

**THE
FUTURE
OF ENERGY
IS NOW.**

Sustainability at Encavis 2020

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Key figures

190
Solar Parks

3,433 GWh
Electricity production in 2020 (2019: 2,660 GWh)

93
Wind Parks

1.3 million tonnes
Annual carbon savings (as of March 2021)

134
Employees (as of 31.12.2020)

EUR 292 million
Revenues in 2020 (+7% on previous year)

approx.
2.8 GW
Electricity generation capacity (as of March 2021)

EUR 2.82 billion
Total assets in 2020 (2019: EUR 2.75 billion)

ENCAVIS

May the sun be with you.

“We want our company
to take a leading position
in sustainability.”

Dr. Dierk Paskert,
Chief Executive Officer (CEO)

You wonder what this unusual
picture is about? You will find the
answer in the following editorial.



“We are ready to
invest in the future.”

Dr. Christoph Husmann,
Chief Financial Officer (CFO)





Editorial

Dear Reader,

The rules of the games in business and industry are changing fundamentally. Today, a company is no longer defined by its economic success alone, as the sustainability of its business model is gaining vital importance. The fact that investment companies today attach ever greater weight to sustainability criteria in their company ratings and that auditing firms are alerted whenever a client fails to pay sufficient attention to the issue shows that something fundamental has started to change. And there is also a growing realisation in society that sustainable action is the only answer to the numerous environmental and social threats.

Encavis is not just any company – all the less so when it comes to sustainability. As a leading independent electricity producer, we acquire and operate wind and solar parks throughout Europe. Among the green power suppliers, we are sort of the original. We have exclusively focused on renewables from the very beginning, so sustainability is part of our DNA. It therefore goes without saying for us to think, act and work sustainably in all areas – from strategy to economy and ecology to social matters. After all, true sustainability is reflected not only in a company's carbon footprint and its investment strategy. It is also reflected in the commitment shown by its employees, in its travel expenses or even in its car park.

Going forward, transparent sustainability work and reporting will be a matter of course for all those who want to make their sustainable actions clear to investors in order to remain “investable” – this is ensured not least by the European Sustainable Finance Disclosure Regulation (SFDR).

This is a possibility for Encavis to differentiate itself from the market through transparent reporting and specific sustainability performance. We do not regard this as a burden but as an opportunity.

Besides the disclosure of sustainable aspects at company level, the disclosure obligation also applies to the product level; here, the funds of Encavis Asset Management stand a chance to be rated outstanding as they contribute to the goal of reducing carbon emissions, making them even more attractive to investors.

So come and see us for yourself. Read what we are doing in concrete terms, what we have already achieved and what still lies ahead of us. [👉](#)

In the first chapter, “Foundation”, we show you how we set out to anchor sustainability explicitly and firmly in our corporate structure and what steps were necessary to achieve this.

In the “Surroundings” chapter, we take a closer look at the heart of our company, namely what we do every day and how our business model helps push ahead the energy transition.

The “People” chapter speaks for itself. It describes our most important asset, namely our employees.

**“Begin at the beginning,”
the King said, very gravely,
“and go on till you come
to the end: then stop.”**

Just like Alice in Wonderland, we “began” last year to analyse our company and its value chains from a sustainability perspective. We have since “gone on” and in the end we want to have integrated sustainability in all operational and strategic company processes. But we will definitely not stop there.

The “Environment” chapter is dedicated to our promise and our responsibility to counteract climate change. We show where we come from, where we currently stand and where we want to go.

As you will see on the following pages, our pictures are not like those typically used in reports and not what we would have wished for. This time, unfortunately, we can only give you a foretaste of how we would have liked to present ourselves and our people – with authentic, genuine pictures. In times of Covid-19, we changed our plans out of responsibility for the health and well-being of our employees. But see for yourself.

In any case, we promise you interesting and informative reading and look forward to receiving your feedback.



Yours, Dr. Dierk Paskert,
CEO Encavis AG



Yours, Dr. Christoph Husmann,
CFO Encavis AG

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Business model

Encavis AG, which is listed on the MDAX of the German stock exchange, makes use of the various opportunities to generate power using renewable energy. As an independent operator of environmentally friendly and emission-free power plant capacities, Encavis has continued to expand its generation portfolio since 2009.

The company's core business is the acquisition and operation of solar parks and onshore wind parks. In the acquisition of new installations, the company focuses on a mix of projects in development and construction-ready projects or existing installations that have guaranteed feed-in tariffs or for which long-term power purchase agreements (PPAs) have been concluded. The development projects or completed installations are generally located in geographic regions that stand out due to their stable political and economic conditions as well as reliable investment and framework conditions.

Encavis also offers profitable opportunities to institutional investors through its subsidiary Encavis Asset Management AG to invest in installations that generate renewable energy. The Asset Management field covers all services in this area, i.e. the launching of funds, the individual design and structuring of other investments for professional investors in the field of renewable energy and the management of the investments held by these investors.



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Corporate strategy

As renewable energy becomes increasingly economically viable compared to conventional forms of energy generation and more and more companies commit themselves to a climate-friendly energy footprint, as reflected, for example, in the RE100 initiative*, the market for private-sector power purchase agreements (PPAs) is growing more and more dynamically.



In 2020, the published volume of agreements signed in the European PPA market reached a record level of 8.9 GW. Accounting for 4.1 GW and about 46% of all PPAs signed, photovoltaic energy played the most important role in the market as a whole. Encavis successfully entered the PPA business in 2020 with the two Spanish solar parks La Cabrera and Talayuela, both of which are already connected to the grid, thus clearly positioning itself in the PPA market.

