in quarterly and annual reports and performing operational audits of business procedures and internal control. Internal Audit reports the results of these reviews directly to the Board of Directors and the Audit Committee, including any recommendations for improving internal controls. Significant accounting rules and procedures are set out in an accounting handbook, which is available to all employees working within finance. Internal Audit oversees that these rules and procedures are observed.

The Executive Board is represented on all our subsidiaries' boards of directors which again brings control into focus throughout the group.

Solar has a whistle-blower initiative available to employees, customers, suppliers and other. This information system allows employees and others to report breaches or suspected breaches of our Code of Conduct confidentially.

In line with Solar joining the UN's Global Compact, we have implemented a business-ethical Code of Conduct that all employees must comply with.

Control activities

The purpose of control activities is to prevent, uncover and correct any errors and irregularities. These activities are integrated into Solar's accounting and reporting procedures. Activities include documentation procedures, authorisation, approval, reconciliation, result analysis, separation of irreconcilable functions, IT application controls and general IT controls.

Information and reporting

Solar's IT policy and built-in IT controls as well as general controls help to ensure a fair presentation of financial reporting. Accounting handbooks and reporting

instructions, including estimate and monthly closure procedures, are updated and implemented throughout the group on an ongoing basis. As with other policies relevant to internal control of financial reporting, these are available to the relevant persons.

Monitoring the accounting process

Solar applies uniform IFRS-based rules as stated in the company's accounting handbook. This handbook covers accounting and assessment principles, reporting instructions as well as risk management and control procedures and must be observed in detail by all group enterprises. Observance of the accounting handbook is monitored continuously.

Control weaknesses identified by Solar's Internal Audit and by the group's external auditors are submitted to the Audit Committee, which monitors that management implements the necessary measures to remedy these weaknesses on a timely basis.

Comprehensive monthly accounting data is reported from all group subsidiaries. Such data is then analysed and monitored at group, company and other operational levels.

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