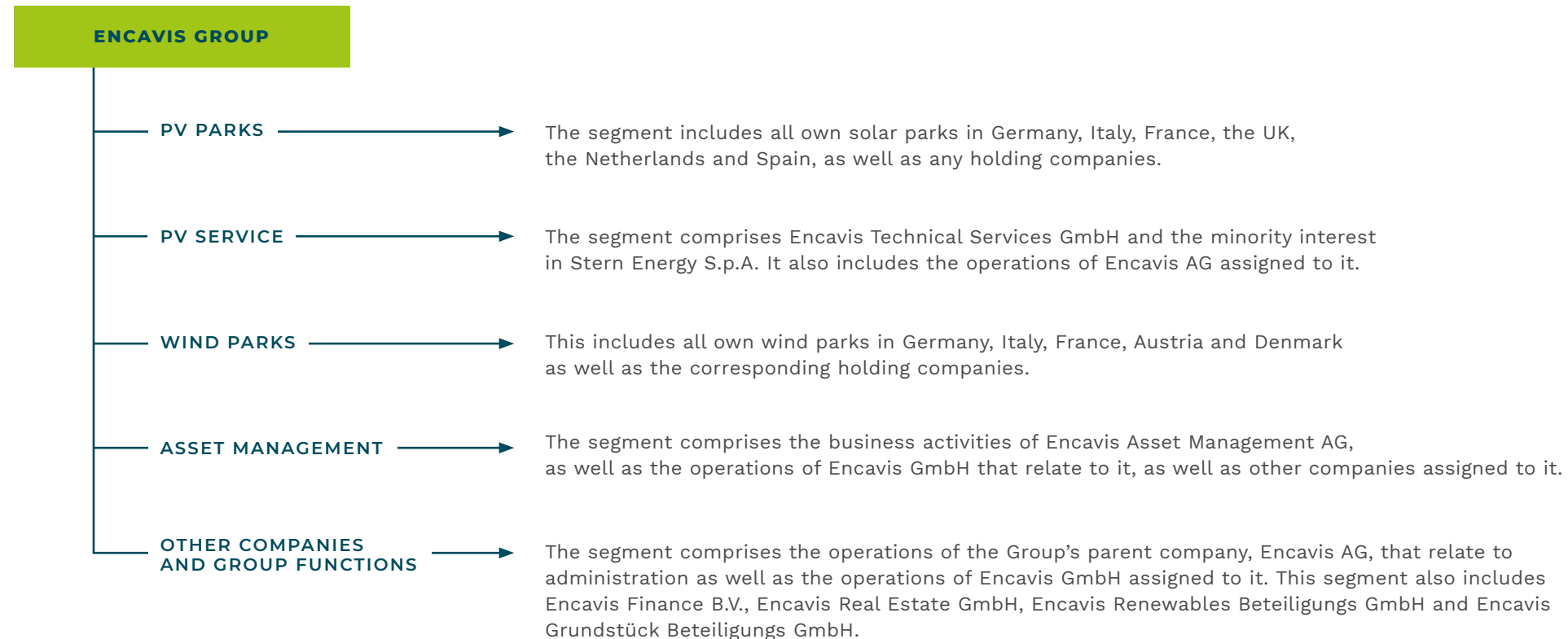
The first long-term power purchase agreement for a period of ten years was signed by Encavis already back in September 2019 for the Spanish solar park Talayuela (300 MW). The customer is a European energy company. Another ten-year PPA was concluded with Amazon Web Services in December 2019. The plant was connected to the grid in early September 2020 and supplies Amazon with 149 MW.

* RE100 is a global initiative bringing together over 230 influential businesses committed to sourcing 100% renewable electricity to cover their electricity requirements by 2050 at the latest.



Organisational structure of the Group

Encavis AG is the parent company of the Encavis Group. Besides Encavis AG, 242 subsidiaries were directly or indirectly consolidated as at 31 December 2020. The Encavis Group consists of five segments.





Our values

Encavis is a successfully growing company whose corporate culture is actively shaped by its employees. Together, we have developed the following values, which are demonstrated for Encavis and its business partners on a daily basis.

Sharing enthusiasm

“We enjoy working towards our shared success.”

Passion for renewable energy and for our work is the driving force behind our day-to-day activities and the basis for developing our company and achieving our goals together.

Seizing opportunities

“We actively seize opportunities and work diligently to achieve our goals.”

We do not wait for opportunities to come to us, but seize them pro-actively. Any opportunities that arise are reviewed for sustainable feasibility and implemented professionally and jointly. We also always look for opportunities for improvement in the existing.

Appreciating trust

“We trust each other and can rely on each other.”

Our relationships with colleagues and business partners are based on mutual trust. We consider reliability and transparency to be the very foundation for trusting cooperation and good business relationships.

Working as a team

“We stick together, support each other and care for each other.”

We are convinced that the best performance can be achieved only in a working environment characterised by team spirit. Feeling at ease and experiencing joy together opens up the space that is needed to achieve great things. We respect each other and see the diversity of our colleagues as an enrichment. We care for and support each other and treat each other and our partners fairly.

Shaping the future

“We actively shape the future and act responsibly.”

We think of the consequences for tomorrow in everything we do. We act with foresight, address issues with determination and use our strength and knowledge self-confidently. In doing so, we always act reliably and sustainably – for ourselves, our partners, our society and our environment.

Assuming responsibility

“We assume responsibility for our own actions.”

The responsible treatment of our environment is our core objective. We assume responsibility for our own actions and always set a good example. We approach others proactively and do not look the other way.

Filling customer orientation with life

“We fill customer orientation with life and value our customers.”

We know our markets and value our customers. We deliver quality and stand for expertise. We ask the right questions and respond to our customers

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FOUNDATION

We go the extra mile.

“Our aim is to make Encavis even more sustainable.”

Jana Walther,
Manager Sustainability &
Communications



“In 2020, we have laid the necessary foundation for our sustainability work.”

Tanja Van den Wouwer,
Head of Sustainability &
Communications

Foundation

Encavis has set out to analyse and further optimise its own value creation structures by taking a holistic approach. All aspects of sustainability are to be integrated into the company's operational and strategic processes. The establishment of structured sustainability work forms the foundation for this.

Professional sustainability management has therefore been initiated. The company has joined the United Nations Global Compact sustainability network, as well as the United Nations Principles of Responsible Investments (UN PRI) network. Encavis has thus endorsed the sustainable investment aspects and sustainability criteria of the UN in the four key areas (human rights, labour, environment and anti-corruption).

Encavis is a fast-growing company that is already sustainable in its primary business purpose, its strategy and its value-oriented corporate governance. In 2020, Encavis laid the foundations for strategic management, controlling and reporting that are fully geared to sustainability.

Signatory of:



In the context of these professional CSR activities, the current status has been determined in a 360° analysis. This transparency and sustainability offensive has already paid off, as the two leading ESG rating agencies (MSCI and ISS ESG) have recently raised their sustainability ratings for Encavis.

This is Encavis' first report to provide an insight into the company's comprehensive sustainability work, which is demonstrated in the four fields of Strategy and Governance, Economy, Ecology and Environment, defines material topics and sets ambitious goals.

The "Foundation" chapter describes the fundamentals of the company's sustainability work. The focus is on the integration of sustainability into the organisational structure, a description of the key stakeholder groups and the definition of material topics and the corresponding sustainability goals.

Integrating sustainability (CSR) into the organisational structure

In early 2020, Encavis established an internal Sustainability Task Force to drive the development and implementation of internal measures and goals for a more sustainable organisation.

This task force is composed of representatives from several business units of the Encavis Group. It consults regularly and communicates progress that has a sustainable (internal) impact on a monthly basis. In addition, a new Sustainability & Communications Department was installed in January 2021, which operates based on a close exchange with the Management Board. The department will initially be staffed with three people and is to be expanded successively. The new unit is responsible for the strategic coordination and development of Encavis' sustainability work.

Moreover, a Sustainability Council will monitor the sustainability work at the highest level going forward. Made up of members of the management, the Sustainability Council is responsible for the strategic further development of the sustainability framework. Members of the Council will, on an individual basis, participate in meetings and workshops organised by NGOs, supervisory authorities or other qualified organisations on responsible investment and other CSR-related issues.

Sustainability Task Force

Trend-setting projects in 2020

As part of the installation of the Sustainability Task Force, internal processes and measures were first analysed, reviewed and implemented. As one of the first measures implemented, the www.ecosia.org website has been set as the default starting page and search engine in the company's browsers. Ecosia allows conducting online searches in an ecological manner, as Ecosia plants trees for conducted searches in some of the places most affected by climate change, e.g. in Burkina Faso, to make the desert fertile again.

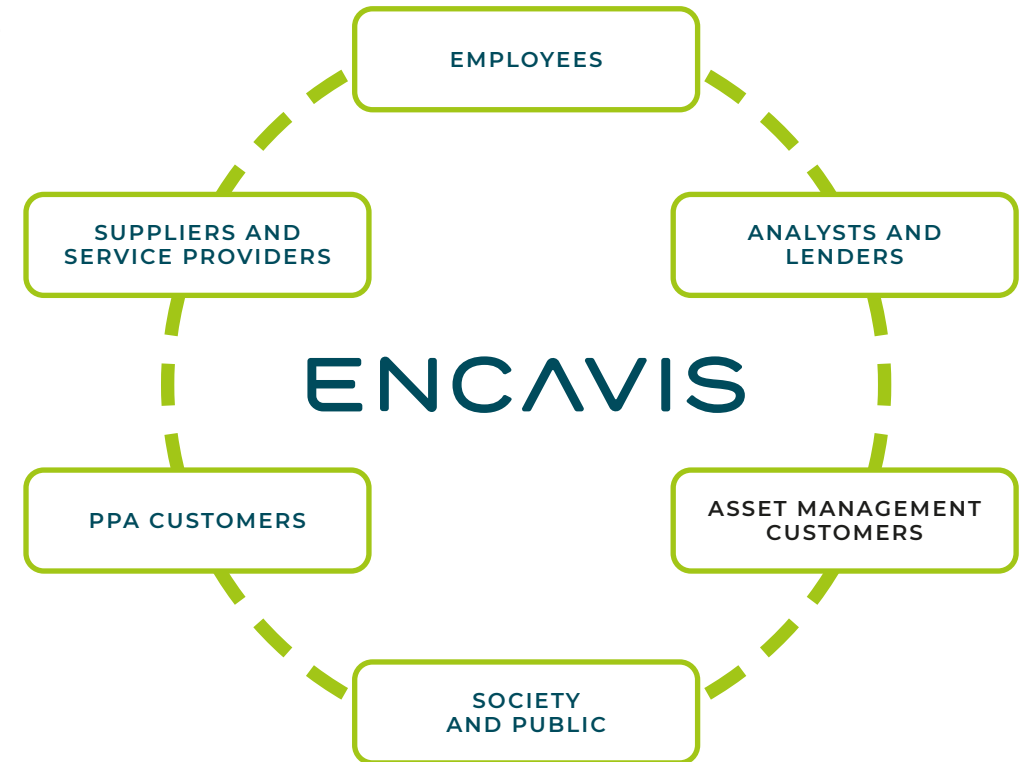
Key stakeholders

As a renewables company, Encavis operates in an environment of constant change and changing requirements made by numerous stakeholders. Knowing and addressing the needs of these stakeholder groups is the basis of Encavis' sustainability work.

The interests, requirements and demands of the various internal and external stakeholders are anything but homogeneous. To do justice to these and to further improve the dialogue in detail, the different stakeholders were analysed in a workshop with the company management and the Sustainability Team and the most relevant ones were classified into stakeholder groups.

The aim here was not only to improve communication in general, but to also define the specific demands made by the stakeholder groups on Encavis' sustainability work, while at the same time better identifying the demands arising from Encavis' sustainability work on the stakeholders.

A total of six key stakeholder groups were identified. ↴





Employees were identified as the most important internal stakeholder group. They make high demands on the sustainability work of their employer, while at the same time being part of the core of this work.

The **“suppliers and service providers”** group comprises stakeholders which are of key importance for Encavis' upstream value creation as well as for current operations. These include project developers, suppliers, banks and insurers as well as service providers for technical operation and maintenance. Their demands on sustainability differ. A central task and one of the next steps of the Sustainability Team will be to analyse mutual demands and evaluate potential measures.

The group **“analysts and lenders of the Encavis Group”** comprises stakeholders in the capital market. The main focus here is on shareholders, analysts, lenders and (ESG) rating agencies.

“Society and public” covers a wide range of different stakeholders. These include, on the one hand, local authorities and residents living near existing wind and solar parks and, on the other hand, policy-makers (including legislators and regulators), associations and the press.

Due to the historical differences in the business model of Encavis Asset Management and the rest of the Encavis Group, two stakeholder groups have been identified in the area of customers, which cannot be summarised in a single group. Consequently, **“Asset Management customers”** have been identified as a key group for Encavis Asset Management, while **“PPA customers”** are the main stakeholder group for the rest of the Group.

Communication with stakeholders is already adapted to each individual group. Common forms of communication include the Encavis website as well as social media channels such as LinkedIn, Twitter and Xing, which are used to keep followers such as investors, shareholders and energy industry experts up to date on the latest news. Press releases are used to communicate news, especially corporate news. The annual general meeting is particularly important for shareholders. The joint dialogue on the future and the development of Encavis creates trust and ensures transparency. Analysts' questions are answered by Management Board in conference calls after each publication of quarterly figures. The dialogue formats also include events such as the annual Capital Markets Day. They are essential to intensify personal relations with stakeholders. Investors of Asset Management are informed through regular reports and at Investment Committee meetings. Responsibility for investors is assumed through personal representation on the supervisory boards of the fund companies.

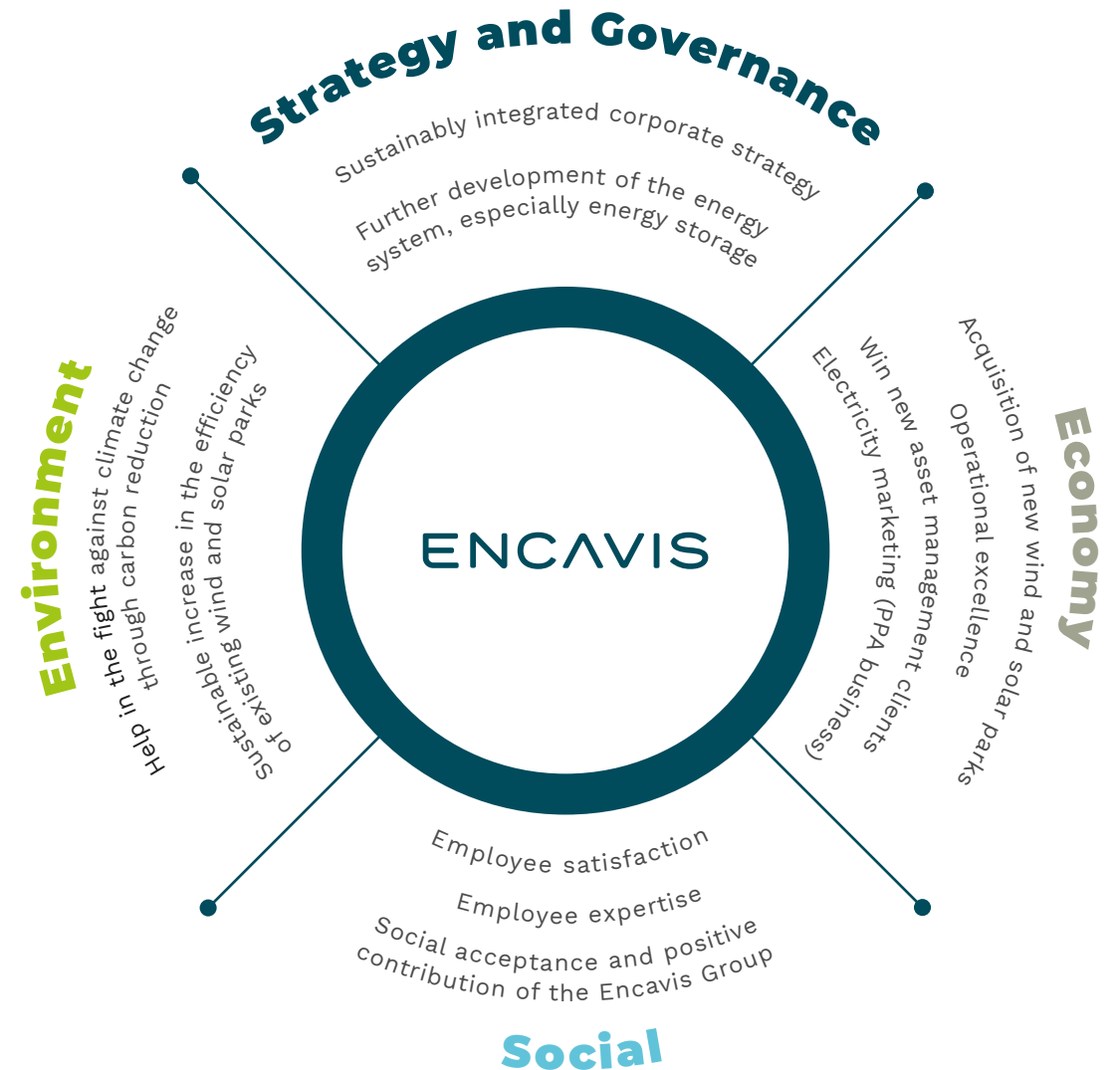
Moreover, it is planned to directly involve stakeholders in the identification of material topics in the future. This seems important in order to analyse sustainability aspects from the stakeholders' point of view and to further explore important issues or concerns. To implement this goal, a new stakeholder-based communication policy will be developed and implemented.

Key sustainability topics

To ensure the sustainable development of the company and establish structured sustainability work at Encavis, the management has defined material sustainability topics together with the Sustainability Team.

Within the four fields of Strategy and Governance, Economy, Environment as well as Social various topics from Encavis' business environment were analysed and discussed in detail. The focus was on an integrated view and an assessment of the relevance of the topics for Encavis. In this context, the impact of Encavis' business activity on the environment was addressed. Another focus was placed on analysing the stakeholder perspective on the key topics. The corresponding assessments were initially made internally and are to be verified externally as a next step.

A total of eleven topics in four fields were classified as essential in the respective workshop:



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Strategy and Governance

In the field of action Strategy and Governance, two material topics were identified that are essential for the sustainable development of Encavis AG. First, the further development of a **sustainably integrated corporate strategy** is of paramount importance for the business model of the Encavis Group. Encavis is generally committed to sustainable development in all areas. Pushing forward with this development and involving the stakeholders is a key concern. The focus here is on the further integration of sustainability processes, sustainability indicators and control instruments into corporate controlling.

Moreover, the **further development of the energy system, with a special focus on energy storage**, has been identified as essential for Encavis. The development of state-of-the-art energy systems is of great relevance for the energy transition and the further development of renewables. This applies in particular to the further development of systems for the storage of the electricity generated, which Encavis wants to accelerate.

Economy

Investing in renewables and enabling investments in the latter is a key concern for Encavis. This relates in particular to the **acquisition of new wind and solar parks as well as to winning new customers for Encavis Asset Management**.

To provide all stakeholders with the best possible services, it is especially relevant for Encavis to manage its own portfolio as efficiently and effectively as possible. This means that **operational excellence** is not only in the interest of Encavis but also of importance for its stakeholders.

The direct **marketing of electricity** under power purchase agreements ensures that the investment and framework conditions for renewables will remain reliable thanks to long-term partnerships with industrial customers. The further expansion of this market is essential for Encavis' future economic success.

Social

Only satisfied and well-trained employees will be able to identify those opportunities in the rapidly growing renewables market that will enable Encavis to make stable, long-term investments that will still be profitable tomorrow.

Encavis therefore strives to maintain the highest level of employee satisfaction and to promote professional and personal development in the best possible way. **Employee satisfaction** and **human resources development** have therefore been classified as material topics.

For Encavis, social responsibility goes beyond its own employees. Besides responsibility for labour and social standards in the value chain, which are addressed as an essential part of a sustainably integrated corporate strategy in the field of Strategy and Governance, a **positive contribution and the promotion of social acceptance** are material topics. Encavis is well aware of its social responsibility and therefore wants to contribute to a better social and ecological environment.

Environment

In the "Environment" field, the company's **contribution to the fight against climate change through carbon reduction** and the **sustainable increase in the efficiency of existing wind and solar parks** are at the top of the agenda.

By generating and marketing green electricity, Encavis is making a huge contribution to the fight against climate change. But there is still room for improvement. With a view to increasing the impact, Encavis has set itself the goal of analysing and leveraging further possibilities for carbon savings in its own business operations and also along the supply chain.

Apart from reducing carbon emissions along its own value chain, it is essential for Encavis to continuously optimise the wind and solar parks in its portfolio and thus to achieve a **sustainable increase in the efficiency of existing wind and solar parks**. For Encavis, a sustainable increase in efficiency is not limited to purely economic aspects. Instead, the company takes a holistic approach which also covers environmental and social aspects.








Sustainability goals

Good sustainability work is measured by its goals. Encavis has chosen a holistic approach to defining such goals: The Encavis Sustainability Goals refer to the material topics while at the same time focusing on the contribution to the United Nations Sustainable Development Goals (SDGs). This highlights Encavis' contribution to sustainable development and the key role of renewables in the ecological transformation process.





Encavis has identified a total of twelve sustainable development goals on which it wants to focus.











Field of action	Material topic	Goals	Measures
Strategy and Governance	Further development of the energy system, especially energy storage	Evaluation of at least three potentially commercially viable pilot projects with new technologies per year	   Evaluation of suitable storage projects Ongoing, intensive market monitoring
	Sustainably integrated corporate strategy	Improve MSCI ESG rating to AAA by 2025	  Definition and continuous optimisation of the goals and measures within the four fields of sustainability Introduction of a compliance management system incl. KYC audit and Code of Conduct (dealing with corruption and money laundering) for the entire value chain Annual employee training on the Code of Conduct Installation of certification processes for suppliers and project developers Installation of a Sustainability Council Improve information on the whistleblower system

Continued on the following page



Field of action	Material topic	Goals		Measures
Economy	Acquisition of new wind and solar parks	Increase the capacity of own plants from 1.7 GW to 3.4 GW by the end of 2025		Steady portfolio expansion
	Operational excellence	Calibration of an appropriate metric for measuring and documenting the performance of the plants by the end of 2021		Digital overall monitoring of the parks Continuous acceleration of structural improvements, optimisation and automation
	Win new asset management clients	Raise another EUR 1.5 billion for the funds by the end of 2025 Investment of the capital raised by the end of 2026		Successful development and expansion of existing fund vehicles and those in the process of being established Win two further investor mandates incl. the associated distribution partnerships
	Electricity marketing (PPA business)	Significant increase in non-subsidised electricity production by the end of 2025	  	Establishment/implementation of the new PPA Origination segment Win corporates and utilities for direct marketing of electricity
Social	Employee satisfaction	Ensure employee satisfaction	  	Semi-annual staff surveys, subsequent analysis and, if necessary, formulation of new measures Promote work-life balance through introduction of mobile office concept Continuation and optimisation of fringe benefits
	Employee expertise	Promote employee expertise	 	Ongoing review and, if necessary, optimisation of individual HR development by making high-quality internal & external offers Ongoing review and, if necessary, adjustment of the further training offer for employees
	Social acceptance and positive contribution of the Encavis Group	Increase the social and political relevance of the Encavis Group through more extensive, professional external communication Conclusion of a long-term partnership with a non-profit organisation in 2021 Market screening on the topic of “giving back” commitment until June 2021	  	Development of a new communication concept (stakeholder-based) by the end of 2021 Evaluation of suitable partnerships Development of a concept for a possible “giving back” commitment until June 2021



Field of action	Material topic	Goals		Measures
Environment	Help in the fight against climate change through carbon reduction	Increase share of green electricity purchases to 100% by the end of 2022	 	Increase share of green electricity purchases to 100% by the end of 2022
		Preparation of a holistic “Encavis carbon footprint” by the end of 2025		Development, budgeting and approval of the project “Encavis carbon footprint” by the end of 2021 Phased implementation of the “Encavis carbon footprint” project
		Maximisation of our climate contribution through ongoing implementation and expansion of environmental and climate protection measures		Continuous examination of possible measures for carbon reduction along the value chain
	Sustainable increase in the efficiency of existing wind and solar parks	Determination of the estimated average water consumption per MWh for all parks by the end of 2021		Recording of the water consumption of alternative cleaning concepts for solar modules
		Development of a biodiversity strategy and definition of a target for increasing biodiversity by the end of 2021		Examination of measures to increase biodiversity and summary in a biodiversity strategy Examination of alternative solutions for greenery maintenance
		Update and calibration of the yield reports for all solar parks by the end of 2021		Ongoing review of technical optimisation and modernisation measures
		Definition and setting of a target for systematic environmental management by the end of 2021	  	Design of processes, tools & reporting for environmental management

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“Our goal is to make green energy investments possible and lucrative.”

Karsten Mieth,
Spokesman of the Management Board
Encavis Asset Management



Always on the bright side.

“We want to work hand in hand with our investors and jointly create a sustainable portfolio.”

Alexander Stütz,
Member of the Management Board
Encavis Asset Management

21 Surroundings

What can Encavis do to further optimise its contribution to a sustainable society? This question is addressed in the “Surroundings” chapter.

It describes the mutual effects of the Encavis Group’s immediate business environment. One focus here is on topics in the areas of Strategy and Governance as well as Economy, as sustainability work will be successful in the long term only if these areas are integrated effectively.

For a more detailed approach, the chapter is divided into three sections: economic surroundings, corporate governance and compliance, and supply chain responsibility.

In this context, Encavis places the main emphasis on topics such as the implementation of a sustainably integrated corporate strategy that takes a holistic view at relevant issues, operational excellence, electricity marketing and growth factors. Where growth factors are concerned, the acquisition of new wind and solar parks and the winning of new asset management customers are considered to be essential.

Encavis wants to further expand its portfolio of wind and solar parks and to contribute to a sustainable society.



Economic surroundings

Encavis' economic surroundings are geared to sustainable growth with a positive impact on the reduction of greenhouse gases. Strategically speaking, the topics of growth, electricity marketing and asset management are particularly relevant. One goal is to improve operational excellence by optimising digital overall monitoring and continuously driving structural improvements, optimisation and automation.

Growth

Encavis is one of the largest independent electricity producers in Europe's renewable energy sector already today. The positive framework conditions and the successful economic development of the company offer ideal conditions to further expand this position.

To aggressively exploit the growth opportunities and to further increase the company's efficiency, Encavis is implementing its "Fast Forward 2025" strategy package with great determination.

Planning for the next five years focuses on further investments in ready-to-build wind and solar parks in as well as on securing projects already in earlier phases of development in coordination with strategic development partners.

The aim is to expand the company's own contractually secured generation capacity to 3.4 GW by 2025.

Electricity marketing

Organic growth, i.e. the further expansion of the Encavis portfolio of wind and solar parks, forms the basis for the implementation of the ">> Fast Forward 2025" programme. Going forward, more and more parks will be acquired whose electricity marketing is secured under long-term agreements with industrial customers (PPAs).

Encavis currently has a project pipeline of solar assets with a total generation capacity of more than 3 GW, which are secured by numerous strategic development partnerships.

Important milestones of the financial year 2020 included the signing of a partnership with GreenGo to develop and finance a non-subsidised solar park portfolio with a generation capacity of more than 500 MW in Denmark. A cooperation agreement was also signed with Sunovis for a 200 MW+ portfolio of non-subsidised solar projects in Germany. ↘

In the context of this cooperation, Encavis takes over ready-to-build plants and is responsible for the project financing as well as the design, negotiation and conclusion of the long-term power purchase agreements.

To further develop this business segment, it is essential to expand the PPA portfolio and to win additional corporate customers and electricity traders as partners for electricity marketing.



The 300 MW photovoltaic plant in Talayuela (Spain) is the largest PPA project completed by Encavis to date.

Asset Management

Together with institutional investors such as insurance companies, pension funds or banks and savings banks, Encavis Asset Management is also driving the energy transition by generating electricity from wind and solar power.

Renewable energy plants offer attractive and reliable returns as well as stable cash flows, which are largely government-guaranteed or secured by customers with strong credit ratings.

Long maturities and low correlation with other asset classes or economic fluctuations make these investments particularly suitable for pension funds and insurance companies, which usually need to make long-term investments and to diversify large portfolios.

Encavis Asset Management offers institutional investors the possibility to participate in renewable energy investments through various investment vehicles. In 2020, for example, more than 55 savings banks and cooperative banks entrusted Encavis Asset Management with over EUR 350 million equity to invest in wind and solar parks through special funds. At the time of publication of the report, the portfolio under management comprised a total of 24 solar parks and 51 wind parks in Germany, Italy, France, Great Britain, Finland, Sweden, Austria and the Netherlands.

The decarbonisation of investment portfolios is a growing international trend, as institutional investors are increasingly withdrawing from investments in fossil energy sources such as coal or oil in favour of new investments in renewable energy. To further accelerate this trend, Encavis has set itself the goal of raising another EUR 1.5 billion for its funds by 2025.

Corporate governance and compliance

Good corporate governance and a structured legal framework create safe corporate surroundings. Encavis places a focus on both areas to ensure such surroundings. In the area of corporate governance and compliance, the focus is on the introduction of a compliance management system – including a KYC (know-your-customer) audit – and of a Code of Conduct.

Corporate governance

Being aware of the importance of good and responsible corporate governance, the Supervisory Board and the Management Board again addressed numerous corporate governance-related questions and issues in 2020. The Supervisory Board and the Management Board jointly issued the annual declaration pursuant to Section 161 of the German Stock Corporation Act (AktG) on the recommendations of the German Corporate Governance Code.

For more information on corporate governance, please refer to the combined corporate governance statement pursuant to Section 315 (5) in conjunction with Section 289f of the German Commercial Code (HGB). The combined corporate governance statement also includes the corporate governance report prepared by the Management Board and the Supervisory Board as well as the statement on the recommendations of the German Corporate Governance Code. The combined corporate governance statement is permanently available on the Encavis AG website at www.encavis.com/en/sustainability/corporate-governance. ↘

Compliance and fight against corruption

Compliance violations may have far-reaching negative consequences for enterprises and for society alike. Corruption is a major obstacle to development. As a European organisation, Encavis operates predominantly in countries where the risk of corruption and bribery is not increased.

The company is nevertheless aware that the risks associated with compliance violations (may) result in poorer long-term business results, potential criminal and civil litigation, a weakening of the corporate culture and significant reputational damage. Lawful behaviour is therefore a fundamental requirement for good corporate governance.

The main aspects covered by Encavis' compliance-related activities include

- » compliance with the General Data Protection Regulation (GDPR) as well as IT security and IT compliance
- » corruption prevention
- » antitrust law
- » anti-money laundering

Compliance with the rules in these areas is implemented through regulations, training, consultation and internal investigations. All relevant information such as guidelines is available

on a separate intranet page. Encavis is currently developing a written code of conduct that goes beyond legal standards and lays down overarching principles on compliance-relevant issues, e.g. fair competition and handling of conflicts of interest and sensitive company information.

Whistleblowers welcome!

Concerns, comments and complaints from customers received by Encavis in person, by telephone, e-mail, fax or post are forwarded directly to the responsible department. If employees suspect non-compliance with the law, they may report their suspicion directly to their superiors or via the anonymous whistleblower system. The reports received will be reviewed and steps that may be necessary will be initiated.

In September 2018, Encavis additionally introduced an electronic whistleblowing system for the Encavis Group with a view to preserving Encavis' corporate values, which guide its actions and dealings with colleagues, business partners and investors, while at the same time supporting the effective and sustainable prevention of compliance violations. The whistleblowing system is part of the Encavis compliance management organisation and fulfils the requirements of the current Corporate Governance Code.

The whistleblower system is an internet-based communication platform, also referred to as "Safe Channel". Employees of Encavis, as well as customers and suppliers, may use the channel to report the detection of white-collar crime and activities that are harmful to the company. The whistleblowers themselves decide whether they want to remain anonymous or whether they want to report by name. [➡](#)

The whistleblowing system is currently available in two languages (German and English). It is accessible from any internet-enabled PC and works like an electronic mailbox. This enables a confidential online dialogue between the whistleblower and the person processing the reports received. A report made by a whistleblower will be forwarded to the Legal (Corporate & Compliance) Department, which is responsible for confidential processing.

Each report is carefully checked for its factual content. Whenever there are reasonable grounds for suspicion, further measures will be taken. The main purpose of the whistleblower portal is to identify and prevent significant risks for Encavis. These include corruption offences, competition violations or fraud. In the event of reports relating to general employment law issues, employees are asked to first contact their supervisor and/or the Human Resources Department in confidence.

Suspecting another person may lead to serious consequences for that person. The whistleblower portal should therefore be used responsibly. Whistleblowers are asked to disclose only information of whose accuracy they are convinced. The whistleblower portal may not be used to knowingly report false or defamatory information. Regardless of the above, employees still have the possibility to directly approach a person of trust in the immediate working environment if they suspect actions that are detrimental to the company or in the event of violations of internal directives and/or instructions. No such complaints were made public in 2020, nor did the company have to initiate any internal investigations.

Knowledge is the best prevention – compliance training

In 2020, a total of 125 employees of Encavis AG took part in compliance training. Compliance training focuses primarily on data protection issues. The training is two hours per person.

Antitrust law is legally reviewed by the Corporate & Compliance Department and is not covered by the employee training courses. In general, however, Encavis has little exposure to antitrust law because of its business model.

KYC – preventing corruption and money laundering

The prevention of corruption and money laundering is another aspect monitored by the Corporate & Compliance Department. Existing processes are evaluated and further developed, e.g. by means of independent KYC inquiry processes before a transaction is entered into with a business partner.

Certified data protection and IT security

The main activities of Group IT/IT Security include the preparation of Group-wide IT security guidelines, the implementation of security checks and audits in the companies, training and information measures to raise employee awareness and the qualification of security officers in the Group entities.

In the area of data protection and IT security, certification was carried out by VdS Schadenverhütung on Information Security (VdS 10000 Office-IT) and Data Protection (VdS 10010). Externally, compliance-related processes are reviewed in the context of the annual Group audit.

Supply chain responsibility

Corporate responsibility does not end on your own doorstep. Instead, it is important to take a holistic view and to exercise due diligence along the supply chain. By joining the UN Global Compact, Encavis has reaffirmed its position regarding compliance with labour and human rights. Encavis has set itself the goal of assuming this responsibility to an even greater extent in the future. Consequently, the company intends to install certification processes for suppliers and service providers with a focus on issues such as occupational health and safety, labour standards, corruption, bribery and adverse environmental impacts.

Human rights

Even if the risk of human rights violations in the direct sphere of influence of Encavis' value creation appears to be low, the company is particularly concerned to share and actively implement these indisputable principles also in its cooperation with business partners.

Compliance with laws as well as with general and internationally recognised standards is the indispensable basis of any business relationship. The prohibition of child and forced labour, freedom of association, the fight against discrimination, harassment and abuse as well as compliance with occupational safety standards, fair working hours and fair pay – all these principles are filled with life by Encavis, and the same is demanded from the company's business partners.

In addition, further analyses of the risk of human rights violations along upstream and downstream stages of the value and supply chains are planned as part of the expansion of the company's sustainability activities. Should risks relating to the violation of human rights be identified in this context, Encavis will take steps to adequately counter these risks. [↘](#)

Labour and environmental standards along the supply chain

When commissioning service providers in the wind and solar parks, Encavis attaches great importance to high standards already when initiating a possible cooperation.

The analysis of new service providers also includes an assessment of their responsible attitude in complying with labour law and working conditions.

Encavis' employees are required to consider these aspects in their decision-making processes before signing contracts. Some service provider contracts for the maintenance and technical operation of the parks contain clauses that oblige business partners to comply with environmental, safety and labour standards.

Long-term contracts with specialised technical operators and maintenance companies ensure consistently high safety and quality standards. Specialised maintenance services are in many cases provided by the manufacturers of the plants.

Encavis' energy parks have remote access management for service providers. When arriving at the wind and solar parks, the latter must log in to the responsible technical operators via a remote access system and log out again when leaving the parks. In addition, a safety briefing must be completed before entering a park for the first time.

The safety measures are evaluated at regular intervals. To this end, a constant exchange and joint evaluation take place with all service providers in order to identify and avoid safety risks at an early stage.

While occupational accidents of service providers at the wind and solar parks of Encavis have not been recorded systematically so far, the technical operators are informed of occupational accidents at the parks and must report occupational accidents with significant consequences to the responsible department. Thanks to the extensive safety measures and training, occupational accidents with significant consequences occur rarely. Since the change of name to Encavis AG in 2018, no work-related fatalities at the wind and solar parks have been reported to Encavis.

Encavis is aware of its responsibility in the area of occupational safety also towards service providers and their employees.

In the context of the company's sustainability activities, existing structures are analysed and evaluated also in this field of action. It goes without saying that further reporting and management processes are established wherever necessary.

Environmentally and climate-friendly production is important to Encavis also along the value chain. Many suppliers and service providers along the value chain such as manufacturers of wind turbines and photovoltaic systems meet high environmental standards and hold certificates from various institutes.

These are evaluated in the context of the expansion of Encavis' sustainability activities. Going forward, the corresponding results may be incorporated into improved processes where applicable.

Safety is a top priority not only for our own employees, like Michael Kubicek here, but also for our partners.





PEOPLE

We think big.

“Our employees are our strength! Their satisfaction and development are particularly dear to us.”

Laura Ditzel, Head of Human Resources

30

People

Being a dynamic and future-oriented company, Encavis offers its employees an interesting working environment in the renewable energy sector. The company takes the personal and professional development of its employees as well as their satisfaction very seriously. Encavis also attaches great importance to giving back to society and to make a positive contribution above and beyond corporate boundaries.

Our employees

Calculated in accordance with Section 267 (5) of the German Commercial Code, the Encavis Group employed 134 people at its locations in Hamburg and Neubiberg near Munich as of the end of 2020. This calculation does not include employees on parental leave, trainees, apprentices and working students. Including these groups, the number of employees stood at 142, 63 of whom are women and 79 are men. A total of 138 employees have permanent employment contracts, while four have limited contracts and 14 are working part-time. At the present time, no persons are employed on a subcontracted basis.

In view of the high labour and legal standards in Germany and the European Union and of Encavis AG's business model, 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 considered to be extremely low. ↴

Employee indicators as of 31.12.2020

134

Number of employees (according to the German Commercial Code)

142

Number of employees including working students, trainees and employees on parental leave

44%

Female employees

28%

Female managers (incl. Management Board)

14

Part time employees

7

Employees on parental leave

10.5%

Personnel turnover

Employee satisfaction and development

In addition to a standard market salary on a negotiated basis, employees have access to numerous benefits. These include, for instance, the full refund of the cost of public transport at both locations.

The “job bike” programme developed as part of the mobility concept is very well received. Under this programme, employees are given the opportunity to rent a “job bike”. Encavis pays a large part of the monthly fees, thus making an active contribution to environmental protection, traffic optimisation and health. Since its introduction in 2020, 18 employees have already configured their “job bike”.



Dr. Tilman Hüneke, Encavis Project Manager Energy Data, opted for a cargo bike to transport his family. He uses it to run errands, to take his kids to the kindergarten and usually also to commute to work. This is beneficial not only to the environment but also to his health and fitness.

PEOPLE

To maintain mental health, Encavis offers an “Employee Assistance Programme” in cooperation with the Fürstenberg Institute. The programme supports employees, for instance, in caring for family members by arranging daycare or nursing places; an emergency childcare service and psychosocial support are also provided.

To keep employee satisfaction at a high level, Encavis will continue to offer these benefits and optimise them where necessary.

The feedback received from employees in 2020 shows that the working environment at Encavis is pleasant and benevolent. So-called “pulse checks”, i. e. short one-minute flash polls, are used to regularly survey the general mood and employee satisfaction.

Work at Encavis – not only mobile, but flexible too!

In the first year of the Covid-19 pandemic, Encavis has demonstrated great flexibility in moving its employees to the mobile office. Employees very much appreciate the fact that the company has developed a new concept for work in post-Covid times with the help of an employee survey. As a result, the new Mobile Office Policy entitles all employees to work up to 50 percent of their net working time from the mobile office. Encavis thus gives its employees even greater flexibility, while at the same time maintaining a sense of community – both of which are important elements for employee retention and employer attractiveness. ↴



Whether in sport or in the fight against climate change – our energy is infinite!

Whether it's the "Personnel Development Programme" (PDP), further training courses or individualised development measures – Encavis' employees appreciate the opportunity to grow and learn within the company and to move in the desired direction. This has been proven by many internal promotions and interdisciplinary development.

To further support these opportunities, individualised employee development measures will be continuously reviewed and optimised as necessary by means of high-quality internal and external training and development opportunities as well as the coaching programme for (junior) managers.

Occupational health and safety

Above and beyond the understanding of values (see page 9), it goes without saying that Encavis and its business partners are subject to all legal requirements and guidelines on occupational health and safety in the countries of the individual locations.

The occupational safety management system will be refined on an ongoing basis. A comprehensive occupational safety concept is an integral element of this system. Under this concept, all Encavis employees receive occupational health and safety training, first when they join the company and thereafter at annual intervals.

“The PDP has helped me to face professional challenges and to handle them in a confident and structured way.”

Victoria Cole, Operations Development Manager

Employees in commercial and administrative (management) positions mainly perform office work. In addition, they visit wind or solar parks or make business trips. The potential physical and psychological risks associated with the above activities are known, but are considered to be low.

Nevertheless, risks are continuously evaluated and appropriate measures are taken where necessary. The number of work-related illnesses and occupational accidents is regularly in the low to non-existent range. In 2020, for example, there were no workplace accidents entailing significant absenteeism and no work-related fatalities.

To be on the safe side, Encavis has taken out a Group accident insurance policy for all employees, as well as an international health insurance policy which covers not only professional life but also private life. Through its partnership with ITUS, employees are also given access to a company pension scheme. In addition, luggage insurance for business trips has been taken out, which provides for replacement in the event of loss or damage.

Social commitment

Encavis is committed to giving back to society in the long term. The company is therefore evaluating partnerships with non-profit organisations with the aim of entering into long-term partnerships.

Encavis donates discarded but still fully functional laptop computers to non-profit organisation Labdoo.



Encavis supports schools that are in need of digital teaching materials in the coronavirus crisis. Many children lack the technical means that are required for successful home-schooling. Encavis has therefore decided to refurbish discarded but still fully functional laptop computers and make them available to pupils in need in cooperation with Labdoo. With this long-term cooperation, Encavis is making a sustainable contribution to maintaining educational equity and equal opportunities in times of the pandemic, while at the same time extending the life-cycle of the laptops.

Participation in the “Christmas in a Shoebox” initiative is a good example which shows that Encavis’ understanding of values is not only part of its public image but is also actively supported by its employees. Every year, an internal project group organises the company’s participation in the campaign, which packs, collects and dispatches Christmas parcels with presents for children in need.

Encavis is currently reviewing other concepts designed to encourage employees to give back to society in the context of their professional activities.

ENVIRONMENT

We have a vision.

“Our investments in wind and solar parks help in the fight against climate change.”

Quirin Busse, Investment Director



ENVIRONMENT

Sustainability at Encavis 2020



“Our goal is to identify further potential for optimisation also in our portfolio.”

Mario Schirru,
Chief Operating Officer (COO)

Environment

Making a positive contribution not only to people but also to the protection of nature and the environment is at the very heart of Encavis' business model. But how can this contribution be further optimised? Encavis is keen to expand its contribution to the fight against climate change by identifying further potential for carbon savings. Moreover, the company aims to optimise its resource consumption so as to achieve a sustainable increase in efficiency.

Help in the fight against climate change through carbon reduction

The aim of Encavis' core business is to save carbon in the generation of electricity. In 2020, the electricity produced by Encavis saved 955,430 tonnes of carbon compared to conventional electricity production.

Against this background, it is all the more important for Encavis to record and reduce the carbon emissions caused by its own business activities.

Encavis has not monitored carbon emissions so far, so no statements can currently be made on the carbon footprint. As part of its efforts to firmly establish sustainability work at Encavis, the company is preparing an "Encavis carbon footprint 2025".

The "Encavis carbon footprint" project was initiated in early 2021 and addresses the successive implementation of an integrated approach to the calculation of the company's carbon footprint. In the first project phase, the necessary scopes will be defined and the required steps be recorded in a roadmap. [➔](#)

Inspired by the Sustainability Task Force, Encavis has, as a first step, carried out an internal projection of carbon emissions caused by air travel in 2020. The average consumption per employee was determined so as to be able to introduce measures to reduce it.

The projection showed that the average carbon consumption of 1.3 tonnes from air travel in 2019 was still above the target. In 2020, average carbon consumption was much lower at 0,27 tonnes due to the pandemic. Encavis takes this figure as an incentive and will continue to clearly reduce emissions in the future. According to the Travel Guideline, trips by air will therefore be made only in exceptional cases and when there is a great potential for time savings. This is designed to make the benefits of rail travel even clearer. In addition, the company continuously evaluates and implements climate and environmental protection measures and also accelerates possible measures for carbon reduction along the value chain.



Sustainable increase in the efficiency

How can Encavis increase the efficiency of its wind and solar parks in the long term? How can the contribution to biodiversity conservation be improved and the careful use of resources be promoted? Encavis is addressing these issues in particular by constantly reviewing environmental, economic and social measures to increase efficiency in the wind and solar parks.

Environmental compatibility of wind and solar parks

The core objective of Encavis' business activities is to invest in and enable investment in the energy transition.

To achieve this, Encavis acquires wind and solar parks in Europe. Most of these are ready-to-build or completed plants. The selection of sites, environmental, social and building inspections as well as the fulfilment of requirements are mostly carried out by project partners before the parks are acquired by Encavis. Where wind parks are concerned, Encavis focuses exclusively on the acquisition of on-shore plants. ➔

All projects acquired by Encavis are subject to the high legal and normative standards of the European Economic Area. This means that aspects of environmental protection and nature conservation as well as the impact on the population are taken into account in the context of land use planning already before the plants are taken over. The results of this analysis are considered in construction decisions.

Measures resulting from these comprehensive environmental impact assessments may include, for example, the creation of compensation areas for nature conservation, night-time operation at reduced capacity, demand-optimised control of the night identification of wind turbines or shutdown algorithms for the protection of bats.

The large number of locations and local characteristics result in extremely diverse requirements for wind and solar plants. Potential measures for environmental and climate protection cover a broad spectrum. The involvement of local residents, e.g. through dialogues with citizens, usually takes place in the project planning phase before Encavis gains direct influence. In spite of the above, it is in the interest of Encavis to acquire projects which permit to achieve the ambitious climate protection targets and keep the impact on nature and people to a minimum. This applies to both wind parks and solar parks.

The Budel solar park in the Netherlands is an exemplary project in the photovoltaic sector. The park was built on land previously used by a zinc smelter. On the one hand, zinc basins are highly suitable for large solar parks from a landscape and spatial point of view. On the other hand, it is hardly possible to use the contaminated soils for other purposes. ↘

Sustainability Task Force

Sustainable action – also in everyday office life

Encavis attaches great importance to sustainability not only in its wind and solar parks. The Sustainability Task Force has already initiated numerous measures in the area of office management.

- » At meetings and conferences, the company exclusively serves fair trade coffee and tea, part of which is produced by inclusive coffee roasters.
- » The offices are cleaned using climate-friendly cleaning agents.
- » Climate-friendly office materials are used as far as possible.
- » All waste is separated and disposed of accordingly.
- » Water bottles are no longer used; instead, filtered tap water is served and consumed.
- » The Hamburg location is currently investigating whether it is possible to reduce water consumption by up to 40 percent with the help of water savers.



“It is not only our business model that is sustainable – we are committed to sustainability also at the office.”

Natascha Becker,
Executive Assistant / Head
of Office Management

The solar park in Budel is located on the outskirts of the city in an industrial estate and is a good example of how to use industrial fallow land for the production of renewable energy. Since the start of operation of the solar park, wild animals have made it their permanent home; the management of the fauna is explicitly geared to the needs of the wild animals.

Already when selecting the solar modules, Encavis makes sure to choose modules with high solar conversion efficiency. Current generation modules have a solar conversion efficiency of about 26 percent.

To further optimise and systematise the environmental compatibility of the wind and solar parks, Encavis is currently developing an environmental management system.



The “Budel” solar park in The Netherlands was built on the industrial wasteland of a former zinc smelter.

Water consumption

Encavis consumes water at its office buildings in Hamburg and Neubiberg and in the operation of its wind and solar parks.

In the office buildings, water is consumed in small quantities as drinking water and mainly through the use of sanitary facilities.

The operation of the wind parks does not result in relevant water consumption. In the operation of solar parks, water is used to clean the solar modules. A first internal analysis has revealed that an average of approx. three cubic metres of water per MW of rated capacity and year is required for this purpose.

Although this value is very low – not only in comparison with conventional electricity generation – Encavis sees potential for optimisation here. Encavis is aware that even the smallest water consumption represents a risk in the fight against climate change.

Various measures have therefore been planned in cooperation with service providers to ensure a continuous reduction in water consumption during cleaning, e.g. by optimising cleaning equipment and modernising technologies. In view of the relatively low water consumption compared to other industries and companies, the Encavis management does not consider its own impact in this area to be significant.

Encavis’ sustainability strategy nevertheless aims to determine water consumption more precisely and to identify potential for reducing it. ➡

Electricity consumption

The wind and solar parks account for most of Encavis' electricity consumption (purchased electricity). In 2020, the parks owned by Encavis AG had a total power consumption of 10,481,451 kWh.

An internal review conducted by the Sustainability Task Force revealed that the company had so far failed to consistently switch the electricity contracts, especially for the newly acquired wind and solar parks, to green electricity; at the end of 2019, only about 20 percent of the electricity consumed by the parks was pure green electricity. Thanks to direct energy management measures, approximately 82 percent of the purchased electricity were covered by green electricity contracts by the end of 2020. The aim is to reach a level of 100 percent in the coming years as further contracts will be renewed.

In 2019, the offices in Hamburg and Neubiberg consumed and 93,211 kWh and 32,885 kWh of electricity, respectively. No accounts are yet available for the electricity consumption of the office locations in 2020.

Biodiversity

Encavis' solar parks (ground-mounted photovoltaic systems) make a significant contribution to promoting biodiversity and species diversity.

They serve as a kind of "biodiversity island" and provide a habitat for plants and animals that thrive here relatively undisturbed compared to agricultural land mostly dominated by monocultures.

The creation of extensive permanent grassland in particular supports insect abundance and thus provides an important source of food for many bird species. The formation of humus, which increases the fertility of the soil while at the same time binding carbon dioxide, also has a positive effect.

These effects can be actively promoted through various measures. An exemplary project was implemented in the Talayueta solar park in Spain. Here, 25 reptile shelters were built inside the photovoltaic plant and in its immediate surroundings. The shelters consist of cairns with an area of two by two metres and a height of half a metre to one metre. They serve as an ideal habitat for various species of lizards, among others, offering them a rich food supply and a safe hiding place.

Encavis will continue to promote these positive environmental side effects of its solar plants. The company intends to continuously analyse alternative options for green maintenance of the plants as well as further projects to improve biodiversity in the parks and to subsequently incorporate them into a dedicated biodiversity strategy.



Rock cairns like these provide shelter for reptiles, which find a rich food supply in the solar parks.

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